



## **SCRUTINY COMMISSION - 11 JULY 2014**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **2013/14 PROVISIONAL REVENUE AND CAPITAL OUTTURN**

##### **Purpose of Report**

1. This report sets out the provisional revenue and capital outturn for 2013/14.

##### **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 17 June 2014 (see Appendix B).
4. On 13 September 2013 the Cabinet approved the following uses of the potential revenue underspend:
  - Contribution of £250,000 towards Leicester Cathedral Gardens recognising that the Diocese covers both the city and county and the links with King Richard III.
  - Contribution to the Bradgate Park Trust to purchase additional land (up to £60,000).
  - The balance of any underspend at the year-end is used towards repayment of pension liabilities on the pension fund, or if this is not possible, to use the balance of any underspend to repay debt.

## Overall Position

### Revenue Outturn

5. A summary of the revenue outturn for 2013/14 excluding schools grant is set out below:

	£000
Updated budget	364,563
Less provisional outturn	348,776
	15,787
Add additional income	1,238
Less repayment of debt	-8,400
Less additional commitments( transfers to earmarked funds)	-3,936
Net underspending	4,689
Carry forwards	
Approved	-3,833
Cabinet approval required	-856
Net position	0

6. Overall there has been a net underspending of £4.7m, which is offset by carry forwards.
7. The Authority has made 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. In the MTFs for the period 2014/15 to 2017/18 the savings requirements total £80.9m, of which £12.5m still needs to be identified. The Chancellor of the Exchequer's 2014 Budget statement confirmed that austerity budgets would continue to at least 2018/19 and the Cabinet was informed in a report on 1<sup>st</sup> April 2014 that additional savings of an estimated £27.5m will be required by 2018/19.
8. The uncommitted County Fund balance as at 31<sup>st</sup> March 2014 stands at £10.7m, which represents 3% of the revenue budget, in line with the County Council's policy. The level of the County Fund will be reviewed during 2014 taking into account the risks faced by the County Council.
9. Appendix A to this report shows the detailed position. This compares the provisional outturn with the updated budget. Column 2 is the original budget updated for 2012/13 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.

10. As noted in paragraph 4 above, Cabinet on 13 September 2013 approved the use of the balance of any underspend at the year-end towards repayment of pension liabilities on the pension fund, or if this is not possible, to repay debt. It was not feasible to use the net underspend towards repayment of pension liabilities, so the Cabinet on 17 June 2014 agreed that £8.4m be used to repay debt. In addition, transfers to earmarked funds of £3.9m were also agreed by the Cabinet on 17 June 2014, as shown on Appendix A.
11. 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.
12. 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 17 June 2014. The full list of carry forwards is available on request.
13. Appendix C gives details of significant variances on Departmental budgets. For information, Appendix D sets out the performance of key aspects of the finance function against performance targets.

### Capital Outturn

14. A summary of the capital outturn for 2013/14, excluding schools devolved formula capital, is set out below.

	£000
Updated budget	72,304
Less provisional outturn	70,200
Net Underspending	2,104
Percentage spend to updated budget	97%

15. Overall there has been a net underspending of £2.1m compared with the updated budget. Expenditure incurred is 97% of the total available resources and is higher than the target of 95%. More detail is given later in this report.

**DETAILS - REVENUE****Children and Young People's Service****Dedicated Schools Grant**

16. There is a net underspend of £3.8m. This is mainly relating to Special Educational Needs (SEN). A contingency established to ensure capacity in the SEN budget as a result of uncertainties regarding the cost of the new Local Authority responsibility for post-16 students with learning difficulties and disabilities, the transfer to a new funding framework for SEN in April and the impact of raising the participation age has not been required. Also additional income has been received for 16+ places at mainstream special schools.
17. This net underspend will not impact on the General County Fund as under the terms and conditions of Dedicated Schools Grant any underspend must be allocated to the following year's Schools Budget. The underspend will be used in 2014/15 to support the financial impact arising from the necessity to change the pupil number count for schools and academies affected by age range changes and also to meet a number of other financial commitments, including meeting the cost of deficits for schools entering into sponsored academy arrangements which revert to the local authority on conversion.
18. The outturn shows that the level of school balances reduced from £8.4m to £8.2m. The detail of school balances will be confirmed at a later date in the year when schools have submitted their annual Consistent Financial Reporting returns.

