APPENDIX B

Revenue Budget 2022/23 – forecast main variances

Children and Family Services

Dedicated Schools Grant

A net overspend of £7.1m 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.		
Early Years / Nursery Education Funding	**1,005**	**3%**
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 £2.4m more than the budget, leading to a net £1.0m 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 partially clear the £1.0m deficit accounted for in 2022-23, but still leave a deficit of £0.4m.		
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.		
Special Educational Needs	**-1,050**	**-1%**
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 were identified as required from September 2022. These were not budgeted for and have resulted in an overspend in the Special School budget. Meanwhile a significant number of places in the C&I (Communication & Interaction) units and SEMH (Social, Emotional and Mental Health needs) units created over the last few years still remain empty - this particular area is forecasting a £2m underspend against budget. Costs per student in Independent Specialist Provisions (ISP) continue to rise. This has resulted in an overspend in the ISP budget. Decisions to agree placements in increasingly expensive ISPs whilst our own bases are underoccupied will have a substantial impact on the deficit position.		
Other variances	**-115**	**n/a**
TOTAL	**7,060**	**n/a**

Local Authority Budget

The Local authority budget is forecast to overspend by £2.5m (2.6%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	**1,050**	**2%**
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.		
SEN Service Budget	**695**	**38%**

Increased service demand and complexity has resulted in the need for additional service resource to ensure demand can be managed in the most efficient and effective manner.		
Children's Social Care - Section 17/23 (Children in Need) Budget	**530**	**129%**
Increase in demand for support, impacted also by cost of living pressures. Section 17 of the Children Act 1989 imposes a general duty on local authorities to safeguard and promote the welfare of "children in need" in their area. To fulfil this duty, Section17 gives local authorities the power to provide support, including accommodation and financial subsistence to families with "children in need". The power under section 17 can be used to support the family as a whole and to promote the upbringing of the child within the family unit. Support under section 17 is accessed via an assessment, and for the majority of cases is supporting a child whose family does not have adequate accommodation or sufficient income to meet their essential living needs. Such support is seen to be a preventative measure to prevent further escalation of support and costs. Increase in such needs and demands have risen post Covid and more recently by the current and on-going cost of living pressures. Further work has been commissioned internally to try understand such pressures and will support future analysis and its likely subsequent financial impact on the MTFS		
Children's Social Care Staffing/Workforce Pressures	**280**	**2%**
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.		
Departmental Efficiencies / Vacancy Control Management	**-100**	**n/a**
The requirement for the department to achieve departmental efficiency savings led to a review of non statutory services . The output of this work has delivered some one-off in year efficiencies, and budget opportunities, which included delaying recruitment to non essential posts where appropriate. Further work is being undertaken to explore the feasibility of this work and its scope to deliver on-going future budget efficiencies.		
Other variances	**-5**	**n/a**
TOTAL	**2,450**	**n/a**

<u>Adults & Communities</u>

The Department has a net forecast overspend of £1.4m (0.8%). The main variances are:

	£000	**% of Budget**
Residential Care and Nursing	**5,830**	**8%**
The net overspend comprises: a) Increased expenditure: 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 (£2.1m), service users not moving to supported living (£1.2m) which is partially offset by an underspend on Supported Living, thirdly payments made relating to previous years (£0.5m), and transitions costs from children's services (£0.3m) not budgeted for. b) Reduction in Income - reduction of Client and Health Income following Covid-19 and the decline in the chargeable number of service users (approximately 150 since April 2022) with an average weekly reduction of £100k per month (£1.7m) and delays due to discharge funding processes. There is an average of 2,411 service users with an average gross care package cost of £906 per week.		
Homecare	**4,765**	**14%**
The forecast overspend is mainly due to the additional arrear payments from 2021/22 of £0.7m and a significant increase in service users and average hours (£4.1m). New intensive packages of wrap-around and night care have recently been introduced which are funded from the ASC Discharge Grant and these have added £620k to the forecast this month but this is fully offset with income shown against the line for grant funding. The forecast has an average of 2,460 service users over the year at an average weekly cost per service user of £295. The average weekly cost for 2021/22 was around £260 and the average number of service users was in the region of 2,250.		

Better Care Fund (Balance) / Other NHS Income	**1,405**	**5%**
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 £2.3m 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.		
Other Support	**455**	**n/a**
Other social care support that relates to floating support, kennel contract and accommodation costs for S117 service users.		

