

Revenue Budget 2014/15 – forecast main variances**Children and Family Services****Dedicated Schools Grant**

A net underspend of £2.05m is forecast. The main variances are:

	£000	% of Budget	
Free Entitlement to Early Education (FEEE)	250	1%	Take up is increasing, although with a universal offer based on parental choice of participation it is always difficult to predict actual numbers of children taking up the offer and the amount of hours that they will claim. No action is being taken; a census is taken each year and the level of funding for the following financial year is adjusted based on the take-up levels.
Special Educational Needs	-1,530	-4%	The net underspend relates to: <ul style="list-style-type: none"> • Contingency funding (£1.8m) set aside for the first full year of post 16 high need support and for increased costs relating to the change in the participation age; a full reconciliation of leavers has now been completed and the unused contingency has been released. The underspend will be retained for additional costs relating to age range changes in the schools funding formula. The 2015/16 budget utilises the contingency to increase top up rates for pupils at special schools and units as agreed by Schools Forum. • Additional costs (£0.1m) at Hospital Schools have arisen due to changes in legislation requiring full time education where appropriate to the child's needs. • The cost of Independent Specialist Provision and independent schools have increased due to additional high cost placements (£0.2m).
Early Learning and Childcare	-830	-18%	Demand lower than expected for the new Two Year Old FEEE project for deprived two year olds.

Local Authority Budget

A net underspend of £2.58m (4.2%) is forecast. The main variances are:

	£000	% of Budget	
Placement Budget	3,400	19%	Overspend mainly due to increased need to place children with Independent Fostering Agencies (IFA). This is because, whilst Leicestershire's children in care numbers are well below the national average / statistical neighbours, numbers increased suddenly during Qtr. 4 of the financial year 2013/14 as a result of increased national public awareness in the light of national high profile serious case reviews. Although there is an active drive to recruit new in house foster carers, the number of mainstream foster carers over the last 12 months suffered a net decrease mainly as result of carers retiring. This subsequently means that the County Council's in house provision remains saturated. With the increasing demand of specific needs of placements such as baby & mother and sibling group placements, placements are having to be made externally. The majority are being placed in IFA's.
Safeguarding Assurance	80	3%	Overspend due to arrangements which have been put in place to pilot a team specifically dealing with child sexual exploitation. This additional budget pressure around staffing is partially offset by expected income to be received during the year, due to more schools converting to Academies and Independents buying training.
Early Intervention Grant	-2,145	-100%	Contingency released as part of Departments strategy to manage its current budget pressures.
Specialist Assessment & Response Services	-1,100	-12%	The underspend is across the three locality areas and is due to management decisions taken to freeze a number of vacant posts/hours across teams. Transition to the service's new target operating model has also began early which contributes to the underspend.
Disabled Children Service	-750	-20%	The service is required to deliver savings in 2015/16 and has taken opportunities to reduce costs as they have arisen, including not allocating uncommitted grant funding to providers.

Premature Retirement Costs	-650	-42%	Overall the number of requests from schools for financial support for redundancies has decreased. The increase in academies and a change in funding policy in 2011 are a factor in this reduction in expenditure.
Targeted Early Help - Children Centres / Youth Service	-560	-4%	Underspend largely due to staff vacancies, and underspends on a number of commissioning projects.
Leicestershire Education Excellence Partnership	-200	-57%	Slippage within current programme of work.
Education Children in Care	-140	-15%	Underspend largely due vacancies.
Administration and Committees	-110	-35%	Underspend largely due to vacant posts within the establishment which are unlikely to be filled.
Education Quality	-100	-33%	Slippage within current programme of work.
Directorate	-70	-5%	Underspend largely due to staff vacancies.
Pupil Referral Unit (PRU) Transport	-70	-24%	Reduced costs arising from establishing Oakfield as Primary provision only and therefore the demand on the PRU transport budget will be reduced.
Education Psychology Service	-70	-5%	Additional income from commissioned projects.
Grants to Voluntary Bodies	-65	-35%	Savings due to ending The Bridge contract mediation service.
Therapeutic Social Work	-55	-17%	Agreed reduction in contract price with Family Action for 2014/15.