**Local Authority Budget**

19. There is a net underspend of £1.66m (2.7%) which reduces to £0.9m (1.4%) after carry forwards. This is mainly due to the early identification of savings, offset by overspends, particularly regarding increased demands on the Placement budget, where there has been an increased need to place children with independent fostering agencies.

**Adults and Communities**

20. The Department has experienced financial pressures relating to increasing demographic and pricing pressures whilst delivering the £12.4m targeted level of savings in 2013/14, resulting in an overspend of £4.6m (3.5%).
21. There is an overspend on community based services (independent sector) of £6.9m (21%), relating to the Effective Support efficiency project, as well as increasing demographic and pricing pressures and a number of backdated invoices relating to 2012/13. The main issues are:
- £2.1m: the Effective Support project involves reviewing client needs and considers alternative sources of support for service users with substantial

and critical needs. The project was expected to deliver savings of £6.5m in 2013/14, however there is a shortfall of £4.5m arising from a smaller backlog of outstanding reviews than originally anticipated (around two thirds) reducing the scope to make savings; as well as lower savings achieved per person. Health funding of £2.4m has been agreed for 2013/14 to mitigate the shortfall. This is addressed by growth in the budget in 2014/15 and refocused cost effective care savings;

- £2.2m: increasing demographic pressures and needs above the levels of growth estimated for 2013/14 materialising in increasing numbers of new under 65 years old service users who are most likely to take direct payments; plus reduced levels of service user Fairer Charging contributions compared to previous year's increases. This increase is partly addressed by growth in 2014/15 and the early intervention and prevention agenda;
  - £0.9m: increasing home care support for older people in their home; the average hours provided per person has increased by 20 minutes per week to 10 hours of homecare;
  - £0.3m: cost pressures in rural areas for domiciliary care increasing the average cost per hour by 15p as providers pay higher wages to attract and retain homecare assistants;
  - £0.4m: a number of backdated payments from domiciliary care providers;
  - £0.6m: increased costs of direct payments resulting from inflationary rises being factored into individually negotiated care packages and increasing needs plus additional demand above growth levels;
  - £0.4m: an increase in direct payments as more people opt for personal budgets instead of the in house day service provision.
22. There is an overspend of £1.05m (2%) on the Residential Services budget. This results from a combination of increasing numbers of service user admissions for those aged 18 to 64 (12 higher than last year) and increasing numbers of service users (20 people) on a higher price band reflecting higher dependent needs (partly mitigated by overall reducing levels of over 65 year old residential admissions); plus reducing levels of income from service users contributing to their own care. A joint incentivisation efficiency saving with providers was also delayed (£0.15m).
23. The overspends reported above are partly offset by savings of £3.5m. These include:
- £1.5m on community based in house services, through a combination of using health funding; reduced spend on remodelled in-house day services as personal budgets are promoted and reablement productivity improvements

- £0.6m by early savings on housing related support and voluntary sector spend;
- £0.9m care pathway and back office turnover and efficiency savings;
- £0.5m Community and Wellbeing savings relating to vacancies and management of adult learning tutor expenditure.

### **Environment and Transport**

24. There is a net underspend of £3.16m (3.7%) which reduces to £0.89m (1.1%) after carry forwards, two of which required Cabinet approval (see Appendix B). This net underspend is reflected in the transfers to the sustainable travel group vehicle replacement and Waste earmarked funds, shown in Appendix A to this report.
25. The main variances include underspends on Highway Structural Maintenance (£1.05m) due to receipt of additional funding for flood damaged roads late in the year, Mainstream school transport from e-auctions and contract procurement (£1m), transport policy and strategy, partly due to one-off growth being deferred to 2014/15 and partly due to the receipt of additional developer income (£0.5m), concessionary travel scheme due to lower demand than expected (£0.3m), and a net saving of £0.6m on Environment budgets.
26. These underspends are partly offset by a shortfall in the contribution from Leicestershire Highways Operations (£0.7m), in part due to the way in which work is packaged and issued to LHO, making it difficult to plan the delivery of the work programme making optimal use of resources (plant, vehicles and labour) - something that is being addressed in the Department through reviewing and improving the "Plan, Prepare, Do" process. The underspends are also partly offset by overspends on SEN Transport (£0.4m) and Social Services Transport (£0.2m) due to levels of demand being in excess of budgets, both in terms of numbers of clients and also great complexity of need.

