

**APPENDIX 2****Revenue Budget 2016/17 – forecast main variances****Children and Family Services****Dedicated Schools Grant**

A net overspend of £1.9m is forecast, which will be funded from the DSG earmarked fund. The main variances are:

	£000	% of Budget
<b><u>High Needs</u></b>		
<b>Special Educational Needs (SEN)</b>	<b>1,685</b>	<b>3%</b>
Increased demand at special schools due to unusual age profile with fewer age 19 leavers and a large intake of younger pupils. Material increase in numbers of pupils diagnosed with Autism Spectrum Disorder (ASD) and needing high cost independent specialist provision. Additional primary school starters resulting from changes in SEN and Disability (SEND) legislation to expand age range from birth to 25 years of age. Fewer independent school leavers due to full year effect of Participation Age extension and increased numbers of students at FE colleges and post 16 Independent Specialist Provision in line with changes to the Participation Age with no additional DSG funding. The 2016/17 budget was set after transferring £4.3m from the DSG Schools Block to the High Needs Block leaving a savings target of £2.8m. This has not been achieved and additional pupil demand since April has added to the overspend. £0.4m of SEND grant has been used to reduce the overspend. There is also £0.5m additional income from a change in policy by Leicester Hospital Schools as a one off prior year adjustment. Overall 140 more pupils are being supported (3,184 forecast vs 3,044 budgeted) and average unit costs have decreased slightly from £17,515 to £17,259 despite the pupil mix changing to include more ASD pupils which are more expensive to support. This is because various cost saving initiatives are beginning to show effects.		
<b>Specialist Services to Vulnerable Groups</b>	<b>255</b>	<b>6%</b>
More pupils with Autism Spectrum Disorder are being supported by alternative providers arranged by the Autism Outreach Intensive Support Service.		
<b>Oakfield school</b>	<b>220</b>	<b>n/a</b>
Increased expenditure relates to investment in the Graduated Response project led by Oakfield School to prevent primary aged children entering into specialist provision as an invest to save scheme established as an action to reduce the overspend on High Needs DSG through reduced cost of placements.		
<b>Education Medical Needs</b>	<b>-110</b>	<b>-16%</b>
A change in charging policy by Leicester Hospital Schools has created savings.		
<b><u>Early Years</u></b>		
<b>DSG Early Years Block</b>	<b>230</b>	<b>-1%</b>
Grant forecast reduced in line with the 2, 3 and 4 year old summer term 2016 actual data. The forecast grant payments to nursery schools has also been reduced and is detailed below.		

<b>0-5 Learning</b>	<b>-430</b>	<b>-2%</b>
This underspend mainly relates to the following:-		
<ul style="list-style-type: none"> <li>• Underspend within the Early Learning and Childcare Improvement team due to staff vacancies, £80,000</li> <li>• Nursery Education Funding - forecasting an underspend of £160,000 as result of the latest headcount information available</li> <li>• Early Years - 2 Year old offer underspend of £140,000, based on current known data.</li> </ul>		
<b>Other variances</b>	<b>50</b>	<b>n/a</b>
<b>TOTAL</b>	<b>1,900</b>	<b>n/a</b>

### Local Authority Budget

The Local authority budget is forecast to underspend by £0.7m (1.2%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Directorate</b>	<b>635</b>	<b>78%</b>
Interim C&FS management changes and delays in departmental restructure have resulted in a significant proportion of staff agency related spend.		
<b>Children's Social Care Legal Costs</b>	<b>340</b>	<b>66%</b>
The number of care cases that have been instructed to issue proceedings continues to rise and result in a budget pressure. In addition, there are projected to be approximately 80-100 pre-proceedings cases which provide additional cost pressures.		
<b>Childrens Social Care Field Work Teams</b>	<b>240</b>	<b>4%</b>
Overspend largely due to additional agency social workers recruited on a short term basis in year to manage increased demand within particular teams as a direct result of the work required for the department's Ofsted inspection.		
<b>Fostering and Adoption Service</b>	<b>150</b>	<b>7%</b>
Increased demand on service. Largely due to the increased volume of fostering assessments coming into the team.		
<b>Placements</b>	<b>-1,460</b>	<b>-6%</b>
For 2016/17 the number of looked after children has increased from 469 in March to 499 at the end of January. Analysis of the type of placement and the financial position shows a reduction in children in external residential care and a movement to lower cost provision. The average unit cost for children's placements has seen a reduction of 10% from the position in 2015/16. It is also now appropriate and prudent to release the £0.7m which had previously been set aside to absorb unexpected changes in demand where local and national child protection cases can be expected to influence the number of children requiring care packages.		
<b>Education, Learning &amp; Skills - 5 to 19 Learning</b>	<b>-235</b>	<b>-10%</b>
Underspend due to Schools performing better than previous summer terms, so less need for commissioned support from within the Education quality improvement budget.		
<b>Targeted Early Help</b>	<b>-170</b>	<b>-2%</b>
Underspend due to staff turnover and managed vacancies.		
<b>Education Psychology Service</b>	<b>-140</b>	<b>-15%</b>
Underspend due to staff turnover and delays in recruitment.		

