



SCRUTINY COMMISSION - 13 JULY 2016

2015/16 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 2015/16.

Policy Framework and Previous Decisions

2. The County Council approved the 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) in February 2015. 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 (the Cabinet) 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 17 June (see Appendix B).

Overall Position

Revenue Outturn

4. A summary of the revenue outturn for 2015/16 excluding schools grant is set out below:

	£000
Updated budget	353,662
Less provisional outturn	-339,307
Add additional income	1,397
Less additional commitments	-2,000
Net underspending	13,752
Carry forwards	
Approved under delegated powers	-1,465
Approved by Cabinet	-12,287
Net position	0

5. Overall there has been a net underspending of £13.8m 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 2016/17 to 2019/20 the savings requirement totals £78.3m, of which £19.5m still needs to be identified.
10. The uncommitted County Fund balance as at 31st March 2016 stands at £14.8m, which represents 4.3% of the 2016/17 revenue budget, in line with the County Council's policy. The Fund will be reviewed again during 2016 taking into account the risks faced by the County Council.
11. Appendix A shows the detailed position. This compares the provisional outturn with the updated budget. Column 2 is the original budget updated for 2014/15 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.
12. The Cabinet on 17 June 2016 agreed that £2m of the net underspend be transferred to the uninsured losses earmarked fund.
13. 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.
14. 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 17 June 2016. The full list of carry forwards is available on request.
15. Appendix C gives details of significant variances on departmental budgets.

Capital Outturn

16. A summary of the capital outturn for 2015/16, excluding schools devolved formula capital, is set out below:

	£000
Updated budget	99,961
Less provisional outturn	86,486
Net Underspending	13,475
Percentage spend to updated budget	87%

17. Overall there has been a net underspending of £13.5m compared with the updated budget which relates mainly to three areas; net slippage on the school accommodation programme (£5.7m), slippage on the land purchase at the Harborough Accelerator Zone (£2.3m), and an underspend on the rural broadband programme (£2.1m). Excluding these three areas, the percentage spend would have been 97%. More detail is given later in this report.
18. The 2015/16 capital programme is the Authority's largest annual capital programme in over 15 years. Details of the key achievements in delivery of the 2015/16 capital programme are included below. The approved 2016/17 capital programme totals £97.6m, excluding slippage from 2015/16.

DETAILS - REVENUE**Children and Family Services****Dedicated Schools Grant (DSG)**

19. There is a net overspend of around £4.1m and this is the first year an overspend on DSG has been recorded. The overspend mainly relates to an increase in the demand and cost of placements for children and young people with Special Educational Needs (SEN) which are funded from the DSG earmarked fund. The earmarked fund balance stands at £5.3m as at 31 March 2016.
20. The SEN overspend relates to increased demand for places at special schools, compared with previous years, with fewer age 19 leavers and a larger intake of younger pupils. The Government's change to education Participation Age in September 2015 from age 17 to age 18 is also a contributing factor in the increase. The position is further impacted by an increase in the numbers of pupils diagnosed with Autism Spectrum Disorder (ASD) needing high cost independent specialist provision. This increase in numbers of ASD pupils diagnosed is a national issue due to changes in the diagnostic pathway.
21. A number of actions have been taken to reduce SEN costs including the development of additional local capacity to meet the needs of pupils with ASD, charging schools for non-statutory services and furthering partnership working with

schools. A programme of work is underway to ensure that the needs of children and young people are met at lower cost. Changes are also expected to the High Needs funding settlement for 2017/18; the detail is expected to be issued by the Department for Education shortly.

22. The level of individual school balances have increased at year end to £11.9m compared with £7.6m last year. The detail of school balances will be confirmed later in the year when schools have submitted their annual Consistent Financial Reporting returns.

Other Children and Family Services

23. There is a net overspend of £2.5m (4.2%) which mainly relates to a £4.6m overspend due to pressures on the Social Care Placements budget. This is an improved position from £5.9m reported at period 6. Over the last 12 months there has been a significant increase in the number of 12-15 year olds with complex needs coming to Children and Family Services Department's attention. Despite increased referrals to Early Help a proportion of these 12 -15 year olds have required high cost responses to address their particular needs, including challenging behaviour, severe emotional distress and/or sexual exploitation.
24. A number of actions have been and will continue to be taken to further reduce the cost and number of placements which include:
- Commissioning of an external specialist to develop the approach to foster carer recruitment.
 - Establishment of 'specialist' foster carers to reduce the number of placements in Independent Fostering Agencies (IFA's).
 - Recruitment of in-house foster carers to provide additional internal foster care placements.
 - Contract negotiations with IFA's to reduce the unit cost of individual placements.
 - The decision making process to take children into care has been revised to introduce more robust and independent challenge at an early stage of the care process. This process was implemented in November 2015 and has resulted in meeting needs at a reduced cost over a number of placements and successfully achieved contributions from Health where health needs are evidenced within the care plan.
 - Restructure of the fostering and adoption team which has introduced a commissioning / analyst function; this is focusing on the development of enhanced management and performance data.
25. The overspend was partially offset by the early generation of 2016/17 MTFS savings in Early Help and savings in other areas.

