



SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 21st November, 2016 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

S Bentley - Weetwood;
D Cohen - Alwoodley;
K Groves (Chair) - Middleton Park;
H Hayden - Temple Newsam;
J McKenna - Armley;
S McKenna - Garforth and Swillington;
D Nagle - Rothwell;
A Sobel - Moortown;
E Tunnicliffe - Roundhay;
T Wilford - Farnley and Wortley;
R Wood - Calverley and Farsley;

Please note: Certain or all items on this agenda may be recorded

Principal Scrutiny Adviser:
Steven Courtney
Tel: 24 74707

Produced on Recycled Paper

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:</p> <p>No exempt items have been identified.</p>	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 19 SEPTEMBER 2016 AND 24 OCTOBER 2016</p> <p>To confirm as a correct record, the minutes of the meetings held on 19 September 2016 and 24 October 2016, respectively.</p>	1 - 8
7			<p>FINANCIAL HEALTH MONITORING</p> <p>To receive and consider a report from the Head of Governance Services introducing a suite of Financial Health Monitoring reports, due to be considered by Executive Board on 16 November 2016.</p>	9 - 64
8			<p>USE OF AGENCY STAFF</p> <p>To consider a report from the Head of Governance Services that provides the opportunity to discuss the use of agency staff across the Council.</p>	65 - 68

Item No	Ward/Equal Opportunities	Item Not Open		Page No
9			<p>WORK SCHEDULE (NOVEMBER 2016)</p> <p>To consider the Scrutiny Board’s work schedule for the remainder of the 2016/17 municipal year.</p>	69 - 74
10			<p>DATE AND TIME OF NEXT MEETING</p> <p>Monday, 19 December 2016 at 10:00am (pre-meeting for all Board Members at 9:30am.)</p> <p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. 	

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 19TH SEPTEMBER, 2016

PRESENT: Councillor K Groves in the Chair

Councillors S Bentley, D Cohen, H Hayden,
J McKenna, S McKenna, A Sobel,
C Towler, E Tunnicliffe and T Wilford

19 Late Items

There were no late items or supplementary information presented.

20 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

21 Apologies for Absence and Notification of Substitutes

Apologies for absence had been received on behalf of Councillor D Nagle, with notification received that Councillor C Towler would be attending as a substitute member.

22 Minutes - 18 July 2016

Minutes from the meeting held on 18 July 2016 were agreed as an accurate and correct record.

There were no specific matters arising identified or discussed at the meeting.

23 Chairs Update

The Chair gave a brief update on some of the activity undertaken since the last Scrutiny Board meeting, with specific reference to on-going discussions regarding procurement and associated service reviews.

RESOLVED – That the Chair's update be noted.

24 Effective Procurement

The Scrutiny Board considered the report from the Chief Officer, Projects, Programmes and Procurement Unit (PPPU) in relation to effective procurement. The report presented:

- An update on PPPU's access to council feeder systems following the intervention of the Scrutiny Board.
- Improvements to the council's financial management system (FMS) to reduce off contract spend.
- Ongoing work to reduce non-contract spend
- An analysis of the use of Waivers of the Contracts Procedure Rules (CPRs) April 2015 to March 2016

The following officers were in attendance for the discussion and to address questions from the Scrutiny Board:

- Jo McCann – Portfolio Manager – Projects, Programmes and Procurement Unit
- Dominic Bailey – Senior Portfolio Officer – Projects, Programmes and Procurement Unit

The officers provided an outline of the key issues within the report. A discussion followed and a range of matters were discussed, including:

- The significant reduction in the level/ number of contact waivers in the current year, compared to previous performance.
- The level of member involvement in monitoring compliance with Contract Procedure Rules.
- Opportunities for fraudulent practice within current procurement / order raising arrangements.
- Checks and balances in place within the processes for placing orders up to the value of £10k.
- The use of internal suppliers and awareness of the requirements within the Contract Procedure Rules.
- Concerns regarding the number of Council Officers authorised to place orders within current arrangements.
- The relationship and coordination between procurement, order raising and payment processes.
- The Council's programme of Support Services Reviews, including the 'systems' workstream.
- The use of contact waivers allowable within the Contract Procedure Rules and associated outcomes and instances where 'required information' was not provided.
- The availability and delivery of mandatory staff training around Contact Procedure Rules.

In concluding the discussion, the Chair thanked the officers for their attendance and contribution to the meeting.

RESOLVED –

- (a) That the report be noted.
- (b) That the Scrutiny Board give more detailed consideration to the level and use of Contact Waivers and the associated or underpinning reasons.

(NB Cllr D Cohen joined the meeting at 10:05am, during consideration of this item).

25 Work Schedule

The Principal Scrutiny adviser presented the Scrutiny Board's proposed work schedule for the remainder of the municipal year 2016/17.

The Board specifically discussed the next steps and stages to its inquiry around 'commissioning' and the links to procurement. This specifically included:

- Details of recent decommissioning activity.
- Commissioning opportunities with other partners/ local authorities.
- Member involvement in the commissioning process.

The Chair agreed to undertake further work on the Board's behalf, in preparation for more detailed consideration later in the year.

RESOLVED – That the work schedule presented be agreed, subject to any scheduling decisions necessary by the Chair.

26 Date and Time of Next Meeting

Monday, 24 October 2016 at 10:00am (pre-meeting for all Board Members at 9:30am).

The meeting closed at 11:35am.

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 24TH OCTOBER, 2016

PRESENT: Councillor K Groves in the Chair

Councillors H Hayden, S Lay, J McKenna,
S McKenna, D Nagle, A Sobel,
E Tunnicliffe and R Wood

27 Late Items

There were no late items or supplementary information presented at the meeting.

28 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

29 Apologies for Absence and Notification of Substitutes

Apologies for absence had been received from Councillors S Bentley, D Cohen and T Wilford.

Notification had been received that Councillor S Lay was attending as a substitute for Councillor S Bentley.

30 Minutes - 19 September 2016

RESOLVED – Consideration of the draft minutes from 19 September 2016 be deferred to the next meeting.

31 Executive Board Minutes - 21 September 2016

RESOLVED – That the draft minutes from the Executive Board meeting held on 21 September 2016 be noted.

32 Financial Health Monitoring

The Scrutiny Board considered the '*Financial Health Monitoring 2016/17: Month 5 (October 2016)*' report presented to Executive Board at its meeting on 19 October 2016.

The following were in attendance for consideration of this item:

- Doug Meeson – Chief Officer – Financial Services

Draft minutes to be approved at the meeting
to be held on Monday, 21st November, 2016

- Neil Warren – Head of Corporate Finance – Strategy and Resources

The Chief Officer gave an outline of the report, which presented a projected an end-of-year overspend of £5M. This represented a worsening position than previously presented to the Board (a projected overspend of £3M) and was largely due to:

- (a) higher than planned numbers of Looked After Children; and,
- (b) Pressure on the Special Educational Needs Transport budget.

The Chief Officer stated the aim was to bring the overall budget back into balance, and the Medium Term Financial Strategy assumed a balanced budget for 2016/17. The half-year position would be reported to Executive Board in November 2016.

The Scrutiny Board discussed the information presented and a number of other matters, including:

- Concern that all Directorates identified 'risks of overspend' within the current Financial Year.
- Staffing budgets and the level of paid overtime
- The approach to risk management.
- The trend in budget spending following a similar pattern from previous years, where balanced budgets had been produced.
- The basis of staffing budgets for 2017/18 (i.e. no budgeted vacant posts).
- Whether underspending on staffing budgets represented a barrier to delivering services.
- The proportion of the overall Council budget now allocated to spending on Children's and Adult's services.
- The impact of the Council budget being less reliant on direct Government Grants and more reliant on other funding streams (such as fees and charges), making the overall financial position more volatile to in-year changes to income. As a result, a higher level of Council reserves may be required to deal with variations to budgets in future years.
- The generation of income through fees and charges was likely to become increasingly important to the Council's overall budget.

On conclusion of the discussion, the Chair thanked the officers for their attendance and contribution to the discussion.

RESOLVED –

- (a) That the report and information presented be noted.
- (b) That the Scrutiny Board maintains an overview of the financial health of the Council throughout the remainder of the year.

(NB Councillor D Nagle left the meeting at 11:30am and Councillor R Wood left the meeting at 11:50am, during consideration of this item)

Draft minutes to be approved at the meeting
to be held on Monday, 21st November, 2016

33 Agency Staff Spending

The Head of Governance Services presented a report that detailed the Council's current spend on agency staff across the Council. The report also presented spending from previous years for comparison.

The following were in attendance for consideration of this item:

- Doug Meeson – Chief Officer – Financial Services
- Neil Warren – Head of Corporate Finance – Strategy and Resources

In considering the Council's overall spend on agency staff; the Board welcomed the cumulative reduction of over £6.5M from 2013/14. However, the Board expressed some concern that in some service areas, agency spending by August 2017 already exceeded the budget allocation for 2016/17.

In response, the Chief Officer highlighted the need to consider spending on agency staff in the context of overall spending on staffing. In some instances, agency staffing allowed different service areas to cope with known, or expected, peaks in demand during different parts of the year, without increasing the overall workforce.

Members queried the level of spend in Strategy and Resources, which appeared to increase from below £1M in 2013/14 to over £3M in 2014/15.

The Board agreed to give more detailed consideration to the different elements of the overall spend on agency staff and arrangements for the appointment and use of consultants.

RESOLVED – To note the information presented and give further consideration to spending on agency staff, as detailed above.

34 Chair's Update (October 2016)

The Chair gave a brief update on some of the activity undertaken since the last Scrutiny Board meeting, with specific reference to on-going discussions regarding:

- Commissioning.
- Procurement.
- Use of Contact Waivers

The Chair agreed to continue to undertake further work on the Board's behalf and report progress at future meetings.

RESOLVED – That the update provided by the Chair be noted.

35 Work Schedule

Draft minutes to be approved at the meeting
to be held on Monday, 21st November, 2016

The Principal Scrutiny adviser presented the Scrutiny Board's proposed work schedule for the remainder of the municipal year 2016/17.

