

Revenue Budget 2014/15 – forecast main variances**Children and Family Services****Dedicated Schools Grant**

A net underspend of £1.24m is forecast. The main variances are:

	£000	% of Budget	
Nursery Education Funding (NEF)	225	1%	The initial count of the Autumn term headcount data indicates that there could be a potential overspend of £225k on this budget. This will be reviewed as the Autumn Term data is finalised.
Early Learning and Childcare	-650	-21%	Demand lower than expected for the new Two Year Old NEF project which is funding 1,000 places for deprived two year olds.
Special Educational Needs	-620	-1%	The underspend relates to contingency funding set aside for the first full year of post 16 high need support and for increased costs relating to the change in the participation age. Many young people prefer to keep their placement options open until exam results are known but early indications allow for part of the contingency to be released. A full reconciliation of leavers will take place at the end of the next monitoring period.
Alternative Provision	-160	-100%	Arrangements for how Leicestershire's Pupil Referral Unit (PRU) is to be funded have been confirmed. It is likely that no additional funding will be required in assisting the PRU to make the transition to its new funding arrangements.

Local Authority Budget

A net overspend of £0.05m (0.1%) is forecast. The main variances are:

	£000	% of Budget	
Placement Budget	3,180	18%	Overspend mainly due to increased need to place children with Independent Fostering Agencies (IFA). This is because, whilst Leicestershire's children in care numbers are well below the national average / statistical neighbours, numbers increased suddenly during Qtr. 4 of the

			financial year 2013/14 as a result of increased national public awareness in the light of national high profile serious case reviews. Although there is an active drive to recruit new in house foster carers, the number of mainstream foster carers over the last 12 months suffered a net decrease mainly as result of carers retiring. This subsequently means that the County Council's in house provision remains saturated. With the increasing demand of specific needs of placements such as baby & mother and sibling group placements, placements are having to be made externally. The majority are being placed in IFA's, which has seen these placements increase by 31% since this point last year.
Safeguarding Assurance	105	7%	Due to capacity issues within the service, agency management cover and additional Independent Review Officer capacity have been agreed for part of the year. This additional budget pressure around staffing is partially offset by expected income to be received during the year, due to more schools converting to Academies and Independents buying training.
Early Intervention Grant	-800	-37%	Underspend at this stage against £3.2m funding, which could increase to £2.1m, following a review in November, when the extent of the two year old take up and its current and future financial impact can be assessed with some level of certainty.
Disabled Children Service	-620	-17%	The service is required to deliver savings in 2015/16 and has taken opportunities to reduce costs as they have arisen, including not allocating uncommitted grant funding to providers.
Specialist Assessment & Response Services	-620	-7%	The underspend is across the three locality areas and is due to management decisions taken to freeze a number of vacant posts/hours across teams.
Targeted Early Help - Children Centres / Youth Service	-400	-3%	Underspend largely due to staff vacancies, and underspends on a number of commissioning projects.
Asylum Seekers	-150	-50%	The number of children supported has decreased significantly in comparison to previous years.
Pupil Referral Unit (PRU) Transport	-130	-47%	Reduced costs arising from establishing Oakfield as Primary provision only and therefore the demand on the PRU

			transport budget will be reduced.
Administration and Committees	-100	-16%	Underspend largely due to vacant posts within the establishment which are unlikely to be filled.
Grants to Voluntary Bodies	-65	-35%	Savings due to ending The Bridge contract mediation service.
School Admissions and Pupil Services	-55	-17%	Increased traded activity.
Therapeutic Social Work	-55	-17%	Agreed reduction in contract price with Family Action for 2014/15.
Heads of Strategy	-50	-7%	Part year vacancies within year.

