

APPENDIX B**Revenue Budget 2022/23 – forecast main variances****Children and Family Services****Dedicated Schools Grant**

A net overspend of £10.5m is forecast. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked fund drawdown	8,880	n/a
The DSG budget in the original MTFS includes an estimated HNB drawdown of £8.9m as the forecast in year overspend.		
Special Educational Needs	1,635	2%
The SEND Capital Programme is developing new resource bases with the aim of reducing the reliance on expensive independent sector places. The increase in demand, however, has resulted in these places being filled with new demand as opposed to having the desired impact on existing numbers. Additionally, approximately 100 extra Early Years specialist places have been identified as required from September 2022.		
Specialist Services to Vulnerable Groups	200	8%
The STS Service is a fully HNB funded service, with a fixed budget envelope, and does not receive inflation in response to pay awards. It also has a built-in annual savings target which is usually achieved through in-year vacancy savings. As yet, these potential savings are yet to be identified.		
Special Educational Needs	1,350	4%
The budget is based on the number of hours used to calculate the original 2022-23 Early Years DSG income in December 2021. The 2022-23 Early Years DSG income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to Providers for 2022-23 are £2.7m more than the budget, leading to a net £1.3m overspend. However the 2022-23 Early Years Grant income will be retrospectively adjusted in 2023-24 to allow for the hours paid in Spring 2023, and it is anticipated that this adjustment will clear the £1.3m deficit accounted for in 2022-23.		
Schools Growth / Budget Allocations	-1,660	-54%
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 underspend will be transferred to the DSG earmarked fund to fund pupil growth in future years.		
Other variances	65	n/a
TOTAL	10,470	n/a

Local Authority Budget

The Local authority budget is forecast to overspend by £2.1m (2.3%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	1,090	3%
Whilst overall looked after children (LAC) numbers for Leicestershire for 2022/23 appear to be in line with budgeted numbers, the placement mix is projected to be different - driven largely by a significant increase in Quarter 4 of 2021/22 of complex needs placements for older children, with some requiring high levels of care/support and resulting in high cost residential/16 plus provision, and subsequently driving projected placement numbers within such provision types to be higher than budgeted for by the end of the financial year. The full year impact of this peak in the last quarter of 2021/22 has resulted in a projected overspend this financial year. Recent demands will be closely monitored over the coming months.		

Children's Social Care Staffing	1,020	4%
The majority of this overspend is due to staffing pressures. Nationally there is a shortage of qualified social worker staff, and has recently been acknowledged through further work indicating a 6% reduction nationally in applicants to undertake social work training. Further research is showing qualified social work staff do not remain in front line work on average for more than 8 years. There is also a growing number of staff moving to agency work for inflated rates of pay. All of these factors and issues are very prevalent within Leicestershire too. Despite positive recruitment and retention activities, such as increasing the number of staff undertaking the Apprenticeship SW course, and Leicestershire making market premia payments to try to ensure average pay is more in line for similar posts across the region, the challenging market which still continues to see supply of social workers being limited and agencies and some nearby LA's continuing to pay more, have resulted in continued pressures and challenges for social care service budgets in Leicestershire, and subsequently contributing to the projected overspend.		
TOTAL	2,110	n/a

Adults & Communities

The Department has a net forecast overspend of £4.5m (2.4%). The main variances are:

	£000	% of Budget
Residential Care and Nursing	5,160	7%
The net overspend of £5.16m is made up from four elements. Firstly; from additional service users costs mainly due to high numbers of short term care placements following discharge from hospital and additional needs (£1.0m); service users not moving to supported living (£1.5m) which is partially offset by an underspend on Supported Living; transitions costs from children's services (£0.5m) not budgeted for; and loss of Income, mainly due to service user allowances increasing for the first year in several years reducing the amount of chargeable income from each person, and recovery of charging post Covid-19 (£2.1m). A review into the processes relating to residential income is taken place. There are an average of 2,404 service users with an average gross care package cost of £898 per week.		
Better Care Fund (Balance) / Other NHS Income	1,920	7%
An expected £6m income was budgeted for from the NHS for additional costs relating to Covid-19. However, current indications are that there will be a £2.8m shortfall in this income. Discussions are continuing with the NHS on how they may increase their support and review practices. This shortfall is offset by £0.9m additional BCF income.		
Homecare	1,880	6%
The overspend of £1.9m at this stage is mainly due to the level of payments from 2021/22 of £0.7m which were not reserved for in 2021/22 accounts and the remainder to a significant increase in service users (SU) and average hours (£1.2m). The forecast is based on an average of 2,270 SU at a weekly cost per SU of £283. The average weekly cost for 2021/22 was around £260 and the average number of SU was in the region of 2,250.		
Community Life Choices (CLC) Commissioned Services	730	12%
Overspend from moving Learning Disability Working Adults from inhouse services to independent sector. This is offset by an inhouse underspend of £1.4m. Currently there is an average 600 service users totalling £133k per week.		
Community Life Choices (CLC) / Day Services Team	-1,380	-56%
Underspend from closure of CLC bases following lockdown and the vacancies that are being held.		
Supported Living Commissioned Services	-1,260	-5%
Supported Living is forecasting an underspend due to a slow down in the new service users coming from residential care. This underspend offsets some of the overspend in Residential Care as a consequence of this delay. Currently there is an average of 400 service users totalling £540k per week.		
Community Income	-1,245	-5%
Additional income for service users with learning disabilities from health (£1.1m) and income from service users for their personal care (£0.2m).		
Direct Payments	-400	-1%
An increase in the forecast clawback of unused funds of £400k above the £3.1m budget.		
Care Pathway - Learning Disability and Autism	-345	-9
Underspend from vacancies that are in the process of being recruited to.		

Care Pathway - Cognitive and Physical Disability	-190	-3%
Underspend from vacancies that are in the process of being recruited to.		
Care Pathway - Mental Health and Safeguarding	-160	-2%
Underspend from vacancies that are in the process of being recruited to.		
Care Pathway - Integration, Access and Prevention - Managers	-125	NA
Additional income from Better Care Fund to support posts.		
Care Pathway - Operational Commissioning - Managers	-120	NA
Underspend from vacancies that are being held.		
Other variances (under £100k)	-5	n/a
TOTAL	4,460	n/a

Public Health

The Department has a projected balanced position. A minor net underspend will be transferred to the Public Health earmarked reserve.

Environment and Transport

The Department is forecasting a net underspend of £1.0m (1.3%). The main variances are:

	£000	% of Budget
Social Care Transport - External	600	27%
Overspend forecast arising from an increase in taxis being commissioned for Adult Social Care. This increase is due to the reduction in the number of ASC Fleet routes being operated due to unavailability of drivers and a greater demand for solo transport as a result of the Covid pandemic. The overspend on ASC taxis is matched by a corresponding underspend on Passenger Fleet transport (see below).		
SEN - External	500	4%
Forecast overspend arising from partial non-achievement of MTFs saving in 2022/23. This is due to a delay implementing the 'should cost' method of procurement for SEN taxi transport due to staffing pressures. A mid-year review of taxi contract prices is anticipated. This is estimated to achieve £210k of the £710k saving that was originally planned for 2022/23.		
Treatment & Contracts	400	5%
Forecast overspend is a result of more tonnages being sent to energy for waste sites and as a result there is an underspend on Haulage & Waste Transfer.		
Reactive Maintenance	240	12%
Overspend due the increasing need to respond to issues on the highways, increased demand on road markings and maintenance gangs.		
Staffing & Admin - Highways and Transport Operations Resourcing	235	6%
Overspend of £316k forecast due to increased staffing, agency and consultancy costs within Transport (Contracts and Compliance) to meet current staffing shortfalls and to conduct a review of the service. This overspend is offset slightly by vacancies within Highway Control.		
Recycling & Household Waste	185	5%
Increased volume and value of repairs at Recycling Household Waste Sites are causing the forecasted overspend.		
Road Safety	180	36%
Overspend due to depletion of the balance of contributions, held in an earmarked reserve, from Leicester, Leicestershire, Rutland Road Safety partnership, that were used towards school crossing patrols. Due to the pandemic no surpluses have been contributed from the partnership over the past few years. The department is looking at options to reduce crossing patrol provision if funding cannot be recovered externally. Also includes increased maintenance works on Public Rights of Way as a result of issues relating to bridges and byways.		
Departmental Costs	150	34%
Overspend forecast in relation to increased costs to IT AutoCAD Licenses and £50k for MTFs saving not being met in relation to Business Management Digital Payments.		