### **Chief Executives**

27. There is a net underspend of £1.25m (8.5%) which reduces to £0.97m (6.6%) after carry forward requests of £0.28m. The net underspend mainly relates to slippage on Extra care work funded by New Homes Bonus grant (£0.3m), staff vacancies and additional income.

### **Corporate Resources**

28. There is a net underspend of £1.58m (4.5%) which reduces to £1.2m (3.5%) after carry forward requests of £0.35m, including £0.2m approved by Cabinet (see Appendix B). Underspends mainly relate to staff vacancies and increased

income from trading activities, offset by overspends on Corporate Projects and Facilities Management.

### **Public Health**

29. There is an underspend of £1.5m. The cost of budgets including Leicester-Shire and Rutland Sport, the Public Health programme, Drug and Alcohol Action Team, and Teenage Pregnancy and Young Person Substance Misuse can be met from the higher than anticipated ringfenced Public Health grant which means the County Council contributions are not required.

### **Contingencies**

30. A contingency of £0.3m was made for the forecast overall costs of the Carbon Reduction Commitment (CRC) in 2013/14, excluding the schools element (£0.45m) which has been treated as part of the schools budget. The contingency made allowance for street lighting, which has been exempted from the current "Phase" of CRC. As a result there is an underspend of £0.15m on the contingency.
31. The 2013/14 budget includes a £1.2m contribution for investment in the Loughborough Science Park. The funding has been transferred to an earmarked fund as the contribution is expected to be made in 2014/15 and 2015/16.
32. A contingency of £4.46m was originally made against delays in the achievement of savings. No major problems have been identified, other than on the Effective Support saving (see paragraph 21 above). The contingency is therefore shown as an underspend.
33. A provision of £3m was made for severance / Invest to Save issues. Severance costs of £1.3m were funded in 2013/14 and the balance has been transferred to the Transformation earmarked fund to meet costs in future years.
34. A contingency of £1.2m was made for council tax collection deficits following the implementation of the Government reforms on the Localisation of Council Tax Support. The situation has been monitored on a monthly basis in liaison with the District Councils and the increased tax bases and collection fund balance projections for the 2014 MTFS show that there are not any significant risks to collection fund balances in 2013/14.
35. A contingency of £9.0m was made for inflation, of which £8.3m has been allocated regarding residential care charge increases, the 2013 pay award, highways maintenance, waste management, passenger transport, street lighting and other energy increases, insurance, ICT and winter maintenance salt inflation. The remaining balance of £0.7m is shown as an underspend.

### **Central Items**

36. Central Items budgets are underspent by £4.7m, which reduces to £3.7m after carry forwards of £1m. The main variances are set out in following paragraphs.
37. Bank and other interest was £0.15m (9%) lower than the original budget, due to balances being lower than anticipated.
38. The original budget for the financing of capital assumed that £40m of external debt would be borrowed during the year, whereupon it would begin to earn interest. However, due to continued low interest rates and the level of internal balances this money has not been borrowed during 2013/14. As a result an underspend of £2.86m (10%) has occurred as a consequence of not incurring interest costs on the previously expected borrowing.
39. The Financial Arrangements budget is underspent by £0.58m, mainly due to the receipt of an ESPO dividend of £0.21m and a rebate of £0.29m on a centralised agency arrangement.
40. The Members Expenses and Support budget is underspent by £86,000 (6%) due to turnover of political assistant posts and various small underspends relating to Members' expenses.
41. Local Services Support Grant includes grant funding for Extended Rights to Free Travel. The Department for Education released 2013/14 (£0.68m) and 2014/15 (£0.5m) allocations in July 2013. These are lower than the 2012/13 level used in the original 2013/14 budget (£0.8m). It was not feasible at that stage for CYPS and E&T to reduce expenditure to offset the £0.12m cut in 2013/14 but the 2014/15 budget has been adjusted to reflect the reduced level of grant in that year.
42. From April 2013, the Department for Works and Pensions (DWP) transferred funding to the County Council (£1.08m) which had previously been used to provide Community Care Grants and Crisis Loan schemes. This funding is to provide short term support to families under exceptional pressure and to support individuals returning to their communities from institutional care. To meet the needs of the local community the County Council established the Leicestershire Welfare Provision (LWP). It was anticipated that additional funding would need to be allocated from County Council resources in light of the historic overspends experienced by DWP, the changes to benefits announced and the challenging economic climate. A £0.2m contingency was included in the 2013/14 revenue budget but this contingency was not required.
43. The 2013/14 budget included a forecast of £5.3m for Education Services Grant. The grant is subject to the level of Academy conversions during the financial year, which has been slower than originally anticipated, and the grant received by the County Council is £0.5m higher.



