Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 15 March 2023 at 10.00 am**

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

Contact: **Mrs J Twomey (Tel: 0116 305 2583)**

Email: **joanne.twomey@leics.gov.uk**

Membership

Mr M. T. Mullaney CC (Chairman)

Mr. T. Barkley CC	Mr. J. Morgan CC
Mrs. H. J. Fryer CC	Mrs. R. Page CC
Mr. S. J. Galton CC	Mr. T. J. Pendleton CC
Mr. T. Gillard CC	Mr J. Poland CC
Mrs. A. J. Hack CC	Mr. T. J. Richardson CC

AGENDA

Item		Report by	
1.	Minutes of the meeting held on 30 January 2023.		(Pages 3 - 12)
2.	Question Time.		
3.	Questions asked by members under Standing Order 7(3) and 7(5).		
4.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5.	Declarations of interest in respect of items on the agenda.		

6.	Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.		
7.	Presentation of Petitions under Standing Order 35.		
8.	SEND - Service and Finance Update The Vice Chair and Spokespersons for the Children and Families and Highway and Transport Overview and Scruitny Committees have been invited to attend and join the discussion for this item. The Leader Member for Children and Family Services, Mrs Taylor CC, Lead Member for Highways and Transportation, Mr O'Shea CC, and Lead Member for Resources, Mr Breckon, have also been invited to attend for this item.	Director of Children and Family Services, Director Environment and Transport and Director Corporate Resources	(Pages 13 - 30)
9.	MTFS Monitoring	Director of Corporate Resources	(Pages 31 - 62)
10.	Date of next meeting. The next meeting of the Commission is scheduled to take place on 12th April 2023 at 10.00am.		
11.	Any other items which the Chairman has decided to take as urgent.		

Leicestershire County Council

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 30 January 2023.

PRESENT

Mr M. T. Mullaney CC (in the Chair)

Mr. T. Barkley CC	Mr. T. Gillard CC
Mr. B. Champion CC	Mrs. A. J. Hack CC
Mr. M. Frisby CC	Mr. J. Morgan CC
Mrs. H. J. Fryer CC	Mrs. R. Page CC
Mr. S. J. Galton CC	Mr J. Poland CC

In Attendance

Mr N. J. Rushton CC – Leader
Mrs D. Taylor CC – Deputy Leader and Lead Member for Regulatory Services
Mr L. Breckon CC – Lead Member for Resources
Mrs P. Posnett CC – Lead Member for Equalities and Communities
Mr. P. Bedford CC – Lead Member for Recovery and Transformation

46. Minutes of the previous meeting.

The minutes of the meeting held on9 November 2022 were taken as read, confirmed and signed.

47. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

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

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

49. Urgent items

There were no urgent items for consideration.

50. Declarations of interest.

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

All members of the Commission who were also members of district and/or parish councils declared an 'Other Registerable interest' in the Medium Term Financial Strategy (minutes

53 to 57 refer). These items did not directly relate to or affect the financial or other wellbeing of either such bodies to an extent that prevented any members from participating in the meeting.

Later in the meeting (minute 55 refers) Mrs A. Hack CC declared a non-registerable interest in item 10 (Medium Term Financial Strategy for the Corporate Resources Department) as she was employed by a competitor of Nottingham Communities Housing Association which was referenced in the report.

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

There were no declarations of the party whip.

52. Presentation of Petitions under Standing Order 35.

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

53. Provisional Medium Term Financial Strategy 2023/24 - 2026/27

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items. The report also provided an update on changes to funding and other issues arising since the publication of the draft MTFS and provided details of a number of strategies and policies related to the MTFS. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N. J. Rushton CC, the Deputy Leader, Mrs D. Taylor CC, and Cabinet Lead Member for Resources, Mr L. Breckon CC, to the meeting for this item.

In introducing the report, the Director of Corporate Resources highlighted that the Council's medium term financial position had improved slightly as a result of the Government's Autumn Financial Statement. This had meant that a balanced budget could be delivered, but this would still be dependent on some difficult decisions having to be made over the period of the MTFS.

The Leader commented that:

- Whilst the increased funding allocated by the Government was welcomed and a balanced budget had been set, the position remained very challenging. Ongoing impacts from the Covid-19 pandemic, the war in Ukraine, rising energy costs and staff shortages continued to add pressure on the Council and added to future uncertainty. This would be particularly difficult to manage and forecast given these were factors outside the Council's control.
- It was disappointing that discussions regarding Fair Funding had been pushed back, but a planned meeting with the Chancellor in April was very welcome. The Leader thanked local MPs for arranging this.
- Population growth was a key factor causing problems with the current funding system. Census data showed some parts of London declining by more than 20%, whereas areas such as Leicestershire with increasing populations, had not received a commensurate rise in Government funding to support this.

Arising from discussion, the following points were made:

<u>MTFS Summary and changes to the Revenue Budget</u>

(a) Although the Council's financial position had improved the specific savings identified in the report to Cabinet in December had not been adjusted or reduced. Members noted there was £1m of funding that had been allocated to lessen service reductions that could be offset against those savings identified. This was under consideration and the Lead Member for Resources welcomed suggestions from the Scrutiny Commission.

(b) The £4.0m adult social care sustainability and improvement fund detailed in the report was good news. Whilst referenced with a 'minus' (for accounting reasons) this would in fact be additional money received by the Council. Members noted, however, that detail and grant conditions relating to how these funds could be used were still awaited.

<u>Corporate and Central Items and Corporate Growth and Savings</u>

(c) Contingencies for pay awards (£34m) and national living wage (£52m) increases were significant and outside the control of the Council. Concern was raised at how the Council could continue to absorb such additional costs without further support from the Government.

(d) There was very little, if no tolerance in the estimates made within the MTFS. It was recognised that inflation last year had been much higher for longer than expected. This had significantly affected the Council's budget across all service areas over the last year. Members noted that any similar unexpected impacts would affect the MTFS and require more savings to be made.

<u>Adequacy of Earmarked Reserves and Robustness of Estimates</u>

(e) There had been some confusion regarding reference in the media to £25m savings being made within the Special Educational Needs and Disability (SEND) budget. The Deputy Leader clarified that this was *not* a saving, but that a service transformation programme had been put in place to bring the Council's spend on SEND services in line with the grant allocated by Government (the High Needs element of the Dedicated Support Grant). The Council's spend was significantly higher than the grant received. Members noted that the Council could not legally add funding to the High Needs budget and so had to address the deficit through a reduction in costs.

<u>Capital Programme 2023/24 – 2026/27</u>

(f) Members were reassured that the contractual arrangements regarding the Freeport included a 'no detriment' clause which would ensure that all councils affected (including the County Council) would retain the existing level of business rates from the Freeport tax site locations. Whilst an issue for some larger authority areas, it was not expected that there would be any displacement of businesses from Leicestershire to the Freeport area.

(g) Members expressed frustration that whilst the Council's capital programme was affected by inflation rises, Government grants to support large scale projects were not index linked and so did not similarly go up to reflect the rise in costs. Grant funding was fixed at the point it was allocated. However, it was recognised that projects might not begin for some years after that point, given the work involved.

(h) There were two key infrastructure demands arising from existing and emerging local plans – school places and highway infrastructure. The County Council would need to prioritise developer funding allocations to support the delivery of school places given its statutory responsibilities in this area. It was recognised that the timely delivery of highway infrastructure could therefore suffer as a result. The Council would now be reliant on developer contributions before being able to deliver future major road schemes.

(i) Members were assured that equality and human rights impact assessments would be undertaken as part of the development of each savings proposal following agreement of the MTFS. These would be considered by Members as proposals were individually put forward for consideration in more detail through Scruitny and the Cabinet as appropriate.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be submitted to the Cabinet at its meeting on 7th February 2023.

54. Medium Term Financial Strategy 2023/24 - 2026/27 - Chief Executive's Department

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

In addition to the Leader, Deputy Leader and Lead Member for Resources who remained for this item, the Chairman welcomed Mrs Posnett, Lead Member for Communities and Equalities, to the meeting.

Arising from discussion and questions, the following points were raised:

Growth

(i) Connectivity (Broadband) Team – The Council had supported the delivery of superfast broadband across the County and the team supporting that work had to date been funded by gainshare receipts from Openreach (i.e. money paid by Openreach to the Council when broadband was taken up in those hard to reach areas supported by the Superfast Leicestershire programme). Growth funding was now being sought to support this work.

Savings

(ii) Planning, Historic and Natural Environment – This was not a direct saving but an expected increase in income from planning application fees. The figures were based on recent income trends. Whilst there had been a slight reduction in fees last year, this was expected to improve in 2023/24.

(iii) Heritage team structure review – In house staff to provide this service was no longer warranted. Such specialist advice had not been requested/provided to applicants for some time. District councils also no longer required such advice. The service was considering how best to realise the saving.

(iv) Coroner's Service - Merging the two coronial areas covering Leicester, Leicestershire and Rutland would likely generate savings in the long term. In the short term this had been offset by a rise in case work. The rise in demand had been in part due to the higher rate of excess deaths. However, other factors and an increase in complex cases had been a factor. Members noted that a four times increase in the cost of post-mortems was also a significant issue. These fees were payable to the NHS and were non-negotiable.

(v) Place Marketing - Discussions were ongoing regarding use of the Business Rates Pool. One area being considered within that was the funding of the Place Marketing Team currently supported by the County and City Council.

(vi) SHIRE Grants Programme – It was commented that SHIRE grants had provided valuable support to charities and voluntary and community organisations. In considering areas where the Council might use the unallocated £1m funding to offset planned savings, it was suggested that this might be one of those areas.

It was moved, seconded and agreed that the Scrutiny Commissioners be requested to consider the establishment of a five member review panel to look at the SHIRE Grants Programme.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;

(c) That the Scrutiny Commissioners be requested to consider the establishment of a five member scruitny review panel to look at the SHIRE Grants Programme.

55. Medium Term Financial Strategy 2023/24 - 2026/27 - Corporate Resources Department

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 MTFS as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

In addition to the Lead Member for Resources, Mr Breckon CC, who remained for this item, the Chairman welcomed Mr Bedford CC, Lead Member for Recovery and Transformation, who had joined the meeting remotely.

Arising from discussion and questions, the following points were made:

Growth

(i) Customer Service Centre (CSC) – The reduction in funding would not affect services. A programme of improvement had been put in place two years ago which had resulted in new on-line processes being developed. With further improvements planned, for example on the blue badge scheme, whilst demand had increased, the impact of this on the CSC was being reduced. Similarly, improvement in providing on-line feedback had been developed in areas such as home to school transport. This meant that the Council was now more proactive in keeping parents up to date on their applications which reduced the need for them to contact the CSC.

(ii) Compared to three years ago, Members noted that the adoption rates for recently developed online access had risen from 75% to 97%. This had significantly reduced the number of calls into the CSC. Assurance was provided that the service recognised many residents still preferred to telephone through the CSC and this would therefore always be an option open to residents.

(iii) Call waiting times were measured both in real time and on a monthly basis. The vast majority of callers were kept waiting between 1 - 13 minutes. There were some cases where people were kept waiting for longer, but this was during busy periods, for example during school admission periods. It was acknowledged that performance was not as good in the adult social care section of the service, but this was due to difficulties in being able to recruit suitably qualified staff to that area.

(iv) New processes had been introduced which meant the CSC would now monitor officer responses to queries raised and passed on through the centre.

(v) Lone Working App – This application helped to support and ensure the safety of officers working alone out in localities. Different solutions had been tested but this had been identified as the best approach. It was considered a moderate spend for something that would help reduce the risk and vulnerability of officers working in the community. It was suggested that this might also be useful for Members.

Savings

(vi) Ways of Working Programme – This programme continued to be rolled out and whilst it was recognised that the County Hall campus was not currently being fully utilised, good progress towards this was being made.

(vii) That Council had learnt from the restrictions imposed during the pandemic requiring people to work from home and was now moving towards a more long-term hybrid approach. Many organisations including other local authorities were operating in this way.

(viii) The cost to support the adjustment to new ways of working (including improved IT software) had resulted in an increase in the budget initially, but this had been taken into account when the business case for the Ways of Working Programme had been developed. These costs had been offset by existing infrastructure being removed and the savings made through delivery of the Programme. In response to a question raised, Members noted that it cost the Council significantly less to support officers to work flexibly and that spend on IT had been reduced by over

£1.2m over the period of the MTFS.

(ix) A general policy requiring staff to be in the officer for a set number of days per week had not been imposed. The approach adopted was for managers to agree arrangements which best suited their service area and whilst providing flexibility prioritised meeting the business needs of the Authority. It had to be recognised that, given the range of services provided by the Council a single approach would not work as well. Also, a return to imposed office working would increase costs and risked further impacting the current pressures faced to recruit and retain staff.

(x) The Lead Member for Recovery and Transformation provided assurance that steps were being taken to make the best use of the County Hall campus both to support services and the needs of the Council's own staff, but also to reduce cost and generate income through renting parts of the building. Productivity was also being monitored to ensure this was retained as changes were made. If it was shown that productivity started to drop, or services were negatively affected by the change in approach, then the Programme would be reviewed.

(xi) As part of the Ways of Working Programme staff welfare and wellbeing continued to be a key consideration, as well as support provided to new members of staff. Offices were being adapted to ensure the best use of space to support a more collaborative working environment. Members were assured that Departments and service teams would continue to be located together. A Member commented that on a visit to County Hall they had been provided with some assurance when speaking with officers that the refurbished offices were being used and working well.

(xii) Contact with officers remained unchanged and the Deputy Leader emphasised that Members should be able to continue to contact officers via Teams or to email them in the usual way, irrespective of whether they were based at home or in the office. The needs of the business were prioritised by managers and so contact during normal business hours was supported.

(xiii) Place to Live – The contract with Nottingham Communities Housing Association (NCHA) was working well. They now managed sites and acted as the first point of contact for tenants.

At this point in the meeting Mrs A. Hack CC declared a non-registerable interest in this item as she was employed by a competitor of NCHA.

(xiv) Sale of Castle House – The savings identified had taken into account the loss of the rental income that would otherwise be generated from the property. Such income had been small and there had been an overall net cost to the Council, hence the proposal to sell to deliver the identified saving.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be submitted to the Cabinet at its meeting on 7th February 2023 for consideration.

56. Medium Term Financial Strategy 2023/24 - 2026/27 - Consideration of responses from other Overview and Scrutiny Committees

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2023/24 – 2026/27 as related to the County Council departments. A copy of the minute extract had been circulated to Members and a copy is filed with these minutes.