Dry Recycling	-1,110	-50%
Forecast underspend due to income from recyclable materials being significantly higher than budgeted. This is due to favourable prices for recyclables.		
Highways & Transport - Network Staffing & Admin	-500	-50%
Underspend due to £384k additional income from section 38 and 278 fees and vacancies across various teams.		
Concessionary Travel	-360	-7%
Overall underspend of £360k forecast at period 4. £420k of this is due to a policy decision to make concessionary travel reimbursements at lower than pre-Covid levels in 2022/23, as per guidance from the Department for Transport. The forecast underspend has been reduced by £57k to take account of some outstanding payments relating to 2021/22 that need to be made in 2022/23.		
Passenger Fleet	-345	-172%
Forecast underspend due to vacant driver and escort posts, which is partly offset by additional agency and overtime costs. Recruitment of drivers is currently very difficult. Fewer Adult Social Care fleet routes are being operated as a result of the driver shortage and lower demand for shared ASC fleet transport. This has resulted in an underspend for Passenger Fleet but a corresponding overspend on Social Care Taxis (see above).		
Haulage & Waste Transfer	-295	-13%
Underspend is due to more tonnages being sent to different sites (offsets the overspend on Treatment & Contracts).		
Highways & Transport - Staffing & Admin	-285	-14%
Additional income in the form of recharges to capital as a result of slippage from 2021/22 on capital projects.		
Development & Growth	-220	-20%
Underspend due to staffing vacancies and inability to recruit to posts.		
Staffing and Admin	-190	-14%
Underspend due to staffing vacancies.		
Staffing & Admin - Highways and Transport Operations Services	-105	5%
Underspend due to high level of vacancies within the service occurring from the difficulty to recruit, slightly offset by £140k savings not met within the current MTFS year in relation to 'Highways Increased Sponsorship' and 'Highways Recharges'.		
Composting Contracts	-100	-6%
Lower tonnages due to dry weather affecting green waste volumes.		
WEEE Funding	-100	312%
Underspend forecast due to higher scrap value than budget.		
Other variances	40	n/a
TOTAL	-1,080	n/a

Chief Executive's

The Department is forecasting a net underspend of £0.2m (1.8%). The main variances are:

	£000	% of Budget
Coroner's Service	150	13%
The variance is caused by a significant increase in the charges from UHL for Post Mortems and other costs.		
Freeport	0	n/a
The Freeport costs will initially be funded from LCC reserves (cash flowed) but will be offset by retained business rates generated once Freeport goes live. Cash flowing is at risk if designation doesn't actually happen but currently this risk looks low. Forecast expenditure of £1.498m in 2022/23, to be funded from corporate earmarked reserves. (This is In addition to a net £716k funded by the Council in 2021/22).		

Registrars	-245	368%
Income is expected to be higher than originally budgeted for due to an increase in business following covid restrictions. Casual staff costs are reduced as more ceremonies are taking place during the week, which increases the net position of surplus income.		
Democratic Services and Administration	-85	-6%
Variance due to ongoing staff vacancies.		
Growth Service	-65	-5%
Underspend due to ongoing staff vacancies.		
Other variances	5	n/a
TOTAL	-240	n/a

Corporate Resources

The Department has a net forecast overspend of £1.6m (4.6%). The main variances are:

	£000	% of Budget
Commercial Services	1,640	n/a
Pressure in Commercial Services are on-going. This includes recovery from the pandemic but also additional pressures through the increase in national living wage and general inflationary pressures felt in services.		
Audit and Insurance	90	4%
The main reason for the overspend is the underachievement of income on the provision of audit services to academies. A decision was made to cease this provision after the budgets had been set.		
Other variances	-100	n/a
TOTAL	1,630	n/a

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