44. There is a £0.9m underspend on prior year adjustments, which mainly relates to the County Council's estimated share of surplus balances from Connexions Leicester Shire Services Limited's reserves following the decision to close the service (£0.6m). This is to be carried forward and used to reduce the pension liabilities of the former service.
45. On 13<sup>th</sup> September 2013 the Cabinet approved the use of up to £60,000 of the 2013/14 revenue underspend as a contribution to the Bradgate Park Trust to purchase additional land. The arrangements have been finalised and a total contribution of £50,000 was made.
46. The Cabinet on 13<sup>th</sup> September 2013 also approved the use of £0.25m of the 2013/14 underspend to fund a contribution to works to the Cathedral Gardens; £0.19m has been spent in 2013/14 and the balance will be carried forward. A further carry forward of £41,000 is included in Appendix B regarding a contribution towards the ongoing maintenance of the gardens.
47. A carry forward is also included in Appendix B for a contribution of £0.25m towards internal building works at the Cathedral regarding the re-internment of King Richard III.

### **Income**

48. Additional income of £1.2m has been received in relation to the issues below:
  - £0.4m regarding the return of the majority of a top-slice removed from the County Council's Revenue Support Grant for the purpose of funding capitalisation bids. This money was returned at the end of the financial year;
  - £0.3m regarding additional "local share" income received from the new Business Rates Retention Scheme;
  - £0.5m regarding a grant to compensate for the loss of local share income relating to the extension of the temporary increase in Small Business Rate Relief.

### **Business Rates**

49. The Government introduced the Business Rates Retention system from April 2013. The County Council has liaised with the District Councils, Leicester City Council and Rutland County Council and monthly monitoring has been undertaken to assess the position of the Leicester and Leicestershire Pool.
50. The Pool is projected to generate an additional £0.7m for the sub region in 2013/14, compared with a £0.7m surplus projected in January 2013 when the Pool was formally established. The final position is subject to external auditors' reports on the District Councils' accounts and will be finalised in September 2014.

### **Additional Commitments**

51. The Cabinet on 17 June 2014 approved the use of £3.9m of the net underspend to fund the following transfers to earmarked funds:
- Transformation £1m
  - Vehicle replacement £0.5m
  - Waste Strategy £0.4m
  - Extracare £0.4m
  - IAS Phase 1 Stabilisation £0.3m
  - Leicester and Leicestershire Integrated Transport Model £1.35m

### **County Fund and Earmarked Funds**

52. The uncommitted County Fund balance as at 31 March 2014 stands at £10.7m, 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 and the Care Bill. 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.
53. The total level of earmarked funds as at 31 March 2014 is £97.1m, excluding the ringfenced Dedicated Schools Grant earmarked fund, which compares to £99.8m as at 31 March 2013. Earmarked funds are shown in detail in Appendix E. The main earmarked funds are set out below.

### **Renewals of Vehicles and Equipment (£4.9m)**

54. 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 (£15.4m)**

55. Earmarked funds of £9.4m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies. This is higher than projected following a re-evaluation of the level of the insurance Provision, with the balance being held in the earmarked fund. 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.
56. 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 latest accounts of MMI show a net estimated liability of £28m after the imposition of a levy by the scheme administrators. The levy for the County Council was £2.2m which was paid in April 2014. However there is a contingent liability for any additional deficit due to the uncertainty of the value of incurred but not reported claims. It should also be noted that future claims will only be paid by MMI at 85% with the balance coming from the uninsured loss earmarked fund. Experience to date has been a worsening position with actual claims exceeding the forecast made by MMI's actuaries. The level of the provision will be kept under review and transfers made, as necessary, from the uninsured loss fund, to take account of the latest MMI position and also of other failed insurers such as the Independent Insurance Co. Limited.

### **Children and Young People's Service**

57. Dedicated Schools Grant (£9.6m). 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.
58. Early Intervention Grant (EIG) transitional grant funding (£3.2m). Funding set aside to fund the shortfall in EIG funding in 2014/15.