Adults & Communities

At this stage the Department is forecasting a net overspend of £3.04m (2.2%). The main variances are:

	£000	% of Budget	
Home care	1,390	6%	Increased levels of demand and above inflationary pricing pressures have seen homecare costs increase by over 5% year on year. Demand pressures are a result of service user's increasing levels of need. Above inflationary pricing pressures are being driven by sector wide issues of capacity shortage and increasing wage costs being experienced by providers, relating to staff travel and other incentives to recruit and retain skilled staff.
Service User Fairer Charging Income	1,080	9%	Service user contributions to the costs of their (community based) care are projected to be 9% lower than budget. This is a sensitive budget item that varies depending on the relative level of wealth and ability to pay of service users.
Residential and nursing care	910	2%	Income levels from service users are lower than expected. Further work is being undertaken to establish whether this is a timing variance or a trend of reducing service user income affected by changes in the wider economic environment, such as the tightening of welfare benefits.
Efficiencies and Service Reduction shortfalls	650	n/a	A shortfall in achieving savings has arisen due to delays implementing plans for delivery. This is partly linked to the need to undertake public consultation and other statutory changes relating to services such as Deprivation of Liberty. The key risks relate to in-house and other service

			reviews; libraries and museums and “Limiting service users choice of support to the most cost effective option”. Some mitigating savings have been sourced already (short term Communities and Wellbeing infrastructure savings and Early Intervention and Prevention) and the department is looking to identify other areas of savings to compensate for the remaining shortfall.
Integrated Adult System (IAS) resources	350	6%	Temporary resources are needed to stabilise system, interface, payment and data issues arising from the IAS Social Care and Payments system implementation. This resource is needed short term to ensure continuity of payments to providers; income assessment and collection; and bad debts whilst implementing permanent system change and enhancements to meet statutory requirements and opportunities for future savings through more automated processes.
Community Life Choices	290	4%	Cost pressures are a result of a higher proportion of younger adults with very complex needs. There is also an underspend projected in cash direct payments reflecting less service users migrating from managed day services to direct cash payments than expected.
Deprivation of Liberty (DOLS)	210	49%	Increased “DOLS” assessments and reviews expected following recent legislation changes.
Homecare Assessment & Reablement Team (HART)	-590	11%	Vacancies and health funding have led to this underspend. This also assumes that additional resources (up to 15 fte homecare assistants) will be recruited to create more reablement capacity which will have a positive impact on service users maintaining their independence longer and a reduced need for ongoing packages (usually home care).
Prevention Review	-475	5%	2015/16 savings target is on track for early delivery to coincide with contract start dates.
Direct Cash payments	-470	2%	Tightening packages for new service users through reducing delegated commissioning powers and cash “clawbacks” of unused cash balances are contributing to this underspend. There is

			also likely to be some overlap with the homecare and community life choices budgets where some service users could be choosing a managed budget instead of the cash equivalent.
Care pathway locality teams	-310	3%	Timing of filling vacancies in locality teams coupled with a temporary delay replacing the Locality Support Development Service team with the new service that supports service users managing their cash payments and Personal Assistants.

Environment and Transportation

At present the Department is forecast a net underspend of £0.21m (0.3%). The main variances are:

	£000	% of Budget	
<u>Highways</u>			
Staffing & Admin Costs	90	5%	Overspend due to a shortfall in income recoverable against staff time.
<u>Transportation</u>			
Special Education Needs	250	4%	Overspend due to increasing requirements for solo transport for SEN pupils with high needs.
Public Bus Services	200	6%	A number of overspends including: <ul style="list-style-type: none"> • efficiency savings delayed relating to the review of the supported bus network due to several service revisions (£50k); • a shortfall in funding against operator claims following service reductions (£75k); • additional contract costs from the January 2014 renegotiated contract (£45k).
Social Care Transport	50	2%	£150k overspend forecast based on previous year's outturn and expenditure to date based on existing contract prices. Partially offset by Hinckley review in July 2014.
Concessionary Travel & Joint Arrangements	-450	-8%	Forecast underspend due to lower usage based on the first 5 months of the financial year and a change in eligibility criteria. Forecast will vary through the year based on any changes in bus fares and weather.
Mainstream School Transport	-290	-5%	Underspend due to reduced demand arising from increased charges, a school arranging their own transport and more commercial options being available at several schools.
Community Transport	-140	-20%	Balance of Baker Fund not to be used as ring fenced for spending on community transport. Fund would be better utilised in 2015/16 and