In considering areas where the Council might use the unallocated £1m funding to offset planned savings, the following were suggested for consideration by the Cabinet:

(i) Highway repairs and improvements – Given that the Members Highway Fund would come to an end this year and many Members received comments from residents regarding the deteriorating condition of roads in the County, it was suggested that some of the unallocated funds could be targeted towards highway repairs and improvements.

This proposal was supported by the Commission, but it was suggested that in the first instance a briefing should be provided on this topic to help all Members understand the constraints and pressures faced by this service and how they could raise queries about issues in their area. Consideration could then be given to how these might then be addressed/improved with some additional funding.

A Member questioned whether there was scope to include in section 106 planning agreements a provision requiring developers of large logistic sites to contribute to highway repair and maintenance costs given the damage caused to roads around those areas by large logistical vehicles. Officers undertook to come back to Members on this matter after the meeting.

(ii) Average Speed Cameras – There were a number of potential areas where the siting of average speed cameras would be of benefit. Road safety and reducing traffic speeds was necessary to reduce accidents and fatalities.

It was noted that the capital cost of siting another seven average speed camera was in the region of £500,000 and unfortunately the Treasury had refused the Council's proposals to retain fines arising from cameras once installed to recoup these costs. The Leader commented that without a change of policy from the Treasury the Council did not have the capital resources to support this.

(iii) Buses – It was recognised that pressure to cut bus services continued to mount as usage fell but costs increased. Members recognised that the delivery of bus services was a commercial decision for private bus operators. The Leader commented that if services were not used and therefore no longer considered viable by operators, the Council did not have adequate resources to subsidise these. The Leader further commented that it was Council policy to try to support sustainable travel options, but it was likely in the future this would be through a demand responsive transport service.

(iv) Travel Packs - A member commented that use of section 106 developer contributions to provide travel packs was not working effectively. It was questioned whether such funds could be re-prioritised to support bus routes or to look at alternative options to support demand across a broader area.

RESOLVED:

(a) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;

(b) That an all Member Briefing be arranged regarding the constraints and pressures faced by the Highway Maintenance Service and how Members could raise queries about issues in their area;

(c) That officers be requested to consider the legal position regarding the use of section 106 developer funding to support travel packs and whether this could be reallocated to other more suitable travel options;

(d) That officers be requested to consider whether there was scope to include in section 106 planning agreements a provision that would require developers of large logistic sites to contribute to highway repair costs.

57. Corporate Asset Investment Fund Strategy 2023 - 2027

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Corporate Asset Investment Fund (CAIF) Strategy for 2023 to 2027. The report set out the proposed approach to management of the CAIF and future acquisitions, the strategy utilising the Capital Programme funding, together with amended Terms of Reference for the CAIF Advisory Board which reflected the core provisions of the Strategy and would support the future management of the estate. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

In response to questions raised the Director commented as follows:

(i) The CAIF had been established in 2014 to address the acute budget pressures and reductions in government grants faced at that time. These pressures still remained and the CAIF therefore remained relevant to the Council's MTFS.

(ii) The Fund had been a success, now generating over £7m in revenue income, which had year on year reduced the level of savings required.

(iii) The Council had been prudent and never borrowed to support CAIF investments, these having been funded from underspends.

(iv) The Fund had been robust and performed well despite the pandemic and economic pressures arising from the war in Ukraine, including rising inflation costs. The Council had invested sensibly over the years and ensured it maintained a varied portfolio which meant the impact of such external factors had been minimised.

(v) The County Council's external auditors had not raised any issues or concerns regarding the CAIF since its inception.

(vi) Recent changes in CIPFA (Chartered Institution of Public Finance and Accountancy) rules meant that the CAIF would now be repurposed. Some authorities had been reckless in the level of commercial investments made, spending billions of pounds and borrowing significant sums. This had resulted in the rules being changed so that borrowing was not permitted purely to generate income.

(vii) The investment appraisal process outlined in the Strategy included all costs and income. The stated 7% target would therefore be the net return sought. Although the primary focus of the fund would no longer be to generate an income, it was still considered good financial management to ensure through the Strategy that Council assets achieved a good return.

(viii) Sites purchased and ongoing developments held in the CAIF would be unaffected by the change in CIPFA rules. Schemes such as Airfield Farm and Leaders Farm would not only generate a future income but would provide jobs and regeneration in the area which was still permitted.

(ix) The Scrutiny Commission would continue to receive reports regarding the performance of the Fund. It was suggested that a more detailed explanation of the changes and impacts of the new CIPFA rules would be helpful and the Director undertook to provide this as part of the next planned report to the Commission.

The Lead Member for Resources commented that the Fund had supported Council Services well but would now be rebranded to ensure the Strategy reflected the change in tone and focus of the Fund in line with the new CIPFA rules. These changes would be made to the Strategy in time for its presentation to the Cabinet and full Council in February.

RESOLVED:

(a) That the update now provided be noted;

(b) That it be noted that the revised Strategy would be presented to the Cabinet on 7th February and thereafter to full Council on 22nd February as part of the MTFS for approval.

58. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on Wednesday, 15 March 2023 at 10.00am.

10.00 am - 12.02 pm CHAIRMAN
30 January 2023

SCRUINTY COMMISSION - 15TH MARCH 2023

SEND – SERVICE AND FINANCE UPDATE

REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES, DIRECTOR OF ENVIRONMENT AND TRANSPORT AND DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide an overview of the provision of support provided by the Council to children and young people with Special Educational Needs and Disability (SEND) following a request made by the Commission at its meeting in November 2022. The report sets out the position regarding current SEND services and provides an update on the Transforming SEND and Inclusion in Leicestershire (TSIL) programme, the financial pressures faced in this area and wider impacts on SEND transport services.

Policy Framework and Previous Decisions

SEND Services

2. The primary legislation regarding children and young people with SEND is the Children and Families Act 2014. The 0-25 SEND Code of Practice (2015) is the statutory guidance that sets out how local authorities and Clinical Commissioning Groups must work together to support children and young people with special educational needs.

3. The financial framework for pupils with High Needs and the Dedicated Schools Grant (DSG) are laid out within the School and Early Years (Finance) Regulations and associated guidance issued by the Department for Education.

4. In December 2018 the Cabinet authorised a consultation on the High Needs Block development plan, including proposed development of enhanced and expanded SEND provision across the County.

5. In October 2019 the Cabinet was advised of the progress of the High Needs development plan and on 5 November 2019, a report was considered by the Children and Families Overview and Scrutiny Committee summarising the national and local context relating to SEND along with an overview of the plans to continuously develop and improve services to support children and families who are experiencing SEND.

6. On 21 January 2020, the Children and Families Overview and Scrutiny Committee considered a report that provided an overview of the Ofsted and Care and Quality Commission (CQC) SEND Inspection Framework. An update was provided on 1 September 2020 following the local area SEND inspection that took place in Leicestershire in February 2020, resulting in a Written Statement of Action. The report gave an update on the progress of the High Needs Block development programme.

7. On 2 November 2021 the Children and Families Overview and Scrutiny Committee considered a report that provided an overview on progress against the Written Statement of Action. That report also included a further progress report for the High Needs Block development programme.

8. In March 2022 the Government set out its ambitions for changes to the SEND system and opened a period of consultation on the proposals which Leicestershire has responded to. The Green Paper, ‘SEND review: right support, right place, right time’ proposes some fundamental changes to the SEND system, including:

    a. A single national SEND and Alternative Provision (AP) System
    b. Excellent provision from early years to adulthood
    c. Reformed and integrated role for alternative provision
    d. System roles, accountabilities and funding reform
    e. A National framework for funding SEND

9. In November 2022, the Children and Families department was reinspected as a follow up to the local area SEND inspection that took place in Leicestershire in February 2020 by Ofsted and the Care Quality Commission (CQC). A full update on this reinspection was provided to the Children and Families Overview and Scrutiny Committee on 24th January 2023.

10. A report providing an update on the Transforming SEND and Inclusion in Leicestershire (TSIL) programme setting out activity since commencement in August 2022, achievements and progress made, as well as some information about the current financial position in relation to the programme was presented to the Children and Family Services Overview and Scrutiny Committee on 7th March 2023.

SEND Transport

11. Updated Home to School Transport policies for both Mainstream and SEND students were published by the Council in September 2018 and were introduced from the start of the 2019/20 academic year. There have been no subsequent policy changes.

12. In September 2019, the Cabinet considered a report which detailed the implementation of the Council’s Home to School Transport Policies. A judicial review on the SEN policy for 16–18-year-olds delayed implementation of Personal Transport Budgets (PTBs) until the start of the 2021/22 academic year.

13. Leicestershire County Council’s Strategic Plan 2022-2026 (approved by the County Council in May 2022) notes that there are two tiers of support for children with special educational needs (SEND): ‘SEND Support’ and ‘Education, Health and Care Plan’ (EHCP). It noted that demand for EHCPs for children with SEND has also increased

significantly, leading to rising demand for specialist SEND provision.

Financial Overview

High Needs Funding

14. Local authorities receive the High Needs Dedicated Schools Grant (DSG) for the purpose of funding places for children and young people with SEN and services to support them such as Specialist Teaching Services and inclusion support for pupils excluded or at risk of exclusion from school.

15. The level of grant allocated to an authority is calculated using a national formula containing a number of factors including the number of children and young people placed in specialist provision, the 2-18 year old population, other factors deemed to be a proxy indicator of the incidence of special educational needs in a local authority area and the level of expenditure measured in 2017/18. In determining the factors to be used within the formula the Department for Education (DfE) took a policy decision not to use the number of Education, Health and Care Plans (EHCP's) to avoid authorities using the number of plans to influence their funding allocations.

16. A further factor affecting an authorities High Needs DSG allocation is the application of a 'funding floor' which since the inception of the formula in 2018/19 has guaranteed local authorities receive a minimum increase in annual funding. Leicestershire is funded at the funding floor which for 2023/24 is £2.9m and 2.9% of the funding allocation. Whilst this funding is reducing annually it should be noted that this allocation is the amount that Leicestershire receives above the funding generated by the High Needs National Funding Formula. The DfE has given local authorities their working assumption of annual increases of 3% and whilst grant allocations for 2024/25 onwards are uncertain this assumption has been factored into the current MTFS.

17. The High Needs DSG can only be used to support expenditure as defined within the School and Early Years Finance (England) Regulations. Local authorities may only contribute to the grant with the permission of the Secretary of State and are required to carry forward any surplus or deficit on the grant to future years. In adding to the High Needs DSG other 'Blocks' of the DSG also contribute to the DSG reserve, notably funding for revenue growth in schools. The DfE judge an authorities financial performance by the overall DSG deficit, not just the High Needs DSG deficit.

18. A statutory accounts override is in place which means that DSG deficits does not have to be funded from local authorities' revenue budget. This override is in place until March 2026. However, any deficits are an unfunded financial liability which if unresolved over this period poses a significant risk to financial sustainability.

The High Needs Financial Position in Leicestershire

19. Leicestershire has recorded a deficit on the High Needs element of the DSG since 2018/19 and is predicted to continue do so over the period of the MTFS for

2023/24 to 2026/27. The current financial position is set out in the following table:

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000
High Needs Dedicated Schools Grant	-105,082	-108,225	-111,462	-114,797
Placement Costs	112,643	121,137	131,606	143,376
Other HNB Cost	10,029	10,029	10,029	10,029
Commissioning Cost – New Places	417	90	90	0
Invest to Save Project Costs – TSIL	939	0	0	0
Total Expenditure	**124,028**	**131,256**	**141,725**	**153,405**
Funding Gap Pre Savings	**18,946**	**23,031**	**30,263**	**38,608**
TSIL Programme Defined Opportunities	-3,112	-8,596	-14,863	-21,522
Benefit of Local Provision and Practice Improvements	-2,515	-2,803	-3,115	-3,115
Total Savings	**-5,627**	**-11,399**	**-17,978**	**-24,637**
Annual Revenue Funding Gap	**13,319**	**11,632**	**12,285**	**13,971**
2019/20 Deficit Brought Forward	**7,062**			
2020/21 High Needs Deficit Brought Forward	**10,423**			
2021/22 High Needs Deficit Brought Forward	**11,365**			
2022/23 High Needs Deficit Brought Forward Estimate	**10,876**			
Cumulative High Needs Funding Gap	**53,045**	**64,677**	**76,962**	**90,934**
Surplus (-ve) / Deficit Other DSG Blocks	-7,347	-8,347	-9,347	-10,347
Dedicated Schools Grant Surplus (-ve) / Deficit	**45,698**	**56,330**	**67,615**	**80,587**
Surplus / Deficit as % of Total DSG	**7%**	**9%**	**10%**	**12%**

20. Despite achievements and improvements made as a result of the previous High Needs Development Programme, including significant investment and delivery of additional specialist school places within Leicestershire, considerable challenges remain in the SEND system.

21. As this is a significant national issue the DfE has established a three-tier intervention/ support programme for authorities with DSG deficits. These are, the Safety Valve Programme (tier 1), the Deliver Better Value in SEND programme (tier 2) and intervention and support programme (tier 3). In respect of these interventions/programmes:

- 13 authorities have agreed Safety Valve Agreements with the DfE. This means that the DfE will, in return for local authorities delivering specific activities to create sustainable SEND services and contributing additional resources including an expectation of a funding transfer from the Schools Block to High Needs Block DSG, provided additional DSG.

- 55 local authorities have been invited to the Delivering Better Value in SEND (DBV) programme. Leicestershire is with Tranche 1 of 3 Tranches in this programme.
- The remaining 83 authorities are subject to discussions with the DfE on their individual positions.

22. The DfE set out requirements for local authorities to maintain a management plan to recover any DSG deficit. In Leicestershire this requirement has been served by the High Needs Development Plan and now through the Transforming Special Needs and Inclusion in Leicestershire programme (TSIL). Whilst there is no requirement to submit this plan to the DfE it can be expected that its monitoring will become a feature of Leicestershire's involvement in the DBV programme. Updates will also be presented to the Schools Forum.

23. It is forecast that the DSG reserve will remain in deficit for the period of the MTFS as a result of the continued and increasing overspend on high needs. This will partially be offset by the accumulation of funding allocated to the Authority to meet the revenue costs of new and expanding schools. Overall, the High Needs DSG deficit for 2023/24 is projected to be £53.0m rising to £90.9m in 2026/27. The overall DSG deficit is forecast at £45.7m (7% of DSG) rising to £80.6m (12% of DSG) in 2026/27.

24. Whilst the TSIL programme will deliver further savings in future years outside the current MTFS period, the financial position is clearly unsustainable and remains the most significant financial risk for the Council.