### **Adults and Communities**

59. Adults and Communities Development (£4.8m). This earmarked fund includes funding for the replacement of the Social Services care management and finance system (SSIS); the Care Pathway to ensure timely reviews and resolution of customer enquiries; and investment to modernise Community Life Choice in-house facilities. The fund is higher than forecast due to a transfer from the Health and Social Care fund to consolidate balances to the Adult and Communities Development fund to support ongoing departmental priorities and to provide resource for future transformational work.
60. Health & Social Care earmarked fund (£7.8m). An earmarked fund was created in 2010/11 following agreement to substitute funding from the NHS for Winter Pressures and Post Discharge Reablement with expenditure already incurred by the County Council. Similar arrangements took place in 2011/12 and 2012/13. 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 Integration Executive for Leicestershire.

## **Public Health**

61. Public Health (£7.9m). 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.

## **Chief Executive's**

62. Supporting Leicestershire's Families (£4.6m). This funding has been earmarked to fund both the programme team and the new services under the supporting Leicestershire's Families programme (formerly known as Troubled Families). Funding was approved by the Cabinet in June 2012.
63. Economic Development, £2.8m has been earmarked for economic development proposals.

## **Corporate**

64. The balance on the Transformation earmarked fund stands at £23.3m. This fund includes the former Invest to save/severance and change management earmarked funds. It will be used to invest in transformation projects to achieve efficiency savings and also fund severance costs. To achieve the level of savings within the MTFs, and the additional level of savings required to 2018/19 following the Chancellor's 2014 Budget statement, the Council will need to change significantly and this will require major investment including in some of the core 'building blocks' of transformation such as improvements to data quality. Work is underway to develop a costed transformation programme which will be reported to Cabinet.
65. Broadband (£6.3m). The Council Tax freeze grant for 2012/13 was approved as part of the MTFs 2012 to be set aside to develop super-fast broadband to areas with poor service. This will be delivered through the contract that was entered into with BT over the summer of 2013. BT are currently rolling out the infrastructure in the County and payments are due to commence according to plan. The County Council has submitted an expression of interest to be considered for further funding that will allow additional access to super-fast broadband in Leicestershire.
66. Local Authority Mortgage Scheme (-£8.4m). This scheme 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 2013/14 a total of £8.4m (of £10m overall) had been advanced to Lloyds TSB. This advance has been temporarily financed from the overall balance of earmarked funds, to be repaid in 2017/18 and 2018/19.

## **CAPITAL PROGRAMME**

67. A summary of the capital outturn for 2013/14, excluding schools devolved formula capital, is set out below:

Programme Area	Updated Budget	Actual	(Under)/Over spend	%
	£000	£000	£000	
Children & Young People	17,978	17,581	(397)	98%
Adults and Communities	2,958	2,736	(222)	92%
Env't & Transport - Transportation	42,000	42,000	0	100%
Env't & Transport - Waste Management	3,904	3,837	(67)	98%
Chief Executive	626	238	(388)	38%
Corporate Resources	3,646	2,659	(987)	73%
Corporate Programme	1,192	1,149	(43)	96%
<b>Total</b>	<b>72,304</b>	<b>70,200</b>	<b>(2,104)</b>	<b>97%</b>

68. The table above shows net slippage of £2.1m compared with the updated original programme. Overall, expenditure incurred is 97% of the updated budget and is higher than the target level of spend of 95%.

69. A summary of the main variations is set out in Appendix E.

70. Appendix F compares the provisional prudential indicators with those set and agreed by the Council, at its budget meeting in February 2013. These are all within the limits set except for the actual ratio of capital financing costs as a percentage of the net revenue stream, the actual of 7.31% compared to the original indicator of 6.55%. This is due to the increase in capital financing costs as a result of the £8.4m repayment of debt from the 2013/14 revenue underspend.

### **Children and Young People's Service**

#### **Key Achievements**

71. Work was completed on the Charnwood Area Special School and opened to pupils in January 2014, 3 months earlier than planned. A total of £6.9m expenditure was incurred in the current year. The state of the art £9.3m area special school provides a new home for Ashmount School and offers places for 125 children and young people aged between four and nineteen. The school includes a hydrotherapy pool, a sensory and therapy suite, physiotherapy room, conference and training room.

72. A total of £7.7m was invested in the School Accommodation programme during 2013/14. Works were completed at 15 schools to ensure there are sufficient pupil places.