26. There is a net increase of £6.8m in the 2016/17 placements budget and this area of expenditure will continue to be monitored closely.

Adults and Communities

27. There is net underspend of £6.4m which reduces to £5.5m (4.1%) after carry forward requests of £0.8m.
28. The main areas relate to the early achievement of savings projects. The Early Intervention and Prevention, and in-house provider service budget heading have generated significant underspends (£2.9m) in advance of the savings required in 2016/17. Other significant savings include £2.1m on community care, mainly relating to an underspend on cash payments following a review of care packages and lower than expected growth, £1.0m for supported living service primarily due to changes in the Ordinary Residence rules, and £0.9m on Reablement due to difficulties in recruiting staff to these roles.
29. The underspends are partly offset by an overspend of £1.8m on residential care services due to a delay in achieving savings on the shared lives and extra care efficiency projects (£0.5m), and an increased contribution to the bad debt provision due to a number of small unpaid debts that are no longer economically viable to pursue.
30. There is also an underspend of £2.8m on Care Act grant funding of which £2.5m has been transferred to the Adults and Communities Developments earmarked fund. This follows the Government's announcement in July 2015 to delay the introduction of the cap on care costs, as part of the Act, until April 2020. Although confirmation has been received that the current year grant will not be impacted, the Local Government settlement did not include any funding for future years. The Better Care Fund will provide some funding towards the Care Act, but this will leave a significant shortfall for staffing resources and contracts. This expenditure will need to be reduced or funded from savings elsewhere within the department. To allow time for transition, the earmarked funds will be used to fund expenditure in 2016/17.

Public Health

31. There is a net overspend of £0.7m on the Departmental budget. Earlier in the financial year the Government confirmed a reduction in ring-fenced Public Health grant for the County Council of £1.6m, as part of debt and deficit reduction proposals announced by the Chancellor of the Exchequer in June 2015. Further reductions are anticipated in subsequent years.
32. In preparation for this a thorough review of spending has been undertaken and while savings were made in several areas of the Public Health budget, the whole of the 2015/16 grant reduction could not be absorbed by the Service in that financial year. The Departmental budget has received growth of £2.2m in 2016/17 to offset the grant reductions.

Environment and Transport

33. There is a net underspend of £0.1m (0.1%) which reduces to £0.0m after carry forward requests of £0.1m. The net underspend includes:
- Highways – net overspend of £0.2m, including overspends of £1.1m on the contribution from Leicestershire Highways Operations largely due to the charge out rates for internal services being in need of review, but postponed until the new operating model for Highways Operations (which moves away from internal charging) is introduced in 2016/17 and £0.3m on Safety Maintenance. The overspends are partly offset by an underspend on flood alleviation schemes (£0.7m), which were instead funded from the capital programme, and underspends on Highway Maintenance budgets including the use of some commuted sums (£0.3m).
 - Transportation – net overspend of £0.5m, including overspends of £1.1m on Special Educational Needs Transport due to an increase in the demands on the service, in particular from a rise in the number of solo/high need contracts due to additional needs of pupils, and an increase in children requiring transport, and £0.3m on Social Care Transport, due to service demand. These are partly offset by underspends on Concessionary Travel (£0.4m) and Mainstream School Transport (£0.4m).
 - Environment – a net underspend of £0.4m. Landfill costs have increased by £1.0m mainly due to reduced “energy from waste” capacity (treatment contracts) leading to a transfer of waste to landfill, for which disposal rates are higher, and a general increase in landfill tonnages. Savings on treatment contracts and other budget underspends, along with additional income, amount to £1.7m, but £0.3m has been transferred to the Waste Infrastructure earmarked fund for future works required to be undertaken at Recycling and Household Waste sites.
 - Staffing and Administration – a net underspend of £0.4m, mainly due to increased income and staff vacancies, partly offset by savings delayed until 2016/17.

Chief Executive’s

34. There is a net underspend of £0.8m (7.6%), mainly relating to staff vacancies and increased income.

Corporate Resources

35. There is a net underspend of £0.9m (2.6%) which reduces to £0.0m after carry forward requests of £0.9m. The main underspends relate to staff vacancies, increased income and to contingencies no longer being required.

36. There are overspends on building costs, mainly due to pressures on the Central Maintenance Fund and Strategic and Operational Property budgets.