25. The TSIL programme is the key approach to create a sustainable SEND system that will meet the needs of children and young people with SEND at the right time and in the right place.

26. The cost of SEND placements in mainstream and special schools, and enhanced resource bases attached to mainstream schools or independent special schools accounts for 90% of the total expenditure. The remaining 10% funds services such as specialist teaching and services to support pupils excluded or at risk of exclusion from schools. For 2023/24 expenditure is 118% of the High Needs DSG.

Financial Position for SEN Transport in Leicestershire

27. Whilst the costs of direct SEND support are met from High Needs DSG, the costs of home to school transport falls to the County Council's revenue budget. Whilst not every child with an EHCP will be eligible for home to school transport, both are significantly affected by trends and variations in pupil demand.

28. The following table sets out the financial performance of the home to school transport budgets and anticipated expenditure over the period of the 2023-27 MTFS. Whilst the per pupil daily cost is expected to remain relatively stable over the period, the year-on-year increase in all pupil growth results in an additional budget requirement of £4.3m over the next four years. SEN Transport costs fall to be met from the local authority budget and are outside the scope of the DSG.

Year	Number of school days financial year	Number of pupils AS AT November 21st	Demand +/-	Demand +/-	Budget (Includes Fleet)	Actual Annual Expenditure	Actual Daily Expenditure	Annual cost per user	Daily cost per user
2018/19	198	1,757	81	4.83%	£10,294,716	£11,324,256	£57,193	£6,445.22	£32.55
2019/20	195	1,910	153	8.71%	£11,307,261	£13,410,510	£68,772	£7,021.21	£36.01
2020/21	191	2,157	247	12.93%	£14,398,843	£11,765,713	£61,601	£5,454.67	£28.56
2021/22	197	2427	270	12.52%	£17,343,732	£15,873,652	£80,577	£6,540.44	£33.20
2022/23	188	2,561	134	5.52%	£18,428,650	£20,653,402	£109,859	£8,064.58	£42.90
2023/24	188	2,703	142	5.54%	£20,853,962		£110,925	£7,715.12	£41.04
2024/25	188	2,921	218	8.07%	£21,560,125		£114,682	£7,381.08	£39.26
2025/26	188	3,124	203	6.95%	£23,020,125		£122,447	£7,368.80	£39.20
2026/27	188	3,354	230	7.36%	£25,130,125		£133,671	£7,492.58	£39.85

29. SEND Transport budget growth has been calculated in line with the anticipated growth of pupils with an Education, Health and Care Plans (EHCP). In addition, growth of 2% per annum has been added to reflect the increasing need to provide transport for those with more complex needs as identified by individual risk assessments carried out by the County Council.

30. In 2022/23 the SEND taxi budget is currently forecasting an overspend of £2.3m (primarily due to market conditions, inflation and non-achievement of savings). Between June and November 2022, 95 SEN taxi contracts were handed back by providers on the basis they were unable to deliver for the contracted cost. This is contributing to a substantial rise in costs when the contracts are retendered due to driver shortages, fuel costs and market shrinkage. These factors are impacting not only the Council's ability to commission external services, but also to develop alternative in-house provision at potentially reduced cost. Work is currently underway to assess SEND transport provision to remove the budget overspend in future years and achieve further savings.

31. Any impact on SEND transport budgets arising from the development of additional local SEND provision is unable to be quantified at this point and will be closely monitored particularly if children move from residential provision requiring weekly transport to local provision requiring daily transport.

SEND Services in Leicestershire

Education Health and Care Plans (EHCPs)

32. Increasing demand in the local SEND system continues to affect the financial position of the High Needs Block of the DSG and the ability to deliver assessments within statutory deadlines. Between 2016 and 2020 there has been a 54% increase in the number of children and young people requiring an EHCP in Leicestershire. This compares to a national increase over the same period of time in England of 38% and in the East Midlands of 32%. At the same time, funding has not increased in line with this local trend. This trend continued through 2021 and 2022, with a further 38% growth in the number of children supported with an EHCP.

33. This increasing demand continues to create drift and delay in the Special Educational Needs Assessment (SENA) service and means that currently statutory deadlines, as set out in the SEND Code of Practice (2014), are not being met. In turn, this has continued to lead to a large number of complaints being received from parents and carers and concerns raised by local education settings. The number of appeals against decisions and growing number of cases going to tribunal, often leading to the Courts overturning the decision of the Authority, also continues to be an issue.

34. There are some historical and demand-related reasons for this increase which are set out below:

- School Funding reform 2013 (which reinstated the link between proving need and money).
- SEND reform in 2014 which led to:
    - widening of age responsibility (0 to 25 years)
    - significant rise in expectations amongst all stakeholders in the system
    - Increased responsibilities for the local authority
- Ongoing budget pressures on schools, therefore reducing schools' capacity to effectively support children in mainstream school.
- The introduction of new SEN capacity in Leicestershire which cannot keep pace with the rise in demand, leading to continued over reliance on external placements and leaving Leicestershire's average cost higher than our comparator authorities.
- Increased numbers and recognition of Social Emotional and Mental Health and Autism need.
- Increased unit cost per pupil as a consequence of an increase in the complexity of children coming into the system.
- The deficit in High Needs Block DSG funding which does not fully provide for all of the duties and responsibilities now imposed on local authorities.
- Increased number of cases going to tribunal (+12% in 2019) the majority of which rule against the Authority.

35. In recognition of these ongoing demand-related issues, the Transforming SEND and Inclusion in Leicestershire (TSIL) programme has sought to identify areas of work for prioritisation and new ways of working within the SENA service to try and alleviate and resolve these pressures in the short-term. This includes looking at best deployment of resource within SENA and other internal services and addressing sufficiency challenges in the local SEND system. Further detail regarding the programme is set out further below.

Leicestershire SEND Sufficiency

36. The Education Act 1996 sets out a statutory duty on local authorities to secure sufficient school places, which they must do with regard to securing special educational provision for children and young people with SEND, as well as those requiring Alternative Provision (AP). If needs cannot be met within state-funded school places the local authority may then need to use Independent Specialist Provision (ISP) which are unlikely to deliver best value and are not necessarily local to the child.

37. In Leicestershire between 2017 and 2021 551 additional places in special schools and Designated Specialist Provisions (DSP) attached to mainstream schools have been created in a strategy to increase sufficiency and reduce the need for ISP places. However, demand for places has simultaneously grown, therefore using up this added capacity and resulting in around 387 pupils in ISP. There remains significant pressure on places at all Leicestershire area special schools. Some DSPs have been unable to meet the needs of the specific pupil cohort, particularly where children's attainment levels are well below their peers or have a different primary need to the specialism. Clear forecasting of SEND needs in different localities is crucial to better support the future expansion of places.

38. For 2022-24 the DfE allocated a capital grant of £16.5 million to the County Council to support the creation of SEND places and mainstream inclusion. This can only be used for capital works, not revenue, so any change in strategy needs to be matched by SEN funding policy in order to be effective (such as creating accommodation for a school inclusion base). £5.2 million of this grant has been allocated towards creating 166 additional places in special schools, satellites and DSP leaving an unallocated balance of £11.3 million. In the current environment this might be sufficient to build one special school and support some minor projects.

39. On 2nd March the DfE announced the County Council was successful in its application for funding for a 90 place Special Educational Needs School in Quorn. This will add significant capacity for children with communication and Interaction Needs and is due to be opened in September 2026. A further DfE funded 60 place special school, The Bowman Academy being built for children with social emotional and mental health difficulties, is due to open in September 2024. In addition to this there are 130 additional specialist places already planned to become available at various points up to September 2024 for children in Leicestershire with SEND.

40. Planning further expansion will be informed by the outcomes of the TSIL programme. Planning will also be influenced by the results of a new School Annual Capacity Survey (SCAP) for the DfE extended to specialist places this year – the methodology for this is still under review nationally. The geographical spread of future additional specialist places will be planned with a focus on meeting children's needs within their own communities and reducing travel. This is dependent on improving the flexibility of local provision and their ability to meet a range of needs (as specific SEND requirements vary from year to year) and harness the support of existing local specialist provision. There is also dialogue with bordering local authorities to consider inter dependencies, as the nearest or most suitable provision may not always lie within Leicestershire.

Transforming SEND and Inclusion in Leicestershire (TSIL Programme)

41. In August 2022, the Department embarked on a refreshed change programme for SEND and Inclusion; Transforming SEND and Inclusion in Leicestershire (TSIL). This programme replaces the former High Needs Block development programme and whilst it builds on previous activity it has a wider focus on taking a whole system approach to support inclusion in mainstream schools wherever possible. In addition, a third-party partner (Newton Europe) has been commissioned to support the programme, provide challenge to the system and ensure effective child-centred delivery. The programme is aiming to sustainably improve outcomes and experiences for children and young people, which over time will help mitigate the

current trajectory of spend. The financial impact of the programme can be seen below.

42. Based on the current trajectory of growth the TSIL programme is expected to deliver £32.1m in financial benefits to 2028/29 with £21.5m delivered over the period of the 2023/24 MTFS. The timescale for the delivery of benefits reflects the complexity of the system change needed to deliver them.

	2028/29 Benefit £,000	2023/24 – 2026/27 MTFS £,000
The right level of Children and Young People in mainstream provision	7,371	5,668
The right level of provision for Children and Young People in mainstream provision		
The right level of CYP in specialist settings	22,759	13,989
The right ratio of Children and Young people supported in LCC and independent specialist provision		
The right cost of independent provision	399	315
The right cost of provision following EHCP reviews and Health contributions	1,560	1,530
Total	**32,059**	**21,502**

43. Central to the programme is working collaboratively with a wide range of parents and carers, young people, leaders and staff across the education system (early years, mainstream, specialist provision and Further Education) and health, to design and implement an inclusive system that puts independence, outcomes, and educational achievement at the centre. Another key feature of the programme is the desire to involve children and young people and their parents/carers and families as much as possible. It is critical that they are at the heart of the programme and plans for the future of the SEND system in Leicestershire and that they are involved in the designing and development of the work.

44. A diagnostic was undertaken in late 2021 to understand the challenges and difficulties in the local SEND system and to inform programme planning for the TSIL programme. Given the expected complexities of the programme the decision was taken to commission a third-party with relevant expertise in leading complex change and transformation programmes that was not available from within the Council. Following a compliant tender process, the work was awarded to Newton Europe. Newton Europe are now working alongside colleagues from the Council's Transformation Unit and staff within Children and Family Services as a united

programme team. A report setting on the outcome of the diagnostic, securing the strategic partner and the work to be undertaken was taken to the Children and Families Overview and Scrutiny Committee in September 2022.

45. Using the evidence and data from that diagnostic, which highlighted the biggest challenges to meeting the needs of children and young people in the right place at the right time, the delivery of the programme has been structured around four key workstreams:

I. Inclusive Practice in the System [Inclusive Practice]
II. Decision Making and Ways of Working [Service Transformation]
III. Digital and Performance [Accurate Information]
IV. Communication and Engagement [Communication & Engagement]

46. These four workstream areas are interconnected and are underpinned by a set of principles:

a) Maintain a focus on children and young people
b) No one person or organisation can solve the problems alone
c) Shift to a mindset of collective responsibility
d) Work in genuine partnership
e) Foster good working relationships
f) Improved and honest communication
g) Define roles and responsibilities
h) Set clear expectations
i) Make transparent and robust decisions
j) Support children and young people early and close to home

47. The TSIL programme has now moved into the design phase where potential improvements and changes are tested and understood before being implemented across the system. A key principle of the approach in different workstreams is ‘design by doing’ rather than a ‘desktop design’. This means trialling and iterating new ways of working in order to maximise the impact as soon as possible. The timescales and many of the key outcomes of the programme are detailed in the timelines provided in the appendix attached to this report.

48. A number of reports have been presented to the Children and Families Overview and Scrutiny Committee outlining progress against the programme (see background papers below). The most recent detailed overview of progress to date and plans for future activity was provided to the Committee on 7 March 2023. Representatives from Newton Europe attended this meeting to answer members questions and an update on that discussion will be provided to the Commission at its meeting. To ensure member oversight, further updates on progress to this Committee are planned throughout the year.

49. In recognition of the fact that the TSIL programme needs to both be addressing future sustainability for the SEND system in Leicestershire as well as current demand issues, there has been concentrated activity around internal service transformation. This has focused on where improvements can be identified to ensure that the management of Assessments and Reviews is based on robust decision-making processes and is achieved within statutory timeframes. The way in which communication between stakeholders (including parent and carers) and the

Authority can be improved is also a key area of work. Further details of this work can be found in the report presented to the Children and Family Services Overview and Scrutiny Committee on 7 March 2023. There is also work on-going in response to these issues as a response to a recent SEND Local Area Inspection (see also report on this reinspection was provided to the Children and Families Overview and Scrutiny Committee on 24th January 2023.

<u>SEND Transport in Leicestershire</u>

National position

50. In March 2022 the County Councils Network produced a report – Home to School Transport The Challenges in the Counties[1] – that has sought to examine the cost-drivers and pressures in delivering home to school transport across the 36 councils in its membership. The report addresses two related but distinct services: a) mainstream home to school transport; and b) home to school transport for children with SEND. It seeks to raise issues highlighted by its member councils in the current climate, factoring in the impact of the Covid-19 pandemic, and aims to highlight the range of challenges that county authorities are presently facing in delivering this vital service. It concludes by setting out a set of recommendations.

51. The four main factors that county authorities identified were driving up costs in SEND home to school transport are summarised as follows (all are consistent with local pressures in Leicestershire):

a) Increased demand;
b) Young people presenting with more complex needs who require specific transport;
c) A lack of suitable local placements in specialist schools, meaning young people have to be transported further; and
d) Inflation and other cost increases.

52. The report provides key performance information that enables local benchmarking with national results (see Figure 1 below for details), as follows:

a) Data from the 28 councils who supplied information shows that their SEND home to school transport expenditure rose from £260.5m in 2016/17 to £346.9m in 2020/21, an increase of 33%. To put this figure into context, it equates to around 11% of the average county authority’s entire children’s services budget.

b) In 2020/21, the participating authorities spent £254.2m on taxis, Private Hire Vehicles and minibuses, which equates to 72% of their total SEN home to school transport spend.

c) In March 2022, fuel prices reached record highs, with petrol prices on average reaching £1.67 a litre and diesel costing £1.79 a litre. These increases have had a significant impact on the costs for providers of home to school transport, whom local authorities commission to provide these services. As a consequence, in the first few months of 2022, county authorities have reported that providers were retendering for contracts early, with these retendered contracts coming back at up to 20% higher than previous contracts.

d) In 2016/17, there were 41,185 SEND pupils using the service, but by 2020/21 that number had risen to 51,558, an increase of 25%. It is likely that these increases will continue into future years.

e) The average yearly cost per SEN pupil increased from £5,893 in 2016/17 to £6,099 in 2020/21, representing an increase of £206 per head. This data was based on information from 21 county authorities.

