

APPENDIX C**Revenue Budget 2016/17 – Main Variances****Children and Family Services****Dedicated Schools Grant (DSG)**

There is a net overspend of £2.4m, which has been funded from the DSG earmarked fund. The main variances are:

	£000	% of Budget
<u>High Needs</u>		
Special Educational Needs (SEN)	1,974	4%
Increased demand at special schools due to unusual age profile with few age 19 leavers and a large intake of younger pupils. Material increase in numbers of ASD pupils diagnosed and needing high cost independent specialist provision. Additional primary school starters resulting from changes in Special Educational Needs Disability (SEND) legislation to expand age range from birth to 25. 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. 16/17 budget was set after transferring £4.3m from the DSG Schools Block to the High Needs Block leaving a savings target of £2.6m. This hasn't been fully achieved; £385k of SEND grant has been used to reduce the overspend and there is also a £500k credit 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. The reduction is due to various cost saving initiatives beginning to show effects.		
Specialist Services to Vulnerable Groups	362	9%
More pupils with ASD are being supported by alternative providers arranged by the Autism Outreach Intensive Support Service.		
Oakfield school	224	29%
Increased expenditure relates to investment in the Graduated Response project led by Oakfield School to prevent primary aged children entering into specialist provision. The invest to save scheme established as an action to reduce the overspend on High Needs DSG through reduced cost of placements.		
<u>Early Years</u>		
0-5 Learning	-376	-2%
The underspend is a combination of delays in recruitment to posts within the service budget, coupled with the take up of hours in regards to both the 2 year old and 3/4 year old offer being greater at the end of the year than forecast. This increases the final spend, but also increases the final grant. The final grant has increased by £180k more than the spend. This is mainly due to a prior year adjustment of £194k which has resulted in a higher grant figure overall.		

Schools		
School Growth	219	n/a
Start up payment for a new school. This funding was set aside within the DSG earmarked fund.		
Other variances	-4	n/a
TOTAL	2,399	n/a

Local Authority Budget

The Local Authority Budget has underspent by £1.2m which reduces to £1.1m (1.8%) after carry forward requests of £0.1m. The main variances are:

	£000	% of Budget
Directorate	505	62%
Interim C&FS management changes and delays in departmental restructure have resulted in a significant proportion of staff agency related spend.		
Children's Social Care Legal Costs	433	85%
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 approximately 80-100 pre-proceedings cases which provide additional cost pressures.		
Unaccompanied Asylum Seeking Children (UASC)	372	150%
Demand on this budget has significantly increased this financial year, which has resulted in increased need for additional staffing to manage demand The UASC team is managing a net increase of 16 children, 6 of which are as a result of the national transfer scheme prior to Leicestershire opting out. The team are working with a total of 58 children and have completed 50 age assessments and have met immigration requirements and legal challenges. The majority of these children arrive 'spontaneously' on trucks and are the statutory responsibility of the local authority lies with the LA in which they arrive. The Home Office grant will not provide funding for the first 25 full time equivalent UASC care leavers, which subsequently needs to be absorbed by the local authority. There is also national concern as to whether the Home Office funding rates are sufficient to absorb the total costs to LA's. There is currently some work being undertaken through the East Midlands Councils which is seeking to evidence this.		
Children's Social Care Field Work Teams	173	2%
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.		
Fostering and Adoption Service	170	7%
Increased demand on service, largely due to the increased volume of fostering assessments coming into the team.		

Children Placements	-1,579	-7%
For 2016/17 the number of looked after children has increased from 469 in March 2016 to 494 at the end of March 2017. 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 8% from the position in 2015/16. The underspend is after growth of £7.9m was allocated. Although the increase in expenditure on high cost placements has reduced the overall number of looked after children continues to rise at a significant rate, of c8% per annum. This is putting the budget under increasing pressure.		
Targeted Early Help	-431	-4%
Underspend due to staff turnover and managed vacancies.		
Education, Learning & Skills - 5 to 19 Learning	-366	-15%
Underspend due to Schools performing better than previous years, so less need for commissioned support from within the Education quality improvement budget.		
Children's Management	-235	-19%
One-off carry forward money (£120k) was set aside to assist with the development of an apprenticeship scheme for care leavers, however the scheme has yet to be progressed. In addition, changes in year to the business support SLA between C&FS and A&C has resulted in less spend than originally anticipated.		
Education Psychology Service	-153	-16%
Underspend due to staff turnover and delays in recruitment.		
Other variances	-76	n/a
TOTAL	-1,187	n/a

