

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

A net overspend of £8.6m is forecast. The main variances are:

	£000	% of Budget
<b>DSG High Needs Block (HNB) earmarked fund drawdown</b>	<b>8,880</b>	<b>n/a</b>
The DSG budget in the original MTFS includes an estimated HNB drawdown of £8.9m as the forecast in year overspend.		
<b>Specialist Services to Vulnerable Groups</b>	<b>70</b>	<b>3%</b>
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.		
<b>Early Years / Nursery Education Funding</b>	<b>1,280</b>	<b>4%</b>
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.		
<b>Schools Growth / Budget Allocations</b>	<b>-1,660</b>	<b>-54%</b>
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.		
<b>Other variances</b>	<b>-10</b>	<b>n/a</b>
<b>TOTAL</b>	<b>8,560</b>	<b>n/a</b>

Local Authority Budget

The Local authority budget is forecast to overspend by £2.8m (3.0%). The main variances are:

	£000	% of Budget
<b>Children's Social Care Placements</b>	<b>1,010</b>	<b>3%</b>
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.		
<b>Children's Social Care Staffing</b>	<b>880</b>	<b>4%</b>
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 Social Worker 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.		

<b>Departmental Efficiencies Savings Target</b>	<b>275</b>	<b>-36%</b>
An outstanding budget shortfall, (£0.5m) in addition to new savings (£0.25m) linked to the requirement for the department to achieve departmental efficiency savings led to a review of non statutory services as well as considering the implications of reducing the level and quality of service for statutory services. The output of this work has delivered some one-off in year efficiencies, and budget opportunities. Further work is being undertaken to explore the feasibility of this work and its scope to deliver on-going future budget efficiencies to offset initially this total savings requirement and then contribute to the overall financial projected MTFs budget pressures across the local authority.		
<b>SEN Service Budget</b>	<b>265</b>	<b>15%</b>
Increased service demand and complexity has resulted in need for additional service resource to ensure demand can be managed in the most efficient and effective manner.		
<b>Children and Family Wellbeing Service</b>	<b>250</b>	<b>3%</b>
Impact of reduced funding levels to support service delivery. In the interim a number of non-essential established posts have been frozen which subsequently has reduced the extent of the in year financial impact on the budget. Current re-design work and review of target operating model is underway to ensure future operating model is fit for purpose and financial sustainable.		
<b>Children's Social Care - Section 17/23 (Children in Need) Budget</b>	<b>200</b>	<b>49%</b>
Increase in demand for support, impacted also by cost of living pressures.		
<b>Other variances</b>	<b>-60</b>	<b>n/a</b>
<b>TOTAL</b>	<b>2,820</b>	<b>n/a</b>

### Adults & Communities

The Department has a net forecast overspend of £0.6m (0.3%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Residential Care and Nursing</b>	<b>4,560</b>	<b>6%</b>
The net overspend is made up from four elements. Firstly, from additional service users costs mainly due to high number of short term care placements following discharge from hospital and additional needs (£1.7m), service users not moving to supported living (£1.3m) which is partially offset by an underspend on Supported Living (shown on a separate budget heading), transitions costs from children's services (£0.3m) not budgeted for, and thirdly loss of Client and Health Income following COVID-19 and the decline in the chargeable number of service users (£1.3m). A review into the processes relating to residential income is taken place. There are an average of 2,412 service users with an average gross care package cost of £900 per week.		
<b>Homecare</b>	<b>2,340</b>	<b>7%</b>
The overspend of £2.34m at this stage is mainly due to the additional arrear payments from 2021/22 of £800k and a significant increase in service users and average hours (£1.54m). The forecast has an average of 2,410 service users over the year at an average weekly cost per service user of £281. The average weekly cost for 2021/22 is around £260 and the average number of service users was in the region of 2,250.		
<b>Better Care Fund (Balance) / Other NHS Income</b>	<b>1,640</b>	<b>6%</b>
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 £2.5m 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.		
<b>Community Life Choices (CLC) Commissioned Services</b>	<b>530</b>	<b>9%</b>
Overspend from moving Learning Disability Working Adults from inhouse services to independent sector. This is offset by an inhouse underspend of £1.8m. Currently there is an average 600 service users totalling £128k per week.		
<b>Other Support</b>	<b>500</b>	<b>n/a</b>
Other social care support that relates to floating support, kennel contract and accommodation costs for S117 service users.		
<b>Home First</b>	<b>285</b>	<b>3%</b>
Overspend from temporary additional staffing resource within the Crisis Response Service.		
<b>Community Income</b>	<b>-2,170</b>	<b>-5%</b>
Additional income for service users with learning disabilities from health (£1.5m) and income from service users for their personal care (£0.7m).		
<b>Community Life Choices (CLC) / Day Services Team</b>	<b>-1,755</b>	<b>-70%</b>
Underspend from closure of CLC bases following lockdown and the vacancies that are being held.		