Metric	CNN Report (28 Councils)	Leicestershire
Increase in SEN transport expenditure 2017-21	33%	28%
SEN transport expenditure % of CYP budget	11%	15%
Expenditure % on contracted transport	72%	74%
% Increase on retendered contracts in 2022	20%	14%
% Increase in students travelling 2017-21	25%	34%
Increase per student 2017-21	£206	-£272 (Covid-19)
Average PA cost per SEN pupil 2021	£6,099	£5,455

Figure 1 – Comparison of Leicestershire to CNN (28 Councils) on key metrics

Safeguarding

53. There is a multi-layered approach to children's safeguarding in Leicestershire in respect of SEN Transport, described below in Figure 2:

District Council level	Taxi licences are granted by district councils. In addition to assessing whether an individual is a 'fit and proper person' to hold a licence, all licensing authorities are required by statutory guidance to have robust systems for recording complaints, including analysing trends across all licensees as well as complaints against individual licensees.
Parental Checking	The Council encourages parents to check identification documents and to report any concerns to the Council via https://www.leicestershire.gov.uk/roads-and-travel/buses-and-public-transport/report-an-issue-with-transport-services or telephone the Customer Service Centre on 0116 305 0002.
Contract Monitoring	The Council has its own team which has responsibility for contract monitoring issues. The Council undertakes checks to make sure the individuals working on the routes are carrying the appropriate ID, via both random and targeted field inspections.

Figure 2 – Safeguarding hierarchy

Drivers and escorts verification

54. Both district councils and county councils respectively have responsibility for ensuring that those who participate in transporting vulnerable persons are subject to Disclosure and Barring Service (DBS) checks. District councils oversee the licensing of taxi drivers and county councils are involved in commissioning transport services to enable children to access education.

55. As a general observation licensing requirements in relation to taxi drivers by district authorities has been significantly tightened up in recent years. Under Section 177 of the Policing and Crime Act 2017, the Secretary of State for Transport was authorised to issue guidance to public authorities as to how their licensing functions under taxi legislation should be exercised, so as to protect children from harm. Licencing authorities have a statutory duty to have regard to that guidance.

56. The Department for Transport's statutory guidance expects licencing authorities to obtain enhanced DBS checks. All Leicestershire district councils require DBS checks as part of their licensing application processes. The law in relation to the licensing of taxi drivers has been further tightened up by legal requirements to record and share information[1].

57. Accordingly, the County Council is entitled to expect that all licenced taxi drivers employed on its transport contracts would have been subject to DBS checks and ongoing monitoring.

58. To the extent that the Council commissions transport services for vulnerable persons (including children with SEND issues) it is, what is known as, a "regulated activity provider". A regulated activity provider is **an organisation or individual** responsible for the management or control of regulated activity (paid or unpaid) and makes arrangements for people to work in that activity. This will usually be an employer or a voluntary organisation.

59. The law in relation to regulated activity providers is set out in a number of statutes. However, the most significant of these is the Safeguarding of Vulnerable Groups Act 2006 as amended by the Protection of Freedoms Act 2012 and related regulations.

60. Some children with SEND needs are entitled to support from an escort and since these persons are not subject to DBS checks through the district authority's processes, the County Council requires all escorts to be subject to DBS checks. This requirement is enforced under the Council's contracts with providers.

The legal position regarding parents who have mobility cars but still utilise the Council's SEND transport service

[1] Home-to-School-Transport-The-Challenge-in-Counties-1%20(4)

61. A local authority cannot use the fact that a parent receives a mobility element of their Disability Living Allowance (DLA)/Personal Independence Payment (PIP) as a reason to refuse home to school transport. The Local Government Ombudsman reported in 2017 that “the families of some children with special educational needs or disabilities may be in receipt of the higher rate of the mobility component of Disability Living Allowance. The Department for Education has confirmed in Parliament that being in receipt of this allowance does not necessarily confer eligibility for free home to school transport but neither does it preclude it if the child is an eligible child”.

62. For context, similar legal advice exists for Adult Social Care service users, which provides that “Many local authorities are likewise stating that they do not provide help with travel costs because individuals should pay for this from the mobility component of their DLA (or PIP etc). This is equally unlawful – and the fact that the mobility component must be disregarded for the purposes of the Care Act 2014 charging regime makes no difference; there are comprehensive reasons why the mobility component is disregarded for virtually all central Government and local government income assessment purposes. While it is correct that the mobility component of DLA (or PIP etc) could be used to pay for transport to a day centre, it is however, a non-sequitur for a council to state ‘it is therefore available to cover the cost of this transport’. Therefore, it could be argued that because a person receives basic Income Support, it is therefore available to cover the cost of that person’s meal at the Savoy”[2].

63. In 2012 the Department of Health was sufficiently concerned about local authorities adopting policies of this kind that it issued policy guidance to clarify the position. It referred to evidence that ‘some local authorities were taking the mobility component into account when considering what social services to be provide’. The guidance remains directly applicable to equivalent situations that arise under the Care Act 2014. It states that the “Department would like to make the position clear that: (…) local councils have a duty to assess the needs of any person for whom the authority may provide or arrange the provision of community care services and who may be in need of such services. They have a further duty to decide, having regard to the results of the assessment, what, if any, services they should provide to meet the individual’s needs. This duty does not change because a particular individual is receiving the mobility component of Disability Living Allowance”[3]

<u>What guidance are parents/carers given on how to raise relevant concerns or issues with the SEN transport team? How are these concerns monitored and actioned?</u>

64. Contact points for the transport teams are communicated annually through generic communications at the start of the application window in February each year. During the application process, parents receive auto generated communications with appropriate contacts and signposting at each stage of their application. Parents receive confirmation of their transport arrangements and contact points each year. For general queries and concerns once transport is arranged parents can contact the Customer Service Helpdesk where concerns will be logged with the transport team. There is also a contact form on the Council’s website. Queries and concerns are logged, triaged and responded to at officer level where appropriate.

---

[2] http://www.lukeclements.co.uk/resources/transport-to-social-care-services/
[3] http://www.lukeclements.co.uk/resources/transport-to-social-care-services/

Escalated complaints are directed to the corporate complaints process via the Council's website.

65. A number of reports providing an update on progress regarding SEN Transport for the academic year 2022/23 have been presented to the Highway and Transport Overview and Scrutiny Committee, the most recent being in January 2023. This set out the challenges faced by the service and actions being taken in response.

Circulation under the Local Issues Alert Procedure

66. None.

Equalities Implications

67. There are no Equalities implications directly arising from this report. Within the report, there is reference to a number of on-going programmes of work and activity and as these develop any potential equalities and human right issues will be addressed in line with LCC policy and procedure (such as completing EHRIAs).

Human Rights Implications

68. There are no Human Rights implications directly arising from this report.

Recommendation

69. The Committee is asked to note and comment on the update now provided.

Background Papers

SEND Services

Reports to the Children and Families Overview and Scrutiny Committee:

7 March 2023 – Transforming SEND and Inclusion in Leicestershire (TSIL) Programme
https://politics.leics.gov.uk/documents/s175229/TSIL%20-%20CF%20OSC%20070323.pdf

24 January 2023 - SEND Local Area Reinspection
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=7190&Ver=4)

6 September 2022 – SEND and Inclusion
https://politics.leics.gov.uk/documents/s170911/SEND%20and%20Inclusion%20CFS%20OSC%20060922.pdf

2 November 2021 – Written Statement of Action and High Needs Block Development
https://politics.leics.gov.uk/documents/s164367/FINAL%20SEND%20rpeort.pdf

1 September 2020 – SEND Inspection and High Needs Development Plan Update
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=6182&Ver=4

21 January 2020 – Local Area Inspection of Special Educational Needs and Disabilities
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=6179&Ver=4

5 November 2019 – Overview of Special Educational Needs and Disabilities Improvements
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=5685&Ver=4

The Green Paper, 'SEND review: right support, right place, right time'
https://consult.education.gov.uk/send-review-division/send-review-2022/

Transforming SEND and Inclusion in Leicestershire Website
https://www.leicestershire.gov.uk/education-and-children/special-educational-needs-and-disability/transforming-send-and-inclusion-in-leicestershire#:~:text=What%20is%20the%20Transforming%20SEND,with%20SEND%20and%20their%20families

SEND Transport

Report to the Highways and Transport Overview and Scrutiny Committee:

26 January 2023 – Special Educational Needs School Transport Service Update
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1293&MId=7171&Ver=4)

9 June 2022 – Special Educational Needs Transport Service – Provision Briefing
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1293&MId=6734&Ver=4

Report to the Cabinet 16 December 2022 – Provisional Medium Term Financial Strategy 2023/24-2026/27 https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6746&Ver=4

County Council's Network – The Challenge in Counties
https://www.countycouncilsnetwork.org.uk/councils-face-difficult-decisions-as-spirallingfuel-prices-impact-on-school-transport-services-report-warns/

Officer to Contact

Jane Moore
Director of Children and Family Services
Tel: 0116 305
Email: Jane.moore@leics.gov.uk

Ann Carruthers,
Director of Environment and Transport Services
Tel: 0116305
Email: ann.carruthers@leics.gov.uk

Chris Tambini,
Director of Corporate Resources
Tel: 0116 305
Email: chris.tambini@leics.gov.uk

Appendices

Appendix – TSIL Timelines

Inclusive Practice

Ensuring everyone involved in supporting children and young people takes action and gives the right support where needed

Design groups set up

Oct '22

At the engagement event in October, people from across the system, including parents, carers, schools, and service members, signed up to participate in design groups across early years and mainstream settings

Design Groups

Oct '22 - Mar '23

Design groups will start to design how we all can:

- **Improve CYP journeys**, for example through better support and communication in transitions, and proactive planning
- **Improve inclusivity** through visibility of inclusive behaviours
- Enable better **peer to peer support** between schools

CYP Journeys & Improving Inclusivity: Trials

Dec '22 - Mar '23

Starting with the design for Early Years transitions, the system will be trialling ways to improve inclusivity, with a particular focus on transitions. Trials with other education settings will follow in February

Peer Support Trials & Rollout

Jan '23 - Mar '23

A trial network will be set up to test peer support networks, the best practice toolkit, and a tool to support with writing SEND development plans. After trials, SENCos from every school will be invited to participate

Support for Schools & Outreach

Feb '23 - Apr '23

Partners from across the system will work to develop the training and outreach support available to ensure education settings are equipped to support CYP in the most inclusive way

CYP Journeys & Improving Inclusivity: Full System Rollout

Mar '23 - Jun '23

The networks will be used to support the rollout of changes that will better support CYP journeys and the visibility of inclusive practice across the system

Funding Models Design & Trials

2023

Designing a funding model that allows flexibility for schools to enable the right support to be put in place at the right time, without requiring a formal EHCP

Inclusive Practice Outcomes

Academic Year 23/24

All schools will be enabled to engage in continually improving their inclusivity, and will be able to better support CYP in mainstream settings

Changes to Funding Models

2024

After comprehensive design and trialling, the changes to the funding models will be rolled out to schools

**Learnings from trials and design groups may lead to changes in the timeline*

Transforming SEND and Inclusion in Leicestershire

Service Transformation

Ensuring the local authority understands the needs of children and young people and their families and makes transparent, needs-based decisions with timely and clear communication

Data Analysis & Feedback

Oct '22 - Dec '22

Data analysis and gathering feedback from across the system and within the service to inform prioritised areas for design

Design groups set up

Jan '23

At the engagement event in October, people from across the system, including parents, carers, schools, and service members, signed up to participate in design groups, starting in January

Educational Psychologist Support

Feb '23

LCC will seek to recruit Additional Educational Psychologists, to help to process the open assessments in a timely way, as well as informing the support required going forwards

Phase Transfers: Decision Making Trials

Jan '23 - Mar '23

Work starting in January will aim to support CYP phase transfers to ensure our decisions are **timely**, **consistent**, and **needs based**. We will be taking lessons learned from this work and using these to inform our approach for March statutory deadlines

Robust Decision Making & Effective Communication Trials

Jan '23 - Mar '23

The design groups will support in improving the decisions made around carrying out assessments and issuing EHCPs, including decisions around settings, to ensure our they are **consistent** and **needs based**, as well as being **communicated effectively**.

Assessments and Issuing EHCPs: Timely Decision Making Trials

Feb '23 - Mar '23

The service will be trialling changes with the way that assessments are carried out to improve the **timeliness,** to improve performance against **statutory requirements**

Effective Reviews Trials

Feb '23 - Apr '23

The service will be revisiting our reviews process to understand how we can increase the timeliness and quality of interactions and outcomes

Full Service Roll Out

Apr '23 - Sep '23

The changes that have been trialled will be rolled out to the whole service, ensuring there is a consistent way of working

Internal Operating Model Review

2024

Review of internal operating model across internal SEND services, the learnings will be consolidated into a broader operating model for SEND within the service, ensuring that we have the right capacity and resources, prioritisation, and clear communication channels

**Learnings from trials and design groups may lead to changes in the timeline*

Transforming SEND and Inclusion in Leicestershire

Leicestershire County Council

SCRUTINY COMMISSION – 15TH MARCH 2023

2022/23 MEDIUM TERM FINANCIAL STRATEGY MONITORING (PERIOD 10)

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. To provide members with an update on the 2022/23 revenue budget and capital programme monitoring position as at the end of period 10 (the end of January).

Policy Framework and Previous Decisions

2. The 2022/23 revenue budget and the 2022/23 to 2025/26 capital programme were approved by the County Council at its budget meeting on 23rd February 2022 as part of the Medium-Term Financial Strategy.

3. The four-year capital programme was reviewed in August 2022 and an updated programme approved by the Cabinet 16th September 2022.

Background

4. The period 10 revenue budget monitoring exercise shows a net projected overspend of £2.5m.

5. The period 10 capital programme monitoring exercise shows a projected net slippage/underspend of £22.2m compared with the updated 2022/23 budget.

6. The four-year capital programme was reviewed in August 2022 and an updated programme approved by the Cabinet 16 September 2022.

7. The monitoring information contained within this report is based on the pattern of revenue and capital expenditure to the end of January 2023.

