



SCRUTINY COMMISSION- 5 JULY 2013

REPORT BY THE DIRECTOR OF CORPORATE RESOURCES

**2012/13 PROVISIONAL REVENUE AND
CAPITAL OUTTURN**

Purpose of Report

1. This report sets out the provisional revenue and capital outturn for 2012/13.

Policy Framework and Previous Decisions

2. The County Council approved the 2013 Medium Term Financial Strategy (MTFS) in February 2013. The key aim of the Strategy is to ensure that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked funds and the allocation of ongoing revenue budget and capital resources for key priorities.
3. The Standard Financial Instructions stipulate that the Executive may authorise the carry forward of under or over spending. These may also be agreed by the Director of Corporate Resources subject to guidelines agreed by the Cabinet in June 2006. The carry forward requests which could not be approved under delegated powers were approved by Cabinet on 12 June 2013 (see Appendix B).
4. The County Council approved the 2012 Medium Term Financial Strategy (MTFS) in February 2012.
5. On 23 July 2012 the Cabinet approved the following:
 - (i) Use of the (forecast 2012/13) net revenue underspend of £13.5m to fund:
 - Highways maintenance (including bridges) - £2.0m
 - Vehicle replacement (including gritters) - £1.2m
 - Repayment of debt - £10.3m;
 - (ii) Increase the contribution to the Leicestershire Local Authority Mortgage Scheme (LAMS) from £2m to £10m;
 - (iii) To utilise reserve balances to fund the increased LAMS contribution, including:

Repair and renewals	£8.3m
Insurance uninsured loss	£5.1m

Waste infrastructure £5.0m
 A contribution of £1.1m from the Housing Related Support reserve
 (formerly Supporting People).

6. On 16 October 2012 the Cabinet approved a strategic land purchase at Snibston.
7. On 13 November 2012 the Cabinet approved the use of £0.4m of the forecast underspend to fund an extension to the County Hall car park.
8. In December 2012 the Cabinet approved the use of £0.41m of the forecast 2012/13 underspend to fund a number of initiatives designed to provide a lasting Olympic legacy for Leicestershire.
9. On 9 April 2013 the Cabinet approved:
 - (i) the use of the remaining balance of £1.676m in the contingency for inflation to repay debt; and
 - (ii) the use of £1m of the 2012/13 underspend to fund additional highways maintenance.

Overall Position

Revenue Outturn

10. A summary of the revenue outturn for 2012/13 excluding schools grant is set out below:

	£000
Updated budget	349,043
Less provisional outturn	340,196
	8,847
Carry Forwards	
Approved under delegated powers	5,122
Approved by Cabinet, 12 June 2013	3,500
Net Underspending	225

11. Overall there has been a net underspending of £8.8m, which reduces to £0.2m after carry forwards.
12. The Authority has made good progress in achieving the savings in the MTFs, but there is still a long way to go. The underspend to a large extent reflects efficiency savings achieved early. There is a strong focus by service managers on future savings targets. In the MTFs for the period 2013/14 to 2016/17 the savings requirements total £79m, of which £30m still needs to be identified. The Chancellor of the Exchequer is due to announce the 2015/16 Spending

Round on 26 June 2013 and it is anticipated that significant additional savings will be required between 2015/16 and 2017/18, and probably in later years too.

