

Revenue Budget 2019/20 – forecast main variances**Children and Family Services**Dedicated Schools Grant

A net underspend of £2.5m is forecast. The main variances are:

	£000	% of Budget
Special Educational Needs	680	1%
The SEND Capital Programme is developing new resource bases to reduce the reliance on expensive independent sector places. A number of these bases have recently taken their first cohort of students or will do so before the end of the financial year. However, due to set-up costs the full effect of the programme won't be seen until future years. Savings are forecast in certain provision areas for the current year, but the increased school population and increased demand for support is offsetting these savings. Additionally, the final choice of place often isn't made until the young people get their exam results in August and is not known at the time of budget setting.		
Schools Growth	-2,000	n/a
This funding has been earmarked to help meet the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. The funding requirements have now been confirmed and a subsequent underspend of £2m in 19/20; this will be transferred to the DSG earmarked fund to fund pupil growth in future years.		
High Needs Block Development / Inclusion Partnerships	-1,050	27%
The High Needs Recovery Plan included the creation of 4 Secondary Education Inclusion Partnerships, and the budget included funding for these for the full year. The first of these partnerships is now not expected to come into existence until Summer 2020. The Recovery Plan also included a number of staffing posts that were either recruited to later than expected, or which on review, are no longer deemed necessary to the success of the plan.		
Education Sufficiency - Schools Admissions	-110	-26%
Some vacant posts which will be filled for only part of the year. Also increased income streams via an increase in levels of fines and school appeals.		
Other variances	-30	n/a
TOTAL	-2,510	n/a

Local Authority Budget

The Local authority budget is forecast to overspend by £2.5m (3.4%). The main variances are:

	£000	% of Budget
Children's Social Care Field Work Teams / First Response / Safeguarding	1,050	9%
Recruitment and retention pressures among the Children's Social workers workforce across various teams have resulted in a number of positions being filled by agency workers. There is also increased staffing levels in some services to manage workload capacity based on demand and to provide Assessed and Supported Year in Employment (ASYE) support.		
Operational Placements	735	2%
Leicestershire's looked after children (LAC) number at 31/3/2019 was 585, and budgeted for an increase of 11%. Current projections indicate a LAC increase of 12%. In addition, some children have entered the system with really high and complicated needs, which have resulted in costs of almost 100% increase in comparison to the average cost of that placement type. Furthermore, whilst the net increase of placement provision has been relatively stable, the increase in the average weekly cost of provision is one of the main drivers behind the current projected overspend. For example, it is projected by the end of the financial year, the average weekly cost to social care of external residential placements to rise by over £300 p/w and 16+ supported accommodation placements to increase by £117 p/w. A combination of placements with increased complex needs and also market factors are together contributing to the projected increased average weekly cost of placements to children's social care.		

Asylum Seekers	590	86%
Demand on this budget has significantly increased in recent years and is projected to do the same this financial year, which has resulted in an increased need for additional staffing to manage demand. The majority of these children arrive 'spontaneously' and on arrival are the statutory responsibility of the local authority in which they arrive. The Home Office have increased funding rates this financial year, which based on 2018/19 activity, is projected to reduce this year's budget pressure by £0.23m, but nevertheless is still not sufficient to fund the overall budget pressure for this financial year.		
Children in Care Service	460	23%
Legislation changes around the Personal Advisor duty has resulted in budget pressures for 2019/20 which will require close monitoring. The Act has extended the duty for local authorities to provide support for young people through personal advisors from age 21 to age 25. Recruitment and retention pressures among the Children's Social workers workforce across various teams have resulted in a number of vacant positions being filled by agency workers. There is also increased staffing levels in some teams to manage workload capacity based on demand and to provide ASYE support.		
Fostering & Adoption Service	430	13%
Increased volumes of assessments which require completing in relation to kinship, mainstream and adoption has resulted in externally commissioning these assessments to ensure compliance within court timescales. There is also increased staffing levels in some teams to manage workload capacity based on demand - especially in regards to Kinship care where numbers are increasing above what was expected.		
Children and Families Wellbeing Service	-490	-5%
Largely due to a combination of staff turnover and in year vacancies.		
Disabled Children Service	-295	-7%
Staff turnover and in year vacancies in addition to reduced demand on direct payments budget.		
Other variances	50	n/a
TOTAL	2,530	n/a