Adults & Communities

At this stage the Department is forecasting a net overspend of £2.0m (1.5%). The main variances are:

	£000	% of Budget	
Residential and nursing care	1,510	3%	Overspend of £1.5m due to income levels from service users being less than expected, a data cleansing exercise and a detailed review of all debts.
Independent Sector Home Care and Direct Payments	620	1%	Increased levels of demand and pricing pressures in this market are contributing to this overspend. Actions to manage demand are being planned through the Help to Live at Home Project and improved review processes. Due to processing issues of providers data and invoicing there is an element of risk attached to this budget with the potential of

			this variance to move significantly over the coming months. Close monitoring of this budget is in place to ensure that a robust outturn position is reported at the end of the financial year.
Fairer Charging (non-residential) Income	610	-5%	The level of income received is dependent on what service users can afford to pay based on their financial assessment. Due to issues relating to the implementation of IAS in 2013/14 there was an impact on income as (unlike residential care) it is not possible to backdate service user charges. This has resulted in a short term loss of income to the Council.
Deprivation of Liberties (DOLS)	340	79%	Following the outcome of recent legal challenges nationally, there have been an increased number of DOLS referrals. Due to existing staff capacity, external expertise has had to be commissioned to meet the increased demand. In the 2015/16 budget growth of £430k has been identified to deal with this cost pressure.
Equipment & Adaptations	160	5%	Demand for the service continues to increase, largely due to demographic pressures and the desire to support people in their own homes rather than be admitted to residential care or hospital.
Strategy and Commissioning	160	3%	Temporary resources required to stabilise the implementation of IAS and is focussed on ensuring that timely payments are made to social care providers and financial assessment and income generation capability is maximised.
Community Life Choices	150	2%	An increased number of service users are having their support needs commissioned from the independent sector which has resulted in an overspend in this budget. To compensate for this, vacancy management in the department's in house services has resulted in an underspend. An increasing number of service users are also accessing day care through the Shared Lives service which also contributes to this overspend. However, it should be noted that this is a more cost effective way of meeting people's outcomes compared to the traditional day care provision.
Supported Living	105	1%	This overspend is occurring as more people's needs are met in community

			based settings.
Homecare Assessment & Reablement Team (HART)	-550	-10%	Staff turnover and vacancies amongst home care assistants account for part of this; also the new rostering system has meant that the service has been able to operate more efficiently with less programme arranger resources. The ongoing savings of the service have been reflected in the 2015/16 budget.
Assessment and Care Management Teams	-465	-4%	The factors contributing to this underspend are the management of staff vacancies to offset against the overall departmental overspend, along with a larger saving linked to the decommissioning of the Locality Support and Development Service Team where plans to commission a service to support service users with the direct payments and recruitment of personal assistants will not come into effect until the new financial year.
Communities and Wellbeing	-295	-5%	This underspend has arisen as a result of vacancy controls and management of book fund expenditure.
Additional income and early achievement of social care efficiencies	-200	-3%	Additional continuing health care income is anticipated from non-learning disability service users that has not been built into the original budget. In addition to this, there has been an early delivery of savings related to the review of preventative services.

Environment and Transportation

At present the Department is forecasting a net underspend of £1.42m (1.8%). The main variances are:

	£000	% of Budget	
<u>Highways</u>			
Contribution from Leicestershire Highways Operations	400	100%	The migration from LHMIS to Oracle has meant that financial information on activity to date has been limited, and difficult to extract. Also it means some of the information required to review certain charges to internal client budgets has not always been visible which will have meant some internal jobs being under recovered. (This applies to internal jobs only as external jobs are charged on a fixed price basis and therefore fully recovered.) As a result it is forecast that