Contingencies

37. A contingency of £8m was originally made against delays in the achievement of savings. No major problems have been identified, other than the net overspend on Children and Family Services. The contingency is therefore shown as an underspend.
38. A contingency of £8.35m was made for inflation. The vast majority has been allocated to departments for pay awards, inflation on premises, ICT, waste budgets, the Adults and Communities fee review and for several other minor items. It is proposed to carry forward the remaining balance of £0.9m to 2016/17 as there are a number of significant inflation risks in that year, including the introduction of the national living wage and a major change to National Insurance.

Central Items

39. Central Items budgets are underspent by £0.4m. The main variances are set out in the following paragraphs.
40. Bank and other interest was £0.9m higher than the original budget. The increase is due to higher than expected balances and changes to the lending counterparty list that were effective from 1 April 2015. This has provided more flexibility in managing the portfolio and has led to a higher average interest rate than would otherwise have been the case. Also included in the bank and other interest figure is additional interest due to the Council's investment of £15m in pooled property funds during 2015/16, which was agreed by the Cabinet in September 2015. Investment of £7.5m each into two UK pooled property funds (Lothbury Property Trust and Hermes Property Unit Trust) was made during 2015/16. In effect this has moved £15m from earning 0.5% p.a. to circa.3.5% p.a. in income.
41. The Financing of Capital budget has underspent by £0.7m (2.7%) due to the County Council's strategy to take opportunities to utilise one-off revenue balances and earmarked funds to make voluntary overpayments on the Minimum Revenue Provision (MRP) to reduce debt.
42. The Financial Arrangements budget is underspent by £0.2m (13.2%), mainly due to the receipt of a rebate on a centralised agency arrangement.
43. The Members' Expenses and Support budget is underspent by £0.1m (7.5%) due to vacancies and savings on Members' expenses.
44. Pension costs arising from Local Government Reorganisation (LGR) in 1997 and prior to LGR are budgeted for as a central item. There has been an underspend of £0.1m, mainly due to a larger reduction in the number of pensioners than originally anticipated.

45. Following the introduction of Localisation of Council Tax Support (LCTS) reforms the County Council agreed to contribute £0.125m for additional administrative costs and £0.25m towards Discretionary Discount Funds (DDF) to the district councils. Calls on the DDF were lower than anticipated and the Districts carried forward unspent funds from 2013/14 which have proved adequate to fund DDF expenditure in 2014/15 and the majority of expenditure in 2015/16, resulting in an underspend of £0.23m.
46. Successful appeals on Non Domestic Rates across County Council properties have resulted in savings £0.2m
47. There is a £1.5m underspend on prior year adjustments. This mainly relates to a detailed review of prior year open purchase orders that are no longer required, the release of a provision for mental health refunds no longer required, and various aged small cash balances that cannot be traced to a debtor.
48. On 11 September 2015 the Cabinet approved the use of £8.7m to support additional one off areas of spend as set out below. The £8.7m comprised £3.6m from the projected 2015/16 revenue underspend and £5.1m from earmarked funds which had previously been identified as funding towards the Street Lighting LED project but which could be released following the award of £5.1m government capital grant earlier in 2015/16:
 - Highways Maintenance £2m
 - Modelling and advanced design of highways infrastructure schemes £2m
 - Replacement of aged and leased vehicles for highways and property £2m
 - Property maintenance and improvements £1m.
 - Energy efficiency £1m.
 - Recycling and Household Waste Sites (RHWS) improvements £0.25m
 - Shire grants £0.2m
 - Improved Record Management £0.25m.

Income

49. Additional income of £1.4m has been received in relation to the issues below:
 - £0.5m additional “local share” income from the new Business Rates Retention Scheme. The business rates “baseline” (“local share”) income which has been collected during 2015/16 was based on a formal return submitted to the Government by the district councils, and this shows an increase of £0.5m compared with the budget in the 2015 MTFS. Any shortfall in the level of actual 2015/16 business rates income will impact on 2016/17 or later years.
 - £0.9m from Section 31 Grants relating to compensation for the loss of business rate income arising from a number of Government policy decisions; the Government provided an estimate of some of these reliefs in the 2015/16 Local Government Settlement, amounting to £0.8m for the County Council, and that figure was included in the MTFS. Further details were released in April 2015

showing a total estimate for all of the reliefs of £1.6m. Provisional returns by the district councils after the year-end show a further net increase of £0.1m.