<b>Direct Payments</b>	<b>-1,700</b>	<b>-4%</b>
A decrease in service user numbers (£0.8m) offset by the increasing numbers taking a managed Homecare service. An increase in the forecast clawback of unused funds of £0.9m above the £3.1m budget.		
<b>Supported Living Commissioned Services</b>	<b>-1,260</b>	<b>-4%</b>
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.		
<b>Supported Living, Residential and Short Breaks Team</b>	<b>-890</b>	<b>-20%</b>
Underspend from closure of Community Life Choices (CLC) bases following lockdown and the vacancies that are being held.		
<b>Care Pathway - Mental Health and Safeguarding</b>	<b>-400</b>	<b>-6%</b>
Underspend from vacancies that are in the process of being recruited to.		
<b>Care Pathway - Cognitive and Physical Disability</b>	<b>-340</b>	<b>-5%</b>
Underspend from vacancies that are in the process of being recruited to.		
<b>Care Pathway - Learning Disability and Autism</b>	<b>-285</b>	<b>-7%</b>
Underspend from vacancies that are in the process of being recruited to.		
<b>Care Pathway - Operational Commissioning - Managers</b>	<b>-170</b>	<b>-17%</b>
Underspend from vacancies that are being held.		
<b>Care Pathway - Integration, Access and Prevention - Managers</b>	<b>-135</b>	<b>NA</b>
Additional income from Better Care Fund to support posts.		
<b>Access and Digital Services</b>	<b>-110</b>	<b>-6%</b>
Underspend from vacancies that are in the process of being recruited to.		
<b>Other variances (under £100k)</b>	<b>-60</b>	<b>n/a</b>
<b>TOTAL</b>	<b>580</b>	<b>n/a</b>

### Public Health

The Department has a projected balanced position. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Public Health Earmarked Fund</b>	<b>140</b>	<b>n/a</b>
Net underspend on Public Health budgets to be offset by a contribution to the Public Health earmarked fund. Uncertainties on future grants.		
<b>Quit Ready</b>	<b>-70</b>	<b>-11%</b>
£78k underspend on running costs, partly offset by £10k overspend on staffing.		
<b>Other variances</b>	<b>-70</b>	<b>n/a</b>
<b>TOTAL</b>	<b>0</b>	<b>n/a</b>

## Environment and Transport

The Department is forecasting a net underspend of £0.7m (0.7%). The main variances are:

	£000	% of Budget
<b>SEN - External</b>	<b>1,900</b>	<b>12%</b>
Forecast overspend of £1.9m arising for the following reasons: - £710k non-achievement of MTFs saving in 2022/23. This is due to non-implementation the 'should cost' method of procurement for SEN taxi transport in summer 2022 following a delay in receiving autumn term applications relating to the delays in finalising school placements. Staff turnover in Transport further delayed updates to the 'should cost' model to reflect fuel price rises and increasing driver / escort costs. Transport market conditions have changed significantly since the original 'should cost' model work was undertaken resulting in reduced ability for LCC to influence market prices. Achievability of these savings will therefore need to be reviewed. - £460k costs increases higher than inflation - £200k under reserve from 21/22 leading to higher costs in 22/23 - £530k due to market pressures on SEN transport including a high number operators being unable to continue contracts at agreed price levels resulting in contracts being handed back at contract break points, resulting in even higher prices.		
<b>Social Care Transport - External</b>	<b>1,580</b>	<b>68%</b>
£1.58m overspend forecast arising from an increase in taxis being commissioned for Social Care transport. This increase is partly due to the reduction in the number of 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 partially matched by an underspend on Passenger Fleet transport (see below). A full review of all social care transport is required to ensure that passengers are being transported in the most cost effective way and that fleet capacity is being fully utilised.		
<b>Mainstream School Transport</b>	<b>620</b>	<b>18%</b>
Forecast overspend due to higher costs and market conditions. Operators are struggling to recruit drivers leading to reduced bus capacities. A higher number of taxis have therefore had to be used in some cases.		
<b>Treatment &amp; Contracts</b>	<b>400</b>	<b>5%</b>
Forecast overspend is a result of more tonnages being sent to energy for waste sites.		
<b>Reactive Maintenance</b>	<b>345</b>	<b>17%</b>
Overspend as a result of the increasing need to respond to issues on the highways, increased demand on road markings and maintenance gangs.		
<b>Road Safety</b>	<b>165</b>	<b>33%</b>
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.		
<b>Staffing &amp; Admin - Highways and Transport Operations Resourcing</b>	<b>105</b>	<b>3%</b>
Overspend of £205k 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.		
<b>Dry Recycling</b>	<b>-1,110</b>	<b>-45%</b>
Forecast underspend due to income from recyclable materials being significantly higher than budgeted. This is due to favourable prices for recyclables.		
<b>Concessionary Travel</b>	<b>-855</b>	<b>-17%</b>
Underspend due to the policy decision to make concessionary travel reimbursements at lower than pre-Covid levels in 2022/23, as per guidance from the Department for Transport. Underspend forecast has increased since period 4 due to recognition of lower bus service levels being run by operators.		
<b>Highways &amp; Transport Network - Staffing &amp; Admin</b>	<b>-505</b>	<b>-51%</b>
Underspend due to additional income (£384k) from section 38 and 278 fees and vacancies across various teams.		
<b>Passenger Fleet</b>	<b>-370</b>	<b>-126%</b>