2022/23 REVENUE BUDGET MONITORING – PERIOD 10

8. The period 10 revenue budget monitoring exercise shows a net projected overspend of £2.5m. A summary of the position on the revenue budget is shown below and set out in more detail in Appendix A.

REVENUE BUDGET MONITORING STATEMENT
FOR THE PERIOD : APRIL 2022 TO JANUARY 2023

	Updated Budget £000	Projected Outturn £000	Difference from Updated Budget £000	%
Schools Budget – Schools and Early Years	0	-750	-750	
Schools Budget – High Needs	0	7,800	7,800	
Net Total	0	7,050	7,050	
Children & Family Services (Other)	94,026	96,476	2,450	2.6
Adults & Communities	186,382	187,812	1,430	0.8
Public Health	-1,457	-1,457	0	0.0
Environment & Transport	91,954	91,074	-880	-1.0
Chief Executives	15,872	15,672	-200	-1.3
Corporate Resources	39,455	40,435	980	2.5
Capital Financing	22,000	21,700	-300	-1.4
Contingency for Inflation	-6,499	1,001	7,500	-115.4
Other Areas	6,693	-1,037	-7,730	-115.5
Contribution to budget equalisation reserve	22,290	22,290	0	0.0
Contribution to General Fund	1,000	1,000	0	0.0
Total	471,716	474,966	3,250	0.7
Funding	-471,716	-472,476	-760	0.2
Net Total	0	2,490	2,490	

9. The key projected variances that have been identified are set out below. Further details of major variances are provided in Appendix B.

Children and Family Services – Schools Budget

10. Overall an overspend of £7.1m is forecast on the Dedicated Schools Grant (DSG). This is made up mainly of overspends of £7.8m on the High Needs Block and £1.0m on the Early Years Block, offset by an underspend on the Schools Block from schools growth (£1.7m) which will be retained for meeting the costs of commissioning school places in future years.

11. The High Needs Block is projected to overspend the grant received by a net £7.8m in 2022/23 and is below the £8.9m forecast included within the original MTFS. Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, is

growing. Whilst the recently released Green Paper is set to result in systemic changes to the national SEND system, such changes may take a number of years to deliver and none appear to address the funding issues.

12. Leicestershire has been invited into the Department of Education's (DfE) Delivering Better Value (DBV) in SEND programme as a result of the deficit. At the end of 2022/23 the accumulated High Needs deficit is forecast at £36.4m. Leicestershire has been invited by the DfE to apply for grant funding of £1m to support the transformation of the SEND system with the application to be submitted shortly. The Transforming SEND in Leicestershire (TSIL) programme is mobilised and is supported by colleagues across the Authority and by an external strategic partner, Newton Europe, (independent consultants appointed by the Council); this programme and the DBV programme will be closely aligned. Discussions have taken place with the DfE regarding the strategic partner and funding. Whilst the cost of the strategic partner cannot be charged to DSG the investment in TSIL is recognised as a key step in reducing the deficit and as such would be taken into consideration if there was a call on the County Council to contribute to the deficit reduction, as has been the case for authorities with even more serious deficits.

13. Without new interventions the high needs block deficit is forecast to continue to increase over the MTFS period and is not financially sustainable. This creates a significant and unresolved financial risk to the Council.

14. The Early Years budget is showing an overspend of £1m. The initial budget was based on the number of hours used by the DfE to calculate the original 2022/23 Early Years grant income in December 2021. The 2022/23 Early Years grant income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to providers for 2022/23 are £2.4m more than the budget, leading to a net £1m overspend. However, the 2022/23 Early Years grant income will be retrospectively adjusted in 2023/24 to allow for the Spring 2023 census. It is anticipated that this adjustment will partially clear the £1m deficit accounted for in 2022/23 by retrospectively increasing the grant by £0.6m, but there could still be a net deficit of £0.4m. This is the standard process used nationally by the Government to fund Early Years education. Local Authorities are funded based on a January census of Early Years Providers, but pay Providers based on Autumn, Spring and Summer data. Numbers are lower in Autumn and higher in Summer, so the January (Spring) data is used as a proxy to fund the entire year. This means that the grant received will never match precisely the payments made, and may be higher or lower than the payments from one year to the next.

<u>Children and Family Services – Local Authority Budget (Other)</u>

15. The Local Authority budget is projected to overspend by a net £2.5m (2.6%), mainly relating to a projected overspend on the children's social care placement budget (£1.0m), SEN service budget (£0.7m), and children's social care (£0.8m).

16. Whilst overall looked after children (LAC) numbers for Leicestershire for 2022/23 appear to be in line with budgeted numbers, reflective of LAC increases of 5% and subsequent projection of 730 LAC at the end of financial year compared with 695 LAC at the

beginning of the financial year, the placement mix is projected to be different compared with the budgeted position causing the £1m forecast overspend. This is driven largely by a significant increase in the last quarter of 2021/22 of complex needs placements for older children, with some requiring high levels of care and support resulting in higher than the average cost for some placement provision. For example, current projections within the 16plus placement budget include placements at a weekly cost of £6,000 plus, four times higher than the average cost of 16plus placements, and a significant contributing factor for the current projected overspend position.

17. Related to residential care budget pressures and current challenges is the sustained high demand for parent-baby assessment placements with the increased focus and legal requirement to keep babies with their parents whilst assessments take place. The Council is now mandated by the courts to meet this legal expectation. The higher rate of parent-baby placements has been sustained over the last six months and is a further contributing factor in the projected overspend.

18. As part of the actions being taken to mitigate against these financial pressures, the Defining Children and Family Services for the Future programme has several workstreams to enable MTFS benefits to be achieved, alongside the Social Care Investment Programme (SCIP) working in partnership with Barnardo's. This will have a positive impact through the creation of additional capacity for under 16's, over 16's and parent and children places, which are due to go live in the next few months. LCC have been successful in obtaining additional capital grant funding (match funded by LCC) so in total there is planned investment in 9 properties and up to 27 placements over the MTFS.

19. The SEN service is projecting to overspend in the region of £0.7m as a result of increased service demand and complexity which has resulted in the need for additional service resource, some of which is having to be met from the agency market, to ensure demand can be managed effectively.

20. Children's Social Care budgets forecast overspend of £0.8m, comprising section 17/23 £0.5m and social care staffing £0.3m. Section 17 of the Children Act 1989 imposes a general duty on local authorities to safeguard and promote the welfare of "children in need" in their area. To fulfil this duty, Section17 gives local authorities the power to provide support, including accommodation and financial subsistence to families with "children in need". Such support is seen to be a preventative measure to prevent further escalation of support and costs. Increase in such needs and demands have risen post Covid-19 and more recently by the current and on-going cost of living pressures. In addition, Social care staffing teams continue to remain under pressure with a net projected overspend of £0.3m largely due to market pressures resulting in increased agency spend.

Adults and Communities

21. A net overspend of £1.4m (0.8%) is forecast for the revenue budget for 2022/23.

22. There is a continuing financial impact due to Covid-19 on adult social care which includes additional costs for commissioned services and loss of service user income. However, these now appear to be subsiding. The main areas of variance are:

23. Residential Care, £5.8m overspend comprising:

- Increased expenditure, net overspend £4.1m. This includes four elements; firstly additional service users' costs mainly due to a high number of short-term care placements following discharge from hospital and additional needs (£2.0m), secondly service users not moving to supported living (£1.3m) partially offset by an underspend on the (separate) supported living budget heading, thirdly additional payments from prior years (£0.5m) and finally costs from service users transferring from children's services (£0.3m) which are more than originally budgeted for.

- Reduction in income, £1.7m. As a result of Covid-19 over the last two years the number of chargeable residential service users has declined (by approximately 150 since April 2022 with an average weekly reduction of £100k in income) and charging has been delayed due to funding placements through the discharge process. A review into the processes relating to residential income is taking place to accelerate recovery of income by restating charges.

24. Homecare, £4.8m overspend. Additional arrears payments from 2021/22 (£0.7m) and an increase in the number of service users and hours of care compared to the budget (£4.1m). New intensive packages of wrap-around and night care have recently been introduced which are funded from the ASC Discharge Grant and these have added £0.6m to the forecast this month (grant income is shown separately). The service user numbers and average hours per service user have been on an upward trend since the start of the year. In April 2022 there were 2,300 service users and at the beginning of December there were 2,400 (4% increase). Average hours per service user have risen over the year from 10.1 to 10.8 (7%). The forecast has an average of 2,460 service users over the year at an average weekly cost per service user of £290. An action plan as stated below is in place to assist with managing the increasing costs.

25. Better Care Fund / Other NHS Income, £1.4m loss of income. A total of £6m income was budgeted for from the NHS for additional costs relating to Covid-19 mainly due to hospital discharges. However, current indications are that there will be a £2.3m shortfall in this income for 2022/23. Discussions are continuing with the NHS on how they may increase their support to adult social care and review discharge practices. The 2021/22 funded discharge process ended in March 2022. Reviews of service user packages from the discharge arrangements are ongoing, see actions below. The overall position is offset by additional BCF income of £0.9m.

26. Community Income £3.0m additional health income for contributions to support learning disability service and from service users.

27. Direct Payments, £2.0m underspend. A decrease in service user numbers (£0.8m) from the increasing numbers taking a managed Homecare service, and an increase in the forecast clawback of unused funds of (£1.2m).

28. Community Life Choices (CLC)/ Commissioned Services, net underspend of £1.9m from the closure of CLC bases following lockdown and the vacancies that are being held.

29. Supported Living, £0.7m underspend. Due to a slowdown in new service users from residential care. This underspend partly offsets the overspend in residential care as a consequence of this delay.

30. Discharge Grant, £0.6m new income. A grant announced by the government in November 2022 to support earlier discharge from hospital during the winter period, currently funding additional homecare packages

31. These costs are offset by a net £2.4m underspend from staffing and other minor variations.

32. An action plan will continue to be in place during 2022/23 which will focus on:

- reviews of all service users' packages that have commenced or changed since April 2021
- working with NHS partners to help improve the discharge pathway including reviewing funding arrangements
- ensure financial and funding assessments are undertaken
- reviewing internal processes.

Public Health

33. The Department is forecasting a net underspend of £0.1m which will be transferred to the Public Health earmarked fund.

Environment and Transport

34. A net underspend of £0.9m (1%) is reported.

35. Transport is reporting a net £3.1m overspend.

- Delay in delivery of the SEN transport lean review £0.7m;
- A significant number of contract hand-backs (at contract break points) on SEN transport as operators are unable to continue contracts at agreed prices £1.6m
- Increased costs on Mainstream school transport £1.1m due to service substitutions following bus operators' inability to recruit drivers.
- Fewer operational routes for Social Care transport within Fleet Services due to driver and escort vacancies have resulted in an underspend (£0.7m). However, this is offset by a forecast increase in Social Care taxi costs (£1.7m).
- Concessionary travel reimbursement costs are forecast to be lower than budget (£1.0m) following the decision to make payments based on actual service levels as per DfT guidance and reduction in bus services by operators.
- Local Bus Service (LBS) costs (including Park and Ride) remain high due to increased contract costs and lower fare revenues as bus patronage levels have not

fully recovered following the pandemic. These costs have been offset by one-off funding of £1.3m from DfT in 2022/23, resulting in a net forecast underspend of £0.3m on the LBS budget.

36. Across Highways an underspend of £1.4m is reported arising from vacancies in various teams (£0.6m) and additional income from section 38 and 278 fees (£0.4m), recharges to capital (£0.3m) and section 74 income (£0.7m). This is partly offset by increased reactive and environmental maintenance to respond to issues on the highways (£0.6m).

37. There is a net underspend of £2.6m on Waste budgets, relating to continuing market price rises generating increased income for recycling, scrap metal and dry recyclable materials (£1.8m); reduction in composting tonnages due to dry weather (£0.4m); reduced spend on waste initiatives (£0.2m) and vacancies across the service (£0.3m). This is offset in part by an increase in Energy from Waste tonnages (£0.1m).

Chief Executive’s

38. The Department is reporting a net underspend of £0.2m (1.3%). Underspends due to staffing vacancies across the department (£0.5m) and increased Registrar’s income (£0.3m) are partly offset by increased costs on the Coroners Service of £0.2m, loss of planning income £0.1m and Legal Services of £0.3m due to use of locums to cover vacancies plus increased demand in social care cases.

39. The position includes forecast costs of £1.2m in respect of the establishment of the East Midlands Freeport. These costs will be temporarily funded from County Council reserves to be repaid from retained business rates generated once the Freeport goes live.

Corporate Resources

40. Overall the Department is forecasting a net overspend of £1.0m (2.5%).

41. The main variance relates to continuing pressures in Commercial Services +£2.3m, which includes recovery from the pandemic and general inflationary pressures, notably within the catering service. Work is underway to increase income and reduce costs. Whilst this is expected to deliver improvements in 2023/24 and beyond, the immediate benefits are likely to be limited and still result in an adverse variance for 2022/23. These costs are offset by a net £1.3m underspend from staffing and other minor variations.

Central Items

42. Bank and other interest - £7.0m increased investment income. This is mainly due to increases in the Bank of England base rate from 0.5% in February 2022 to a forecast average for the year of over 2%. Together with continued high bank balances, averaging around £390m for the year, an additional £7.0m in investment income from treasury management activities is forecast. The base rate is currently 4%.

43. Inflation Contingency - the contingency is currently projected to be overspent by £7.5m. The majority of the overspend is related to the pay award for 2022/23 of £1,925 on each

scale point, equating to an average increase of 6.4%. The cost in excess of the provision in the inflation contingency (based on 3%) is around £7m. Running costs are forecast to be higher than anticipated, particularly regarding electricity contracts, where increases of around 100% have been incurred.

44. MTFS Risks Contingency (£8m). At this stage no release of the contingency has been assumed in the projection.

45. Central expenditure (0.7m) underspend for prior year adjustments is forecast, relating primarily to the cleansing of receipted aged purchase orders that are no longer required. The amount is likely to increase as work is completed for year end.

Business Rates

46. Additional Business Rates net income of £0.7m is forecast in 2022/23. £0.2m of this is based on the information from districts on their Business Rates (National Non-Domestic Rates - NNDR1) forms and forecast section 31 grants. The other £0.5m relates to an allocation from a surplus on the national Levy / Safety Net fund, announced on 6th February 2023.

47. The provisional outturn position of the 2021/22 Leicester and Leicestershire Business Rates Pool shows a Levy total of £13.3m, with the final position subject to the completion of external audits. Monitoring of the 2022/23 Pool is being undertaken and shows a forecast Levy total of around £14.5m. Initial indications of the 2023/24 Pool show that the Levy could be in excess of £19m.