Additional Commitments

50. The Cabinet on 17 June 2016 approved the transfer of £2m of the net underspend to the uninsured losses earmarked fund to offset the additional calls on the fund in 2015/16.
51. The uninsured loss fund is required mainly to meet potential liabilities arising from the Councils former insurer, Municipal Mutual Insurance Ltd (MMI), that is subject to a run-off of claims following liquidation in 1992. The latest accounts for MMI show a worsening position with actual and forecast claims exceeding the forecasts made by MMI's actuaries. The net liabilities of MMI totalled £112m as at the end of December 2015 and as a result the scheme administrators increased the levy on scheme members in March 2016 to 25% (from 15% imposed in April 2014), at a cost to the Council of £1.5m. This has been funded from the uninsured loss fund in 2015/16.

Business Rates Pooling

52. The County Council, Leicester City Council, the Combined Fire Authority and all the Leicestershire district councils are part of the "Leicester and Leicestershire Business Rates Pool". Provisional results for 2015/16 show a net surplus of £2.7m which will be retained within Leicestershire rather than being returned to the Government as would have been the case if the Pool did not exist. The net surplus is lower than the forecast of £3.8m forecasted in January 2016, mainly due to an increase in provisions for potential appeals.

County Fund and Earmarked Funds

53. The uncommitted County Fund balance as at 31 March 2016 stands at £14.8m, which represents 4.3% of the 2016/17 revenue budget, in line with the County Council's policy. 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 detailed review of earmarked funds will be reported to the Cabinet in the autumn.
54. The total level of earmarked funds as at 31 March 2016 is £75.4m, excluding the ring-fenced Dedicated Schools Grant earmarked fund and monies held on behalf of other partnerships, which compares to £84m as at 31 March 2015. Earmarked funds are shown in detail in Appendix D. The main earmarked funds are set out below.

Renewals of Vehicles and Equipment (£4.3m)

55. 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.

Industrial Properties (£1.2m)

56. These are funds generated from in year underspends over a number of years on the industrial property revenue budgets. The actual balance as at 31 March 2016 is higher than forecast due to a provision for the payment of a share of profits to a grant body no longer being required. A total of £0.8m has been included in the 2016-20 MTFS capital programme to fund industrial property capital works.

Insurance (£19.3m)

57. Earmarked funds of £11.9m 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:
- Property damage (including fire) £500,000
 - Public / Employers' liability £250,000
 - Professional indemnity £25,000
 - Fidelity guarantee £100,000
 - Money – completely self-insured
58. The uninsured loss fund of £7.4m is required mainly to meet potential liabilities arising from MMI that is subject to a run-off of claims following liquidation in 1992. The fund also covers the period before the Council purchased insurance cover and the period (1993-97) that the Council was insured with Independent Insurance, who have entered provisional liquidation.

Children and Family Services

59. Supporting Leicestershire Families (£2.3m). This earmarked fund is used to fund the Supporting Leicestershire's Families service which is providing early help and intervention services for vulnerable families across Leicestershire.
60. Children and Family Services Developments (£2.8m). This general earmarked fund provides funding for a number of projects within the Department such as improving management information, information access and retention and responding to changing requirements as a result of OfSTED and legislation.

Adults and Communities

61. Adults and Communities Developments (£6.9m). 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. Due to the expected reduction in Care Act funding, following the reduction in scope, underspends arising in the current financial year relating to this activity have been transferred to the fund to manage a smooth transition, as explained earlier in this report.

Public Health

62. Public Health (£1.8m). This fund will be used for preventative and other beneficial Public Health activities.

Environment and Transport

63. Commuted Sums (£2.3m). 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).
64. Waste Infrastructure (£1.5m). This is available to fund capital improvements to the Recycling and Household Waste Sites (RHWS) and Waste Transfer stations. The year end balance is higher than forecast due to slippage on the Waste Management capital programme (£0.7m) and a contribution to the earmarked fund from the 2015/16 year-end waste revenue budget underspend (£0.3m).

Chief Executive's

65. Economic Development (£2.1m). This is held to provide funding for economic development proposals and for a business loan scheme that provides a gradual return of funding to the County Council.

Corporate

66. Transformation Fund (£16.5m). The fund is used to invest in transformation projects to achieve efficiency savings and also fund severance costs. To achieve the level of savings within the MTFS the Council will need to change significantly and this will require major investment, including in some of the core 'building blocks' of transformation such as improvements to data quality, and improvements to digital services enabling more self-service. The actual balance is lower than forecast due to an increase in severance costs in 2015/16 and acceleration of some transformation projects funded from the earmarked fund.
67. Capital Financing (£20.1m). This fund is used to hold MTFS revenue contributions to fund capital expenditure in future years including the Street Lighting LED replacement project and investment decisions agreed by the Cabinet on 11th September 2015 from in year resources. The increase of £2m at year end is due to slippage on the capital programme at the end of 2015/16 which will now be incurred in 2016/17.
68. Broadband (£6.1m). 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. The majority of the funding is expected to be spent in 2017/18. The actual balance is higher than forecast due to an underspend on completion of the phase 1 scheme and additional grant from

the Leicester and Leicestershire Economic Partnership (LLEP) late in the financial year. Additional detail is provided in the capital section of this report.