Community Income	**-3,020**	**-12%**
Additional income from the LD pool (£1.8m) reflecting increased numbers of learning disabilities service users and higher cost packages which Health would contribute towards. Increased income from service users for their personal care (£1.2m) reflecting the increasing numbers of service users receiving a Non-Residential service as opposed to a Residential service (which offsets the shortfall in the Residential Income budget)		
Direct Payments	**-2,000**	**-5%**
There has been a 8% decrease in service user numbers and 14% increase in costs (£700k) offset by the increasing numbers taking a managed Homecare service. An increase in the forecast clawback of unused funds of £1.3m above the £3.1m budget. The forecast is based on an average 1,957 service users with an average cost of £419 per week and carers averaging at 1,068 service users with an average cost of £51 per week.		
Community Life Choices (CLC) / Day Services Team	**-1,915**	**-70%**
Underspend from closure of CLC bases following lockdown and the vacancies that are being held.		
Supported Living, Residential and Short Breaks Team	**-660**	**-13%**
Underspend due to vacancies and also reduction in CLC day services in co-located short break locations resulting in a reduction in staffing expenditure.		
ASC Discharge Grant	**-620**	**n/a**
The Government announced a Discharge Grant for Adult Social Care in November 2022 and a plan was developed with the Integrated Care Board. This is the income which is related to additional costs incurred in Homecare related to supporting earlier discharge from hospital.		
Care Pathway - Cognitive and Physical Disability	**-540**	**-8%**
Underspend from vacancies that are in the process of being recruited to.		
Care Pathway - Learning Disability and Autism	**-385**	**-9%**
Underspend from vacancies that are in the process of being recruited to.		
Supported Living Commissioned Services	**-355**	**-1%**
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 440 service users totalling £580k per week.		
Care Pathway - Access and Digital Services	**-285**	**-14%**
Underspend from vacancies that are in the process of being recruited to.		
Commissioning & Quality	**-280**	**-15%**
Underspend from vacancies that are in the process of being recruited to.		
Business Support & Strategy and Planning	**-245**	**-11%**
Underspend from vacancies that are being held.		
Care Pathway - Home First	**-195**	**-2%**
Underspend from vacancies that are in the process of being recruited to.		
Department Senior Managers	**-120**	**-10%**
Underspend from general departmental expenditure.		
Strategic Commissioning - Managers	**-110**	**n/a**
Underspend from vacancies that are being held.		
Care Pathway - Heads of Service/Managers (Integration, Access & Prevention)	**-100**	**n/a**
Underspend from vacancies that are in the process of being recruited to.		
Other variances (under £100k)	**-195**	**n/a**
TOTAL	**1,430**	**n/a**

Public Health

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

	£000	% of Budget
Public Health Earmarked Fund	**90**	**n/a**
Net underspend on Public Health budgets to be offset by a contribution to the Public Health earmarked fund. Uncertainties on future grants.		
Quit Ready	**-70**	**-12%**
Variance due to underspend on running costs and additional income.		

Other variances (under £50k)	**-20**	**n/a**
TOTAL	**0**	**n/a**

Environment and Transport

The Department is forecasting a net underspend of £0.9m (1.0%). The main variances are:

	£000	% of Budget
SEN - External	**2,325**	**15%**
Forecast overspend of £2.3m arising for the following reasons: - £710k non-achievement of MTFS saving in 2022/23. This is due non-implementation of 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 cost increases higher than inflation - £200k under reserve from 21/22 leading to higher costs in 22/23 - £955k due to market pressures on SEN transport including a high number of operators being unable to honour contracts at agreed price levels resulting in contracts being handed back and even higher prices. In addition to this procurement of transport in the 22/23 academic year has not been made at the optimal value for money level due to delays in receiving transport applications. This has led to spot purchasing in many cases.		
Social Care Transport - External	**1,710**	**73%**
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 offset by an underspend on Passenger Fleet transport (see below). A full review of all social care transport is currently underway to ensure that passengers are being transported in the most cost effective way and that fleet capacity is being fully utilised.		
Mainstream School Transport	**1,050**	**31%**
Forecast overspend due to higher costs and market conditions. Contract prices have increased due to increased tender prices following the hand-back of several contracts. Retendering of these contracts has led to considerably higher costs. In addition, there are a greater number of children travelling to school by taxi as they are not going to their nearest school. This is a national trend. 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.		
Treatment & Contracts	**720**	**8%**
Forecast overspend is a result of more tonnages being sent to energy for waste sites.		
Reactive Maintenance	**595**	**29%**
Overspend as a result of the increasing need to respond to issues on the highways, increased demand on road markings, maintenance gangs and out of hour responses.		
Road Safety	**200**	**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 increase contributions. Also includes increased maintenance works on Public Rights of Way as a result of issues relating to bridges and byways.		
Dry Recycling	**-1,650**	**-67%**
Forecast underspend due to income from recyclable materials being significantly higher than budgeted. This is due to favourable prices for recyclables.		
Concessionary Travel	**-970**	**-20%**
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. 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.		
Highways and Transport (Operations Services) - Staffing & Admin	**-935**	**64%**
Underspend due to high level of vacancies within the service occurring from the difficulty to recruit and £670k additional income from Section 74's and Temporary Traffic Regulation Orders.		