Overall Revenue Summary

48. At this stage of the year there is a forecast net overspend of £2.5m. It is likely that this position will reduce as estimates are firmed up closer to year end.

49. The resulting net overspend for 2022/23 is planned to be closed by using the MTFS risks contingency, £8m, leaving an unspent balance of £5.5m.

50. Options to utilise the balance will be considered at year end. This includes potential additional investment for highways maintenance, the transformation reserve and reducing the shortfall on the capital programme (£124m included in the new MTFS 2023-27).

CAPITAL PROGRAMME

51. The updated capital programme for 2022/23 totals £124m. This follows a review of the programme undertaken in August 2022 and approved by the Cabinet in September 2022.

52. The latest forecast on the capital programme for 2022/23 shows overall net slippage of £22.2m. A summary is shown in Appendix C with details of the major variances provided in Appendix D. The main variances are reported below.

Children and Families

53. The Department is forecasting net slippage of £5.0m. The main variances are:

54. Provision of Additional School Places – net slippage £2.4m:

- Barrow Humphreys Perkins - acceleration of £1.0m. This is a section 106 funded passported scheme included in 2023/24 as timing was not known. The works started earlier than anticipated to build a new two-storey 13 classroom block to replace several dilapidated temporary buildings.
- Hinckley Primary School - acceleration of £0.7m. Timing of budgets had been phased prudently, allowing for potential delays within the scheme. However, these delays have not transpired.
- Schemes to be defined - slippage of £2.0m. Some agreements with schools were signed prior to the current economic situation. Gaps between indexation and inflation rates are likely to continue to impact the delivery of schemes within budgets. For this reason this unallocated budget will be held as a contingency into 2023/24.
- Old Dalby primary school - slippage of £1m. Delays while updating the specification required, previous feasibility report was out of date. Works have now been agreed and value engineering undertaken to be within budget. Practical completion is forecast for the autumn term.
- Melton, John Fernley - slippage of £0.8m. Design changes, which along with procurement framework issues have resulted in delays. Works commenced on site in December 2022.

55. SEND Programme – net slippage 1.5m:

- Foxfield's Special School - £0.8m slippage as detailed design and surveys are being undertaken to determine exact requirements. Planning permission is expected to be submitted shortly. It is unlikely that significant costs will be incurred in 22/23.
- Forest Way School - £0.7m slippage as the findings of an environmental impact assessment has resulted in a full environmental study needing to be undertaken. Certain parts of this cannot by undertaken until late March for ecological reasons.

56. Children's Social Care Investment Plan, slippage of £0.8m. Match funding bids submitted to the DfE have recently been announced as being successful. However, the delay in being advised of this outcome means that it is unlikely that any significant expenditure will be incurred in 2022/23.

Adults and Communities

57. The department is forecasting a net overall variance of £0.6m comprising slippage of £0.3m on the Adult Social Care Investment Plan (SCIP), delays identifying suitable property, and an underspend of £0.3m across smaller schemes.

Environment and Transport

58. The Department is forecasting net slippage of £0.5m. The main variances are:

- Melton Mowbray, North and East Distributor Road, £1.4m acceleration due to a better understanding of the deliverability on the programme by construction contractor.
- A511 Major Road Network, £1.4m acceleration due to increased work on completing the full business case to secure the major road network funding.
- Highways Capital Maintenance programme – £1.0m net slippage, comprising . The slippage on capital schemes and design £0.5m, street lighting £0.3m, bridges £0.3m, and network performance & reliability £0.2m, offset by acceleration of £0.3m on Preventative Maintenance.
- Hinckley Hub (Hawley Road) - National Productivity Investment Fund, £0.8m slippage due to Department for Transport guidance review which has resulted in works being paused and reprogrammed for construction during 2023/24 and 2024/25. Recommendations from the review plus updated financial forecast and programme will follow.
- Advanced Design / Match Funding, £0.6m slippage due to fewer opportunities to bid for external funding.

Chief Executive's

59. The Department is forecasting an underspend of £0.4m. The main variance relates to an underspend on the Rural Broadband Scheme Phase 3.

Corporate Resources

60. The Department is forecasting overall net slippage of £1.7m. The main variances are:

- Workplace Strategy - Office Infrastructure, £1.0m slippage as the scheme has been reprofiled based on timescales for implementation and lead times.
- Climate Change - Environmental Improvements £0.4m slippage due to internal resourcing issues and decision awaited on a scheme.

Corporate

61. The programme is forecasting net slippage of £14.1m. The main variances are within the Investing In Leicestershire Programme (IILP):

- Oakham, Panniers Way Industrial Units, £5.8m. The Council is no longer proceeding with the proposed purchase.
- Quorn Solar Farm, £3.5m slippage due to delays in completing archaeological surveys on the proposed site. These have now been received and the design is due to be completed.
- Lutterworth Leaders Farm, Drive Thru Restaurants, £2.6m slippage. Scheme will be reprofiled due to planning delays.

- East of Lutterworth Strategic Development Area, planning and preparatory works, £1.1m slippage. Scheme will be reprofiled due to delays caused by a judicial review.
- M69 Junction 2 – SDA, £0.7m slippage because of continued delays in the local plan process resulting in the ongoing consultancy work being done over an extended period.

Capital Receipts

62. The requirement for general capital receipts for 2022/23 is £2.5m. The latest estimates are £1.8m with one planned sale now expected in 2023/24. The shortfall can be managed due to the overall level of slippage on the capital programme.

Investing In Leicestershire Programme (IILP) – 2022/23 Monitoring

63. The IILP is an integral part of the MTFS. Investments in property and other indirect holdings generate income that supports the Councils MTFS whilst contributing to the wider strategic objectives of the Council and the economic wellbeing of the area. The IILP Strategy is approved annually as part of the MTFS.

64. A summary of the IILP position as at quarter 3 for 2022/23 is set out below:

Asset Class	Opening Capital Value	Capital Incurred / (Returned) 2022/23	Net income YTD	Forecast Net Income FY	In year forecast net income return %	Since Inception IRR / Target *
	£000	£000	£000	£000	%	%
Development	**36,478**	**(196)**	**141**	**(99)**	**(0.3%)**	n/a
Rural	**28,575**	**0**	**-34**	**130**	**0.5%**	n/a
Office	57,494	0	3,038	3,400	5.9%	
Industrial	27,209	0	1,461	1,600	5.9%	
Distribution	454	0	(4)	17	3.7%	
Other	4,885	0	157	254	5.2%	
Directly Held Properties	**90,042**	**0**	**4,652**	**5,271**	**5.9%**	n/a
Pooled Property (three open ended and one closed ended fund)	28,016	0	666	850	3.4%	2.3%
Private Debt MAC 4 2017	10,421	(1,655)	216	287	3.0%	4.8%
Private Debt MAC 6 2021	13,263	5,828	0	0	0	2.4%
Pooled Infrastructure Fund	0	0	0	0	0.0%	8% *
Pooled Bank Risk Share	0	10,000	0	0	0.0%	8.5% *
Indirect Holdings	**51,700**	**14,173**	**882**	**1,137**	**2.0%**	
Total (All IILP)	**206,795**	**13,977**	**5,641**	**6,439**	**3.0%**	
Total excl. development and rural	**141,742**	**14,173**	**5,534**	**6,408**	**4.4%**	

#since inception IRR, not applicable to development, rural and direct holdings

65. The development portfolio consists of a number of schemes which are in planning or construction phases and are not producing income yet. Projects such as future phases of Airfield Farm and Lutterworth East are included within here. Once developed and operational they move into one of the four main asset classes.

66. The rural portfolio has a dual purpose; it is held to help small farmers and occasionally provides the IILP with capital receipts. It's revenue income is expected to be lower than most other classes of investment. The rural portfolio as a result is expected to return c2% yield each year, however in 2022/23 an additional £0.4m has been set aside to reinstate a farm following an environmental incident has resulted in a lower net return forecast.

67. Directly held properties is comprised of offices including LUSEP and Embankment House, 17 industrial property sites, and a car showroom within the other asset class. This is the core aim of the IILP, delivering both reliable income and to support other strategic objectives for the Council such as investment in green infrastructure and renewable energy solutions. The net income forecast for 22/23 for the direct core holdings is in line with expectations at £5.3m or 5.9% yield.

68. The diversifiers are indirect holdings with the purpose of reducing overall portfolio risk by investing in differing asset classes and geographies. The aim is to provide diversified income from a variety of differing sources. A since inception internal rate or return (IRR) has been included for these investments which includes capital value changes given they are provided each quarter by the relevant investment manager. Further details are provided below.

- Pooled property funds - net income is expected to be similar to last year and is forecast to return around 3% income p.a. from a diverse portfolio comprising of four institutional property manager funds. Pooled property funds are valued at each quarter end. The increase in risk free rates (Bank of England interest rates increases) through 2022 has resulted in re pricing of underlying property assets within pooled property funds. The final quarter of 2022 marked a particularly high downward adjustment, net asset value (NAV) decline in last quarter of 2022 of £4.9m, or -17.6% compared with the previous quarters NAV, which reduced the IRR significantly.
  LaSalle (a property manager) reported quarter 4 2022 to be the worst performing MSCI UK property quarter, worse than during the global financial crisis. As interest rates peak, property values should stabilise all other things being equal. Consequently property asset values should recover. If half of the last quarters downward adjustment was recovered this would add 1.6% to the since inception IRR improving the return to 3.9%.

- Pooled infrastructure funds - the IILP committed to this fund following Cabinet approval in June 2022. This commitment, £8.7m, was called in January 2023. The expected income is £0.3m, p.a., excluding capital growth, income will be paid quarterly with assets spread across the world which will provide added geographical and sector diversification.

- Private debt funds are invested in a product that is primarily composed of senior secured debt and is highly diversified by providing credit to multiple borrowers. Income is forecast to be lower this year owing to repayments of underlying loans last year from an earlier MAC 4 investment. Whilst new money has been committed (MAC 6) to this asset class the income will be below levels seen in previous years until underlying interest payments become payable to the Council once the MAC 6 products investment period ends in December 2023. In 2022/23 no income has been received from the most recent investment given it is still in the investment period; interest received from loans are reinvested. As a result the investment has benefited from an increase in value.

69. Returns for the indirect portfolio will improve as investments made to private debt and bank risk share start to provide income.

70. It should be noted that the above table excludes in year capital growth for the direct portfolio, which is assessed annually as part of the asset revaluation exercise. Together with the indirect portfolio year end valuations these are reported in the annual IILP performance report in September each year.

Recommendation

71. The Scrutiny Commission is asked to note the contents of this report.

Appendices

Appendix A: Revenue Position as at Period 10, 2022/23
Appendix B: Revenue budget major variances
Appendix C: Capital Programme Monitoring Statement
Appendix D: Capital Programme – Forecast Main Variances and Changes in Funding

Circulation under the Local Issues Alert Procedure

None.

Officers to Contact

Mr C Tambini, Director of Corporate Resources,
Corporate Resources Department,
☎0116 305 6199 E-mail Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director (Finance, Strategic Property and Commissioning),
Corporate Resources Department,
☎0116 305 7668 E-mail Declan.Keegan@leics.gov.uk

This page is intentionally left blank

APPENDIX A

REVENUE BUDGET MONITORING STATEMENT 2022/23
(AS AT PERIOD 10)

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
Schools Budget					
Schools	88,539	86,789	-1,750	-2.0	
Early Years	36,143	37,143	1,000	2.8	
DSG Funding	-124,682	-124,682	0	0.0	
	0	-750	-750		
Earmarked fund - start of year			*-4,574*		
Earmarked fund - end of year			*-5,324*		
High Needs	93,662	101,462	7,800	8.3	
Dedicated Schools Grant (DSG)	-93,662	-93,662	0	0.0	
	0	7,800	7,800		
Earmarked fund - start of year			*28,850*		
Earmarked fund - end of year			*36,650*		
LA Budget					
Children & Family Services (Other)	94,026	96,476	2,450	2.6	RED
Adults & Communities	186,382	187,812	1,430	0.8	AMBER
Public Health *	-1,457	-1,457	0	n/a	GREEN
Environment & Transport	91,954	91,074	-880	-1.0	GREEN
Chief Executives	15,872	15,672	-200	-1.3	GREEN
Corporate Resources	39,455	40,435	980	2.5	RED
DSG (Central Dept. recharges)	-2,285	-2,285	0	0.0	GREEN
MTFS risks contingency	8,000	8,000	0	0.0	GREEN
Contingency for Inflation	-6,499	1,001	7,500	-115.4	GREEN
Total Services	425,448	436,728	11,280	2.7	
Central Items					
Financing of Capital	19,500	19,200	-300	-1.5	GREEN
Revenue funding of capital	2,500	2,500	0	0.0	GREEN
Bank & other interest	-1,400	-8,400	-7,000	500.0	GREEN
Central Expenditure	2,378	1,648	-730	-30.7	GREEN
Total Central Items	22,978	14,948	-8,030	-34.9	
Contribution to budget equalisation earmarked fund	22,290	22,290	0	0.0	GREEN
Contribution to General Fund	1,000	1,000	0	0.0	GREEN
Total Spending	**471,716**	**474,966**	**3,250**	**0.7**	
Funding					
Revenue Support Grant (new burdens)	-10	-10	0	0.0	GREEN
Business Rates - Top Up	-40,346	-40,346	0	0.0	GREEN
Business Rates Baseline / retained	-25,528	-24,328	1,200	-4.7	RED
S31 Grants - Business Rates	-8,590	-10,030	-1,440	16.8	GREEN
Business Rates -allocation from national Levy surplus	0	-520	-520	n/a	GREEN
Council Tax Precept	-351,626	-351,626	0	0.0	GREEN
Council Tax Collection Funds - net suplus	-3,569	-3,569	0	0.0	GREEN
New Homes Bonus Grant	-2,096	-2,096	0	0.0	GREEN
Improved Better Care Fund Grant etc.	-14,190	-14,190	0	0.0	GREEN
Social Care Grant	-19,866	-19,866	0	0.0	GREEN
Market Sustainability & Fair Cost of Care Fund	-1,630	-1,630	0	0.0	GREEN
Services Grant	-4,265	-4,265	0	0.0	GREEN
Total Funding	**-471,716**	**-472,476**	**-760**	**0.2**	
Net Total	**0**	**2,490**	**2,490**		

* Public Health funded by Grant (£26.2m)

Underspending / on budget	GREEN
Overspending of 2% or less	AMBER
Overspending of more than 2%	RED

