

SCRUTINY COMMISSION - 29 JUNE 2015

2014/15 PROVISIONAL REVENUE AND CAPITAL OUTTURN

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

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

Policy Framework and Previous Decisions

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

Overall Position

Revenue Outturn

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

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

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

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

Capital Outturn

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

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

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

DETAILS - REVENUE

Children and Family Services

Dedicated Schools Grant (DSG)

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

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

Local Authority Budget

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

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

Adults and Communities

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

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

Public Health

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

Environment and Transport

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

Chief Executive's

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

Corporate Resources

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

Contingencies

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

Central Items

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

Income

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

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

Additional Commitments

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

County Fund and Earmarked Funds

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

Renewals of Vehicles and Equipment (£2.4m)

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

Insurance (£17.2m)

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

Children and Family Services

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

Adults and Communities

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

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

Public Health

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

Environment and Transport

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

Chief Executive's

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

Corporate

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

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

CAPITAL PROGRAMME

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

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

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

Children and Family Services

Key Achievements

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

School, Burbage CE Infant School and Earl Shilton Townlands Primary School. Slippage and savings in the 2014/15 programme enabled work to commence on a number of schemes included within the 2015/16 programme. Improvements to the premises at 4 primary schools and 4 secondary schools enabled them to move to sponsored academy status. Contributions were also made to support certain secondary academies seeking to develop additional classrooms or specialist provision where there was evidence of basic need in the areas concerned.

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

Main Variances

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

Adults and Communities

Key Achievements

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

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

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

Main Variances

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

Environment and Transportation – Transportation

Key Achievements

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

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

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

Main Variances

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

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

Environment and Transportation – Waste Management

Key Achievements

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

Main Variances

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

Chief Executive's

Key Achievements

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

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

Main Variances

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

Corporate Resources

Key Achievements

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

Main Variances

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

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

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

Corporate Programme

Key Achievements

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

Main Variances

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

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

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

Capital Receipts

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

Circulation under the Local Issues Alert Procedure

None.

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Appendices

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

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

Appendix C - Revenue Budget 2014/15 – main variances

Appendix D – Financial Management Performance Indicators

Appendix E – Earmarked Fund balances 31/3/15

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

Appendix G - Prudential Indicators 2014/15

Background Papers

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

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

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

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

Equality and Human Right Implications

There are no direct implications arising from this report.