13. The uncommitted County Fund balance as at 31st March 2013 now stands at £10.6m, which represents 3% of the revenue budget, in line with the County Council's policy. It has to be noted that additional risks now face the Authority arising from local government funding changes including localisation of business rates and council tax support from 2013/14. The level of the County Fund will be reviewed during 2013 as more detail becomes available on these and other risks.
14. Appendix A compares the provisional outturn with the updated budget. Column 2 is the original budget updated for 2011/12 carry forwards and transfers between services. Column 3 shows actual expenditure, which in the case of schools reflects the level of delegated schools budgets. This appendix also shows the effect of the provisional outturn on the level of the uncommitted County Fund balance.
15. The Cabinet had previously approved the use of 2012/13 underspends of £12m to repay debt. Cabinet on 12 June 2013 approved an increase to the repayment of £4.7m giving a total of £16.7m from 2012/13 underspends. In addition on 13 November 2012 the Cabinet agreed to increase this by a further £8.9m that had been allocated in June 2012 to repay pension liabilities, giving an overall total of £25.6m leading to ongoing revenue savings of £2m. As reported in June 2012, there were potential technical difficulties with the proposal to repay pension liabilities and following discussions with our actuaries and external auditors these difficulties could not be overcome.
16. The overall net underspend is £8.8m. This reduces to £0.2m after carry forwards are taken into account.
17. The Director of Corporate Resources can approve carry forwards where the money is to be spent for the purpose for which it was originally allocated in the budget. Where the carry forward is to be used for a different purpose (i.e. effectively comprising virement) the Director of Corporate Resources can approve items up to £100,000 with the following exceptions:
 - where a carry forward would result in an overspending position on the department's budget;
 - where a carry forward would represent a change in existing policy; and
 - where ongoing costs might result.

On this basis specific approval by the Cabinet was required for the items described in Appendix B and these items were approved by the Cabinet on 12 June 2013. The full list of carry forwards is available on request.

18. Appendix C gives details of significant variances on Departmental budgets.
19. For information, Appendix D sets out the performance of key aspects of the finance function against performance targets.

Capital Outturn

20. A summary of the capital outturn for 2012/13, excluding schools devolved formula capital, is set out below.

	£000
Updated budget	77,175
Less provisional outturn	58,415
Net Underspending	18,760
Percentage spend to updated budget	76%

21. Overall there has been a net underspending of £18.8m compared with the updated budget. Expenditure incurred is 76% of the total available resources and is lower than the target of 95%. More detail is given in Part B of this report.

DETAILS – REVENUE

Children and Young People's Service

Schools

22. There is a net underspend of £4.1m. This is mainly due to:
- £2m reduced costs of pupils in Special Educational Needs placements. This is due to robust contract negotiation and management resulting in reduced unit costs in block contracts. In addition out of county placement costs were reduced as additional places have been developed at Birchwood Special School, Shepshed Autism Spectrum Disorder Unit, Abington ASD Unit and the Braunstone Autism Outreach Resource Centre.
 - A saving of £1.6m resulting from Academy conversions, where the Dedicated Schools Grant (DSG) deductions are based on lower levels of business rates and insurance than that included in the Individual Schools Budgets.
23. This net underspend will not affect the General County Fund as under the terms and conditions of DSG any underspend must be allocated to future year's Schools Budget. The Schools Forum will consider the use of the unallocated DSG earmarked fund at its meeting on 20 June 2013.
24. The outturn shows that the level of school balances fell from £18.1m to £8.4m, mainly due to the effect of transferring school balances to academies. The

detail of school balances will be confirmed at later in the year when schools have submitted their annual Consistent Financial Reporting returns.

Local Authority Budget

25. There is a net underspend of £2.42m which reduces to £0.62m (1.4%) after carry forwards requests of £1.8m.
26. The major underspends relate to an additional element of Early Intervention Grant (EIG) (£1.5m), which has not been allocated to services due to uncertainties around future EIG funding, the withdrawal of the Attendance Improvement Service at the end of August 2012 (£0.4m), and a saving (£0.4m) on the new contract for careers guidance services (formerly Connexions). In addition there are various other underspends across the Department.
27. The underspends are offset by overspends due to increased demand within children's social care. The number of referrals increased by 11% and the number of children in care by 15% and this led to overspends in three particular areas:
 - Use of the legal services budget relating to a threefold increase in case proceedings in the past three years (£0.3m);
 - The number of children placed in Independent Foster Agencies as Foster Carers reach retirement age and leave the authority (£1.1m);
 - The cost of Agency Placements due to the need to make high cost placements (£0.9m).
28. Management action has been taken to reduce the costs in these areas, including additional controls on the employment of agency staff and the approval of placements. The 2013 MTFS also includes growth of £1.6m, £0.3m of which is for Legal Services to meet the increased number of care proceedings.