Adults & Communities

The Department is forecasting a net underspend of £2.9m (2.0%). The main variances are:

	£000	% of Budget
Supported Living	1,910	12%
Overspend forecast due to the Target Operating Model (TOM) programme target of moving 5 Learning Disabilities service users per month from Residential Care into Supported Living. Currently there are an additional 15 service users receiving Supported Living. It is forecast that there will be a phased increase to 45 service users over the year. Additional service users are expected from the opening of Brookfields. However, this hasn't been forecast until a completion date is set and initial moves take place. There will be a corresponding underspend on Residential Care service user numbers which offsets this variance.		
Home Care	1,195	7%
Additional maintenance hours commissioned as a result of increased service user numbers receiving a Help to Live at Home (HTLAH) service compared with the budget. Current average number of service users is 1,850 with an average weekly cost of £190. (Outturn 2018/19: Average service users 1,770 and weekly cost of £184). This should be considered in conjunction with the decreasing numbers of service users in weekly Direct Payments and the underspend being reported there. It is expected that over the course of the year, there is potential for additional service users to be given Homecare packages as part of implementation and rollout of the TOM work to reduce the number of residential care admissions, whilst at the same time reducing the average package size per service user through better commissioning practice.		
Care Pathway West - Countywide Services	210	16%
Overspend on staffing budget relating to covering vacancies offset by underspends elsewhere on staffing.		
Care Pathway East - Older Adults Team	105	5%
Overspend on staffing budget relating to covering vacancies offset by underspends elsewhere on staffing.		

Residential Care and Nursing	-2,460	1%
Reduction in number of service users and lower average cost of packages (£1.3m). There are an average of 2,260 service users and an average gross care package cost of £741 per week (before the impact of the 2019/20 fee review which is in the process of being implemented). As part of the TOM programme a number a service users will be transferring to supported living which will result in a reduction of approximately £3.5m residential expenditure. These are offset by a reduction in health income of £0.9m due to changes to the LD pool budget arrangements.		
Direct Payments	-1,830	4%
The underspend is due to the net impact of a 5.7% reduction in number of service users and a 6.2% increase in package price equating to a decrease of £1.8m in total. - Forecast 2,320 service users per week receiving an average package of £320.60 (2018/19 Outturn: Annual average 2,498 per week with an average package of £292.11). - Forecast 705 Carers per week receiving an average packaged of £45.93 (2018/19 Outturn: Annual average 492 Carers per week with an average package of £45.32).		
Homecare Assessment and Reablement Team (HART) & Crisis Response	-775	-16%
Staffing and travel underspend forecast at this stage. It is expected that additional resources will be recruited as part of the TOM work to encourage transfers from HTLAH reablement into HART, however at this stage this hasn't occurred. A full review will be undertaken once the TOM work is completed.		
Community Life Choices (CLC) / Day Services Team	-620	-22%
Underspend due to changes within the services and service users (CLC policy) and vacancies being held pending the implementation of action plans for co-location as part of savings. Review of service users is still ongoing, action plan will take place once this has occurred.		
Supported Living, Residential and Short Breaks	-275	-6%
Reduction in service users in Hamilton Court residential and managing vacancies at Hamilton Court and The Trees. Review of service users ongoing.		
Aids, Adaptations and Assistive Technology	-140	-6%
Staffing vacancies pending stabilisation of services and possible changes to internal service.		
Business Support	-110	-10%
Staffing vacancies pending possible changes to internal service.		
Other variances (under £100k)	-120	n/a
TOTAL	-2,910	n/a

Public Health

The Department is forecasting a net underspend of £0.1m. The main variances are:

	£000	% of Budget
Department	125	-1%
Due to underspends elsewhere within the Department, the transfer from earmarked funds to balance the budget is no longer required.		
Local Area Co-ordination	55	8%
Forecast reduced income due to partnership income arrangements being reviewed.		
Sexual Health	-85	-2%
Community Based Services claims are 25% below budget.		
Other Public Health Services	-70	-26%
Forecast income due to partnership income arrangements being reviewed.		
NHS Health Check programme	-55	-10%
Improved data analysis of claims has reduced the number of duplicate health check claims which has reduced forecast costs.		
0-19 Children's Public Health	-60	-1%
The forecast underspend relates to the cessation of the Understanding and Managing Risk contract on 31.08.19. This contributes to the MTFS savings.		
Other variances	-40	n/a
TOTAL	-130	n/a

Environment and Transport

The Department is forecasting a net overspend of £1.7m (2.5%). The main variances are:

	£000	% of Budget
Special Educational Needs	1,620	14%
<p>The forecast has been produced by analysing the value of taxi invoices received to date in 2019/20 and projecting forward expenditure for the remainder of the year (including a 4% per assumption for in-year growth and inflation). The forecast overspend is largely due to continuing growth in demand, increased solo contracts and greater complexity of transport provision to meet passengers' needs. The cost per day of providing SEN transport rose rapidly during 2018/19 after budgets were set for 2019/20 and is continuing to increase during 2019/20. Further analysis needs to be undertaken to examine in detail the reasons for the large increase in the cost per day of providing SEN transport. There are a variety of reasons for the increase including:</p> <ul style="list-style-type: none"> • Increasing numbers of pupils • Contract terminations, including operator withdrawals • Increased need identified by a risk assessment • Increased need identified by case conference • PTB cancellations requiring replacement transport to be put in place • Risk assessment breaches <p>The relative influence of each of the factors listed above needs to be explored by analysing spend data in more detail. This will highlight the key driver of the cost increase and allow an assessment to be made of whether the rise in costs can be curtailed.</p> <p>Delays in implementing savings are also a factor in the forecast overspend. Following a delay in receiving the outcome of the judicial review into the proposed SEN post-16 Personal Transport Budget (PTB) policy, a decision was made at the end of June to pause the policy implementation for a year. This has resulted in an estimated additional £400k forecast overspend in 2019/20. The judicial review found in Leicestershire's favour and it is now planned to implement the saving in 2020.</p> <p>A further saving of £200k that was due to be delivered from implementing an Alternative Fleet Provision has been suspended whilst work is undertaken on the SEN post-16 PTB pause.</p> <p>The impact of voluntary PTB take up for post-16 students could reduce the overspend, but it is difficult to forecast the numbers who may wish to follow this option. Parents have been asked to contact LCC if they wish to continue with the PTB option.</p> <p>Further work to reassess the forecast overspend will be required once new academic year transport patterns have settled down. The 4% growth / inflation assumption that has been factored into the forecasting model will also be challenged and reviewed. Given trends over the past 12 months, it may be that the 4% figure is too low and needs to be revised.</p>		
Public Bus Services	430	21%
<p>Overspend forecast largely due to the cost of subsidising additional bus services / routes that became no longer commercially viable during 2018/19. In addition to this, during 2019/20 a bus operator has unexpectedly terminated the contracts of two further services.</p> <p>Local bus service savings are being implemented during 2019/20 as part of the Passenger Transport Policy (PTP) project. Phasing and delays in implementing some savings are also contributing to the overspend position. It is still anticipated that the full £0.4m PTP saving will be achieved by the end of 2020/21, but this could be affected by further bus operator contract changes and the impact this has on bus service provision planning.</p>		
H & T Network Management - Staffing & Admin	290	77%
<p>The department is currently reviewing the full cost and income implications from pre-application charges. Overspend also includes the use of agency staff to cover vacant posts.</p>		
Reactive Maintenance (Structural & Safety)	285	16%
<p>Overspend due to number of out of hours responsive calls, additional costs for safety barrier retensioning works for safety critical works and additional resources required to repair defects within policy times.</p>		
Departmental Costs	210	11%
<p>Overspend due to preparation work on a no deal Brexit.</p>		
Recycling & Household Waste Sites	190	6%
<p>Overspend due to lower than anticipated income. The price of recycled paper, textiles and scrap metal has fallen.</p>		
Environmental Maintenance	150	4%
<p>Overspend due to higher number of defects being identified and require resolving.</p>		
Landfill	-405	-6%
<p>Landfill tonnage is lower than initially forecast resulting in an underspend. Greater tonnage is going to Refuse Derived Fuel (RDF).</p>		