			a carry forward will be requested.
<u>Environment</u>			
Landfill	775	12%	Overspend due to additional waste costs; £180k as a result of increased tonnages due to improving economy, £300k due to more commercial waste being handled(although offset by additional income). Balance is due to difficult recycling market conditions, with more rejected material having to go to landfill.
Recycling Credits	100	2%	Overspend based on initial data from the districts and is caused by weather conditions and collections. Forecast will vary significantly through the year as more accurate information becomes available.
Haulage	-350	-34%	Reduced haulage due to use of third party transfer and more use of Syston transfer station.
Recycling & Household Waste Sites	-170	-5%	Lower bonus payable due to reduced recycling and reduced inflationary pressure.
Environmental Management	-130	-88%	Changing priorities linked to delivering the carbon reduction strategy means there is a need to re-distribute the money over the next 3 financial years. This is likely to be a carry forward request.
Waste Management Income	-75	-8%	Additional commercial waste income (£300k) offset by a decrease in income from recyclables due to poor market conditions and reduced income from revised WEEE regulations – no longer being paid on some electrical recyclables.

Chief Executives

An underspend of around £0.76m (6.6%) is forecast. The main variances are:

	£000	% of Budget	
Coroners	70	9%	The overspend relates to the South Leicestershire Coronial Service which is run by Leicester City Council on the County's behalf. The 2013/14 charge was significantly more than forecasted and accrued for, due to a rise in the number of cases and complexity of those cases.
New Homes Bonus	-240	-48%	Cabinet in July approved an allocation of £260k towards an Extracare Scheme in Derby Road, Loughborough. There are no further schemes that are at an advanced enough stage in their development to warrant LCC to award funding. The remaining budget

			will therefore remain unspent in 2014/15 and may be the subject of a carry forward request.
Democratic Services	-175	-13%	£120k of this saving relates to the early achievement of efficiency savings which were expected in later financial years. There is also an underspend relating to staff vacancies in the new staff structure.
Strategic, Partnerships & Communities	-120	-2%	Underspend mainly relates to staff vacancies which have been left unfilled pending a staff review of the whole service expected to commence towards the end of 2014/15.
Trading Standards	-110	-7%	A number of underspends including: <ul style="list-style-type: none"> • staff turnover -recruitment has been delayed due to the need to make efficiency savings in the future (£50k); • underspend on legal costs in relation to a Crown Court trial (£50k); • running costs in particular the cost of Analyst Costs (£70k). These are partly offset by overspends of £60k, mainly increased agency spend.
Registrars	-60	n/a	Increased income due to more residents using Registrars Services.
Legal	-50	-3%	Staff vacancies and additional income.

Corporate Resources

An underspend of around £0.48m (1.4%) is forecast. The main variances are:

	£000	% of Budget	
ICT - Architecture Design & Commissioning	340	35%	Overspend due to acceleration of various projects prior to the commencement of Transformation programme work. Additional spend on various projects including: Information & Technology Enabler, Public Sector Network Code of Connection compliance, C&FS systems, Oracle Policy Automation.
Property Disposals	200	80%	Overspend forecast based on an increased anticipated level of capital receipts.
East Midlands Shared Services – County Council contribution	100	8%	LCC £100k forecast overspend based on latest EMSS monitoring report from NCC (overall EMSS forecast overspend is £200k). Overspend mainly due to staffing as transition staff are still in post. Originally it was planned that transition staff would not be employed during 2014/15.
Traded Services	-450	n/a	An overall underspend on traded services is expected due to increased traded

			activity/income.
Operational ICT	-100	-1%	Staff turnover savings.
Operational Property	-70	-3%	Increased income from Facility Management contracts offset by costs incurred on properties held vacant for future use or disposal.
Corporate Health & Safety	-85	-17%	Staff turnover savings (£68k) and additional income from Academies (£17k).
Learning & Development - General	-85	-5%	A number of posts are being held vacant, pending a review next year.
Learning & Development – Management Development	-60	-42%	Underspend due to Institute of Leadership and Management in-house delivery taking longer than anticipated to go through the accreditation process. Also, next stage of Leading For High Performance is on hold awaiting the outcome of the People & Organisational Development Enabler.