RESOLVED – That the work schedule presented be agreed, subject to any scheduling decisions necessary by the Chair.

36 Date and Time of Next Meeting

Monday, 21 November 2016 at 10:00am (pre-meeting for all Board members at 9:30am.)

The meeting closed at 12:05pm.



Report author: Steven Courtney
Tel: (0113) 247 4707

Report of Head of Governance Services

Report to Scrutiny Board (Strategy and Resources)

Date: 21 November 2016

Subject: Financial Health Monitoring

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. As part of the Scrutiny Board’s consideration of its future work programme at the meeting in June 2016, the Board identified routine monitoring of the Council’s financial health as a key activity.
2. Attached, is a suite of financial health monitoring reports, covering revenue spending, the capital programme and treasury management, due to be considered by the Executive Board at its meeting on 16 November 2016.
3. Appropriate Finance representatives have been invited to the meeting to discuss the attached reports and address any issues raised by the Scrutiny Board.

Recommendations

4. That the Scrutiny Board considers the attached Executive Board reports and agrees any specific scrutiny actions that may be appropriate.

Background documents¹

5. None.

¹ The background documents listed in this section are available to download from the Council’s website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of the Deputy Chief Executive

Report to Executive Board

Date 16th November 2016

Subject: Financial Health Monitoring 2016/17 – Half-Year

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of the revenue budget, and the Housing Revenue Account.
2. The 2016/17 financial year is the first year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. The Council to date has managed to achieve considerable savings in the order of £330m since 2010 and the budget for 2016/17 will require the Council to deliver a further £76m of savings.
3. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position is becoming more difficult to manage and it will be increasingly difficult over the coming years to maintain current levels of service provision without significant changes in the way the Council operates.
4. Executive Board will recall that the 2016/17 general fund revenue budget, as approved by Council provides for a variety of actions to reduce net spend by £31.5m delivering some £76m of budget action plans by March 2017. At the half-year, it is clear that the majority of these actions and savings plans are on track to be delivered. However this report highlights a potential overall overspend/risk of £3.9m.

5. The medium-term financial strategy approved by Executive Board in September 2016 assumes that the 2016/17 budget will be at a balanced position by the year-end. Work is ongoing through Directors and Budget Holders to bring-forward options and proposals across all directorates and services in order to reduce net spend in line with the budget.
6. At the half-year, the Housing Revenue Account is projecting a £0.35m surplus.

Recommendation

7. Executive Board are asked to note the projected financial position of the authority.

1. Purpose of this report

- 1.1 This report sets out for the Executive Board the Council's projected financial health position for 2016/17 at the half-year.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after 6 months of the year.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2016/17 was set at £496.4m, supported by the use of £3.5m of general reserves.
- 2.2 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc.

3. Main Issues

- 3.1 At month 6, an overspend £3.9m is forecast, as shown in table 1 below.

Table 1 – forecast 2016/17 budget variations by directorate

Directorate	Director	(Under) / Over spend for the current period				Month 5 Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adult Social Care	Cath Roff	(2,457)	794	(794)	0	0
Children's Services	Steve Walker	(140)	8,183	(3,927)	4,256	5,254
City Development	Martin Farrington	(702)	1,390	(1,615)	(225)	(225)
Environment & Housing	Neil Evans	(648)	2,267	(2,362)	(95)	(85)
Strategy & Resources	Alan Gay	(953)	(1,166)	1,360	194	274
Citizens & Communities	James Rogers	84	2,278	(1,933)	345	479
Public Health	Dr Ian Cameron	(161)	(73)	1	(72)	(42)
Civic Enterprise Leeds	Alan Gay	1,845	2,465	(2,264)	201	205
Strategic & Central	Alan Gay	674	2,362	(3,076)	(714)	(871)
Total Current Month		(2,458)	18,500	(14,610)	3,890	4,989
Previous month (under)/over spend		(2,150)	17,271	(12,282)	4,989	

3.2 The key variations against the budget are outlined below and more detailed information is included in the financial dashboards at appendix 1.

3.2.1 Adult Social Care - the directorate is currently projecting a balanced position by the financial year-end, an unchanged position from the previous month. The estimated spend on community care packages and general running expenses has reduced, partly offset by a reduction in projected income. A review of all budget action plans has taken place and slippage totalling £3.1m is anticipated, although contingency savings have also been identified to offset the impact. Within this, there is an estimated shortfall of £1.4m in delivering the specific actions within the community care packages budget, and specifically relating to learning disability services. Slippage of £0.9m relates to the budgeted savings around contracts and grants and £0.3m to the Better Lives programme within older people's residential and day care services. Some other budget pressures and savings have been identified, further details of which are outlined in the financial dashboard at appendix 1.

3.2.2 Children's Services - overall at month 6 the directorate is reporting a projected overspend of £4.25m. There are a number of risks and assumptions within the forecast, which if all materialised, could increase the estimated year-end position. The directorate has committed to a number of actions to mitigate against these budget pressures including additional controls on recruitment and a targeted ELI scheme, a review of contracts and a review of spend including restrictions in all areas of non-essential spend. In addition, the directorate is anticipating additional funding through a new innovations bid but this is subject to final approval. In respect of children in care, at period 6 the directorate is looking after an additional 39 looked after children in external residential (ER) placements and with Independent Fostering Agencies (IFAs) than the 2016/17 budget provides for, resulting in a projected £4.9m pressure around CLA demand budgets (£3.5m ER & £1.4m IFA). In the last quarter of 2015/16 numbers increased and continued to increase through to April but there has been a steady reduction in children looked after numbers since May. There are currently 1,226 CLA children (a reduction of 11

from month 5); this includes 50 with ER and 206 with IFA's. There is a £0.9m pressure on in-house fostering but this is partly off-set by additional income on adoption.

The home to school and home to college transport budget is under significant pressure due to a rise in the number of young people with complex needs, a rise in the transport requirements outside the city and an increase in private hire rates. The net pressure on the budget is currently identified at £1.7m after the appropriation of £1m from the specific demand/demography earmarked reserve.

- 3.2.3 Schools Budget/Dedicated Schools Grant (DSG) - within the DSG a number of budget pressures have emerged during 2016/17. These are mainly in the High Needs Block with a projected overspend of £5.3m in 2016/17. Some £1.5m of this is in relation to one-off costs associated with the provision of the new Social Emotional Mental Health academy and includes set up costs of £0.7m and the need to fund the deficit balances of the closing Pupil Referral Units of £0.8m. The other main pressures are an increase in demand on high needs top up payments as a result of Funding For Inclusion £1.9m and increased costs of outside placements £0.9m. There is also a projected overspend of £0.7m on the Early Years Block largely as a result of funding for the Portage service and Special Education Needs workers. Allowing for the surplus of £3.7m brought forward from 2015/16 and the funding of £2.3m approved as a contribution towards A Life Ready for Learning there is an overall projected deficit of £5.1m on the DSG. This position was reported to Schools Forum on the 6th October 2016. Schools Forum noted the projected financial position, including that the deficit could be carried forward into 2017/18, and that a further report would be presented to the next Schools Forum which would outline options for mitigating the budget pressures.
- 3.2.4 City Development – at month 6 the directorate is projecting an underspend of £0.23m against its £43m net managed budget. However it should be noted that the underlying position for the directorate is an overspend of £1.26m against the base budget, however this is being offset this year by the use of Bridgewater Place money estimated at £0.9m and Arena Debt savings and asset income of £0.6m . The projection is based on a number of assumptions and recognises some high level risks within the budget which are explained further in the directorate's financial dashboard. These pressures continue to be managed with the expectation that they will not cross over into the 2017/18 budget.
- 3.2.5 Environment & Housing – at month 6 the directorate is forecasting a marginal underspend of £0.1m against its £53m net managed budget. Within this overall figure, there is a pressure on the waste management budget of £0.1m which is mainly due to increased disposal costs. In car parking, staffing savings and additional income are expected to deliver a saving of £0.3m and in Community Safety there is a forecast underspend of £0.2m due again to staffing savings, one-off income from the WYPCC and additional Ministry of Justice funding.
- 3.2.6 Citizens & Communities - budget action plans have been reviewed with each Chief Officer and at present it is anticipated that most plans will be achieved, though there is a pressure of £0.25m on the Customer Access budget and a net overspend of £0.2m against the Benefits, Welfare and Poverty budget resulting in an overall overspend of £0.35m for the Directorate as a whole.

- 3.2.7 Public Health – the public health budget and budget savings plans for 2016/17 reflect the continuing reduction to the ring-fenced grant. Overall, the budget plans are on track to be delivered other than the planned savings of £233k as part of the transfer of the TB contract which will not materialise, though work to find compensating savings is now completed and is currently predicted to offset this pressure. Due to overtrading of sexual health services, provision was made for anticipated costs however it is likely that these costs will not materialise in full resulting in savings to compensate for this risk. In addition, pay costs are projected to be £161k underspent on the general staffing budget and work is continuing to identify potential financial pressures particularly in relation to costs associated with the new drugs and alcohol contract and public health activity contracts which are paid based on demand and some on NHS tariff. Recent activity data is showing a reduced level of activity and as a result an underspend of £249k is projected on commissioning budgets.
- 3.2.8 Strategy & Resources – overall, the directorate is highlighting a potential overspend of £0.2m which is due to a potential reduction in external income in the Projects, Programmes and Procurement Unit of £1m offset by forecast staffing savings of £0.7m. The rest of the directorate is expected to deliver on its budget action plans.
- 3.2.9 Civic Enterprise Leeds – the overall projected position at month 6 is an overspend of £0.2m explained by a potential overspend against the catering net budget which is mainly as a result of the marginal impact of the loss of 7 school contracts together with the marginal impact of a shortfall against the adjusted meal numbers.
- 3.2.10 Strategic & Central budgets – at month 6, the strategic and central budgets are anticipated to underspend by £0.7m. The key variations include;
- i. Debt - a net forecast pressure of £0.3m due to the conversion of short-term debt to long-term to take advantage of low long-term interest rates.
 - ii. Section 278 income - a potential £1.2m risk due to lower levels of development activity.
 - iii. Procurement - a £1m variation which reflects that the procurement savings will be managed through directorate budgets.
 - iv. PFI – a £0.9m variation which recognises that these savings will show in directorate/service budgets.
 - v. Early Leaver Initiative - a potential £0.4m additional spend over the £2m earmarked reserve.
 - vi. Savings of £2m from the additional capitalisation of eligible spend in general fund and school budgets.
 - vii. Appropriation of £1.6m of earmarked reserves.
 - viii. A pressure of £0.4m relating to court cost income.
 - ix. Savings of £2m on the levy contribution to the business rates pool.