			LHO will break even rather than achieving its £400k surplus.
Highways Maintenance	-590	-4%	Underspends: <ul style="list-style-type: none"> • £400k budget set aside for drainage to be spent in 2015/16 to enable evaluation to take place on most efficient and effective use of budget. • £140k saving in Lighting programmed maintenance (bulb replacement not being carried out due to LED project). • £250k net underspend for other maintenance budgets due to resources being focused on utilising pot hole grant. Overspends: <ul style="list-style-type: none"> • £60k overspend on Street Lighting energy costs due to 6.1% increase in energy cost from October 2014. • £170k on Winter Maintenance due to the level of salt issued to date and estimated usage before the end of the financial year.
Transportation			
Special Education Needs	250	4%	Overspend due to increasing requirements for solo transport for SEN pupils with high needs.
Public Bus Services	200	6%	A number of overspends including: <ul style="list-style-type: none"> • Service reduction delayed relating to the review of the supported bus network due to several service revisions (£50k); • a shortfall in funding against operator claims following service reductions (£75k); • additional contract costs from the January 2014 renegotiated contract (£45k).
Social Care Transport	50	2%	£150k overspend forecast based on previous year's outturn and expenditure to date based on existing contract prices. Partially offset by Hinckley review in July 2014.
Concessionary Travel & Joint Arrangements	-330	-6%	Forecast underspend due to lower usage based on the latest available information and a change in eligibility criteria. Forecast will vary through the year based on any changes in bus fares and weather.
Mainstream School Transport	-290	-5%	Underspend due to reduced demand arising from increased charges, a school arranging their own transport and more commercial options being available at several schools.
Staffing & Admin. Costs	-290	-8%	Staff vacancies not being filled.
Environment			
Landfill	640	10%	Overspend due to additional waste costs; £180k as a result of increased tonnages due to improving economy, £300k due to more

			commercial waste being handled(although offset by additional income). Balance is due to difficult recycling market conditions, with more rejected material having to go to landfill.
Composting and Waste Wood contracts	210	14%	Overspend due to additional green waste and an increase in prices (gate fees) and unfavourable market conditions.
Treatment contracts	85	1%	Overspend as Waste directed from landfill sites due to cheaper MBT (Mechanical Biological Treatment) rates offset underspends on EFW (Energy for Waste) contractor fees and RDF (Refuse Derived Fuel).
Haulage	-460	-46%	Reduced haulage rates, haulage to closer sites and less green waste to haulage.
Recycling & Household Waste Sites	-390	-12%	Lower bonus payable due to reduced recycling and reduced inflationary pressure.
Environmental Management	-280	-17%	£130k underspend due to changing priorities linked to delivering the carbon reduction strategy means there is a need to re-distribute the money over the next 3 financial years – likely to be a carry forward request. £90k underspend due to staff vacancies and £60k due to miscellaneous underspends.
Recycling Credits	-250	-5%	Underspend based on initial data from the districts and is caused by weather conditions and collections. Forecast may vary significantly through the year as more accurate information becomes available.
Waste Management Income	-120	13%	Additional commercial waste income (£300k) offset by a decrease in income from recyclables due to poor market conditions and reduced income from revised WEEE regulations – no longer being paid on some electrical recyclables.
Departmental costs	-100	-10%	Mobile devices will come out of next year's budgets due to being able to secure a better deal in the new financial year. Other small departmental budgets not fully required.

Chief Executives

An underspend of around £0.89m (7.7%) is forecast. The main variances are:

	£000	% of Budget	
Coroners	100	13%	The overspend mainly relates to the South Leicestershire Coronial Service which is run by Leicester City Council on the County's behalf. The 2013/14 charge was significantly