Adults and Communities

29. There is a net underspend of £4.56m (3.6%), mainly relating to residential services, as more people are being helped to live independently at home. Variations within the net underspend include a £4m overspend on Direct Payments partially offset by savings on supported living and day care, as clients transfer from these services.
30. Discussions have taken place with the PCT and Client Commissioning Groups in Leicestershire to agree funding transfers. These have been used to fund 2012/13 County Council expenditure to make progress towards health related targets within the theme of creating a healthier Leicestershire. The resulting underspend has been allocated to earmarked reserves to fund future partnership work. The transfers include:
 - Post discharge reablement £1.6m

- Provision of adult social care services to assist hospitals with winter pressures £0.7m
- Public Health £2.6m

Highways and Transportation

31. There is a net overspend of £0.2m which increases to £1.27m (2.3%) after carry forward requests of £1.07m requiring Cabinet approval (see Appendix B). The net overspend is mainly due to the Cabinet decision to defer consideration of the home to school transport/ review of discretionary elements (denominational and 16+) savings, and to an overspend on the winter maintenance budget due to the severe winter weather, particularly during March.

Environment

32. There is a net underspend of £1.01m which reduces to £1,000 after carry forward requests of £1.01m, including requests of £0.53m requiring Cabinet approval (see Appendix B). The net underspend is mainly due to lower tonnages of waste than originally anticipated, a reduction in recycling credits, increased income from the disposal of electrical equipment, and slippage on the new waste database system.

Chief Executives

33. There is a net underspend of £1.44m which reduces to £0.86m (5.2%) after carry forward requests of £0.58m. The net underspend mainly relates to staff vacancies, savings on projects and growth for the Police and Crime Panel which has not been required.

Corporate Resources

34. There is a net underspend of £1.29m which reduces to £0.83m (2.3%) after carry forward requests of £0.46m. Underspends mainly relate to staff vacancies, Learning and Development, and increased income. These are partially offset by an overspend of £0.35m on outdoor residential services.

Contingencies

35. A contingency of £0.9m was made for the forecast overall costs of the Carbon Reduction Commitment (CRC) in 2012/13. The schools element has been charged to the schools budget, resulting in a reduced requirement of £0.45m. In addition, £0.45m of the CRC charge for 2011/12 has been met from the Dedicated Schools Grant earmarked fund and around £0.19m of 2011/12 CRC relating to street lighting is not required as this type of supply is currently classified as exempt, and the same exemption has applied in 2012/13. The combined effects of these reductions produce an overall saving of around £1.38m.

36. A contingency of £8m was originally made against delays in the achievement of savings. No major problems have been identified, other than on the home to school transport/ review of discretionary elements savings, which have been absorbed by net underspends on other services. Transfers of £3.2m were made regarding the highways maintenance (£2m) and vehicle replacement (£1.2m) budgets agreed by the Cabinet in July 2012 to the Highways and Transport and Revenue Funding of Capital budgets. The balance of £4.8m is shown as an underspend.
37. A provision of £4.5m was made for severance / Invest to Save initiatives. Severance costs of £2.5m were funded in 2012/13 and the balance has been transferred to the Invest to Save/ Severance reserve to meet costs in future years.
38. A contingency of £8.7m was made for inflation, of which £7.0m has been allocated regarding residential care charge increases, highways and winter maintenance, energy budgets, software contracts and insurance. The remaining balance has not been required and on 9 April 2013 the Cabinet approved the use of the net underspend of £1.68m to repay debt.