3.3 Other Financial Performance

3.3.1 Council Tax

The Council Tax in-year collection rate at the end of September was 54.84% which is in line with the performance in 2015/16. At this stage of the year, the forecast is for an in-year collection rate of 95.9% collecting some £301m of council tax income.

3.3.2 Business Rates

The business rates collection rate at the end of September was 57.02% which is 0.66% ahead of the performance at this stage in 2015/16. The forecast is still to achieve the 2016/17 in-year collection target of 97.7% collecting some £383.5m of income.

4. Housing Revenue Account (HRA)

4.1 At month 6 the HRA is projecting a £0.35m surplus at the year-end. Projected income from rents and service charges are forecast to be marginally below the budget with a £0.1m estimated variation at the year-end. There are a number of variations against the expenditure budgets which together total an underspend of £0.47m, including an underspend of £0.8m on the employee budget due in the main to staffing vacancies, a pressure on the disrepair provision of £0.2m because of new cases, an overspend on capital charges of £0.2m due to lower interest receivable and a forecast overspend of £0.2m across the supplies and services budgets. Further detailed information is included in the HRA financial dashboard at appendix 1.

5. Corporate Considerations

5.1 Consultation and Engagement

5.1.1 This is a factual report and is not subject to consultation

5.2 Equality and Diversity / Cohesion and Integration

5.2.1 The Council's revenue budget for 2016/17 was subject to equality impact assessments where appropriate and these can be seen in the papers to Council on 24th February 2016.

5.3 Council Policies and Best Council Plan

5.3.1 The 2016/17 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

5.4 Resources and Value for Money

5.4.1 This is a revenue financial report and as such all financial implications are detailed in the main body of the report.

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications arising from this report.

5.6 Risk Management

5.6.1 Financial management and monitoring continues to be undertaken on a risk-based approach with key budget risks identified as part of the annual budget-setting

process and specifically monitored through the financial year. Examples include the implementation of budget action plans, those budgets which are volatile and subject to fluctuating demand, key income budgets, etc. The information in the financial dashboards at appendix 1 includes specific information on these risk areas.

6. Recommendations

6.1 Executive Board are asked to note the projected financial position of the authority.

7. Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

ADULT SOCIAL CARE 2016/17 BUDGET

FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)

Overall narrative

The directorate is currently projecting a balanced position by the financial year-end, as also reported at P5. Projected spend on community care packages and general running expenses has reduced, partly offset by a reduction in projected income.

A review of all budget action plans has taken place and slippage totalling **£3.1m** is projected at the year-end, although substantial contingency savings have also been identified to offset the impact. There is a projected shortfall of £1.4m in delivering the specific actions within the community care packages budget, with the largest shortfall relating to learning disability services. Slippage of £0.9m relates to contracts and grants budgeted savings and £0.3m to the Better Lives programme within older people's residential and day care services. Some other budget pressures and savings have been identified, further details of which are outlined below.

The main variations at Month 6 across the key expenditure types are as follows:

Staffing (-£2.5m – 4.7%)

Savings within Access and Care Delivery total £1.4m. This mainly reflects reducing staffing numbers within the Community Support Service since the budget was set and vacancies within the care management and business support services, partly offset by slippage relating to the Better Lives programme within older people's residential and day care services. Savings of £1.1m are projected in commissioning services, resources and strategy and health and wellbeing due to ongoing vacancies.

Community care packages (+£2.6m – 1.4%)

Expenditure on the learning disability pooled budget is currently projected to exceed budget provision mainly due to slippage in delivering the budgeted savings, but work is underway to bring this back on track as far as possible by the year-end. There are also some pressures on residential and nursing care placements reflecting the trend in the last quarter of 2015/16 and a higher number of residents at the start of the current financial year than was assumed when the budget was set. Actions are underway to minimise the impact of these pressures by the year-end.

Transport (+£0.7m – 16.4%)

The most recent projections from Passenger Transport Services indicate higher than budgeted costs. The information available indicates that the majority of the projected overspend relates to costs rather than demand, but further work is needed to understand this more fully. This is being undertaken in conjunction with Passenger Transport Services.

Income (-£0.8m – 1.2%)

Service user contributions are slightly higher than budgeted, mainly due to some slippage in the Better Lives programme within older people's residential and day care services. Funding for staffing costs through the learning disability pooled budget is also higher than budgeted.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	365	(112)	252	(87)	0	76	0	4	141	0	0	0	134	(225)	(91)
Access & Care Delivery	245,915	(39,420)	206,495	(1,368)	50	(207)	(116)	680	1,939	664	0	0	1,642	(325)	1,317
Commissioning Services	12,828	(24,298)	(11,470)	(514)	0	(177)	(3)	109	537	0	0	0	(48)	(599)	(647)
Resources and Strategy	6,985	(1,008)	5,977	(489)	(1)	(186)	(3)	(315)	60	0	0	0	(934)	354	(579)
Total	266,093	(64,838)	201,254	(2,457)	49	(495)	(122)	478	2,676	664	0	0	794	(794)	0

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
A. Key Budget Action Plans						
1.	Older people's residential and day care	D Ramskill	Full-year effects and ongoing Better Lives programme	A	0.9	0.3
2.	Assessment and care management practice	S McFarlane	Delivering the most cost effective service for new customers based on the strengths based approach and the use of reablement and telecare services	A	1.0	0.4
3.	Review of care packages - mental health	M Ward / M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	A	0.5	0.0
4.	Review of care packages - physical impairment	J Bootle	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	G	0.5	0.0
5.	Review of care packages - learning disability	J Wright / M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	A	3.0	1.0
6.	Assessment and care management efficiencies	S McFarlane	Review of skills mix and business processes	G	0.5	0.0
7.	Grants and contracts	M Ward	Review of contracts and grants across client groups	A	1.4	0.9
8.	Vacancy management	Various	Mainly non-frontline services	G	0.8	0.0
9.	Fees and charges	J Crowther	Implementation of February 2016 Executive Board decisions	G	1.0	0.0
10.	Health funding	S Hume	Mainly funding received in 2015/16 on a non-recurring basis	G	3.9	0.0
11.	Better Care Fund	S Hume	Exploring opportunities to realign spend between capital and revenue	G	1.8	0.0
B. Other Significant Variations						
1.	Staffing	Various	Ongoing tight vacancy management and reducing staff numbers in the Community Support Service			(2.5)
2.	Community care packages	J Bootle / M Naismith	Pressures experienced in 2015/16 on residential & nursing placements and the learning disability pooled budget are continuing			0.8
3.	Transport	J Bootle / M Naismith	Mainly increased costs, which are under investigation with Passenger Transport Services			0.7
4.	Other expenditure	Various	Savings on general running expenses through careful budget management, including the projected impact of essential spend only for the remainder of the year			(0.8)
5.	Income	Various	Mainly funding for staffing costs through the learning disability pooled budget and service user contributions			(0.8)
					Adult Social Care Directorate - Forecast Variation	
					0.0	

**CHILDREN'S SERVICES 2016/17 FINANCIAL YEAR
FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)**

Overall - at period 6 the directorate is reporting a projected overspend of £4.25m. The directorate is still facing a number of budget pressures but has committed to a number of actions to mitigate against these budget pressures including additional controls on recruitment and promoting the ELI scheme in some areas, a review of contracts and a review of spend including restrictions in all areas of non-essential spend. In addition, the directorate is anticipating additional funding through a new innovations bid but this is subject to final approval.

CLA Obsession - at period 6, the directorate is looking after an additional 39 looked after children in External Residential (ER) placements and with Independent Fostering Agencies (IFA) than the 2016/17 budget provides for and this has resulted in a projected £4.9m pressure around CLA demand budgets (£3.5m ER & £1.4m IFA). In the last quarter of 2015/16 numbers had increased and continued to increase in April but there has been a steady reduction in children looked after numbers since May. There are currently 1,226 CLA children (reduction of 11 from P5); this includes 50 with ER and 206 with IFA's. There is a £0.9m pressure on in-house fostering but this is partly off-set by additional income on adoption. Overall the CLA budget supports 1,170 placements which includes provision for 36 ER and 181 IFA placements. The current projection assumes that the looked after children numbers will continue to gradually reduce during the remainder of the financial year to 45 ER & 200 IFA.

Staffing - Current assumption is for pay to underspend by £0.2m. There are some risks around this forecast although the directorate has committed to take action to reduce staffing numbers. Staffing levels continue to reduce and have fallen month on month during 2016/17 and the overall monthly spend on pay is gradually reducing. Offsetting the savings in basic pay are increased spend on overtime and agency staff, mitigating some of the savings being delivered from reducing headcount but this is being reviewed with the aim of reducing where possible.

Commissioned Services - A £0.1m saving target around the £10m of commissioned contracts and other spend within the directorate. The target has been reduced from Period 3 by £0.4m but the review currently taking place will generate further savings in 2017/18 to contribute to the directorate's budget strategy.

DfE Innovations Funding - There is a potential pressure of £0.8m with the existing DfE Innovations funding. The current projection assumes that actions will be taken so that overall commitments match the funding available but there is still a significant risk that commitments will exceed the available funding in 16/17.

Transport - The home to school and home to college transport budget is under significant pressure due to a rise in the number of young people with complex needs, a rise in the transport requirements outside the city and an increase in private hire rates. The pressure is currently identified at £1.7m, which is net of the appropriation of £1m from the specific demand & demography earmarked reserve.