Passenger Fleet	**-690**	**-96%**
Forecast underspend largely 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 a greater number of passengers are being transported in taxis following greater demand for solo transport during the pandemic. This has resulted in an underspend for Passenger Fleet but an overspend on Social Care Taxis (see above). Social care transport arrangements are currently being reviewed with a view to moving service users away from taxis and onto lower cost Fleet transport where possible.		
Landfill	**-620**	**-6%**
Lower tonnages are creating an underspend due to increased use of energy for waste sites.		
Highways & Transport (Network) - Staffing & Admin	**-445**	**-36%**
Underspend due to additional income (£360k) from section 38 and 278 fees and vacancies across various teams.		
Composting Contracts	**-440**	**-16%**
Lower tonnages due to dry weather affecting green waste volumes.		
Highways & Transport (Commissioning) - Staffing & Admin	**-400**	**-17%**
Additional income in the form of recharges to capital due to prior year slippage in delivery of capital programme schemes. Vacancies within network data team.		
Development & Growth	**-385**	**-32%**
Underspend due to staffing vacancies and inability to recruit to posts.		
Public Bus Services	**-300**	**-14%**
Costs for local bus services (including Park and Ride) remain high due to lower fare revenues because bus patronage levels have not returned to pre-Covid levels. Income from the employers' parking schemes has also fallen significantly. These losses have been met by additional funding from DfT in 2022/23 of £1.3m, resulting in a net budget underspend of £302k. The DfT funding is not currently expected to continue into 2023/24, this has been recognised in the 23-27 MTFS and work is already underway to review the Council's passenger transport services to bring expenditure in line with the available budget.		
Initiatives	**-195**	**-23%**
Underspend as a result of lower uptake of waste initiatives, reduced spend on the residual waste project and underspends on Ash dieback due to lack of capacity.		
Environment & Waste - Staffing and Admin	**-190**	**-13%**
Underspend due to staffing vacancies.		
WEEE Funding	**-130**	**n/a**
Underspend forecast due to higher scrap value than budget.		
Other variances	**-130**	**n/a**
TOTAL	**-880**	**n/a**

<u>Chief Executive's</u>

The Department is forecasting a net underspend of £0.2m (1.3%). The main variances are:

	£000	% of Budget
Legal Services	**325**	**7%**
Variance is due to reduced income and the use of Locums to cover vacancies and increased outsourcing due to high levels of demand for Adult and Children's social care cases.		
Coroner's Service	**175**	**14%**
The variance is due to the increased UHL costs for post mortems.		
Planning Services	**160**	**27%**
A downturn in the economy has resulted in work on developments slowing down/not being started. Planning and monitoring fee income is forecast to be significantly lower as a result.		
Freeport	**0**	**n/a**
The Freeport costs will initially be funded from LCC reserves (cash flowed) but will subsequently be reimbursed from retained business rates growth generated once Freeport goes live. Forecast expenditure of £1.24m 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	**-315**	**n/a**

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.		
Growth Service	**-210**	**-14%**
Underspend due to ongoing staff vacancies which will not be filled prior to the conclusion of the Growth Service review.		
Democratic Services and Administration	**-150**	**-10%**
Variance due to ongoing staff vacancies (£120k), reduced running costs (£20k) and additional income (£10k).		
Policy and Communities	**-105**	**-5%**
Underspend due to ongoing staff vacancies and reduced running costs.		
Trading Standards	**-95**	**-5%**
Variance due to vacancies not due to be filled prior to the end of the financial year, the recovery of some prosecution costs and additional income received relating to 2021-22 that was not anticipated.		
Other variances	**15**	**n/a**
TOTAL	**-200**	**n/a**

Corporate Resources

The Department has a net forecast overspend of £1.0m (2.5%). The main variances are:

	£000	**% of Budget**
Commercial Services	**2,300**	**n/a**
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. It is now likely that those pressures persist into 2023/24 and another significant overspend should be expected.		
Audit and Insurance	**50**	**2%**
Internal Audit: increased agency costs, the movement of key audit systems to the Cloud and the loss of academies income. Insurance: job evaluation of three senior posts alongside increasing premium prices have led to a slight overspend.		
ICT	**-545**	**-4%**
The main reason for the underspend is the existence of vacant posts. This underspend is likely to continue to grow throughout the remainder of 2022/23.		
Operational Property	**-185**	**-8%**
Small staffing underspends in multiple Operational Property Team budgets due to staff turnover and recruitment drag.		
Building Running Costs	**-180**	**-4%**
Underspends across the corporate estate as a result of lower current occupancy as compared to pre-pandemic levels.		
Strategic Property	**-150**	**-6%**
Small staffing underspends in multiple Strategic Property Team budgets due to staff turnover and recruitment drag.		
Corporate Human Resources	**-120**	**-6%**
The main reason for the underspend is vacant posts. The underspend is likely to continue to growth throughout the remainder of 2022/23.		
Strategic Finance	**-110**	**-2%**
Underspend due staff vacancies and timing delay filling vacancies.		
Communications and Digital	**-55**	**-5%**
The main reason for the underspend is vacant posts. It is expected that this underspend will remain stable for the remainder of 2022/23, although it is likely to be offset slightly by agency costs.		
Other variances	**-25**	**n/a**
TOTAL	**980**	**n/a**

This page is intentionally left blank