Central Items

39. Central Items budgets are overspent by £4.82m, which increases to £6.63m after carry forwards of £1.81m. This is due to the Cabinet decision to repay debt. The main variances are set out below:

	£000	% of Budget	
Bank & Other Interest	-510	30%	Due to balances being higher than anticipated.
Financing of Capital	-3,480	-11%	The original budget assumed that c.£64m of external debt would be borrowed during the year, which would incur interest payments. However, due to continued low interest rates and the level of internal balances, this sum was not borrowed during 2012/13.
Revenue funding of capital	-500	-14%	Within the £2m agreed by the Cabinet in July 2012 for highways maintenance, £0.5m was allocated to the Aylestone Lane Foot Bridge. The scheme has now been delayed until 2013/14. The funding will be provided from the MTFs/Invest to Save reserve (see paragraph 77 below).
Financial Arrangements	-840	n/a	Mainly due to receipt of ESPO dividends of £0.64m and audit fees being lower than anticipated.
NDR Revaluation Savings	-145	n/a	Refunds of rates paid in previous years

			arising from revaluation appeals.
Other Items – prior year adjustments	-1,800	n/a	£1.1m refund of 2011-12 Local Authority Central Spend Equivalent Grant (LACSEG) top-slice; £0.5m for various accrued creditor payments not required; £0.2m regarding a reduction to the Adults and Communities bad debts provision following a review of the levels required.
Repayment of Debt	11,976	n/a	The Cabinet approved the use of 2012/13 underspends to repay debt.
Snibston strategic land purchase	195	n/a	The Cabinet approved the use of 2012/13 underspends to fund a land purchase.

40. The Cabinet approved the use of 2012/13 underspends to fund the following items, which have been delayed to 2013/14 and are included as carry forward items:
- £0.41m to fund a number of initiatives designed to provide a lasting Olympic legacy for Leicestershire.
 - £0.4m to provide an extension to the County Hall car park, to alleviate car parking pressure following the rationalisation of County Council buildings.
 - £1m to fund additional highways maintenance.

County Fund and Earmarked Funds

41. The uncommitted County Fund balance as at 31st March 2013 stands at £10.6m, which represents 3% of the revenue budget, in line with the County Council's policy. It has to be noted that additional risks now face the Authority including those that arise from local government funding changes such as the localisation of business rates and council tax support from 2013/14. The MTFs includes further analysis of the County Council's earmarked funds including the reasons for holding them. A review of earmarked funds will be reported in the autumn.
42. The total level of earmarked funds as at 31 March 2013 is £99.8m, excluding the ringfenced Dedicated Schools Grant earmarked fund, which compares to £110.8m as at 31 March 2012, a reduction of £11m (10%). These are shown in detail in Appendix E. The main earmarked funds are set out below.

Renewals of Vehicles and Equipment (£6.4m)

43. Departments hold earmarked funds for the future replacement of vehicles (the County Council has a fleet of around 500 vehicles) and equipment such as ICT.

Insurance earmarked funds (£11.4m)

44. Earmarked funds of £6.1m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies. The levels are recommended by independent advisors. Excesses include:
- Fire £500,000
 - Public / Employers' liability £150,000
 - Professional indemnity £25,000
 - Fidelity guarantee £100,000
 - Money – completely self-insured.
45. The uninsured loss fund of £4.8m is required mainly to meet potential liabilities arising from Municipal Mutual Insurance Ltd. (MMI) that is subject to a run-off of claims following liquidation in 1992. The run-off is regulated by a scheme of arrangement entered into by the creditors of MMI. The scheme of arrangement provides for a clawback against the creditors in the event that the assets of MMI at the time of liquidation prove insufficient to meet its liabilities.
46. The Supreme Court Judgement in relation to the 'trigger point' litigation of March 2012, ruled against the insurers, and the net estimated liabilities for MMI are believed to be in the region of £85m. The County Council's share of this is based upon the value of its current paid and outstanding claims and is £2.2m. This sum has been set aside in a provision. However there is a contingent liability for any additional deficit due to the uncertainty of the value of incurred but not reported claims. Experience to date has been a worsening position with actual claims exceeding the forecast made by MMI's actuaries. Hence the level of this reserve will be kept under review and transfers made, as necessary, from the uninsured loss fund, to take account of the latest MMI run-off position and other failed insurers such as The Independent Insurance Co. Limited.