Dry Recycling	-335	-17%
Market values being received for dry recycling materials are higher than budget due to favourable prices in plastics.		
Mainstream School Transport	-260	-7%
Underspend forecast based on reduction in pupil numbers and fewer contracted services required.		
Haulage & Waste Transfer	-200	-11%
Haulage underspend of £78k is forecast. Total tonnes via Waste Transfer Station have increased from 18/19 due to new Albion closure however haulage is now planned from the most economical WTS following the award of the new bulk haulage contract which provides lower rates to Coventry and Stoke. In addition to this, £95k underspend is forecast due to WTS compensation events for previous years' performance.		
Highways Design & Delivery - Staffing, Admin & Depot Overhead Costs	-185	-13%
Additional income generated from large capital projects being worked on by Engineering services department. There is also additional demand in network management team which is generating additional income and also recharges to capital from highways Delivery works is higher than budgeted.		
HS2	-175	-44%
Budget set using other authorities' broad estimates as a benchmark. In the first year of LCC direct HS2 expenditure has been lower than anticipated. However should the HS2 review be favourable, demand in this service is anticipated to increase.		
Composting Contracts	-145	-9%
Underspend forecast due to reduced green waste tonnage.		
Other variances	250	n/a
TOTAL	1,720	n/a

Chief Executives

The Department is forecasting a net underspend of £0.5m (4.9%). The main variances are:

	£000	% of Budget
Planning Services	-265	-59%
Increase in planning fee income, which is not expected to be ongoing, and there are a number of vacancies for which recruitment is proving difficult.		
Democratic Services and Administration	-140	-9%
There are vacancies due to staff turnover. These are being held whilst a review of support services across Member Services and Civic Support is carried out.		
Trading Standards	-95	-6%
Underspend due to vacancies which are difficult to recruit to and few Agency staff available.		
Other variances	-30	n/a
TOTAL	-530	n/a

Corporate Resources

The Department is forecasting to be on budget. The main variances are:

	£000	% of Budget
Commercial Services	710	-59%
Continuing challenge from a 2018/19 outturn overspend of £0.4m, pay inflation of £0.8m and the 2019/20 savings target of £0.5m resulting in a forecast shortfall in contribution during 2019/20. The bottom loading of the 2019/20 pay award has significantly affected the service due to large numbers of staff receiving above inflation awards and difficulties in being able to raise prices after they had been set. The position will be recovered in 2020/21 however the phasing of further new savings will be amended to allow more time, with the original planned saving still to be made by 2023/24.		
Customer Service Centre	300	15%
The Customer Service Centre is facing increased pressures and has only achieved previous years' savings target as a result of one off savings from attrition. In order to maintain service levels, the service has agreed to over recruit by ten posts to ensure attrition is covered. Additionally, Customer Service assistants have recently had their posts regraded, increasing expenditure by £70k per annum. Additional workloads are also anticipated from the change in legislation from August 2019 regarding Blue Badge eligibility for people with 'hidden disabilities'. Growth has been reflected in draft MTFS 20-24.		
Information & Technology	-500	-6%
The Information & Technology Service has carried some vacancies since last financial year awaiting an action plan to review middle management of the service. The action plan is now complete and posts are starting to be filled, but some vacancies still exist, resulting in underspends across the service.		
Insurance	-315	-17%
Early achievement of saving in relation to contributions to liabilities. Earmarked funds are at an appropriate level allowing the planned saving to be made early. This will see the contribution to earmarked funds reduce from £1.1m to £0.8m.		
Other variances	-195	n/a
TOTAL	0	n/a