Adults and Communities

The Department has a net underspend of £10.9m (7.9%). The main variances are:

	£000	% of Budget
Care Review Teams	599	87%
Relates to staffing costs associated with reviewing service users care packages and not using earmarked funds to fund these costs due to the departmental outturn position. Funding will be required in the earmarked fund to continue reviews for future years.		
Supported Living	413	3%
There have been additional new support packages some with significant costs, an increase in hours of support and £250k savings not achieved due to delays in the tendering process. The 2017/18 budget will be reviewed to take account of the ongoing costs into 2017/18 (and other significant variations within the department).		
Safeguarding, DOLS and Court of Protection	289	11%
Court of Protection costs have increased by £151k and there has been a loss of Departmental of Health grant income of £227k. This has been partially offset by underspends on running costs due to fewer cases being reviewed than anticipated.		

Promoting Independence Locality teams	270	7%
Additional staffing costs associated with reviewing service users care packages, for which earmarked funds have not been used due to the outturn position. Staffing is being reviewed as part of the departmental Workforce Strategy which will deliver savings in 2017/18.		
Complex Mental Health (CMHS) & Emergency Duty Teams	263	8%
Additional staffing costs to deal with the greater number of referrals of service users plus transfers from Older People CMHS from localities.		
Home Care	-5,887	-23%
At the start of the financial year, growth of £1.8m was expected and this has not materialised. In addition there has been a 14% reduction in the number of service users net of Help to Live at Home (HTLAH) transfers to Direct Payments (£4.7m) off set by an increase in the cost of average commissioned hours (£0.7m). There has also been a reduction in self-funding service users which is offset by a corresponding loss of chargeable income. The budget for 2017/18 will be reviewed to take account of these significant changes.		
Direct Cash Payments	-2,134	-7%
Underspend relates to clawback of unspent cash payment balances (£1.0m), increase in Grant income (£0.3m), the predicted growth in numbers not materialising (£1.4m) offset by an increase in the average package price (£0.5m) and an increase in one-off payments (£0.1m). As part of the HTLAH 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. During 2016/17 around 740 service users have taken this option and to reflect this the budget has been transferred to Direct Payments from Homecare.		
Residential & Nursing Care	-1,056	-2%
Forecast underspend due to additional Continuing Health Care (CHC) contributions of £2.9m. In addition increased client income of £680k, arising from higher than forecast deferred income (£200k) and manual invoicing (£480k). An additional credit of £103k has arisen from a decrease in the Bad Debt Provision requirement for 17/18. The position is offset by additional expenditure on social care due to an increase in payments for additional needs (£1.1m) and increased short term care (£0.6m), back dated arrears relating to previous years (£0.6m) and some significant new care packages (£0.3m). Overall the average number of service users remains around 2,400.		

Community Income	-952	-6%
Additional CHC income of £1.7m compared with budget resulting from additional non-LD pool income linked HTLAH. This is offset by reductions in client income from chargeable service users (£849k). This has arisen from a loss of full cost service users (approx. 325) together with a reduction in the number of chargeable service users totalling (approx. 300) following the introduction of HTLAH. The decrease is mainly due to service users exiting that would have had a self-funder fee charge applied following reassessment. Gross expenditure for client services has fallen as a result. An additional credit of £70k has arisen from a decrease in the Bad Debt Provision requirement for 17/18.		
Better Care Fund	-671	-4%
Additional contribution of £0.7m agreed from the Better Care Fund to fund inflationary costs on residential and homecare services.		
Community Life Choices / Day Services	-521	-18%
Additional CHC income as result of revised in-house Community Life Choices (CLC) charges (£150k), plus staffing vacancies as part of wider restructuring (£450k), offset with higher running costs.		
Community Life Choices Demand	-334	-6%
Reduction in the number of service users and average package sizes.		
Aids, Adaptations and Assistive Technology	-316	-11%
Underspend from the Community Equipment joint arrangement with Leicester City Council (£0.2m) as a result of revised pricing, recycling of equipment and reclamation of unused equipment. The balance relates to fewer requests for adaptations equipment.		
Supported Living, Residential and Short Breaks	-283	-7%
Additional CHC income as result of revised in-house charges.		
Compliance- Staffing	-218	-22%
Change in contract arrangements and vacant posts held pending outcome of the departmental Workforce Strategy review.		
Reablement (HART)	-177	3%
For the period pre HTLAH implementation there was an underspend of £358k due to managed vacancies and early achievement of 2017/18 staffing savings. Transfer of referrals to the independent sector post HTLAH implementation has reduced the underspend.		
Community Care Finance	-158	-15%
Additional income from Self-funder administration fees; Court of Protection fees and deferred payment set-up and administration fees.		
Business Support	-155	-8%
Vacant posts held pending outcome of the departmental Workforce Strategy review and other administrative savings across all office bases.		
Other variances	90	n/a
TOTAL	-10,938	n/a