Children and Young People's Service

47. Dedicated Schools Grant (£6.6m). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. Any underspend on services funded by DSG must be carried forward and ring fenced to those services.
48. Early Intervention Grant Transition (£3.4m). This is the balance of funding set aside in 2010/11 to ease the impact of significant reductions in government grants to Children and Young People's Services. This grant has been reduced and subsumed within Formula Grant from 2013/14.

Adults and Communities

49. Adults and Communities Development, £6.2m. This earmarked fund was established from revenue underspends and is used to fund a number of investments in maintaining social care service levels and improving in-house facilities over the next four years.

50. Health & Social Care earmarked fund (£10.4m). Members approved the use of the earmarked fund to improve health and social care outcomes in Leicestershire including the prevention of admission and readmission into hospital as well as the prevention of other costly health and social care provision. The authority has undertaken a commitment to make decisions, relating to this funding, together with partners from the NHS and District Councils through the Integrated Commissioning Board (ICB) for Leicestershire.

Public Health

51. Public Health (£5.5m). An earmarked fund was established following agreement from the PCT to substitute funding on Public Health initiatives with expenditure already incurred by the County Council. The fund has been earmarked to be spent on Public Health initiatives, for example to boost participation in sport and reduce substance misuse.

Environment and Transport

52. Waste Infrastructure (£4.4m). This is held to fund the improvement to the Recycling and Household Waste Site (RHWS) and Waste Transfer Station (WTS) at Whetstone, development of a WTS at Loughborough RHWS and improvements to Kibworth RHWS.

Chief Executive's

53. Supporting Leicestershire's Families (£8.3m). This will be used to fund both the programme team and the new services under the supporting Leicestershire's Families programme (formally known as Troubled Families) for the period to 2015/16, at which point revenue savings will accrue to the County Council and its partners.
54. Economic Development (£3.2m). This amount was transferred to this new earmarked fund as part of the review of reserves in Autumn 2012, to support economic development initiatives.

Corporate

55. The balance on the Invest to Save/ severance earmarked fund stands at £13.9m. The application of the earmarked fund is set out below:

Severance and Invest to Save	£10.7m
Acquisition of Former Fire HQ building (slipped to 2013/14)	£2.0m
Aylestone Lane footbridge (slipped to 2013/14)	£0.5m
Street lighting column replacement/removal (part slipped to 2013/14)	£0.4m
Highways vehicles (part slipped to 2013/14)	£0.3m
Total	£13.9m

56. Broadband (£6m). The 2012 MTFs allocated the 2012/13 council tax freeze grant of £6m to developing super fast broadband to areas with a poor service. This is currently being held in an earmarked fund. The procurement is being scheduled by Broadband UK, so national issues affect the timetable. State aid rules have been a factor in slower than expected progress. The timetable could be further affected by supplier capacity.
57. Local Authority Mortgage Scheme (-£2.3m) – This is an earmarked fund which was established to make it easier for first time buyers to obtain mortgages, thus stimulating the local housing market and benefiting the wider local economy. At the end of 2012/13 a total of £5.4m (of £10m overall) had been advanced to Lloyds TSB. This advance has been met from £3.1m on the LAMS fund and the balance of £2.3m will be temporarily financed from the Invest to Save/Severance earmarked fund, to be repaid in five years' time (2017/18).