This page is intentionally left blank

APPENDIX B

Revenue Budget 2022/23 – forecast main variances

Children and Family Services

Dedicated Schools Grant

A net overspend of £7.1m is forecast. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked fund drawdown	**8,880**	**n/a**
The DSG budget in the original MTFS includes an estimated HNB drawdown of £8.9m as the forecast in year overspend.		
Early Years / Nursery Education Funding	**1,005**	**3%**
The budget is based on the number of hours used to calculate the original 2022-23 Early Years DSG income in December 2021. The 2022-23 Early Years DSG income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to Providers for 2022-23 are £2.4m more than the budget, leading to a net £1.0m overspend. However the 2022-23 Early Years Grant income will be retrospectively adjusted in 2023-24 to allow for the hours paid in Spring 2023, and it is anticipated that this adjustment will partially clear the £1.0m deficit accounted for in 2022-23, but still leave a deficit of £0.4m.		
Schools Growth / Budget Allocations	**-1,660**	**-54%**
This funding has been earmarked to help meet the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. The underspend will be transferred to the DSG earmarked fund to fund pupil growth in future years.		
Special Educational Needs	**-1,050**	**-1%**
The SEND Capital Programme is developing new resource bases with the aim of reducing the reliance on expensive independent sector places. The increase in demand however has resulted in these places being filled with new demand as opposed to having the desired impact on existing numbers. Additionally, approximately 100 extra Early Years specialist places were identified as required from September 2022. These were not budgeted for and have resulted in an overspend in the Special School budget. Meanwhile a significant number of places in the C&I (Communication & Interaction) units and SEMH (Social, Emotional and Mental Health needs) units created over the last few years still remain empty - this particular area is forecasting a £2m underspend against budget. Costs per student in Independent Specialist Provisions (ISP) continue to rise. This has resulted in an overspend in the ISP budget. Decisions to agree placements in increasingly expensive ISPs whilst our own bases are underoccupied will have a substantial impact on the deficit position.		
Other variances	**-115**	**n/a**
TOTAL	**7,060**	**n/a**

Local Authority Budget

The Local authority budget is forecast to overspend by £2.5m (2.6%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	**1,050**	**2%**
Whilst overall looked after children (LAC) numbers for Leicestershire for 2022/23 appear to be in line with budgeted numbers, the placement mix is projected to be different - driven largely by a significant increase in Quarter 4 of 2021/22 of complex needs placements for older children, with some requiring high levels of care/support and resulting in high cost residential/16 plus provision, and subsequently driving projected placement numbers within such provision types to be higher than budgeted for by the end of the financial year. The full year impact of this peak in the last quarter of 2021/22 has resulted in a projected overspend this financial year. Recent demands will be closely monitored over the coming months.		
SEN Service Budget	**695**	**38%**

Increased service demand and complexity has resulted in the need for additional service resource to ensure demand can be managed in the most efficient and effective manner.		
Children's Social Care - Section 17/23 (Children in Need) Budget	**530**	**129%**
Increase in demand for support, impacted also by cost of living pressures. Section 17 of the Children Act 1989 imposes a general duty on local authorities to safeguard and promote the welfare of “children in need” in their area. To fulfil this duty, Section17 gives local authorities the power to provide support, including accommodation and financial subsistence to families with “children in need”. The power under section 17 can be used to support the family as a whole and to promote the upbringing of the child within the family unit. Support under section 17 is accessed via an assessment, and for the majority of cases is supporting a child whose family does not have adequate accommodation or sufficient income to meet their essential living needs. Such support is seen to be a preventative measure to prevent further escalation of support and costs. Increase in such needs and demands have risen post Covid and more recently by the current and on-going cost of living pressures. Further work has been commissioned internally to try understand such pressures and will support future analysis and its likely subsequent financial impact on the MTFS		
Children's Social Care Staffing/Workforce Pressures	**280**	**2%**
The majority of this overspend is due to staffing pressures. Nationally there is a shortage of qualified social worker staff, and has recently been acknowledged through further work indicating a 6% reduction nationally in applicants to undertake social work training. Further research is showing qualified social work staff do not remain in front line work on average for more than 8 years. There is also a growing number of staff moving to agency work for inflated rates of pay. All of these factors and issues are very prevalent within Leicestershire too. Despite positive recruitment and retention activities, such as increasing the number of staff undertaking the Apprenticeship Social Worker course, and Leicestershire making market premia payments to try to ensure average pay is more in line for similar posts across the region, the challenging market which still continues to see supply of social workers being limited and agencies and some nearby LA’s continuing to pay more, have resulted in continued pressures and challenges for social care service budgets in Leicestershire, and subsequently contributing to the projected overspend.		
Departmental Efficiencies / Vacancy Control Management	**-100**	**n/a**
The requirement for the department to achieve departmental efficiency savings led to a review of non statutory services . The output of this work has delivered some one-off in year efficiencies, and budget opportunities, which included delaying recruitment to non essential posts where appropriate. Further work is being undertaken to explore the feasibility of this work and its scope to deliver on-going future budget efficiencies.		
Other variances	**-5**	**n/a**
TOTAL	**2,450**	**n/a**

Adults & Communities

The Department has a net forecast overspend of £1.4m (0.8%). The main variances are:

	£000	**% of Budget**
Residential Care and Nursing	**5,830**	**8%**
The net overspend comprises: a) Increased expenditure: made up from four elements. Firstly, from additional service users costs mainly due to high number of short term care placements following discharge from hospital and additional needs (£2.1m), service users not moving to supported living (£1.2m) which is partially offset by an underspend on Supported Living, thirdly payments made relating to previous years (£0.5m), and transitions costs from children's services (£0.3m) not budgeted for. b) Reduction in Income - reduction of Client and Health Income following Covid-19 and the decline in the chargeable number of service users (approximately 150 since April 2022) with an average weekly reduction of £100k per month (£1.7m) and delays due to discharge funding processes. There is an average of 2,411 service users with an average gross care package cost of £906 per week.		
Homecare	**4,765**	**14%**
The forecast overspend is mainly due to the additional arrear payments from 2021/22 of £0.7m and a significant increase in service users and average hours (£4.1m). New intensive packages of wrap-around and night care have recently been introduced which are funded from the ASC Discharge Grant and these have added £620k to the forecast this month but this is fully offset with income shown against the line for grant funding. The forecast has an average of 2,460 service users over the year at an average weekly cost per service user of £295. The average weekly cost for 2021/22 was around £260 and the average number of service users was in the region of 2,250.		

Better Care Fund (Balance) / Other NHS Income	**1,405**	**5%**
An expected £6m income was budgeted for from the NHS for additional costs relating to Covid-19. However, current indications are that there will be a £2.3m shortfall in this income. Discussions are continuing with the NHS on how they may increase their support and review practices. This shortfall is offset by £0.9m additional BCF income.		
Other Support	**455**	**n/a**
Other social care support that relates to floating support, kennel contract and accommodation costs for S117 service users.		

Community Income	**-3,020**	**-12%**
Additional income from the LD pool (£1.8m) reflecting increased numbers of learning disabilities service users and higher cost packages which Health would contribute towards. Increased income from service users for their personal care (£1.2m) reflecting the increasing numbers of service users receiving a Non-Residential service as opposed to a Residential service (which offsets the shortfall in the Residential Income budget)		
Direct Payments	**-2,000**	**-5%**
There has been a 8% decrease in service user numbers and 14% increase in costs (£700k) offset by the increasing numbers taking a managed Homecare service. An increase in the forecast clawback of unused funds of £1.3m above the £3.1m budget. The forecast is based on an average 1,957 service users with an average cost of £419 per week and carers averaging at 1,068 service users with an average cost of £51 per week.		
Community Life Choices (CLC) / Day Services Team	**-1,915**	**-70%**
Underspend from closure of CLC bases following lockdown and the vacancies that are being held.		
Supported Living, Residential and Short Breaks Team	**-660**	**-13%**
Underspend due to vacancies and also reduction in CLC day services in co-located short break locations resulting in a reduction in staffing expenditure.		
ASC Discharge Grant	**-620**	**n/a**
The Government announced a Discharge Grant for Adult Social Care in November 2022 and a plan was developed with the Integrated Care Board. This is the income which is related to additional costs incurred in Homecare related to supporting earlier discharge from hospital.		
Care Pathway - Cognitive and Physical Disability	**-540**	**-8%**
Underspend from vacancies that are in the process of being recruited to.		
Care Pathway - Learning Disability and Autism	**-385**	**-9%**
Underspend from vacancies that are in the process of being recruited to.		
Supported Living Commissioned Services	**-355**	**-1%**
Supported Living is forecasting an underspend due to a slow down in the new service users coming from residential care. This underspend offsets some of the overspend in Residential Care as a consequence of this delay. Currently there is an average of 440 service users totalling £580k per week.		
Care Pathway - Access and Digital Services	**-285**	**-14%**
Underspend from vacancies that are in the process of being recruited to.		
Commissioning & Quality	**-280**	**-15%**
Underspend from vacancies that are in the process of being recruited to.		
Business Support & Strategy and Planning	**-245**	**-11%**
Underspend from vacancies that are being held.		
Care Pathway - Home First	**-195**	**-2%**
Underspend from vacancies that are in the process of being recruited to.		
Department Senior Managers	**-120**	**-10%**
Underspend from general departmental expenditure.		
Strategic Commissioning - Managers	**-110**	**n/a**
Underspend from vacancies that are being held.		
Care Pathway - Heads of Service/Managers (Integration, Access & Prevention)	**-100**	**n/a**
Underspend from vacancies that are in the process of being recruited to.		
Other variances (under £100k)	**-195**	**n/a**
TOTAL	**1,430**	**n/a**

<u>Public Health</u>

The Department has a projected balanced position. The main variances are:

	£000	% of Budget
Public Health Earmarked Fund	**90**	**n/a**
Net underspend on Public Health budgets to be offset by a contribution to the Public Health earmarked fund. Uncertainties on future grants.		
Quit Ready	**-70**	**-12%**
Variance due to underspend on running costs and additional income.		

Other variances (under £50k)	**-20**	**n/a**
TOTAL	**0**	**n/a**

Environment and Transport

The Department is forecasting a net underspend of £0.9m (1.0%). The main variances are:

	£000	% of Budget
SEN - External	**2,325**	**15%**
Forecast overspend of £2.3m arising for the following reasons: - £710k non-achievement of MTFS saving in 2022/23. This is due non-implementation of the 'should cost' method of procurement for SEN taxi transport in summer 2022 following a delay in receiving autumn term applications relating to the delays in finalising school placements. Staff turnover in Transport further delayed updates to the 'should cost' model to reflect fuel price rises and increasing driver / escort costs. Transport market conditions have changed significantly since the original 'should cost' model work was undertaken resulting in reduced ability for LCC to influence market prices. Achievability of these savings will therefore need to be reviewed. - £460k cost increases higher than inflation - £200k under reserve from 21/22 leading to higher costs in 22/23 - £955k due to market pressures on SEN transport including a high number of operators being unable to honour contracts at agreed price levels resulting in contracts being handed back and even higher prices. In addition to this procurement of transport in the 22/23 academic year has not been made at the optimal value for money level due to delays in receiving transport applications. This has led to spot purchasing in many cases.		
Social Care Transport - External	**1,710**	**73%**
Overspend forecast arising from an increase in taxis being commissioned for Social Care transport. This increase is partly due to the reduction in the number of Fleet routes being operated due to unavailability of drivers and a greater demand for solo transport as a result of the Covid pandemic. The overspend on ASC taxis is partially offset by an underspend on Passenger Fleet transport (see below). A full review of all social care transport is currently underway to ensure that passengers are being transported in the most cost effective way and that fleet capacity is being fully utilised.		
Mainstream School Transport	**1,050**	**31%**
Forecast overspend due to higher costs and market conditions. Contract prices have increased due to increased tender prices following the hand-back of several contracts. Retendering of these contracts has led to considerably higher costs. In addition, there are a greater number of children travelling to school by taxi as they are not going to their nearest school. This is a national trend. Operators are struggling to recruit drivers leading to reduced bus capacities. A higher number of taxis have therefore had to be used in some cases.		
Treatment & Contracts	**720**	**8%**
Forecast overspend is a result of more tonnages being sent to energy for waste sites.		
Reactive Maintenance	**595**	**29%**
Overspend as a result of the increasing need to respond to issues on the highways, increased demand on road markings, maintenance gangs and out of hour responses.		
Road Safety	**200**	**36%**
Overspend due to depletion of the balance of contributions, held in an earmarked reserve, from Leicester, Leicestershire, Rutland Road Safety partnership, that were used towards school crossing patrols. Due to the pandemic no surpluses have been contributed from the partnership over the past few years. The department is looking at options to increase contributions. Also includes increased maintenance works on Public Rights of Way as a result of issues relating to bridges and byways.		
Dry Recycling	**-1,650**	**-67%**
Forecast underspend due to income from recyclable materials being significantly higher than budgeted. This is due to favourable prices for recyclables.		
Concessionary Travel	**-970**	**-20%**
Underspend due to the policy decision to make concessionary travel reimbursements at lower than pre-Covid levels in 2022/23, as per guidance from the Department for Transport. The forecast underspend has been reduced by £57k to take account of some outstanding payments relating to 2021/22 that need to be made in 2022/23.		
Highways and Transport (Operations Services) - Staffing & Admin	**-935**	**64%**
Underspend due to high level of vacancies within the service occurring from the difficulty to recruit and £670k additional income from Section 74's and Temporary Traffic Regulation Orders.		