<b>Other variances</b>	<b>-80</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-720</b>	<b>n/a</b>

### **Adults & Communities**

The Department is forecasting a net underspend of £5.5m (4.0%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Residential &amp; Nursing Care</b>	<b>2,640</b>	<b>5%</b>
Additional expenditure on social care due to an increase in payments for additional needs, short term care due to the help to live at home project, some significant new care packages and reduction in income from service users.		
<b>Community Income</b>	<b>870</b>	<b>5%</b>
Reductions in income from self funding service users and the number of new service users to the department being less than originally anticipated. There are corresponding underspends within expenditure budgets to compensate for this loss of income.		
<b>Supported Living</b>	<b>400</b>	<b>3%</b>
Increase in number of hours provided and some significant high cost of packages.		
<b>Home Care</b>	<b>-4,950</b>	<b>-20%</b>
Underspend due to predicted increases in demand not materialising. Additionally this year there has been a significant reduction in self-funding service users, which is offset by a corresponding loss of chargeable income.		
<b>Direct Cash Payments</b>	<b>-1,790</b>	<b>-5%</b>
Continuing underspend from 2015/16 and clawback of unspent cash payment balances (£0.8m). As part of the Help to Live at Home project, there have been a number of requests to transfer to a direct payment by service users who prefer to have their future support needs met by their current home care provider. So far this year, around 700 service users have taken this option and the budget has been transferred to Direct Payments from Homecare.		
<b>In-House CLC / Day Services</b>	<b>-520</b>	<b>-17%</b>
Additional Continuing Healthcare (CHC) income as result of revised in-house Community Life Choices (CLC) charges (£0.1m), plus staffing vacancies as part of wider restructuring (£0.4m). Early delivery of MTFs savings.		
<b>Better Care Fund</b>	<b>-460</b>	<b>-3%</b>
Additional contribution of £0.5m agreed from the Better Care Fund to fund inflationary costs on residential and homecare services.		
<b>Business Support</b>	<b>-400</b>	<b>-21%</b>
Vacant posts held pending outcome of the departmental Workforce Strategy review and other administrative savings.		
<b>Aids, Adaptations and Assistive Technology</b>	<b>-280</b>	<b>-10%</b>
An underspend from the Community Equipment joint arrangement with Leicester City based on latest demand information.		
<b>Supported Living, Residential and Short Breaks</b>	<b>-255</b>	<b>-7%</b>
Additional CHC income as result of revised in-house charges.		

<b>Compliance- Staffing</b>	<b>-215</b>	<b>-22%</b>
Vacant posts held pending outcome of the departmental Workforce Strategy review.		
<b>Community Care Finance</b>	<b>-165</b>	<b>-15%</b>
Vacant posts held pending outcome of the departmental Workforce Strategy review.		
<b>Other variances</b>	<b>-375</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-5,500</b>	<b>n/a</b>