CAPITAL PROGRAMME

58. A summary of the capital outturn for 2012/13, excluding schools devolved formula capital, is set out below:

Programme Area	Updated Budget	Actual	(Under)/Over spend	Percentage spend by Department
	£000	£000	£000	%
Children & Young People	26,240	20,782	(5,458)	79%
Env't & Transport - Transportation	33,909	26,352	(7,557)	78%
Env't & Transport - Waste Management	2,408	822	(1,586)	34%
Adults and Communities	3,514	3,168	(346)	90%
Corporate Resources	10,899	7,243	(3,656)	66%
Chief Executive	205	48	(157)	23%
Total	77,175	58,415	(18,760)	76%

59. The table shows net slippage of £18.8m compared with the updated original programme. Overall, expenditure incurred is 76% of the total available resources and is lower than the target of 95%. Although there are reasons (set out below) for the slippage, departments will be reminded of the need for an accurate capital programme. In addition as part of the first monitoring exercise of the 2013/14 capital programme an assessment will be made of risks of non-delivery.
60. The majority of reasons for variations have been reported throughout 2012/13. A summary of the main variations is set out in Appendix E.
61. Appendix F compares the provisional prudential indicators with those set and agreed by the Council, at its budget meeting in February 2012. This shows that the indicators are all within the approved limits.

Children and Young People's Service

Key Achievements

62. Work has started on the Charnwood Area Special School. The school will be completed in February 2014 with a planned opening after Easter 2014. A total of £2.3m expenditure was incurred in the current year. The state of the art £9.3m area special school will provide a new home for Ashmount School and offer places for 125 children and young people aged between four and nineteen. The school will include a hydrotherapy pool, a sensory and therapy suite, physiotherapy room and conference and training room.
63. A total of £12.5m was invested in the School Accommodation programme during 2012/13. Works were completed at 22 schools to ensure there are sufficient pupil places.
64. Strategic Capital Maintenance - £5.0m was spent on schools works for:
- Replacement of fan convector units.
 - Re-roofing works.
 - Window replacements.
 - Installation of new boiler plants.

Main Variances

65. The year end position shows a variance of £5.5m compared with the updated budget. The variances relate to slippage on:
- Delays to six school accommodation projects (£1.4m) arising for a number of reasons including planning delays, discovery of underground tanks/sewage pipes at one site requiring a build over agreement with Severn Trent, adverse weather conditions, and a new dining facility rescheduled for the summer holidays in order to minimise disruption.
 - The development of Special Education Needs provision (£0.5m) has been delayed. The business case for the ASD / Aspergers School did not support the development of this provision. A SEN Task and Finish Group has been set up to make strategic plans for future SEN provision. The available funding will be slipped until its recommendations are available.
 - Short Breaks for Disabled Children (£0.4m). This will slip into 2013/14 following the late announcement of the grant in December 2012. The programme includes a number of small projects for specialist equipment and minor building works. Completion is expected by the end of August 2013.
 - Delayed start to works to build the new area special school in Charnwood (£1.7m) following planning objections. These have now been overcome.
66. In late November 2012 the DfE announced capital grant of £0.7m for Early Years to fund increased capacity at nurseries for free 2 year old places from

September 2013. Due to the late notification the funding has been slipped to 2013/14. The capital grant is not ring fenced or time constrained.

Environment and Transportation – Transportation

Key Achievements

67. In March 2013 the DfT approved funding of £14.8m for the Loughborough Town Centre Transport Scheme. The whole scheme cost is estimated at £19.3m (£14.8m DfT, £3.4m County Council and the balance from developer contributions). A contractor was selected in January 2013. The works will see improvements to the A6004 junction, completion of the inner relief road, and improvements to the town centre. It will help to reduce traffic demand on the town centre road network and help regenerate the town encouraging economic growth and inward investment. It will also improve public transport facilities and improve accessibility for pedestrians, cyclists and people with disabilities. It is expected that the works will be finished in early 2015.
68. A total of £3.1m was delivered on Integrated Transport Schemes, including:
- £2.1m on Active and Sustainable Travel Schemes.
 - £0.35m on improving Connectivity and Accessibility Schemes
 - £0.1m on improving Network Performance and Reliability
 - £0.55m on local safety schemes
69. A total of £12.8m was also delivered on Highways Asset Maintenance, including:
- £8.3m on carriageways
 - £1.7m on footways & Rights of Ways
 - £1.2m on bridge Maintenance and Strengthening
 - £1.3m on street lighting
 - £0.3m on street lighting part night lighting and dimming (Invest to Save)
70. £1.87m has been spent on modernising the vehicle fleet, including:
- replacing vehicles within Passenger Fleet resulting in reduced maintenance costs in future years.
 - replacing winter maintenance gritters, resulting in reduced maintenance costs and more efficient use of winter salt.