Other Income - Additional income from the Innovations & Partners in Practise grant is anticipated (part of a new 3/4 year bid which has not been secured yet). A further £0.3m HRA income to support the FIS and MST Service. Offsetting this is a net £0.6m pressure from a reduced level of funding supporting the Children's Centres.

Dedicated Schools Grant (DSG) Pressure - Pressures have emerged over the past term principally in relation to the Social Emotional and Mental Health provision, Funding for Inclusion numbers and Central Early Years expenditure which total £5.1m. School Forum on the 6th October received a report on the DSG budget which outlined the various pressures and have requested a further update and options to bring spend within budget in 2017/18. School Forum noted the projected

Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend		
				Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income			
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Demand Led Budgets:																	
External Residential Placements	7,002	(2,775)	4,227							3,500				3,500	(115)		3,385
Independent Fostering Agencies	7,813	0	7,813							1,500				1,500			1,500
In House Fostering, Adoption, SGO and RO	22,921	0	22,921							959				959			959
SEN Outside Placements	4,857	(4,857)	0							871				871	(863)		8
Leaving Care	5,052	(1,160)	3,892							379				379	(263)		116
Transport	7,250	0	7,250				2,700						(1,000)	1,700			1,700
Sub total Demand Led Budgets	54,895	(8,792)	46,103	0	0	0	2,700	0	7,209	0	0	0	(1,000)	8,909	(1,241)		7,668
Partner Funding																	
Schools Forum	0	(3,380)	(3,380)										875	875	152		1,027
Partner Funding of Children's Centres		(1,600)	(1,600)											0	600		600
Sub total Partner Funding	0	(4,980)	(4,980)	0	0	0	0	0	0	0	0	0	875	875	752		1,627
Other Budgets																	
Partnership, Development & Business Support	12,217	(1,137)	11,080	641		(493)	0	41						189	(185)		4
Learning, Skills & Universal Services	129,277	(113,542)	15,735	(769)		(658)	1	(229)	(1,157)				153	(2,659)	1,566		(1,093)
Safeguarding, Targeted & Specialist Services	73,990	(19,212)	54,778	(12)	1	177	183	(66)	574	12				869	(4,820)		(3,951)
Central Overheads	8,894	(11,838)	(2,944)											0			0
Total	279,273	(159,501)	119,772	(140)	1	(974)	2,884	(254)	6,626	12	0	28	8,183	(3,928)			4,255

Key Budget Action Plans and Budget Variations:		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation £m
A. Significant Variations						
	Children Looked After	Steve Walker	Pressure on CLA demand led budgets (External Residential placements and Independent Fostering Agencies) partly off			4.90
	Passenger Transport	Sue Rumbold	Increased numbers of children requiring education outside the city, increased complexity of need and an increase in private hire rates. The current projection will be reviewed in October once the latest transport data is available.			1.70
	Income - DSG	Steve Walker	The current projection allows for a £0.75m shortfall against the budgeted income. The other pressures on the DSG could be partly met by exploring options in relation to balances and re-examining eligibility criteria. Options to be presented to School Forum in October.			0.75
	Income - DfE BID	Steve Walker	New BID submitted in 2016/17. Good progress is being made in the discussions with the DfE.			(2.00)
	HRA - funding	Steve Walker	Additional HRA income re signpost and MST service may not be forthcoming. It is subject to agreement with Environments & Housing.			(0.30)
	Savings challenge across department	All	Target savings against running costs and staffing budgets. Proposals are being considered by CSLT. There is a risk that sufficient savings are not identified. The saving target has been reduced as savings have been identified.			(1.00)
B. Key Budget Action plans (BAP's)						
A1	Securing additional income from Schools Forum	CSLT	£3.4m of funding per academic year provisionally agreed subject to delivery of activity and funds being available from DSG. School Forum in October has now approved this funding.	G	2.40	0.00
A2	Additional Funding For Children's Centres	CSLT	Funding options being pursued.	R	1.60	0.60
C1	Reconfigure services to young people at risk of becoming NEET	Andrea Richardson	IAG contract has been extended to July 2016. Some existing provider staff will TUPE.	A	1.20	0.25
E1/E2/E4	Staff savings	Sue Rumbold	Reduction in posts/additional trading opportunities and ELIs. Linked to medium term strategy for the directorate. Further staff reductions are required to meet budget assumptions.	A	1.40	0.00
E5	Reduce net cost of Learning For life managed Children's Centres Childcare.	Andrea Richardson	Ensure childcare income generated is reflected in childcare staffing levels	A	0.50	0.40
A3	Improvement partners	Steve Walker	Maximise income from supporting other LA's. Work underway with a number of LAs. Other expressions of interest from other LA's. Innovations bid ongoing. Decision due late summer.	G	0.50	0.00
A4	Adel Beck	Francis N'Jie	Maximise income from selling to other LA's. Rates revised for 16-17 to recover this additional income subject to occupancy levels being achieved.	G	0.40	(0.10)
E3	Impact of residential review on overtime costs	Steve Walker	Running cost efficiencies following closure of Pinfolds and Bodmin. Linked to the overall pay strategy for the directorate.	G	0.40	0.00
	Various other budget savings (10)	All CO's	Including reconfiguration of Targeted Services, a review of assets, additional trading with schools, additional DfE funding for adoption services; principally inter-agency fee, reviewing non Statutory costs etc.	G	2.29	(0.95)
Children's Services Directorate - Forecast Variation						4.25

**CITY DEVELOPMENT 2016/17 FINANCIAL YEAR
FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)**

Overall - At month 6 the reported position is a projected underspend of **£226k**. However it should be noted that there are a number of fluctuations within the directorate that are being managed through additional income receipts and specific actions such as the use of Bridgewater Place money estimated at £916k and Arena Debt savings of £450k. These variances continue to be managed with the expectation that they will not cross over into 2017/18.

There are concerns around Planning Appeals costs this year as the service currently have a number of appeals ongoing from 2015/16 and new ones coming in in 2016/17, this is currently estimated at £200k, and is mostly offset by increased Building Control income and underspends on staffing due to a number of vacant posts.

In Economic Development the large variations on supplies and services and income is reflective of the Flood Alleviation expenditure and grant income. Income receipts at Kirkgate Market are under pressure due to the extension of rent discounts into 2016-17 and later than anticipated new lettings resulting from delays to its redevelopment. The projected effect will be an under recovery of £466k against the income budget.

In Asset Management the advertising Income pressure has increased to £442k. Although the income target was reduced in the 2016/17 estimates cycle by £200k it is unlikely to achieve its target this year due to the time required to build up the advertising sites portfolio and programme delays around approvals for the advertising sites. It is assumed that this will be offset by Arena debt savings (£450k) and income from two new asset purchases recently approved by Executive Board (£131k).

Highways and Transportation have contracted further work with their strategic partners Mouchel increasing supplies and services spend offset by additional income.

In Libraries, Arts and Heritage there is a projected loss of income from Room Hire at the Art Gallery (closed for roof repairs) £100k, which is offset by the NNDR Rebate and there is increased Town Hall bar and catering income. Overspends in supplies and services are funded by and related to increased events income etc.

Within the Sport Service overspends on supplies and services including catering, resalable and consultancy costs are offset with associated increases in projected income, which also includes an anticipated £40k shortfall of income in relation to the pool closure and refurbishment at John Smeaton and a £60k pressure due to incorrect treatment of VAT on the Fitness and Swim Bodyline Offer.

The Directorate Strategy is to use the proposed £916k Bridge Water Place settlement to part fund these net pressures and contribute the balance to the corporate strategy. In the service analysis below £460k is utilised against

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning and Sustainable Development	8,571	(5,753)	2,818	(94)	0	197	0	17	0	0	0	0	120	(115)	5
Economic Development	4,859	(4,011)	848	74	78	1,263	0	40	0	0	0	0	1,455	(960)	495
Asset Management and Regeneration	11,176	(10,405)	771	(130)	(4)	(61)	(1)	(186)	0	0	26	0	(356)	66	(290)
Highways and Transportation	55,891	(39,687)	16,204	(419)	49	62	109	(26)	0	0	0	0	(225)	(220)	(445)
Libraries, Arts and Heritage	22,417	(7,571)	14,846	(119)	(112)	560	3	7	22	0	0	0	361	(395)	(34)
Sport and Active Recreation	24,560	(18,894)	5,666	(5)	14	32	3	10	(10)	0	0	0	44	9	53
Resources and Strategy	1,720	(95)	1,625	(9)	0	0	0	0	0	0	0	0	(9)	0	(9)
Total	129,194	(86,416)	42,778	(702)	25	2,053	114	(138)	12	0	26	0	1,389	(1,615)	(226)

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£'000	£'000
A. Budget Action Plans						
		Lead Officer	Additional Comments			
1.	Planning and Sustainable Development	Tim Hill	Reduction in the net cost of service through management restructure, staffing savings and increased income generation	G	550	(195)
2.	Economic Development	Tom Bridges	Reduction in the net cost of service through staffing savings and increased income generation	G	280	29
3.	Asset Management & Regeneration	Tom Bridges	Reduction in the net cost of service through staffing savings and increased income generation	G	410	(152)
4.	Highways and Transportation	Gary Bartlett	Reduction in the net cost of service via alternative service delivery, removal of subsidies, staffing savings and additional income	G	440	11
5.	Libraries, Arts and Heritage	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation	G	570	(34)
6.	Arts Grant	Cluny MacPherson	Full Year Effect of new grant allocations will deliver the savings. DDN published 25 March 2015 and implemented 1st April 2015	G	125	0
7.	Sport and Active Recreation	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation	G	440	53
8.	Resources and Strategy	Ed Mylan	Reduction in the net cost of service via efficiency and staffing savings	G	30	(9)
9.	Directorate	All Chief Officers	Directorate-wide additional income target	G	460	0
B. Other Significant Variations						
1.	Asset Management	Tom Bridges	Reduced borrowing costs at Leeds Arena (£450k) income from new assets (£131k) offsetting reduced income from Advertising (£442)			(139)
2.	Highways	Gary Bartlett	Additional Highways Income			0
3.	Planning Appeals	Tim Hill	Uncertainty at this stage around the costs of planning appeals			200
4.	Kirkgate Market	Tom Bridges	Extension of rent discounts and other rent reductions resulting from the delay in the Kirkgate redevelopment.			466
5.	Bridgewater Place	Martin Farrington	As per the Directorate Strategy, use of balance of Bridgewater Place settlement to mitigate pressures			(456)
City Development Directorate - Forecast Variation						(226)