73. Strategic Capital Maintenance - £2.7m was spent on works at schools:

- Re-roofing works
- Window replacements
- Installation of new boiler plants
- Replacement of fan convector units

#### **Main Variances**

74. The year end position shows a variance of £0.4m compared with the updated budget:

- Slippage of £0.2m for Birstall Longslade (All Weather Pitch) while discussions are taking place regarding the use of Section 106.
- Short Breaks for Disabled Children (£0.2m). Uncommitted grant funding has been re-programmed to develop the provision of Early Intervention Support through the Targeted Early Help Hubs in Coalville, Hinckley and Loughborough.

#### **Adults and Communities**

##### **Key Achievements**

75. Wigston Library £0.2m – Refurbishment including the creation of extra rooms to generate income was completed in August 2013.
76. The SSIS replacement programme (IAS-Integrated Adults System), £0.5m spent in current year. Implementation of the new system was completed and went live in March 2014. The new system provides enhanced functionality that is essential to cope with increasing demands as a result of new developments most notably with the personalisation agenda.

##### **Main Variances**

77. The year end position shows a variance of £0.2m compared with the updated budget.
78. The main variance relates to slippage of £0.1m on the Extracare Scheme in Blaby while the legal agreement with East Midlands Housing Association with regards to the security of the County Council's contribution is being finalised, and slippage of £0.1m on minor works and other schemes.

#### **Environment and Transportation – Transportation**

##### **Key Achievements**

79. 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). The scheme has commenced which 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 October 2014. The actual spend in 2013/14 was £6.6m.

80. A50/A46 Junction Improvements: £2.5m was spent on increasing the number of lanes and provision of traffic signals on the busiest arms of the roundabout, to improve the traffic flow through the junction. The scheme was completed in January 2014.
81. A total of £2.7m was delivered on Integrated Transport Schemes, including:
- £1.8m on Active and Sustainable Travel Schemes.
  - £0.14m on improving Connectivity and Accessibility Schemes
  - £0.1m on improving Network Performance and Reliability
  - £0.67m on local safety schemes
82. A total of £15.8m was also delivered on Highways Asset Maintenance, including:
- £10.0m on carriageways
  - £2.3m on footways and Rights of Ways
  - £1.8m on bridge Maintenance and Strengthening
  - £1.4m on street lighting
  - £0.3m on street lighting part night lighting and dimming (Invest to Save)
83. £1.94m 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**

84. Overall the outturn spend is in line with the budget. Variations within this position include:
- Loughborough Town Centre (£0.4m) based on the latest works profile from the main contractor and a schedule of land purchases but the completion date of October 2014 remains unaffected;
  - Depot Review (£0.2m) Slippage on the work at Mountsorrel Depot to 2014/15 as a result of a delay in the staff moving out of Mountsorrel and into Croft;

- Ashby Canal (£0.3m) re-appraisal of the overall project and how best to utilise the Section 106 funding to ensure value for money;
- Bridges (£0.2m) due to a shortage in staffing resources to carry out technical assessments;
- Safety Schemes (£0.2m) A scheme in Loughborough has slipped as a result of a diversion route in place while the Loughborough Inner Relief Road scheme is on going and two other schemes have slipped into 2014/15 due to local member discussions;
- Street Lighting part dimming (£0.2m) A combination of reduction in the cost of the project and slippage due to extended consultation on proposals within Loughborough;
- Unallocated carry forward (£0.2m) Balance of uncommitted underspend brought forward from 2012/13 no longer required;
- Advanced Major Schemes (£0.2m) Unused funding due to staff time on other major schemes, underspend will be required in 2014/15.

85. These are offset by:

- forecast acceleration of £0.7m on Integrated Transport Schemes;
- an overspend of £0.9m on the Braunstone Asda Roundabout scheme due to additional night work, a temporary service road to avoid disruption to bus services (which had a knock on impact in delaying the scheme delivery such that other scheme costs increased) and greater than anticipated utility services;
- an overspend of £0.5m on the Better Bus Area Programme due to additional works including signalisation/resurfacing at Soar Valley Way plus a Toucan Crossing.

## **Environment and Transportation – Waste Management**

### **Key Achievements**

86. The programme to improve the Recycling and Household Waste Sites (RHWS) and Waste Transfer Stations (WTS) has continued. Significant work has been undertaken on the Whetstone RHWS and WTS £3.25m redevelopment project. This work builds upon the previous successes and underpins the County Council's commitment to maximising diversion of waste from landfill and providing a high quality service.