Main Variances

71. The year end position shows a variance of £7.6m compared with the updated budget.
72. The Loughborough Town Centre transport scheme (£3.5m slippage) was delayed pending the Department for Transport full approval on 14th March 2013.

73. The Integrated Transport Schemes block allocation includes around 80 schemes. The main areas of slippage (£0.9m) are:
- Connectivity and Accessibility (£0.1m) reduced internal fees and slippage on advanced design works
 - Network Performance and Reliability (£0.4m) mainly relates to the works originally planned to the M1/J22 roundabout which have now been deferred due to potential development in the area
 - Active and Sustainable Travel (£0.4m) includes reductions to fees from efficiencies in an area based approach to works.
74. Slippage on the Transport Asset Management block Bridges works (£1.1m) comprises:
- Bridge assessment work (£0.2m) caused by a shortage of staff resources
 - Bridge strengthening work (£0.2m) due to a need to assess a Railtrack bridge to establish what strengthening work is required
 - Aylestone Road footbridge (£0.7m) delayed pending confirmation of plans of work being undertaken by Network Rail in the area.

Environment and Transportation – Waste Management

Key Achievements

75. The programme to improve the recycling and household waste sites (RHWS) and Waste Transfer Stations (WTS) has continued to make good progress. The main achievement for the programme has been the Loughborough RHWS bridge, replacing the old bridge, allowing easier access. Also significant work has been undertaken on the Whetstone RHWS & WTS redevelopment project. This work builds upon the previous successes and will underpin our commitment to maximising diversion of waste from landfill and providing a high quality service

Main Variances

76. The year end position shows a variance of £1.6m compared with the updated budget.
77. The variance relates to Whetstone Bulking/Transfer Station and RHWS (£1.3m) where slippage has arisen due to a revision of the proposed development to comply with Environment Agency requirements and Loughborough Transfer Station (£0.3m) where slippage has arisen on the construction of the Station due to the need to prioritise the replacement of the bridge into the site.

Adults and Communities

Key Achievements

78. The scheme incorporating Charnwood Day Service and Loughborough Library now co-locates Charnwood Day Service and the Leicestershire Adult Learning service at the site of Loughborough Library at a cost of £1.3m. Work completed in December 2012.
79. Leicester Forest East Library £0.6m – Work was completed in October 2012. The new Library, located on the former caretakers bungalow at LFE Stafford Leys Primary School, provides a modern service for the local and wider community.
80. A successful procurement exercise has been undertaken for the SSIS replacement programme, £0.4m spent in current year. Implementation of the new system is expected to be completed by the summer 2013. The new system will provide enhanced functionality that is essential to cope with increasing demands as a result of new developments most notably with the personalisation agenda.
81. A 21st century War Memorial was built at County Hall - £0.1m. The monument is sited in the quadrangle at the front of County Hall and is accessible to the public.
82. Snibston Discovery Park £0.3m – refurbishment of the monument has commenced in phases with overall completion due in November 2013.

Main Variances

83. The year end position shows a variance of £0.3m compared with the updated budget.
84. The main variance relates to slippage on the refurbishment of the scheduled monument scheme at Snibston Discovery Park. The main contractor entered into administration in January 2013, resulting in slippage in the 2012/13 programme. Work has since resumed in 2013/14 with the appointment of a new contractor.

Corporate Resources

Key Achievements

85. During 2012/13 expenditure of £3.1m was incurred on the final stage of Office Accommodation Invest to Save Programme.
86. £0.4m has been invested in the Oracle reporting package to increase automation as well as support for online self service and reduce on-going costs.