**ENVIRONMENT & HOUSING 2016/17 FINANCIAL YEAR
FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)**

Overall Position (£95k under budget)

Community Safety (£172k under budget)

The service is projecting an underspend on staffing of £214k (offset by reduced charges to HRA of £79k). One off income in year has been received from West Yorkshire Police & Crime Commissioner (£85k) for contributions to LASBT (Leeds Anti social behaviour team) and additional Ministry of Justice funds (£89k) have been utilised. CCTV income is projected to be lower than budgeted by £77k. Other variances total £60k

Parks & Countryside (£0k Nil variance)

The service is projecting lower level of turnover at attractions (including cafe/retail) due to no Easter and good weather in August/September affecting Tropical World attendances, giving an overall variance of +£47k. A projected reduction in Golf income of £99k is offset by projected workshop savings (£74k) and fuel (29k). Other net savings across the service total £43k.

Environmental Action & Health (£212k under budget)

Env Action - Projected staffing savings of (£342k) are offset by loss of Wellbeing funding £36k and £110k additional transport costs in respect of GPS system for gully tankers and additional vehicles. Other variations total +£19k. Env Health - projected staffing savings of (£67k) + other minor costs +£32k which is mainly additional legal costs.

Car Parking (£312k under budget)

Ongoing vacant attendant posts (£158k) partially offset by additional expenditure of £53k (mainly for P&D machine maintenance and the upgrades required to facilitate the new £1 coin coming into circulation in 2017). Overall Income is projected to be increased by (£207k). This includes: Woodhouse Lane (£121k) of which (£90k) is for the 50p increase (in June); other variations being off street parking (£131k), On street £159k, PCN/BLE (£87k) and other income (£27k).

Housing Support/Partnerships/SECC/SP Contracts (£45k under budget)

Housing staffing underspends (£453k) due to vacant posts are partially offset by a reduction of £232k corresponding income, mainly charged to HRA. Variations in SP are £47k. Other variations across all areas are projected to be £174k.

General Fund SS (+£559k over budget)

Of the £970k Directorate wide staffing efficiency target, £798k savings have been included within the projected position of individual services and therefore remains a pressure within GFSS. (It is assumed that the remaining £172k will be found across the directorate in year). Offsetting the £798k are staffing savings in Intelligence & Improvements (£132k) and assumed directorate line by line savings of (£117k).

Leeds Building Services (£0k Nil variance)

Additional turnover is being generated through Housing Leeds repairs and work for capital schemes. This results in additional sub contractor spend which is partially offset by reductions in internal costs. Overall a nil variance is

Waste Management +£87k over budget

Refuse (£0k nil variance)

Additional staffing costs relating to additional back up routes and sickness levels being above target are anticipated to be offset by the identification of other staffing savings. No overall variance is projected.

HWSS & Infrastructure (£7k under budget)

Additional staffing costs of £95k are forecast, reflecting additional operatives at HWSS required to deal with higher than anticipated waste volumes and increased sickness levels. Additional Trade contract income is projected to offset these costs.

Waste Strategy & Disposal (+£94k over budget)

Lower than anticipated tonnage volumes and an additional share of electricity income at the RERF have resulted in a projected underspend of (£212k). In addition, the reduction in gate fees experienced in recent months has resulted in a projected underspend of (£96k) in respect of SORT disposal costs. Offsetting these projected underspends are higher than anticipated tonnages at Household Waste Sorting Sites. Excluding additional Trade contract waste disposal costs of £90k (which is offset by additional income within HWSS & Infrastructure) and taking into account a contribution of (£100k) from Housing Leeds to reflect increased volumes, these are projected to cost an additional £469k. All other variations and assumed actions to address the pressures are anticipated to reduce the overall overspend by (£157k).

Budget Management - net variations against the approved budget;

Summary By Service	PROJECTED VARIANCES															Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Community Safety	8,723	(6,530)	2,193	(214)		(198)		(154)					(566)	394	(172)	
Strategic Housing, SECC, Contracts	18,610	(9,429)	9,181	(540)	(9)	95	1	0	143				(310)	264	(46)	
General Fund Support	(429)	(408)	(837)	664		(105)							559	0	559	
Leeds Building Services	45,305	(51,376)	(6,071)	(65)	172	2,053	(190)						1,970	(1,970)	0	
Parks & Countryside	29,328	(21,309)	8,019	8	(20)	734	(91)	112					743	(743)	0	
Waste Strategy and Disposal	20,429	(5,749)	14,680	(28)		123							95		95	
Household Waste Sites & Infrastructure	4,502	(480)	4,022	96	10	12	3						121	(127)	(6)	
Refuse Collection	16,747	(375)	16,372	(3)				3					0		0	
Environmental Action	15,346	(4,343)	11,003	(341)	38	27	108	(39)					(207)	30	(177)	
Environmental Health	3,164	(765)	2,399	(67)		(6)	8	32					(33)	(3)	(36)	
Car Parking	5,003	(12,614)	(7,611)	(158)	2	41	10						(105)	(207)	(312)	
Total	166,728	(113,378)	53,350	(648)	193	2,776	(151)	(46)	143	0	0	0	2,267	(2,362)	(95)	

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
1.	Dealing Effectively with the City's waste	Andrew Lingham	FYE of Waste Strategy and assumes PFI at £53.3 for B1 tonnes; £0.3m for additional recycling performance	G	(4.5)	0.0
2.	HWSS Strategic Review	Andrew Lingham	Service still reviewing options but likely to be 2017/18. Other savings to be identified.	G	(0.1)	0.0
3.	Parks and Countryside additional income	Sean Flesher	Implement price rises, plus additional income at various attractions	G	(0.6)	0.0
4.	Leeds Building Services	Simon Costigan	Identification of savings to fund PPPU costs	A	(0.2)	0.0
5.	Car Parking	Helen Freeman	Review of Price tariffs and additional income target. Delay in implementation (DDN being drafted)	G	(0.2)	0.0
6.	WYP & CC grant use	Sam Millar	£713k funding budgeted but not confirmed therefore remains a risk	A	(0.7)	0.0
7.	Savings in Housing related support programme	Neil Evans	FYE of 15/16 plus recommissioning of more SP contracts	G	(0.3)	0.1
8.	Directorate wide staffing reductions	Neil Evans	£0.9m unallocated in Support accounts, current level reduced to £0.4m + £0.3k of other staffing targets	G	(1.2)	0.0
9.	Contract / Procurement Savings / Line by Line		Target for contract savings in the base. (not shown as a variance as reported corp in 15/16)	A	(0.3)	0.0
10.	All Other action plan items			G	(0.1)	0.0
B. Other Significant Variations						
1.	Waste Disposal Costs	Andrew Lingham	Net budget £15.7m for 329.2k tonnes of waste; £122k variation at P6			0.1
2.	Refuse Collection staffing costs	Tom Smith	£12.2m pay budget in service; £0k variation anticipated at P6			0.0
3.	Refuse Collection vehicle costs	Tom Smith	Repairs £0.7m; Fuel £1.2m. Nil variance at P5 (Service pursuing Transport recharges)			0.0
4.	Car Parking BLE / PCN income	Helen Freeman	BLE £1.4m ; PCN's £2.3m - (£87k) variance projected at P6			(0.1)
5.	Car Parking Fee Income	Helen Freeman	£8.4m budget increase of £810k from 15/16.(Introduced new WHLCP increased by 50p June 2016)			(0.1)
6.	Environmental Action staffing	Helen Freeman	£13.5m pay budget in service			(0.3)
7.	Property Maintenance	Simon Costigan	Budgeted surplus of £5.2m required to be delivered. Service currently operating with £14.2m WIP			0.0
8.	Parks and Countryside - Attractions	Sean Flesher	£1.7m Income budget (incl: TWorld £1.3 m budget)			0.0
9.	Parks and Countryside - Bereavement Services	Sean Flesher	£6.3 m budget			0.0
10.	All other variations					0.3
					Environment & Housing - Forecast Variation (0.1)	

CITIZENS AND COMMUNITIES FINANCIAL DASHBOARD - 2016/17 FINANCIAL YEAR MONTH 6

Overall

Budget action plans have been reviewed with each Chief Officer in April and at present it is anticipated that most plans will be achieved, though there is a pressure of £250k on Customer Access staffing costs and a net overspend of £239k in Benefits, Welfare and Poverty. A projected underspend of £144k in Elections, Licensing and Registration brings an overall overspend of £345k for the Directorate as a whole.

Communities

The latest figures for Community Centres indicate a potential overspend of £50k, although this assumes no savings in utility costs (last year this was £50k) which could balance the overall position. We have also assumed a drop in income as Leeds City College will be moving out of St Barts/Strawberry Lane and generated £30k per year. Savings on Well Being, Youth Activities, and the Innovation Fund have been delivered. The full saving of 3rd Sector Infrastructure Grant will not be delivered in year but this will be offset by savings elsewhere within the service. The variances recorded below all relate to Migration Services and reflect some savings on staffing cost due to delayed recruitment and transfer of income in year to reserve. Overall the service will balance to resources in year.

Customer Access

Savings targets built in to the budget for 2016/17 are challenging and there is a significant amount of work involved in developing the Community Hubs.