69. Local Authority Mortgage Scheme (-£8.4m). The County Council has invested £8.4m in the Local Authority Mortgage Scheme to make it easier for first time house buyers to obtain mortgages and thus stimulate the local housing market and benefit the wider local economy. Investment of £3m in 2013/14 and £5.4m 2012/13 has been advanced to Lloyds bank, temporarily funded from the overall balance of earmarked funds. The funding will be returned to the County Council, 5 years after the date it was advanced, in 2017/18 and 2018/19.
70. Pooled Property Fund(s) (-£15m). The Cabinet on 11 September 2015 approved the investment of £15m of the Council's earmarked funds into a pooled property fund. The investment is funded from the overall balance of earmarked funds and can be realised in the future when required.

Schools / Partnerships Earmarked Funds

71. Dedicated Schools Grant (£5.3m). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations. Any underspend on services funded by DSG must be carried forward and ring fenced to those services. This fund is earmarked to fund any deficit budget that reverts back to the local authority as maintained schools move into sponsored academy arrangements and also to meet the revenue costs of commissioning places in new schools and has supported the high needs block overspend in 2015/16.
72. Children and Family Services - Health Outcomes (£1.6m). Funding received from the NHS at year end in relation to health transfers. Grant funding is received from the NHS which can be substituted with existing County Council expenditure thereby creating underspends that have been transferred to the earmarked fund. The fund will be carried forward to future years and the use agreed between the County Council and its health partners.
73. Health and Social Care (£5.1m). Approximately half of 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 as well as the prevention of other costly health and social care provision. Funding for these projects has been aligned with the strategic objectives of the Better Care Fund (BCF) and has been agreed between the County Council and partners from the NHS. The other half of the fund has been set aside as a contingency for underperformance against future pay for performance BCF metrics.

CAPITAL PROGRAMME

74. A summary of the capital outturn for 2015/16, 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	36,404	30,940	(5,464)	85%
Adults and Communities	4,120	3,143	(977)	76%
Public Health	33	33	0	100%
Env't & Transport - Transportation	39,876	39,957	81	100%
Env't & Transport - Waste Management	1,017	314	(703)	31%
Chief Executive's	6,776	3,278	(3,498)	48%
Corporate Resources	4,148	3,375	(773)	81%
Corporate Programme	7,587	5,446	(2,141)	72%
Total	99,961	86,486	(13,475)	87%

75. The table shows net slippage of £13.5m compared with the updated budget. Overall, expenditure incurred is 87% of the updated budget. The target level of spend of 95%.
76. 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 E.
77. Appendix F compares the provisional prudential indicators with those set and agreed by the Council, at its budget meeting in February 2016. These are all within the limits set except for the level of capital expenditure which shows £86.5m compared with an indicator of £84.7m. This is mainly due to the additional capital investments agreed by the Cabinet in September 2015 (part of £8.7m).

Children and Family Services

Key Achievements

78. A total of £23m was invested in the School Accommodation programme during 2015/16. Work was completed at a number of schools providing an extra 922 primary school places. Major schemes included starting work on a new school, Braunstone Fossebrook Primary School and a replacement for Wigston Birkett House Academy, and conversion of Hinckley Mount Grace High School to create 210 additional primary school places.
79. Other major school accommodation works included Hinckley Westfield Junior School, Coalville All Saints C of E Primary School, Bottesford C of E Primary School, Ashby Willesley Primary School, Ibstock St. Denys Infant School, Loughborough Robert Bakewell Primary School, Groby Martinshaw Primary School, and Glenfield Primary School. County Council contributions were also made to support secondary academies seeking to develop additional classrooms or specialist provision where there was evidence of basic need in the areas concerned.

80. Strategic Capital Maintenance - £3.2m was spent on works at schools, including:

- Re-roofing works
- Window replacements
- Installation/ replacement of boiler plants
- Replacement of lighting and ceilings
- Upgrade of fire alarms.

