

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

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

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

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

Local Authority Budget

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

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

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

Adults & Communities

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

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

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

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

Environment and Transportation

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

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

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

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

Chief Executives

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

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

Corporate Resources

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

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

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