The budget for 2015/16 had a saving of £100k built in for Community Hubs and there is a further £100k saving for 2016/17. Demands on staffing are significant and development of the Hub approach as well as integration of the Branch Library Service has resulted in some additional cost. It is unlikely that the saving will be delivered in year as we are currently forecasting the staffing pressure could result in an overspend of approx £250k. Some of the additional staffing costs relates to project resource required to deliver the outcomes of an Executive Board Report approving £4.6m of capital spend to develop the retained assets that are becoming the hub sites to allow both service integration and release of surplus assets.

The Transactional Web savings of £200k relate to staffing costs in the Contact Centre and these are currently on line to be delivered.

Elections, Licensing & Registration

Staffing costs at Period 6 are projected to be £41k over budget. This arises due to additional staffing requirements in Taxi and Private Hire Licensing totalling £45k. It is anticipated these costs will be covered by additional income. The collection of income continues to do well with income looking on target and a likelihood budgets will be exceeded. A total of £130k of projected income in excess of the budget has been identified at this stage in the year, this arises across three areas: Local Land Charges £60k, Registrars £45k and Entertainment Licensing £30k.

Benefits, Welfare and Poverty

Staff - of the vacancies held in Benefits some recruitment will take place later on this financial year. These vacancies have accumulated over a number of financial years. Overtime, in comparison to last year, is down but without a budget in place for it the costs are all at overspend (£206k). However, overall staffing and overtime costs are below the staffing budget. There have been a number of windfall grants notified to us all of which have been reflected in the projection, ie Pension Assessed Income, Temporary Absence, Family Premium which relate to the DWP New Burdens. In addition the FERIS and Single Fraud grants have been used to fund the increased cost of additional off-site processing work.

The LWSS scheme is projecting to save the key budget action plan of £300k - with some aspects of the spend on a 5 month delay, the underspend could be even higher.

Housing benefit projected spend for 16/17 is at £276.3M, lower than the outturn in 2015/16 which was £287.8M. Arising Housing Benefit overpayments are projecting net income of £7.9m against a budget of £9m, a £1.1m shortfall.

The reasons for the reduction in payments are:

- Ongoing decrease in Benefit caseload due to economic upturn, single persons now claiming Universal Credit where previous they would have claimed Housing Benefit
- Government imposed 1% rent reduction on the social sector affecting 35k Council Tenants & 11k Housing Associations

Overpayments have reduced as payments have reduced, so too has the average value of each overpayment. In addition the number and value of overpayments generated through data matching with DWP and HMRC have reduced significantly despite the number of referrals being received by the LA remaining at a similar level to previous years. Further work is being considered that may generate additional overpayment income to the LA and therefore bring the reported overspend down.

This year's initiative to identify further cases where Single Person Discount has been incorrectly claimed is proving successful and the projected additional income by year end is £500k against the £200k reflected in the budget.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	12,452	(6,900)	5,552	(107)	50	102	0	(13)	0	0	0	73	105	(105)	0
Customer Access	16,930	(1,568)	15,362	250	0	0	0	0	0	0	0	0	250	0	250
Elections, Licensing & Registration	7,476	(6,749)	727	41	86	50	(3)	59	0	0	0	0	233	(377)	(144)
Benefits, Welfare and Poverty	287,302	(284,390)	2,912	(100)	8	42	(10)	100	0	1,650	0	0	1,690	(1,451)	239
Total	324,160	(299,607)	24,553	84	144	194	(13)	146	0	1,650	0	73	2,278	(1,933)	345

Key Budget Action Plans and Budget Variations:

	Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans					
Community hubs	Shaïd Mahmood	Efficiencies from bringing services together, linked to Phase 1 and 2 of the capital investment in the service	R	0.1	0.3
Running costs	Shaïd Mahmood	Main savings in Communities	G	0.3	0.0
Transactional web	Lee Hemsworth	Further savings from the implementation of transactional web, mainly staffing	G	0.2	0.0
Registrars	John Mulcahy	Review of costs and income	G	0.1	0.0
Asset savings	Shaïd Mahmood/Lee Hemsworth	Savings in line with the asset management plan for closure of buildings and move of some HRA functions into the Community Hubs	G	0.1	0.0
Other	All CO's	£64k from PPE, printing and mail	G	0.1	0.0
Third sector infrastructure grant	Shaïd Mahmood	Grant reduction	G	0.1	0.0
Reduction in wellbeing and youth activities	Shaïd Mahmood	Reduction in budget	G	0.2	0.0
Innovation Fund	Shaïd Mahmood	Budget reduction	G	0.1	0.0
Housing benefits overpayments	Steve Carey	Level of overpayments down compared to last year. Projections still assume that the trend will pick up and the budget will be met, although this is a significant risk area.	R	0.4	0.3
Council Tax Single Person Discount	Steve Carey	£500k now projected - incidence in the Collection Fund	G	0.0	0.0
Advice consortium and welfare rights	Steve Carey	HRA contribution relating to under occupancy and rent arrears	G	0.2	0.0
Local Welfare Support Scheme	Steve Carey	HRA contribution in respect of support of Council tenants	G	0.1	0.0
B. Other Significant Budgets					
Net effect of all other variations					-0.2
Citizens and Communities Directorate - Forecast Variation					0.3

**PUBLIC HEALTH - 2016/17 FINANCIAL YEAR
FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)**

Overall - the allocation of the ring fenced Public Health grant for 2016-17 is £46,630k which reflects the additional £5m of funding for the full year effect for the 0-5 years services (Health Visiting and Family Nurse Partnership) which transferred to LCC in October 2015 less the impact of the continuing and significant reduction to the ring-fenced grant allocation.

The 2016/17 budget and budget savings plans reflected the reduction in the grant and work has been done to identify options for savings and critical decisions to meet this significant challenge. Savings have been enabled through successful consultation and negotiation with our partners and providers including 3rd Sector and NHS providers, this has identified £1.1m of savings. In addition savings have been made from the Public Health funding which is provided across directorates to support joint commissioning and commissioning of services resulting in £355k of savings. Savings of £955k have been found from Public Health programme budgets, vacant posts, support services and running costs.

The planned saving of £233k as part of the transfer of the TB contract will not materialise, though work to find compensating savings is now completed and is currently predicted to slightly over-achieve. Due to overtrading of sexual health services, provision was made for anticipated costs however it is likely that these costs will not materialise in full therefore resulting in savings to compensate for this risk.

Due to staff turnover and vacant posts on hold as a result of a review to prioritise critical posts that need to be filled, pay costs are projected to be £161k underspent on the general staffing budget, though some staff are now working on income funded projects. Work is continuing to identify potential financial pressures particularly in relation to costs associated with the new drugs and alcohol contract and Public Health activity contracts which are paid based on demand and some on NHS tariff. Recent activity data is showing a reduced level of activity and as a result, an underspend of £249k is projected on commissioning budgets.

In Supporting People there are a number of vacancies and recruitment delays which has resulted in a projected underspend of £72k.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000		
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Public Health Grant		(46,630)	(46,630)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staffing and General Running Costs	5,023		5,023	(161)	0	7	0	0	0	0	0	0	(154)	0			(154)
Commissioned and Programmed Services:																	
- General Public Health	208		208	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Population Healthcare	283		283	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Healthy Living and Health Improvement	15,329	(140)	15,189	0	0	(3)	0	0	(123)	0	0	0	(126)	0			(126)
- Older People and Long Term Conditions	2,361	(47)	2,314	3	0	0	0	1	(4)	0	0	0	0	0	0	0	0
- Child and Maternal Health	14,059		14,059	0	0	0	0	(4)	(30)	0	0	0	(34)	0			(34)
- Mental Wellbeing and Sexual Health	9,248		9,248	73	0	0	0	9	(325)	0	0	0	(243)	0			(243)
- Health Protection	806		806	0	0	0	0	0	233	0	0	0	233	0			233
Transfer From Reserves		(500)	(500)									324	324				324
Supporting People	964	(637)	327	(76)	1	2	0	0	0	0	0	0	(73)	1			(72)
Drugs Commissioning	1,260	(1,260)	0	0	0	24	0	0	(24)	0	0	0	0	0			0
Total	49,541	(49,214)	327	(161)	1	30	0	6	(273)	0	0	324	(73)	1			(72)

Key Budget Action Plans and Budget Variations:					
	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
				£m	£m
A. Key Budget Action Plans					
Efficiencies					
- General efficiencies on contracted services	Ian Cameron	A combination of reductions in demand, expiry of contracts, ending one-off contributions and activities now funded by other contracts or organisations	G	0.80	0.00
- Staff savings	Ian Cameron	Reduction in staffing pay budget through vacant posts on hold and vacancy management throughout 2016/17	G	0.42	0.00
Review of commissioned services					
- Savings on contracts due to expire	Ian Cameron	5% saving on 22 contracts due to expire. Areas covered community development, food and nutrition, vulnerable groups, older people, sexual health, domestic violence, mental health, cancer screening, children's physical activity, obesity and breast feeding. All affected 3rd Sector providers have confirmed their acceptance of the 5% saving, public health contract managers continue to provide support to all providers.	G	0.16	0.00
- Drugs and alcohol services	Ian Cameron	Initial consultation with provider has taken place, further discussions are planned.	G	0.20	0.00
- Drug Intervention Programme and Integrated Offender Management	Ian Cameron	Consultation with partners and providers have begun in order to realise savings.	G	0.38	0.00
- Savings on existing contracts	Ian Cameron	Contracts affected include Health Visiting, School Nursing, Healthy Lifestyles, Smoking Cessation, Weight Management, Infection Control. Consultation with NHS provider has started, further discussions planned.	G	0.29	0.00
- Transfer of TB service to NHS provider	Ian Cameron	Following consultation with NHS Partners this saving will not be realised	R	0.23	0.23
Leeds City Council services	Ian Cameron	In response to this proposed reduction in public health funding in 16/17 to council provided services, £1.3m of non-recurrent earmarked reserves will be used to maintain services to March 17. LCC directorates and heads of finance have confirmed savings have been achieved and implemented either by absorbing the saving or in consultation with relevant provider.	G	1.75	0.00
Programmed budgets	Ian Cameron	Programme budgets removed for area health priorities across ENE, S&E and WNW. Adult public health programmes including drugs and alcohol, mental health, sexual health, infection control and fuel poverty. Children's public health programmes including obesity, breastfeeding, alcohol, drugs infant mortality and oral health.	G	0.60	0.00
B. Other Variations					
Projected underspend on staffing costs					(0.16)
Net effect of all other variations					(0.14)
Public Health - Forecast Variation					(0.07)

**CIVIC ENTERPRISE LEEDS - 2016/17 FINANCIAL YEAR
FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)**

Overall

The overall projected position at period 6 is an overspend of £201k explained by a £200k overspend against the Catering net budget. The Catering overspend is mainly as a result of the marginal impact of the 7 schools which have been lost to the service plus the marginal impact of a shortfall against the adjusted meal numbers.