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).		
<b>Staffing &amp; Admin - Highways and Transport Operations Services</b>	<b>-305</b>	<b>15%</b>
Underspend due to high level of vacancies within the service occurring from the difficulty to recruit and additional income from Section 74's and Temporary Traffic Regulation Orders, offset by £140k savings not met within the current MTFS year in relation to 'Highways Increased Sponsorship' and 'Highways Recharges'.		
<b>Composting Contracts</b>	<b>-300</b>	<b>-16%</b>
Lower tonnages due to dry weather affecting green waste volumes.		
<b>Highways &amp; Transport - Staffing &amp; Admin</b>	<b>-275</b>	<b>-13%</b>
Additional income in the form of recharges to capital as a result of prior year slippage in delivery of capital programme schemes.		
<b>Development &amp; Growth</b>	<b>-255</b>	<b>-23%</b>
Underspend due to staffing vacancies and inability to recruit to posts.		
<b>Staffing and Admin</b>	<b>-140</b>	<b>-10%</b>
Underspend due to staffing vacancies.		
<b>WEEE Funding</b>	<b>-100</b>	<b>312%</b>
Underspend forecast due to higher scrap value than budget.		
<b>Other variances</b>	<b>-250</b>	<b>n/a</b>
<b>TOTAL</b>	<b>650</b>	<b>n/a</b>

### **Chief Executive's**

The Department is forecasting a net underspend of £0.3m (2.4%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Coroner's Service</b>	<b>150</b>	<b>13%</b>
First quarter invoice received from Leicester City and UHL. Whilst it is anticipated that post mortem costs will continue to be significantly higher than budget, it is difficult to predict the exact amount with certainty.		
<b>Freeport</b>	<b>0</b>	<b>n/a</b>
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. Forecast expenditure of £1.396m 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).		
<b>Registrars</b>	<b>-260</b>	<b>394%</b>
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.		
<b>Growth Service</b>	<b>-140</b>	<b>-10%</b>
Underspend due to ongoing staff vacancies.		
<b>Democratic Services and Administration</b>	<b>-95</b>	<b>-7%</b>
Variance due to ongoing staff vacancies.		
<b>Policy and Communities</b>	<b>-60</b>	<b>-3%</b>
Underspend due to ongoing staff vacancies.		
<b>Other variances</b>	<b>85</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-320</b>	<b>n/a</b>

**Corporate Resources**

The Department has a net forecast overspend of £1.3m (3.6%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Commercial Services</b>	<b>1,750</b>	<b>n/a</b>
Pressures in Commercial Services are on-going. This includes recovery from the pandemic but also additional general inflationary pressures encountered, notably within the Catering service.		
<b>Audit and Insurance</b>	<b>110</b>	<b>5%</b>
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.		
<b>ICT</b>	<b>-190</b>	<b>-2%</b>
The main reason for the underspend is the existence of vacant posts. This underspend is likely to continue to grow throughout 2022/23. There is the potential for elements of this underspend to be offset by an overspend on the renewal of backup solutions for the authority, although the final price for this solution has not yet been finalised.		
<b>Customer Service Centre</b>	<b>-95</b>	<b>-4%</b>
The impact of attrition rates for the remainder of the financial year has now been reflected in the forecast. It is likely that this underspend will grow throughout 2022/23, largely due to continual staffing turnover.		
<b>Building Running Costs</b>	<b>-80</b>	<b>-2%</b>
Several small underspends across the corporate estate as a result of lower current occupancy as compared to pre-pandemic levels.		
<b>Operational Property</b>	<b>-80</b>	<b>-4%</b>
Small staffing underspends in multiple Operational Team budgets due to staff turnover and recruitment drag.		
<b>Corporate Human Resources</b>	<b>-70</b>	<b>-3%</b>
The main reason for the underspend in Corporate HR is the continual impact of vacancies in the service and delays in recruitment to these posts		
<b>Other variances</b>	<b>-55</b>	<b>n/a</b>
<b>TOTAL</b>	<b>1,290</b>	<b>n/a</b>