Main Variances

81. The year end position shows a net underspend of £5.5m compared with the updated budget. The main variances were:

- School Accommodation Programme 2015/16 - slippage of £6.5m. This was due to project delays on the following schemes:
 - (a) Birstall new primary school: £0.3m as a result of late agreement from developers.
 - (b) Kibworth CE primary school: £0.5m due to slippage on the Academy managed project. As a result the County Council contribution has been delayed.
 - (c) Wigston 10+ Retention: £1.3m delays in agreeing scheme requirements and completion of feasibility studies. Works have now been submitted for planning.
 - (d) New area special school, Wigston: £1.0m delays due to a redesign of the scheme due to the withdrawal of the original planning application following the proposed listing of Abington House. Planning permission was granted on 12 May 2016.
 - (e) Wigston Campus Masterplan: £0.7m project being undertaken by the Abington Academy Trust. Delays while awaiting for the works to be confirmed. Impacted by the delays to the Wigston Birkett House scheme.
 - (f) Replacement Mobile Classrooms: £1.2m due to delays confirming scheme requirements and a review of the scheme due to increases in the estimated costs. Works have now been agreed and submitted for planning approval.
 - (g) Earl Shilton Townlands CE primary school: £1.1m following a deferral of the provision of places in Earl Shilton based on the latest review of pupil places requirements, resulting in a late start date.
- School Accommodation Programme 2015/16 – underspend of £1.8m. The underspend relates to contract sum savings, changes in the scope of works at

various projects, the inclusion of section 106 housing developer contributions and school contributions.

- School Accommodation Programme 2016/17 - Acceleration of £2.6m on the 2016/17 programme. In recognition of the net forecast slippage on the Children and Family Services capital programme, the Corporate Schools Group (under delegated powers given to the Director of Children and Family Services and the Director of Corporate Resources by the Cabinet), agreed to acceleration of seven schemes from the 2016/17 school accommodation programme. Works include Hinckley Mount Grace High School, Countesthorpe Greenfield Primary School, Barrow Hall Orchard Primary School and the new Braunstone Primary School.
- Early Help Hubs programme - acceleration of £0.4m following completion of the programme ahead of schedule.

Adults and Communities

Key Achievements

82. Extra Care Loughborough. Agreement on the scheme was made including a County Council contribution of £0.5m in 2015/16 towards the development of the Loughborough Extra Care Scheme (Derby Road) that is being managed by East Midlands Housing Group. Further County Council contributions totalling £0.4m are due to be paid. The Council's contribution is for the provision of 60 units which is expected to be completed in 2017/18.
83. Refurbishment works and an extension at The Trees, Hinckley costing £0.3m were completed in order to accommodate Millfield Community Life Choices (CLC). Similar works were completed at the Melton Learning Disabilities Respite Service costing £0.1m to accommodate The Mount CLC.

Main Variances

84. The year end position shows an underspend of £1.0m compared with the updated budget. The main reasons are:
 - Hinckley Library/The Limes Scheme - underspend of £0.3m. The review of In-House Services concluded that the scheme to accommodate the Limes Day Centre within the Hinckley Library is no longer required.
 - Replacement of mobile libraries - slippage of £0.2m has occurred as two vehicles were ordered but delivery was in early 2016/17 due to finalisation of exact requirements for the vehicles.
 - Other variances relate to: Wigston, Carlton Drive Respite – slippage of £0.1m due to delays in design work and Changing Places/Toilets programme – and slippage of £0.1m relating to two grants due to be paid to Leicester City

Council and Hinckley and Bosworth District Council but for which works were not completed by year end.

Environment and Transportation – Transportation

Key Achievements

85. £8.0m has been spent on the M1 Bridge to help deliver growth and infrastructure in Lubbethorpe and Leicestershire. Work on the bridge progressed well in 2015/16 aided by the mild winter which ensured the earthworks were completed ahead of schedule. Construction of the central pier and reinforced earth retaining walls gave passing drivers their first view of the bridge and provided the platform for the steel beams to be lifted in. The steel beams are now in place crossing the M1 and the concrete deck will soon be poured ready for the road surface to be constructed. Once complete the bridge will form part of a new link from the outer ring road to the A47 and allow the New Lubbethorpe development to be built providing much needed homes in Leicestershire. The bridge works are expected to be completed by December 2016.
86. A total of £11.7m has been spent on the Strategic Economic Plan. Schemes include:
- Leicester North West project - £7.1m - Phase 1 of this £19m proposal to improve the wedge between the A50 and the A6 is nearing completion. Work on the roundabout at Station Road and Gynsill Road (County Hall) was completed in February 2016. This delivered pedestrian and cycle improvements along with managing the flow of vehicles through the junction through signal control. Improvements to the already signalised junction at New Parks Way and Aikman Avenue were completed in May and provide a separately signalised right turn on New Parks Way in both directions. Improvements for pedestrians and cyclists have also been provided. The works to improve the signal control on the New Parks Way roundabout and co-ordinate this with the pedestrian crossing at the junction of New Park Way and Dillon Way are almost complete. The connectivity for cyclists to all the junction arms will be significantly improved once the cycle facilities along the A50 from Blackbird Road to New Parks Way are complete in the summer of 2016.
 - Hinckley Phases 2 and 3 - A further £3.3m was delivered on the Hinckley Area Project Zones 2 and 3 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 the 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.