Business Support Centre

BSC are forecast to be on track to meet their 2016/17 savings target of £400k which is to be achieved through the freezing of posts and ELIs.

Commercial Services

The Commercial Services overspend of £201k is, as explained above, accounted for by the marginal impact of the 7 schools which were lost from the Catering service plus the marginal impact of a shortfall against the adjusted meal numbers. The projected overspend on staffing is mainly within the Cleaning Service and is offset by additional income. Work will be done with the Head of Service to identify the permanent resources requirement and income so that a virement can be done to ensure an accurate expenditure and income budget moving forward for Cleaning Services. Once this budgetary realignment is done, this will show that following the implementation of day time cleaning in civic buildings (thus avoiding premium staffing payments) and reduced cleaning frequencies and using the ELI initiative, the service is on track to meet the £200k savings from a lower cleaning specification included in the 2015/16 base budget and should provide a platform for savings in the following financial year.

Facilities Management

A balanced position is projected at month 6 although there are risks around accruals for services charges for the two joint service centres going back to 2013/14. The payment of these charges is being dealt with by Legal Services. There is also a potential risk on savings assumed in the Asset Rationalisation programme for Merrion House NNDR where, following advice, an accrual of £430k has been provided in 2015/16.

Corporate Property Management

A balanced position is projected at month 6 which assumes budgeted savings of £150k staffing and £450k on building maintenance will be achieved.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Business Support Centre	15,189	(5,510)	9,679	100	8	(74)	0	0	0	0	0	0	34	(34)	0
Commercial Services	59,532	(56,897)	2,635	1,847	16	723	(21)	(20)	0	1	0	0	2,546	(2,345)	201
Facilities Management	10,087	(4,123)	5,964	(135)	13	7	0	0	0	0	0	0	(115)	115	0
Corporate Property Management	5,959	(587)	5,372	33	(40)	0	0	7	0	0	0	0	0	0	0
Total	90,767	(67,117)	23,650	1,845	(3)	656	(21)	(13)	0	1	0	0	2,465	(2,264)	201

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
1	Asset rationalisation	Sarah Martin	Savings from: 1&3 Reginald Terr £29k, Belgrave Hse £60k, Deacon Hse £30k, South Pudsey Centre £25k, Tribeca £110k	G	0.29	0.0
2	Maintenance of council buildings	Sarah Martin	Reduce responsive maintenance	G	0.60	0.0
3	Catering Savings	Mandy Snaith	Agency staff	G	0.05	0.0
4	Energy	Sarah Martin	Impact of energy efficiency measures	G	0.05	0.0
5	BBM - admin, mail and print	Helena Phillips	Significant changes in respect of business processes required to deliver these savings across 4 contract areas.	G	0.37	0.0
6	Vehicle Fleet	Terry Pycroft	Extend life of light commercial vehicles	G	0.20	0.0
7	Recover cost of living wage	Richard Jackson	Recover from Property Cleaning.	G	0.20	0.0
8	Catering additional income.	Mandy Snaith	Increased income/efficiencies.	G	0.05	0.0
9	Additional MOT income.	Terry Pycroft	Increase number of MOTs undertaken.	G	0.03	0.0
10	Recovery of cleaning charges.	Les Reed	Recovery of charges from clients.	G	0.07	0.0
B. Other Significant Variations						
1	Net effect of all other variations			R		0.2
Civic Enterprise Leeds - Forecast Variation						0.2

STRATEGY AND RESOURCES - 2016/17 FINANCIAL YEAR FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)

Overall - action plans are generally on line to deliver the budgeted savings. The only area currently expected to create a pressure is income within the PPPU which means that Strategy & Resources is currently reporting a net overspend of £193k.

Strategy & Improvement - total staffing savings amount to £38k - this arises from staff leaving via ELI and vacant posts not yet filled or not being filled. Overall the service is projected to be on line as there is a shortfall in income.

Financial Services - the current pay projection shows the Finance budget approx £34k overspent at year end. Further leavers are expected though and it is anticipated that a balanced position for the Finance service will be achieved by year end.

Human Resources - staffing is now projected to be underspent due to the freezing of posts. These savings offset some pressure on supplied and services and a shortfall in income from schools.

Information Technology - savings on staffing costs due to vacant posts are expected to be offset by reduced income as these posts are income generating. In addition, there is an £80k saving on Microsoft licences which was initially funded by transfers from directorate budgets.

PPPU - based on current projections, the Unit will be £578k overspent at year end. Even though there is an underspend on pay of £714k and a freeze on posts is in place, income is projected £1,292k less than budget. The main reasons for the shortfall in income are the fall out of NGT (£619k), Health Transformation (£81k) and various capital schemes (£559k). PPPU's Senior Management Team are reviewing workload and income streams and the reported variance assumes that an extra £278k of income can be realised by year end. Obviously this is a significant risk area for the Directorate.

Legal Services - legal are currently under budget on staffing by £32K and all expenditure budgets are online. There is a risk that internal income will be significantly below budget, principally because of reductions in the Legal establishment. However an action plan is in place and the position is being closely monitored.

Democratic Services - the Governance, Scrutiny, Civic and Ceremonial and Members' Allowances budgets are on target to deliver a slight underspend of £27k for 2016/17. However on-going, year on year pressures remain within Members' Support which has necessitated other opportunities to be explored to achieve a balanced budget across the Democratic Services division. These include the on-going secondment of a member of staff to WYCA, redesigning work packages, working arrangements and leadership responsibilities to enable vacated posts to be not filled and other in-year one off savings to be accrued.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Strategy & Improvement	4,831	(471)	4,360	(38)	0	(15)	0	0	0	0	0	0	(53)	54	1
Finance	15,843	(7,004)	8,839	34	0	(16)	0	0	0	0	0	0	18	(18)	0
Human Resources	8,294	(1,903)	6,391	(85)	0	14	4	(40)	0	0	0	0	(107)	107	0
Information Technology	19,428	(6,074)	13,354	(15)	0	(160)	0	0	0	0	0	0	(175)	95	(80)
Projects, Programmes & Procurement	7,658	(6,085)	1,573	(714)	0	1	(1)	0	0	0	0	0	(714)	1,014	300
Legal Services	4,736	(6,915)	(2,179)	(108)	0	0	0	0	0	0	0	0	(108)	108	0
Democratic Services	4,944	(26)	4,918	(27)	0	0	0	0	0	0	0	0	(27)	0	(27)
Total	65,734	(28,478)	37,256	(953)	0	(176)	3	(40)	0	0	0	0	(1,166)	1,360	194

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
Efficiencies						
1	Financial services	Doug Meeson	On track to deliver budgeted savings, mainly due to reductions in staffing	G	0.8	0.0
2	HR	Lorraine Hallam	On-line advice, less HR input into low level cases, ELI and vacancy management	G	0.4	0.0
3	ICT staffing	Dylan Roberts		G	0.1	0.0
4	ICT Print Smart	Dylan Roberts	Further efficiencies on top of those delivered in 2015/16	G	0.1	0.0
5	Legal Services	Catherine Witham		G	0.1	0.0
6	Corporate Communications and intelligence	Mariana Pexton	Staffing and efficiency savings, mainly within the Communications Team	G	0.4	0.0
7	Democratic services	Catherine Witham	Staffing and efficiency savings. Member pension saving	G	0.1	0.0
8	ICT procurement savings	Dylan Roberts	Modernisation of telephony	G	0.3	0.0
9	PPPU	David Outram	Significant reduction in Procurement particularly low value procurements. Additional external income	R	0.7	0.3
Additional income - traded services, partner ai						
10	ICT	Dylan Roberts	Provision of managed service to WY Joint Services	G	0.2	0.0
B. Other Significant Variations						
	Net effect of all other variations					-0.1
Strategy and Resources Directorate - Forecast Variation						0.2

STRATEGIC & CENTRAL ACCOUNTS - 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 6 (APRIL TO SEPTEMBER)

At month 6, the strategic & central budgets are anticipated to underspend by £0.7m.

The key variations are;

- Debt - a forecast pressure of £0.3m due to the conversion of short-term debt to long-term to take advantage of low long-term interest rates (net of additional prudential borrowing re strategic fund investment acquisitions)
- Section 278 income - a potential £1.2m risk due to lower levels of development activity.
- £430k forecast shortfall in income from court costs
- Procurement - a £1.9m variation which reflects that the procurement and PFI savings will be managed through directorate budgets.
- Early Leaver Initiative - a potential £0.4m additional spend over the £2m earmarked reserve.
- Savings of £2m from the additional capitalisation of eligible spend in general fund and school budgets.
- Appropriation of £2.0m of earmarked reserves.
- Savings of £2.0m on the levy contribution to the business rates.
- Joint Committee - £0.1m anticipated overspend for the Coroners' services.