**Main Variances**

87. The year end position shows a variance of £0.1m compared with the updated budget.
88. The variance relates to (£0.2m) slippage due to delays in establishing drainage options suitable at each Recycling and Household Waste site (RHWS) offset by an overspend of £0.1m on works at the Whetstone RHWS as a result of additional demolition costs and changes to the design in order to reduce the risk of flooding.

**Chief Executive's**

89. The year end position shows a variance of £0.4m compared with the updated budget.
90. The main variances are slippage of £0.3m on Kegworth Community Centre, while the scheme options are being reviewed to assess its value for money and slippage on the Rural Capital Programme (£0.1m) due to delays in the completion of projects, in some cases because of the seasonal dependency of the projects.

**Corporate Resources****Key Achievements**

91. During 2013/14 expenditure of £0.46m was incurred on the County Hall Refurbishment Phase 2 including works to the reception and the former library areas.
92. Investment in the ICT infrastructure £0.5m on:
- Infrastructure costs for the single information store and facilitating the move to more efficient low cost customer access channels.
  - Supporting the Work Well strategy by implementing the infrastructure required for Mobile and Flexible working.
93. Aston Firs Travellers Site – £0.25m to complete the scheme which was finished in June 2013. The works on rebuilding amenities and drainage have improved the quality of life for the 20 families who live on the site.

**Main Variances**

94. The year end position shows a variance of £1m compared with the updated budget.
95. This mainly relates to delays to the programme to acquire agricultural land (£0.5m) while suitable sites are being identified, and delays in the demolition of

vacant buildings (£0.4m) as a result of the complex nature of the work plus other minor variances.

### **Corporate Programme**

#### **Key Achievements**

96. Purchase of the former Fire Services headquarters located on the County Hall campus for £1.1m in January 2014. The site will be used to reduce costs for external venue hire and increase external income.

#### **Main Variances**

97. Overall the net spend is forecast to be in line with the budget. Variations within this position include:
- Slippage of £0.1m on the refurbishment of the former Fire Service headquarters following the slightly later than planned purchase. As a result the works will now take place in 2014/15;
  - Acceleration of Energy Efficiency works at County Hall from the 2014/15 capital programme, £0.1m.

### **Capital Receipts**

98. The total level of general capital receipts achieved is £12m compared with a budget of £5m leaving a balance of £7m. As part of the 2014 MTFS, £4.5m of the balance is being used to replace unsupported borrowing with the remainder to be carried forward to fund the 2014-18 MTFS capital programme.
99. The actual level of earmarked capital receipts is £0.4m compared with an original budget of £0.32m.

### **Recommendation**

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

### **Circulation under the Local Issues Alert Procedure**

None.

### **Officers to Contact**

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### **Appendices**

Appendix A – Comparison of 2013/14 Expenditure and the Updated Revenue Budget

Appendix B – 2013/14 Carry Forward requests requiring Cabinet approval

Appendix C - Revenue Budget 2013/14 – main variances

Appendix D – Financial Management Performance Indicators

Appendix E – Earmarked Reserve balances 31/3/14

Appendix F - Variations from the updated 2013/14 capital programme

Appendix G - Prudential Indicators 2013/14

### **Background Papers**

Report to Cabinet - 27 June 2006 – Provisional Revenue Outturn 2005/06  
(regarding guidelines for carry forward requests)

[http://politics.leics.gov.uk/Published/C00000135/M00001410/AI00013352/\\$DProvisionalRevenueOutturn0506includingAppendix3.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00001410/AI00013352/$DProvisionalRevenueOutturn0506includingAppendix3.doc.pdf)

Report to County Council – 20 February 2013 – Medium Term Financial Strategy  
2013/14 to 2016/17

[http://politics.leics.gov.uk/Published/C00000134/M00003720/AI00033958/\\$BudgetReportoftheCabinet.docx.pdf](http://politics.leics.gov.uk/Published/C00000134/M00003720/AI00033958/$BudgetReportoftheCabinet.docx.pdf)

Report to Cabinet – 13 September 2013 - 2013/14 Medium Term Financial Strategy  
Monitoring (Period 4)

[http://politics.leics.gov.uk/Published/C00000135/M00003634/AI00035622/\\$6201314MediumTermFinancialStrategyMonitoringPeriod4.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003634/AI00035622/$6201314MediumTermFinancialStrategyMonitoringPeriod4.doc.pdf)

### **Equal Opportunities Implications**

There are no direct implications arising from this report.

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