- M1 Junction 22 - £1.3m – Improvements to the M1 J22 roundabout are nearing completion with resurfacing works taking place over the next few weeks. The scheme which includes the provision of traffic signals and local widening, will ensure the junction has the capacity to take the increased traffic expected from the housing and economic growth in Coalville. The upgrades to the junction were required by Highways England under the planning process and the funding from the LLEP and County Council has accelerated the delivery of the improvements and removed the barrier to both housing developments and industrial developments in the Coalville and Bardon area.

87. A total of £14.1m was also delivered on Highways Asset Maintenance, including:

- £10.5m on carriageways
- £1.2m on footways and Rights of Ways
- £1.6m on bridge maintenance and strengthening
- £0.4m on flood Alleviations Schemes.

88. A total of £1.2m was spent on Fleet renewal which will enable long term efficiency savings to be made through reduced operating costs and fewer vehicles retained on hire.

Main Variances

89. The year end position shows a net overspend of £0.1m compared with the updated budget. Overall, net commitments (after acceleration on some schemes) total £0.6m compared to the £0.5m resources available to be carried forward. The difference of £0.1m represents an over commitment that will be funded in 2016/17 from the Transport Asset Management programme.

90. The main variations on the programme in 2015/16 are:

- M1 Junction 22 – slippage of £2.1m. Changes from the original design took some time to be agreed with Highways England and tighter restricted working hours mean the scheme will take longer to complete than anticipated. The revised completion date is July 2016.
- Zouch Bridge Replacement – slippage of £1.7m. This is due to delays with purchasing land required for the replacement bridge. A compulsory purchase order may be issued, resulting in a revised start date estimated to be Spring 2017. The revised completion date is now March 2018.
- Major Scheme Preparation/Feasibility – slippage of £1.3m due to alignment with Strategic Economic Plan (SEP) schemes and future major transport projects.

- LED Street Lighting – slippage of £1.0m due to delays in signing the contract, project resources being unavailable, and a 12 week lead time on the luminaires. Installation commenced in March 2016.
- A42 Junction 13 – slippage of £0.3m due to revised profile of spend and works.
- Integrated Transport Schemes - slippage of £0.3m to enable match funding of future SEP schemes.

91. These are offset by:

- Leicester North West Project – acceleration of £2.6m based on revised funding profile on SEP schemes. At the time when the SEP business cases are put together they were at a high level and the details were not available until detailed design was completed.
- M1 New Bridge – acceleration of £2.2m. Based on a revised profile of spend and works.
- Hinckley Phases 2 and 3 Strategic Economic Plan - acceleration of £0.5m for advance design work on planned works.
- Fleet Renewal – acceleration of £0.5m as a result of a revised procurement timetable to ensure the needs of the service are met.
- Transport Asset Management (Maintenance) - acceleration of £0.4m for maintenance schemes.
- Depots Review – an overspend of £0.4m due to increased scope of the works relating to health and safety and environmental concerns.
- Part 1 Land Compensation Payments – an overspend of £0.2m for fees and compensation schemes on the Loughborough Town Centre and Earl Shilton bypass.
- Lubbethorpe Strategic Employment Site Access – acceleration of £0.1m resulted from fees/design expenditure incurred before scheme commences.

Environment and Transportation – Waste Management

Key Achievements

92. The programme of small improvements and works to ensure Environmental compliance at the Recycling and Household Waste Sites (RHWS) and Waste Transfer Stations (WTS) has continued. This work builds upon the previous successes and underpins the County Council's commitment to providing a high quality service.

Main Variances

93. The year end position shows slippage of £0.7m compared with the updated budget. The variance relates to:
- Slippage on the Coalville waste transfer station (£0.3m) as a result of delay in receiving a price from the contractor and subsequent evaluation of business case. A decision is likely to be made by July 2016.
 - Recycling and Household Waste Site (General) – slippage of £0.4m as spend has been delayed to allow additional resources to be added to the Coalville Transfer Station project if required.

Chief Executive's

Key Achievements

94. Rural Broadband Scheme. The Superfast Leicestershire rural broadband programme is ensuring access to high-speed fibre broadband to rural businesses and communities – boosting business growth and ensuring access to a range of existing digital services. Phase 1 of the scheme was completed in March 2016 after making the new technology available to 65,000 homes and businesses across the county. Phase 2, the Superfast Expansion Programme has already commenced.

Main Variances

95. The year end position shows an underspend of £3.5m compared with the updated budget.
- Rural Broadband Scheme – underspend of £2.1m. British Telecom has progressed deployment of phase 1 ahead of schedule and at significantly lower cost. Additional grant funding of £1.1m was also received late in the financial year from the LLEP Local Growth Fund (LGF) to support the scheme. Due to the nature of the contract, both the funding released by the grant and the underspending will be kept available for further Broadband coverage in the medium term.
 - Loughborough Science Park development – slippage of £1.3m. Plans to progress a business investment opportunity with Loughborough University have advanced but not to the point where spend could be achieved in line with the capital programme. In addition a contribution to the university towards infrastructure provision associated with the new Advanced Technology Innovation Centre has also been delayed and will occur later than programmed.