Public Health

The net underspend is £0.5m, before carry forward requests of £0.5m.

The main variances are:

	£000	% of Budget
Smoking and Tobacco	129	13%
The Stop Smoking service was transferred in house from January 2017. The overspend includes 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 previous contract. In addition, the Tobacco Free Schools contract has finished and is underspent by £55k due to early achievement of MTFS savings.		
Department and Provider	100	6%
This variance is as a result of the service not using the budgeted income from earmarked funds due to the overall departmental position.		
Obesity Programmes	-186	-28%
The underspend is largely made up of £140k on the Food for Life Partnership and £35k on the Commercial Weight Management contract, both of which relate to an early achievement of MTFS savings.		
Health Check Programme	-125	-21%
A lower number of health checks have been carried out as specific groups were invited to attend. This is part of the redeveloped specification in line with a more targeted approach.		
Other Public Health Services	-122	-25%
The Probation Health Contract has underspent by £20k as per an early MTFS saving. The Cancer Early Detection budget of £25k was not required due to work being carried out in association with the existing commissioned services for 2016/17. Mental Health services have underspent by £28k. Additional income for Mental Health counselling services of £50k from the Clinical Commissioning Groups has also been received.		
Local Area Coordination	-66	-71%
A proposal to expand the service to cover the wider Leicestershire area through Better Care Fund investment was not approved. The underspend is the amount of Public Health grant that was to be used to support the expansion.		
Substance Misuse	-117	-3%
Community Based Services for alcohol abuse is £50k underspent, this area is demand led. The main contract has underspent by £200k, which has been offset by additional payments relating to the previous year of £108k. This was a planned transformation programme which included these savings at the point of re procurement and new delivery.		
Sexual Health	-88	-2%
Demand led contraception services provided by pharmacies and GPs have underspent which was achieved as part of a decommissioning full year effect and early achievement of MTFS savings. In addition demand led out of county provider claims for STI services were also underspent.		
Other variances	-66	n/a

TOTAL	-541	n/a
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Environment and Transportation

The Department has underspent by £1.8m which reduces to £1.6m (2.2%) after carry forward requests of £0.2m. The main variances are:

	£000	% of Budget
<u>Transportation</u>		
Special Education Needs Transport	489	6%
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 4% between November 2015 and November 2016 (1,551 pupils in Nov 15 and 1,611 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 7% in 2016/17.		
Social Care Transport	174	5%
Cost pressures from 2015/16 continue as a result of increased demand.		
Mainstream School Transport	-443	-9%
Underspend as a result of reduced demand (result of policy change). Income from fare-paying passengers was also higher than expected in 2016/17. Contract efficiencies have been achieved by reviewing contracts for all schools prior to each academic year to ensure savings are realised.		
Public Bus Services	-207	-7%
Majority of the underspend due to savings made through tendering of Park & Ride contract in February 2016 and other contract cost reductions in September 2016. Additional income from employee parking schemes at Park and Ride sites and from season tickets has also contributed to the underspend.		
<u>Environment & Waste</u>		
Landfill	1,324	18%
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). The overspend is reduced due to 3,200 tonnes capacity that has been provided at the Coventry and Stoke Energy for Waste plants. Waste from Landfill has been diverted to these plants.		
Recycling & Household Waste Sites	153	5%
£114k overspend has arisen from lower than anticipated income from Recycling and Household Waste Site charging. This overspend is offset by underspends in other areas due to reduced waste tonnages being received. The remaining overspend is due to adjustments to prior year payments to the Recycling and Household Waste Site operator.		
Treatment Contracts	-1,255	-14%
Underspend due to reduced volumes of waste being sent to Mechanical Biological Treatment (MBT) plant due to restrictions on inputs. (See corresponding overspend for landfill). The underspend is reduced due to 3,200 tonnes capacity that has been provided at the Coventry and Stoke Energy for Waste plants. Waste from Landfill has been diverted to these plants.		
Composting Contracts	-361	-19%