			more than forecasted and accrued for, due to a rise in the number of cases and complexity of those cases.
New Homes Bonus	-240	-48%	Cabinet in July 2014 approved an allocation of £260k towards an Extracare Scheme in Derby Road, Loughborough. There are no further schemes that are at an advanced enough stage in their development to warrant LCC to award funding. The remaining budget will therefore remain unspent in 2014/15 and may be the subject of a carry forward request.
Democratic Services	-195	-14%	£120k of this saving relates to the early achievement of efficiency savings which were expected in later financial years. There is also an underspend relating to staff vacancies in the new staff structure.
Trading Standards	-175	-11%	A number of underspends including: <ul style="list-style-type: none"> • staff turnover -recruitment has been delayed due to the need to make efficiency savings in the future (£50k); • underspend on legal costs in relation to a Crown Court trial (£50k); • running costs, in particular Analyst costs and expert fees (£70k).
Strategic, Partnerships & Communities	-160	-3%	Underspend relates to staff vacancies which have been left unfilled pending a staff review of the whole service that will be implemented during 2015/16.
Registrars	-50	n/a	Increased income due to more residents using Registrars Services.
Legal	-50	-3%	Staff vacancies and additional income.

Corporate Resources

An underspend of around £0.73m (2.0%) is forecast. The main variances are:

	£000	% of Budget	
ICT - Architecture Design & Commissioning	340	35%	Overspend due to acceleration of various projects prior to the commencement of Transformation programme work. Additional spend on various projects including: Information & Technology Enabler, Public Sector Network Code of Connection compliance, C&FS systems, Oracle Policy Automation. Partially offset by savings, mainly due to staff vacancies.
Operational IT	200	3%	Increased costs (£100k) due to the delayed implementation of the WAN project resulting in continuation of the current network support

			<p>costs for an overlap period.</p> <p>The application support team has borne significant project costs (e.g. Project Acceleration) which have been offset by managed vacancies resulting in a small variance (£70k overspend).</p> <p>£120k spend on network renewals to replace LAN switches (end of life) and improve network resilience originally planned for next year.</p> <p>£80k underspend on LEAMIS due to managed vacancies.</p>
Property Disposals	150	60%	Overspend forecast based on an anticipated increase in the level of capital receipts.
East Midlands Shared Services – County Council contribution	115	9%	<p>LCC forecast overspend based on latest EMSS monitoring report from NCC (overall EMSS forecast overspend is £226k).</p> <p>Overspend mainly due to staffing as transition staff are still in post. Originally it was planned that transition staff would not be employed during 2014/15.</p>
Insurance	100	7%	Premium increase following tender, reflective of market conditions in general.
Strategy & Policy	85	7%	Additional spend on contract staff supporting the Data and Business Intelligence Enabler within the Transformation Programme.
School Food	-605	n/a	The introduction of universal infant free school meals has resulted in increased income for the service - this will contribute to the traded services savings target in the MTFS. The pay award has increased costs but this will be managed through efficiencies.
Property	-200	-2%	Increased income from Facility Management contracts and reduced spend on Central Maintenance Fund service contracts, offset by costs incurred on properties held vacant for future use or disposal and reduced income on Central Print.
Learning & Development (L&D) - Other	-130	-13%	Additional income generated and unspent training budgets.
Accounting and Internal Audit	-115	-4%	The net position reflects vacancies held in advance of savings in strategic finance. Forecast includes all temporary Transformation staffing costs. Also includes income from rechargeable work that has been completed without requiring additional resources.
Human Resources	-95	-19%	Income received for Academies conversion work in 2014/15 but unable to recruit to post; will be filled during 2015/16 (£41k).

			Also, £54k additional income received for chargeable investigations undertaken by HR.
L&D - Children's Workforce Development Council	-85	n/a	Underspend on staffing due to delay in recruitment, and additional net income.
Corporate Health & Safety	-85	-17%	Staff turnover savings.
L&D - General	-70	-4%	Various staffing underspends. One post to be deleted as part of savings in 2015/16. Remaining vacancies to be recruited to for 2015/16.
Emergency Management	-70	-31%	Assumed that partnership related carry forwards from 2013/14 will remain unspent during 2014/15 and that 2014/15 budget will be spent in full.
Procurement	-60	-14%	Underspend on staffing and additional income.
Governor Services	-50	-84%	Mainly due to a delay in replacing a post.