Corporate Resources

Key Achievements

96. Investment in the ICT infrastructure of £0.5m on:
- Replacement of equipment used to link the Council's two data centres, enabling better balancing of ICT operational workload and enhanced resilience.
 - Replacement of corporate firewall hardware, as part of a programme of continuous improvement in information security provision.
97. Corporate infrastructure for Virtual Desktop Integration (VDI) procured, designed and built. Rollout began and will continue through 2016 in line with the County Hall Masterplan and to replace the Citrix remote access facility. VDI is a key enabler of smarter working.

Main Variances

98. The year end position shows a net underspend of £0.8m compared with the updated budget. The main variances include:
- Corporate ICT Capital Programme - slippage of £0.2m. Restructures and shortage of filling some specialist roles have resulted in a slippage in the planned Corporate ICT programme for 2015/16.
 - Demolition of Vacant Buildings - slippage of £0.2m. Works delayed due to specification and planning delays together with the seasonal nature of restoration / landscaping works.
 - Industrial Properties – slippage of £0.2m. Lengthy timescales needed to design, tender and procure the works for a biomass boiler system at Riverside Court and façade replacement at Loughborough Technology Centre have led to delays on the programme.
 - Data Pseudonymisation Software – slippage of £0.1m. The purchase of software to anonymise personal data to enable secure analysis (e.g. social care) was delayed pending the establishment of the new Business intelligence team and an initial focus on data quality.

Corporate Programme

Key Achievements

99. Corporate Asset Investment Fund - One purchase was completed during 2015 and is provisionally let to generate an income. Over the next year more significant acquisitions will be under consideration. The preparatory work for the

roll-out of the Coalville Workspace strategy and other major economic development schemes was progressed.

100. Corporate Energy Strategy - 400kW Solar Photovoltaic (PV) panels were installed in December 2015 before cuts to government subsidy Feed-in-Tariffs (FITs). There has been £1.6m spent on significant investment in more Energy projects upgrading lighting, boilers and heating controls continued to take place.
101. Investment in biomass and solar PV has resulted in the percentage of energy generated from renewable sources rise to 4.8% in year considerably above the target of 1% year-on-year.
102. A total of £0.4m has been spent so far on Score+ delivering Energy Projects to schools. The scheme is now being piloted with Bosworth Academy which has successfully had Solar PV panels installed and works will be completed in 2016/17. Furthermore, a biomass boiler and solar PV have been installed at the former Mount Grace School which will deliver savings to the school and generate income for the County Council. There are a number of further positive schemes in the pipeline for Score+.

Main Variances

103. The year end position shows a net underspend of £2.1m compared with the updated budget. The main variances are:
 - Corporate Asset Investment Fund (AIF) has slipped by £2.3m. The planned land purchase at the Harborough Accelerator Zone has been delayed due to initial restrictions on planning permission. The acquisition is expected to complete and development work start in 2016/17.
 - Property Energy Strategy Programme – acceleration of £0.1m. Energy projects have been brought forward to meet the Solar PV Feed in Tariff (FIT) deadline before prices lowered.

Capital Receipts

104. The total level of capital receipts achieved is £3.2m compared with the updated budget of £10.6m, leaving a shortfall of £7.4m. This shortfall is due to delay in the sale of an Area Office and two County Farms, which are now expected to be sold in 2016/17. Due to slippage elsewhere in the Capital Programme the shortfall does not impact on the funding of the 2015/16 capital programme.

Background Papers

Report to the 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 the County Council – 18 February 2015 – Medium Term Financial Strategy
2015/16 to 2018/19

[http://cexmodgov1/Published/C00000134/M00004176/AI00043041/\\$BUDGETREPORTOFTHECABINET2015.docxA.ps.pdf](http://cexmodgov1/Published/C00000134/M00004176/AI00043041/$BUDGETREPORTOFTHECABINET2015.docxA.ps.pdf)

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None.

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Appendices

Appendix A – Comparison of 2015/16 Expenditure and the Updated Revenue Budget

Appendix B – 2015/16 Carry Forward requests approved by Cabinet

Appendix C - Revenue Budget 2015/16 – main variances

Appendix D – Earmarked Fund balances 31/3/16

Appendix E - Variations from the updated 2015/16 capital programme

Appendix F - Prudential Indicators 2015/16

Equality and Human Rights Implications

There are no direct implications arising from this report.