Underspend due to a combination of contract efficiencies and lower volumes of green waste. The late growing season this year contributed to lower volumes of green waste.		
Waste Management - Staffing & Admin	-213	8%
Vacancies associated with Phase 3 restructure of the department		
Income	-106	10%
Additional income received over and above the MTFS position, including additional income from trade waste.		
Waste Strategy & Initiatives	-113	-35%
Underspend mainly due to delays in key waste / environmental strategic reviews. Delays in project spending have also contributed towards the underspend position.		
Highways		
Environmental Maintenance	164	5%
The overspend consists of 2 elements. (1)£77k on drainage repairs due to a contribution to the Lubbesthorpe SES scheme to fund unforeseen drainage repairs required to the Highway drainage system on the B4114- to make efficient use of co-ordinated works & shared traffic management. (2)A £78k overspend on gulley emptying as additional resources were procured in period 12 to catch up on the backlog of outstanding work.		
Winter Maintenance	75	5%
Colder conditions in April 2016 resulted in additional gritting.		
Street Lighting	-829	-22%
Underspend relates to acceleration of the LED installation programme leading to earlier than anticipated energy savings (£484k), a £50k saving on electrical testing as a result of efficiency from revised working methods and £285k of additional income from external works and 3rd party recharges.		
Reactive Maintenance (Structural & Safety)	-281	-19%
The joint sealing element of this programme is now being treated as capital expenditure and will be funded from the capital programme (£100k underspend). Materials have also been used more efficiently which has contributed to the underspend (£51k.). There has also been slippage on road markings and lining to align with Bridge works so as to avoid doubling up of traffic management costs (This has been requested as a carry forward)		
Staffing & Administration		
Highways & Transportation	-202	-1%
Underspend due to additional fees received from developers for design checks/other statutory undertakings (£200k), vacancies (£150k) and additional capital income (£100k). Offset by a shortfall for fees associated with new charging processes which have now been delayed until 2017/18 (£250k).		
Other variances	-159	n/a
TOTAL	-1,790	n/a

Chief Executives

There is an underspend of £0.4m which reduces to £0.3m (3.6%) after carry forwards of £0.1m. The main variances are:

	£000	% of Budget
Coroners	194	23%
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.		
Planning, Historic & Natural Environment (HNET)	-181	-37%
This is largely due to staff vacancies. Income from planning applications and other sources has also exceeded the budget.		
Trading Standards	-166	-11%
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 income funding from the National Trading Standards Board.		
Democratic Services & Admin	-163	-11%
This underspend relates to a number staff on career grades being on the lower part of their grades. There have also been vacancies throughout the year.		
Strategic and Business Intelligence	-51	-1%
A number of smaller underspends across the service have amalgamated to arrive at this amount.		
Other variances	-78	n/a
TOTAL	-445	n/a

Corporate Resources

There is an underspend of £1.1m (3.0%). The main variances are:

	£000	% of Budget
Commercial (fully traded elements)	284	-26%
Timing variance for £0.2m of infrastructure and investments on an invest to save basis. The infrastructure costs are budgeted to be fully absorbed in 2017/18 budgets and investments will achieve positive returns in future years. On a trading basis printing, County Hall Catering, Sites Development and furniture sales are behind budget but these are compensated by LEAMIS, School Catering and Bursars. Detailed plans are being developed for all services and bookings are positive for 17/18. The partially traded services such as HR are all positive which offsets some of the fully traded variance.		
ICT	-634	-7%
This is largely due to staff vacancies. Income from planning applications and other sources has also exceeded the budget.		
Strategic Finance, Property & Assurance	-346	-5%
Attrition & retirements not replaced in Finance and Audit as vacancies are held in anticipation of future year savings / impending Review. Vacancies in Strategic Property. Work is being absorbed and prioritised accordingly.		

People resources (HR, Health & Safety, Learning & Development and Trade Union)	-253	-7%
Half of the variance relates to a combination of L&D underspends (£127k) 5.7% of total £2m budget and staff savings in HR and other people services in anticipation of 2017/18 savings targets.		
Commissioning Support Unit	-136	-16%
Timing of vacancies whilst building the team up to capacity and unexpected attrition.		
Other variances	-28	n/a
TOTAL	-1,113	n/a