### Public Health

A net underspend of £270,000 is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Smoking and Tobacco</b>	<b>85</b>	<b>9%</b>
The Stop Smoking service is being transferred in house from January 2017. The forecast variance is made up of treatments to be used by the new service, transition costs for existing service users who will remain with the existing provider initially and the purchase of a new patient management system. The resulting overspend is offset to a degree by underspends on the existing contract. In addition, the Tobacco Free Schools contract has finished and is underspent by £55,000.		
<b>Department and Provider</b>	<b>80</b>	<b>5%</b>
The overspend is a consequence of the service not requiring to draw on earmarked funds in year. This has come about as a result of smaller underspends in a number of areas.		
<b>Obesity Programmes</b>	<b>-175</b>	<b>-26%</b>
There is expected to be no further expenditure against two contracts: £140,000 for the Food for Life Partnership and £35,000 for the Commercial Weight Management contract.		
<b>Other Public Health Services</b>	<b>-105</b>	<b>-22%</b>
The Probation health contract is forecast to be £30,000 below budget. A further £25,000 budgeted for Cancer Early Detection is not required. Additional income for Mental Health counselling services of £50,000 from the Client Commissioning Groups has also been included in the forecast.		
<b>Local Area Co-ordination (LAC)</b>	<b>-75</b>	<b>-78%</b>
Staffing costs have been reduced by £195,000. The service has received £110,000 less in income from Better Care Fund than the budget.		
<b>Substance Misuse</b>	<b>-65</b>	<b>-1.60%</b>
Mainly relates to Community Based Services for alcohol abuse which is forecast to be £40,000 underspent. This area is demand led.		
<b>Other variances</b>	<b>-15</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-270</b>	<b>n/a</b>

### Environment and Transportation

At present the Department is forecast to underspend by £1.1m (1.5%). The main variances are:

	£000	% of Budget
<b>Highways</b>		
<b>Winter Maintenance</b>	100	6%
Colder conditions in April 2016 resulted in additional gritting.		
<b>Street Lighting</b>	-250	-7%
Underspend due to acceleration of the LED installation programme leading to earlier than anticipated energy savings. £50,000 saving on electrical testing as a result of efficiency from revised working methods.		
<b>Environmental Maintenance</b>	-160	5%
Underspend on drainage repairs due to a short term lack of staff resources available to identify and evaluate jobs. Linked in part to the transition arrangements arising from the departmental restructure.		
<b>Reactive Maintenance (Structural &amp; Safety)</b>	-150	-10%
The joint sealing element of this programme is now being treated as capital expenditure and will be funded from the capital programme. Materials have also been used more efficiently which has contributed to the underspend.		
<b>Transportation</b>		
<b>Special Education Needs Transport</b>	445	5%
Forecast overspend due to increased number of pupils, which has been in excess of the expected level of growth built into the 2016/17 budget. The number of pupils receiving transport increased by 3% between November 2015 and November 2016 (1,551 pupils in Nov 15 and 1,596 pupils in Nov 16). In addition, the risk assessment process has identified individuals with more complex needs (higher medical needs), leading to an overall increase in the average daily cost per user of 8% in 2016/17.		
<b>Social Care Transport</b>	75	2%
Cost pressures from 2015/16 continue as a result of increased demand.		
<b>Public Bus Services</b>	-300	-10%
£230,000 of underspend due to savings made through tendering of Park & Ride contract in February 2016 and other contract cost reductions in September 2016. Remaining £70,000 underspend relates to unspent grant funding to be carried forward into 2017/18. This funding was received from central government to help rural communities become more self-sufficient with their transport needs.		
<b>Mainstream School Transport</b>	-225	-4%
Underspend as a result of reduced demand (result of policy change). Also, to ensure that contract services are efficient, reviews for all schools are taken prior to each academic year to ensure savings are realised.		
<b>Environment &amp; Waste</b>		
<b>Landfill</b>	1,525	21%
Overspend due to restrictions on inputs at the Mechanical Biological Treatment (MBT) plant. This has resulted in additional waste being sent to landfill. (See corresponding underspend for Treatment Contracts).		
<b>Recycling &amp; Household Waste Sites</b>	50	2%
Forecast includes £130,000 reduction in anticipated income from charging, due to delay in implementation of charging scheme until May 2016, offset by lower tonnages handled.		
<b>Treatment Contracts</b>	-1,595	-17%