Passenger Fleet	**-690**	**-96%**
Forecast underspend largely due to vacant driver and escort posts, which is partly offset by additional agency and overtime costs. Recruitment of drivers is currently very difficult. Fewer Adult Social Care fleet routes are being operated as a result of the driver shortage and a greater number of passengers are being transported in taxis following greater demand for solo transport during the pandemic. This has resulted in an underspend for Passenger Fleet but an overspend on Social Care Taxis (see above). Social care transport arrangements are currently being reviewed with a view to moving service users away from taxis and onto lower cost Fleet transport where possible.		
Landfill	**-620**	**-6%**
Lower tonnages are creating an underspend due to increased use of energy for waste sites.		
Highways & Transport (Network) - Staffing & Admin	**-445**	**-36%**
Underspend due to additional income (£360k) from section 38 and 278 fees and vacancies across various teams.		
Composting Contracts	**-440**	**-16%**
Lower tonnages due to dry weather affecting green waste volumes.		
Highways & Transport (Commissioning) - Staffing & Admin	**-400**	**-17%**
Additional income in the form of recharges to capital due to prior year slippage in delivery of capital programme schemes. Vacancies within network data team.		
Development & Growth	**-385**	**-32%**
Underspend due to staffing vacancies and inability to recruit to posts.		
Public Bus Services	**-300**	**-14%**
Costs for local bus services (including Park and Ride) remain high due to lower fare revenues because bus patronage levels have not returned to pre-Covid levels. Income from the employers' parking schemes has also fallen significantly. These losses have been met by additional funding from DfT in 2022/23 of £1.3m, resulting in a net budget underspend of £302k. The DfT funding is not currently expected to continue into 2023/24, this has been recognised in the 23-27 MTFS and work is already underway to review the Council's passenger transport services to bring expenditure in line with the available budget.		
Initiatives	**-195**	**-23%**
Underspend as a result of lower uptake of waste initiatives, reduced spend on the residual waste project and underspends on Ash dieback due to lack of capacity.		
Environment & Waste - Staffing and Admin	**-190**	**-13%**
Underspend due to staffing vacancies.		
WEEE Funding	**-130**	**n/a**
Underspend forecast due to higher scrap value than budget.		
Other variances	**-130**	**n/a**
TOTAL	**-880**	**n/a**

Chief Executive's

The Department is forecasting a net underspend of £0.2m (1.3%). The main variances are:

	£000	**% of Budget**
Legal Services	**325**	**7%**
Variance is due to reduced income and the use of Locums to cover vacancies and increased outsourcing due to high levels of demand for Adult and Children's social care cases.		
Coroner's Service	**175**	**14%**
The variance is due to the increased UHL costs for post mortems.		
Planning Services	**160**	**27%**
A downturn in the economy has resulted in work on developments slowing down/not being started. Planning and monitoring fee income is forecast to be significantly lower as a result.		
Freeport	**0**	**n/a**
The Freeport costs will initially be funded from LCC reserves (cash flowed) but will subsequently be reimbursed from retained business rates growth generated once Freeport goes live. Forecast expenditure of £1.24m in 2022/23, to be funded from corporate earmarked reserves. (This is in addition to a net £716k funded by the Council in 2021/22).		
Registrars	**-315**	**n/a**

Income is expected to be higher than originally budgeted for due to an increase in business following Covid restrictions. Casual staff costs are reduced as more ceremonies are taking place during the week, which increases the net position of surplus income.		
Growth Service	**-210**	**-14%**
Underspend due to ongoing staff vacancies which will not be filled prior to the conclusion of the Growth Service review.		
Democratic Services and Administration	**-150**	**-10%**
Variance due to ongoing staff vacancies (£120k), reduced running costs (£20k) and additional income (£10k).		
Policy and Communities	**-105**	**-5%**
Underspend due to ongoing staff vacancies and reduced running costs.		
Trading Standards	**-95**	**-5%**
Variance due to vacancies not due to be filled prior to the end of the financial year, the recovery of some prosecution costs and additional income received relating to 2021-22 that was not anticipated.		
Other variances	**15**	**n/a**
TOTAL	**-200**	**n/a**

<u>Corporate Resources</u>

The Department has a net forecast overspend of £1.0m (2.5%). The main variances are:

	£000	% of Budget
Commercial Services	**2,300**	**n/a**
Pressures in Commercial Services are on-going. This includes recovery from the pandemic but also additional general inflationary pressures encountered, notably within the Catering service. It is now likely that those pressures persist into 2023/24 and another significant overspend should be expected.		
Audit and Insurance	**50**	**2%**
Internal Audit: increased agency costs, the movement of key audit systems to the Cloud and the loss of academies income. Insurance: job evaluation of three senior posts alongside increasing premium prices have led to a slight overspend.		
ICT	**-545**	**-4%**
The main reason for the underspend is the existence of vacant posts. This underspend is likely to continue to grow throughout the remainder of 2022/23.		
Operational Property	**-185**	**-8%**
Small staffing underspends in multiple Operational Property Team budgets due to staff turnover and recruitment drag.		
Building Running Costs	**-180**	**-4%**
Underspends across the corporate estate as a result of lower current occupancy as compared to pre-pandemic levels.		
Strategic Property	**-150**	**-6%**
Small staffing underspends in multiple Strategic Property Team budgets due to staff turnover and recruitment drag.		
Corporate Human Resources	**-120**	**-6%**
The main reason for the underspend is vacant posts. The underspend is likely to continue to growth throughout the remainder of 2022/23.		
Strategic Finance	**-110**	**-2%**
Underspend due staff vacancies and timing delay filling vacancies.		
Communications and Digital	**-55**	**-5%**
The main reason for the underspend is vacant posts. It is expected that this underspend will remain stable for the remainder of 2022/23, although it is likely to be offset slightly by agency costs.		
Other variances	**-25**	**n/a**
TOTAL	**980**	**n/a**

This page is intentionally left blank

APPENDIX C

CAPITAL PROGRAMME MONITORING STATEMENT (PERIOD 10)

	Revised Capital Programme 2022/23 £000	Changes in Funding 2022/23 £000	Updated Budget 2022/23 £000	Forecast £000	Updated Budget v Forecast Variance £000
Children & Family Services*	47,232	-423	46,809	41,782	-5,027
Adults and Communities	5,337	0	5,337	4,785	-552
Environment & Transport	49,130	103	49,233	48,734	-499
Chief Executive’s	1,103	-62	1,041	688	-353
Corporate Resources	6,061	0	6,061	4,401	-1,660
Corporate Programme	15,033	0	15,033	933	-14,100
Total	**123,896**	**-382**	**123,514**	**101,323**	**-22,191**

*Excludes Schools Devolved Formula Capital

This page is intentionally left blank

APPENDIX D

Capital Budget 2022/23 – forecast main variances

Children and Family Services

Net forecast slippage of £5.0m. The main variances are:

	£000
Provision of Additional School Places	**-2,388**
1) Barrow Humphreys Perkins - acceleration of £1.0m. This is a S.106 funded passported scheme included in 2023/24 as timing was not known. The works started earlier than anticipated to build a new two-storey 13 classroom block to replace several dilapidated temporary buildings. 2) Hinckley Primary School - acceleration of £0.7m. Timing of budgets had been phased prudently, allowing for potential delays within the scheme. However the expected delays in this year have not materialised. 3) Schemes to be defined - slippage of £2.0m. Some agreements with schools were signed prior to the current economic situation. Gaps between indexation and inflation rates are likely to continue to impact the delivery of schemes within budgets. For this reason this unallocated budget will be held as an inflation contingency into 23/24. 4) Old Dalby primary school - slippage of £1m. Delays while updating the specification required, previous feasibility report was from a few years ago. Works have now been agreed and value engineering undertaken to be within budget. Practical completion is forecast for the autumn term. 5) Melton, John Fernley - slippage of £0.8m. There have been numerous design changes requested, which along with procurement framework issues has resulted in significant delays. Works commenced on site in December 2022. 6) Frisby Primary School - slippage of £0.2m The site has considerable constraints including access and levels, which needed to be worked through. Although initial scoping timescales showed a suggested completion of August 2022, this has now been pushed back due to the delays.	
SEND Programme	**-1,539**
(i) Foxfield's Special School - £0.75m slippage as detailed design and surveys are being undertaken to determine exact requirements. Planning permission is expected to be submitted shortly. Therefore it is unlikely that significant costs will be incurred in 22/23. (ii) Forest Way School - £0.66m slippage as the findings of an environmental impact assessment has resulted in a full environmental study needing to be undertaken. Certain parts of this cannot by undertaken until late March for ecological reasons, which results in the scheme being slipped to 23/24. (iii) Dorothy Goodman School - £0.15m slippage due to preliminary works originally planned to be undertaken during 22/23 have now been pushed back to 23/24, partially due to needing to align works with school closure periods.	
Children's Social Care Investment Plan	**-774**
Match funding bids submitted to the DfE have recently been confirmed successful. The delay in being advised of this outcome now means it will be unlike that significant expenditure will be incurred for this Phase in 22/23.	
Strategic Capital Maintenance	**-250**
Slippage due to the intrusive nature of this remedial work it is unlike to be undertaken until summer school closure.	
Other variances	**-76**
TOTAL	**-5,027**

Adults & Communities

Net forecast slippage of £0.3m and £0.3m underspend. The main variances are:

	£000
SCIP - Additional Schemes to be confirmed	**-305**
The SCIP schemes budget - slippage into 2023/24. Delays due to identifying suitable property also the time taken to ensure that schemes are properly reviewed and ready to progress.	
SCIP Specialist Dementia Facility (SDF) - Coalville	**-130**

The Coalville Specialist Dementia Facility is no longer going ahead - underspend of £130k to be given up.	
Other variances	**-117**
TOTAL	**-552**

<u>Environment and Transport</u>

Net forecast slippage of £0.5m. The main variances are:

	£000
A511 Major Road Network	**1,404**
Acceleration due to increased work on completing the Full Business case to secure the Major Road Network Funding.	
Melton Distributor Rd - North and East Sections	**1,385**
Acceleration due to a better understanding of the deliverability on the programme by construction contractor.	
(HCM) Preventative maintenance	**258**
Acceleration due to overspend in year caused by network deterioration and increase in surface dressing pre-planning needed.	
(HCM) Restorative Maintenance	**154**
Acceleration due to overspend in year caused by the number of defects in the planned patching programme developing in the deteriorating network.	
Hinckley Hub (Hawley Road) - National Productivity Investment Fund	**-822**
Delay due to DfT LTN 1/20 guidance review has resulted in works being paused and reprogrammed for construction during 23/24 and 24/25. Recommendations from the review plus updated financial forecast and programme will follow.	
Advanced Design	**-637**
Slippage due to fewer funding bid opportunities being available than anticipated delaying preparations works. In addition some programmes have been reprofiled.	
(HCM) Maintenances schemes	**-498**
Slippage to allow for the completion of drainage works before maintenance scheme works on the roads commences.	
Vehicle replacement programme	**-462**
Slippage due to delays expected in deliveries. It is anticipated vehicles will have been ordered but not all will have been received by the end of the financial year.	
(HCM) Street Lighting	**-320**
Slippage due to resourcing for works and the availability to work on the network at Fosse Park.	
(HCM) Bridge Maintenance	**-250**
Slippage due to resourcing, wild life protection and flooding issues.	
(HCM) Network performance & Reliability	**-193**
Slippage due to evaluating results from a trial to ensure best value for works is procured. The completion of the evaluation and subsequent procurement is expected in 23/24	
(HCM) Traffic and signals	**-115**
Slippage due to programmed work relating to Epinal Way on hold awaiting outcome of Local Cycling and Walking Infrastructure Plan work.	
Cycleways	**-109**
Underspend due to overestimation of costs when setting budgets.	
Property Flood Risk Alleviation	**-102**
Underspends due to eligibility of homes in project having been reassessed, slippage on projects due to delays in decisions on OBC from Environment Agency.	
Ashby Canal	**-100**

Some of the costs relating to the Canal Association transfer will not be incurred until 2023/24. The majority of the estimated spend is related to land purchase assumptions, which remain uncertain.	
Other variances	**-92**
TOTAL	**-499**

Chief Executives

A net underspend of £0.4m is forecast compared with the updated budget. The main variances are:

	£000
Rural Broadband Scheme - Phase 3	**-353**
The reason for the underspend is the impact of BT change requests which reduced the overall number of properties needing to be connected (fibre already there or delivery by another provider/method). This has resulted in a net reduction of the total cost.	
TOTAL	**-353**

Corporate Resources

Slippage of £1.7m is forecast compared with the updated budget. The main variances are:

	£000
LCC Public Sector Decarbonisation Scheme (PSDS)	**323**
Overspend due to essential roof repairs prior to installing solar panels at Embankment House and additional costs to the thermal store at County Hall. The additional costs will be funded from the balance of funding for PSDS schemes in 2023/24.	
Workplace Strategy - Office Infrastructure	**-990**
Reprofiled based on timescales for implementation and lead times.	
Workplace Strategy - End User Device (PC, laptop)	**-247**
Slippage due to a reprogramme of works as agreed with Ways of Working (WoW) Programme board. This programme is now expected to run to 26/27 & 27/28 agreed with WoW.	
Electric Vehicle Car Charge Points	**-142**
Slippage due to internal resourcing pressures. Aiming to coordinate procurement and placement of EV's with other EV projects in E & T.	
Minimum Energy Efficiency Standards	**-137**
Slippage due to a decision awaited on the future of Glebe House any work carried out will now be 23/24. In addition there may be additional work identified by EPC certificates at other buildings and this work will be carried out in 23/24.	
Ways of Working - Property	**-107**
Slippage due to delays in office moves caused by reprofiling of programme.	
Snibston E V Chargers & Solar Car Port	**-75**
Slippage due to a delay in planning permission which required additional work and are now resolved. In addition the project is still awaiting final designs and costs including additional drainage. The business case will be assessed to ensure it remains viable before proceeding with the project.	
Other variances	**-285**
TOTAL	**-1,660**

Corporate Programme

Slippage of £14.1m is forecast compared with the updated budget. The main variances are:

	£000
Oakham, Panniers Way - Industrial Units acquisition	**-5,780**
Council no longer proceeding with the purchase due to capital constraints and funding pressures.	
Quorn Solar Farm	**-3,501**

Delays in completing archaeological surveys on the proposed site. These have now been received and the design is due to be completed shortly and tenders invited.	
Lutterworth Leaders Farm - Drive Thru Restaurants	**-2,588**
Scheme will be reprofiled due to planning delays, likely decision March 2023.	
East of Lutterworth SDA (Planning and Preparatory works)	**-1,108**
Scheme will be reprofiled due to further delays caused by a judicial review. Spend will depend on the outcome of the judgement.	
M69 Junction 2 - SDA	**-660**
Slippage because of continued delays in the local plan process resulting in the ongoing consultancy work being done over an extended period.	
Industrial Properties Estate - General Improvements	**-275**
Delays bringing forward Capital refurbishment projects due to lack of industrial unit turnover. Energy performance improvements not required at the level expected.	
County Farms Estate - General Improvements	**-150**
Delays bringing forward procurement of Capital projects due to resourcing of the process.	
Other variances	**-38**
TOTAL	**-14,100**

Capital Programme - Changes in Funding

2022/23 Budget Adjustments

Children & Family Services	
Provision of Additional School Places - S.106 developer contributions adjustment, Oadby Beauchamp passported directly to the school.	-423
Environment and Transport	
Externally Funded Schemes - from S.106 developer contributions	163
Hinckley Hub (Hawley Road) - NPIF S.106 developer contribution	40
Safety Schemes - reduction as agreed during the MTFS exercise	-100
Chief Executive's	
Shire Community Grants - revenue substitution	-62
Overall Total	**-382**

This page is intentionally left blank