87. Investment in the ICT infrastructure £0.5m on:
- Infrastructure costs for the single information store and facilitating the move to more efficient channels.
 - Support the Work Well strategy by implementing the infrastructure required for Mobile and Flexible working.
88. Aston Firs Travellers Site – major refurbishment of pitches with most of the work carried out in 2012/13. Completion is expected in June 2013. The works have improved the quality of life for the 20 families who live on site.
89. A back up Generator has been installed at County Hall £0.4m; this facilitates the continuity of services in the event of mains electrical supply failure.

Main Variances

90. The year end position shows a variance of £3.7m compared with the updated budget.
91. The main variance relates to slippage on the purchase and refurbishment of the former Fire Service headquarters building (£2m) which is now forecast to be in late 2013 in line with the vacation of the building. Refurbishment works at Aston Firs Travellers Site (£0.3m) were delayed due to adverse weather conditions early in 2012/13. The remaining variances relate to work no longer proceeding at the Industrial Estate for Lastolite (£0.5m), delays while options are being reviewed for the planned replacement of the bungalow at Catherine Dalley House, and a delayed start to work on the County Hall car park extension.

Chief Executives

92. The year end position shows a variance of £0.2m compared with the updated budget.
93. Slippage has occurred on the Rural Economic Grants and Services programme due to adverse weather conditions during October to December, mainly due to flooding. The programme has been fully committed.

Capital Receipts

94. Actual general capital receipts were £1.0m. In addition, the deferred 2nd staged payment of £1.8m for land sold at Quorn in 2011/12 will be released and added to general capital receipts, giving a revised total of £2.8m compared with an original budget of £2.4m.
95. The actual level of earmarked capital receipts is £1.6m compared with an original budget of £3.7m. The shortfall relates largely to delays in the timing of the disposal of surplus assets arising from the Office Accommodation programme. Due to slippage in the overall capital programme these delays will not affect the financing of the capital programme.

96. In addition to the above, £2.9m has been accrued in the accounts as a deferred capital receipt from the sale of the nine Elderly Persons Homes. This represents the balance outstanding at 31/3/13 (£0.3m was received in year). The income is due to be received by March 2014.

Recommendation

97. The Scrutiny Commission is asked to note the contents of this report

Background Papers

2012/13 accounts.

Report to Cabinet - 27 June 2006 – Provisional Revenue Outturn 2005/06.

Report to County Council – 22 February 2012 – Medium Term Financial Strategy 2012/13 to 2015/16

Report to Cabinet – 23 July 2012 - 2012/13 Medium Term Financial Strategy Monitoring (Period 2)

Report to Cabinets – 13 November 2012:
2013/14 – 2016/17 Medium Term Financial Strategy
Addition to Capital Programme – County Hall Car Park Extension

Report to Cabinet – 18 December 2012 – Proposal for securing an Olympic Legacy in Leicestershire

Report to Cabinet – 9 April 2013 - 2012/13 Medium Term Financial Strategy Monitoring (Period 11)

Circulation under the Local Issues Alert Procedure

None.

Officers to Contact

Mr B Roberts – Director of Corporate Resources
☎ 0116 305 7830 E-mail Brian.Roberts@leics.gov.uk

Mr C Tambini – Assistant Director, Strategic Finance, Property and Procurement, Corporate Resources Dept.
☎ 0116 305 6199 E-mail Chris.Tambini@leics.gov.uk

Mrs J Spence – Head of Corporate Finance, Corporate Resources Dept.
☎ 0116 305 5998 E-mail Judith.Spence@leics.gov.uk

Appendices

Appendix A – Comparison of 2012/13 Expenditure and the Updated Revenue Budget

Appendix B – 2012/13 Carry Forward requests requiring Cabinet approval

Appendix C - Revenue Budget 2012/13 – main variances

Appendix D – Financial Management Performance Indicators

Appendix E – Earmarked Reserve balances 31/3/13

Appendix F - Variations from the updated 2012/13 capital programme

Appendix G - Prudential Indicators 2012/13

Equal Opportunities Implications

No direct implications.