Underspend due to reduced volumes of waste being sent to Mechanical Biological Treatment (MBT) plant due to restrictions on inputs following a change in contractor. (See corresponding overspend for landfill).		
<b>Composting Contracts</b>	<b>-350</b>	<b>-19%</b>
Underspend due to a combination of contract efficiencies and lower volumes of green waste.		
<b>Recycling &amp; Reuse Credits</b>	<b>-140</b>	<b>-4%</b>
Originally anticipated tonnage growth is not evident and therefore budget will underspend.		
<b>Income</b>	<b>-100</b>	<b>9%</b>
Additional income received over and above the MTFS position, including additional income from trade waste.		
<b>Staffing &amp; Administration</b>		
<b>Highways &amp; Transportation</b>	<b>100</b>	<b>2%</b>
Overspend due to a delay in implementing a revised planning and charging regime and shortfall in fees recovered from the capital programme.		
<b>Environment &amp; Waste</b>	<b>-125</b>	<b>-4%</b>
Underspend due to vacancies.		
<b>Other variances</b>	<b>0</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-1,100</b>	<b>n/a</b>

### Chief Executives

An underspend of around £330,000 (3.3%) is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Coroners</b>	<b>170</b>	<b>20%</b>
Overspend relates primarily to increased pressures on the Leicester City and South Leicestershire Coroner's Service run by Leicester City Council. Increased costs were identified at the end of 2015/16 relating to confirmation that the Coroner is entitled to a non-contributory pension and increasing investigations linked to the rising number of deprivation of liberty cases. Demand pressures affecting the service in Leicester City and South Leicestershire are also relevant in the North Leicestershire service, which can be seen in the increased costs of both body transportation and toxicology/pathology testing.		
<b>Democratic Services &amp; Admin</b>	<b>-160</b>	<b>-11%</b>
This underspend relates to a number staff on career grades being on the lower part of their grades. There are also vacancies which are forecast to continue to the end of the year.		
<b>Planning, Historic &amp; Natural Environment (HNET)</b>	<b>-120</b>	<b>-25%</b>
This underspend is largely due to staff vacancies, however recruitment to 2 planning officers has now taken place and other admin appointments are in progress. Income from planning applications has exceeded the budget to date by £23,000.		
<b>Trading Standards</b>	<b>-85</b>	<b>-6%</b>
Several vacancies currently exist within the service resulting in an underspend that is partially offset by use of agency staff. The service has also been able to attract £20,000 more funding from the National Trading Standards Board.		

<b>Registration</b>	<b>-55</b>	<b>36%</b>
Following on from 2015/16 where fee income was buoyant, it is forecast that this will continue in 2016/17.		
<b>Other variances</b>	<b>-80</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-330</b>	<b>n/a</b>

### Corporate Resources

A net underspend of £440,000 (1.2%) is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Operational Property &amp; Building Costs</b>	<b>510</b>	<b>5%</b>
A combination of rates revaluation costs, increased unoccupied properties (key sites such as Melton KEVII, Heathfield High and Holliers Walk) and an in year shortfall against Supported Employment. £250,000 relates to a short term increase in central maintenance needs across the estate. A review of maintenance costs is currently being undertaken.		
<b>Property Disposals</b>	<b>120</b>	<b>30%</b>
Resources needed to fund additional feasibility and disposal costs for asset investments.		
<b>ICT</b>	<b>-430</b>	<b>-5%</b>
Early savings achieved towards 2017/18 £535,000 target to ensure the full year effect is achieved. This has been delivered from holding vacancies and a staffing restructure implemented with effect from January 2017.		
<b>People Resources (HR, Health &amp; Safety, L&amp;D and Trade Union)</b>	<b>-250</b>	<b>-7%</b>
A combination of L&D underspends (£55,000) and staff savings in HR in anticipation of 2017/18 savings targets.		
<b>Strategic Finance &amp; Assurance</b>	<b>-230</b>	<b>-7%</b>
Vacancies held in anticipation of future year savings/ impending review. Work is being absorbed and prioritised accordingly.		
<b>Commissioning Support Unit</b>	<b>-135</b>	<b>-16%</b>
Timing of vacancies whilst building the team up to capacity and unexpected turnover.		
<b>Other variances</b>	<b>-25</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-440</b>	<b>n/a</b>

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