Budget Management - net variations against the approved budget

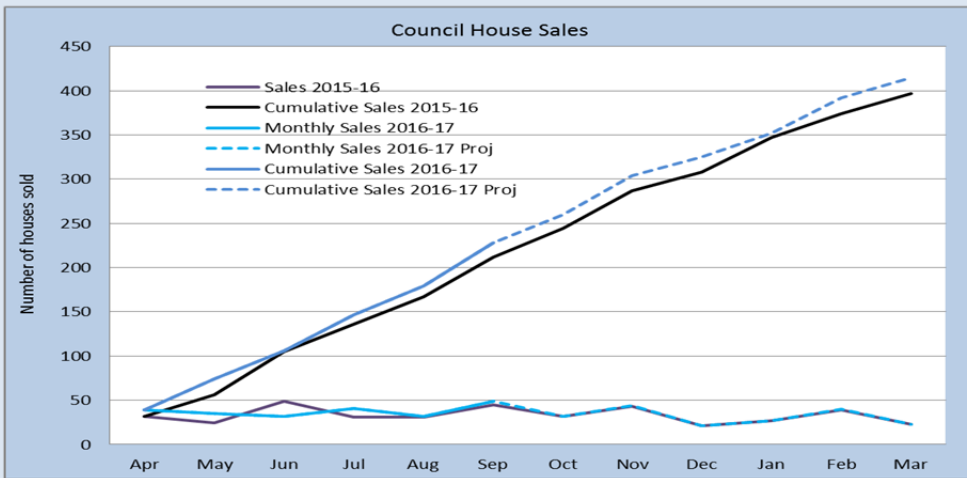
				PROJECTED VARIANCES										Total (under) / overspend £'000	
	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(11,480)	(32,488)	(44,422)	674		1,860					(2,000)	(1,616)	(1,082)	1,830	748
Debt	24,380	(1,103)	23,277								1,495		1,495	(1,162)	333
Govt Grants	3,015	(26,434)	(23,419)										0	(1,890)	(1,890)
Joint Committees	37,411	0	37,411			95							95		95
Miscellaneous	2,450	(1,311)	1,139										0		0
Insurance	9,831	(9,831)	0			2,247		(9)				(384)	1,854	(1,854)	0
Total	65,607	(71,167)	(6,014)	674	0	4,202	0	(9)	0	0	(505)	(2,000)	2,362	(3,076)	(714)

Key Budget Action Plans and Budget Variations:						
				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments		£m	£m
A. Major Budget Issues						
1.	Debt Costs and External Income	Doug Meeson	Latest projection of increased debt costs due to new long term borrowing (net)	A	13.0	0.3
2.	Minimum Revenue Provision	Doug Meeson	The budget assumes the use of £23.4m capital receipts to repay debt. There is a risk that capital receipts available to fund this may fall short by up to £1.8m.	A	10.3	0.0
3.	New Homes Bonus	Doug Meeson	No material variation anticipated at this stage in the year	G	(19.2)	0.2
4.	Business Rates (S31 Grants, Tariff adjustment & EZ)	Doug Meeson	Tariff adjustment £480k and Enterprise zone reliefs £370k	A	(7.1)	0.1
5.	S278 Contributions	Doug Meeson	Projection from Capital team is £4m, therefore potential risk of £1.2m depending on development activity to the year-end	A	(5.2)	1.2
6.	General capitalisation target	Doug Meeson	Capitalisation of eligible spend in directorate/service revenue budgets.	A	(3.0)	(1.0)
7.	Schools capitalisation target	Doug Meeson	Capitalisation of eligible spend in school revenue budgets.	A	(2.5)	(1.0)
8.	Corporate Savings Target	Doug Meeson	Centrally-held budget savings target. Actual savings will be shown in Directorate budgets.	A	(1.0)	1.0
9.	PFI Contract Monitoring Target	David Outram	Budget held in the strategic accounts pending confirmation of where the reductions in expenditure will be achieved	A	(0.9)	0.9
10.	Early Leaver Initiative	Doug Meeson	£2m earmarked reserve established to fund the severance costs in 2016/17.	A	0.0	0.4
11	Joint Committee - Coroners Services	Doug Meeson	£95k over spend projected at mth 6 due to dilapidations claim at Symons House and a large interpreter fees, partially offset by staffing cost savings	G	0.0	0.1
B. Other Significant Budgets						
1.	Insurance	Doug Meeson	Potential additional costs in-year which will be managed through the Insurance Reserve	A	0.0	0.0
2.	Business Rates Levy	Doug Meeson	Savings anticipated from levy	G	3.0	(2.0)
3.	Prudential Borrowing Recharges	Doug Meeson	Contra budgets in directorate/service accounts.	G	(11.9)	0.0
4	Earmarked Reserves	Doug Meeson	Use of demography reserve and capital reserve	G	0.0	(1.6)
5	Bridgwater Place	Doug Meeson	Compensation to be received from the developer.	G	0.0	0.0
6	Income	Doug Meeson	Income from Court fees	A	0.0	0.4
7	Leeds Living Wage	Doug Meeson	Estimated impact of Jan rise to £8.25/ hour	A	0.0	0.3
Strategic & Central Accounts - Forecast Variation						(0.7)

Housing Revenue Account - Month 6 (September 2016) Financial Dashboard - 2016/17 Financial Year

Summary of projected over / under spends (Housing Revenue Account)

Directorate	Current Budget	Projected Year End Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
Income					
Rents	(218,375)	(218,313)	62	Projected rent lower than budget due to stock numbers being less than anticipated during budget setting.	51
Service Charges	(6,443)	(6,427)	16	Reduction in income from sheltered accommodation.	9
Other Income	(29,306)	(29,263)	43	PFI PTC (£100k), increase in RTB sales fee income (£46k) offsetting reduction in capitalised salaries due to vacant posts £170k and other small variances £18k.	69
Total Income	(254,124)	(254,003)	121		129
Expenditure					
Disrepair Provision	1,000	1,200	200	Projection due to increase in new cases which is anticipated to continue.	200
Repairs to Dwellings	43,548	43,548	-		-
Council Tax on Voids	663	725	62	Current charges indicate overspend.	62
Employees	27,792	26,991	(801)	Vacant posts (£973k) and training saving (£59k) offsetting agency staff (includes disrepair) £188k and severance costs £43k.	(585)
Premises	7,013	7,101	88	Increase in cleaning charges £77k, Site maintenance costs at Navigation House £11k	80
Supplies & Services	5,259	5,437	178	Large insurance claims £249k, LLBH PFI Japanese Knotweed consultants £15k. Offset by Tenant Mobility saving (£75k) and minor variations (£11k).	187
Internal Services	38,473	38,441	(32)	Increase in surveyor RTB valuation work £160k, PPPU recharges for PFI £92k . Offset by reduction in the GF recharges to the HRA (£228k) and Regeneration team recharge (£52k). Other small variance (£4k).	60
Capital Programme Appropriations	(7,115)	(7,492)	(377)	Large insurance claims (£249k), PFI appropriation adjustment (£128k).	(342)
Unitary Charge PFI	8,101	8,226	125	PFI scheme adjustments: UC £73k; PTC £106k; RTB (£54k).	90
Capital Charges	49,159	49,356	197	Interest receivable lower than budgeted	197
Other Expenditure	7,190	7,079	(111)	Leeds Tenant Federation - in line with 2016/17 negotiations (£50k). Transport cost reforecast (£61k).	(106)
Total Expenditure	254,124	253,653	(471)		(157)
Total Current Month	-	(350)	(350)		(28)

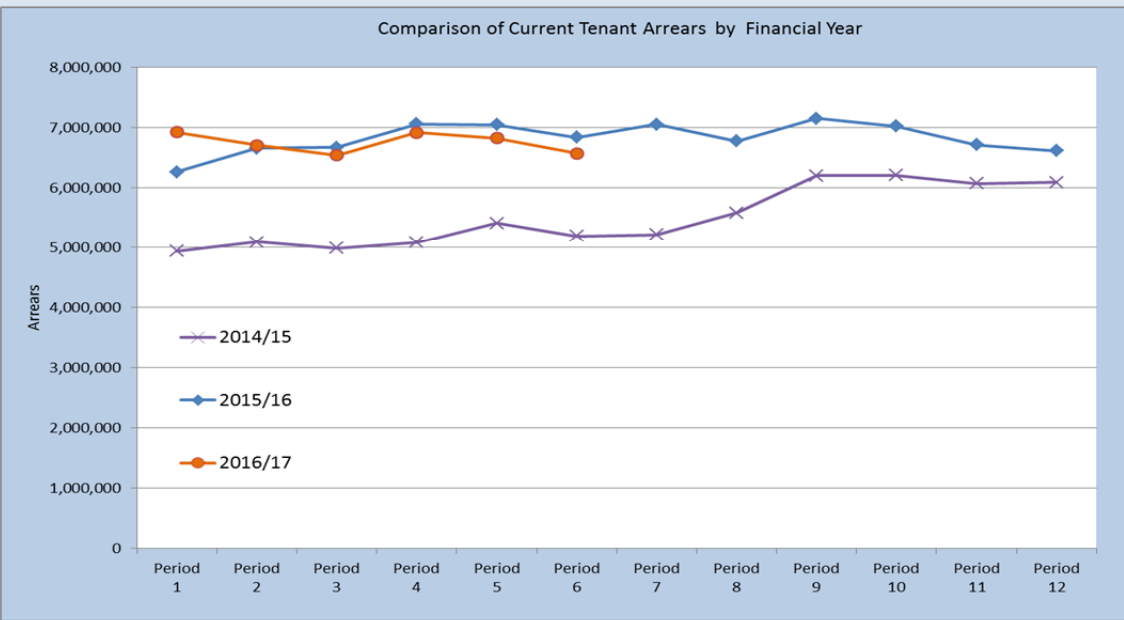


Change in Stock	Budget	Projection
Right to Buy sales*	380	415
New Build (PFI)	(93)	(93)
New Build (Council House Growth)	(142)	(142)
Total	145	180

* actual sales as at the end of Period 6 - 228

Right to Buy Receipts	2015/16 Actual	2016/17 Projection
Total Value of sales (£000s)	18,057	20,707
Average Selling Price per unit (£000s)	45	50
Number of Sales*	397	415
Number of Live Applications	892	1,029

	2015/16	2016/17	Variance
	£000	£000	£000
Arrears (Dwelling rents & charges) - Week 26			
Current Tenants	6,838	5,978	(860)
Former Tenants	3,175	3,831	656
Total	10,013	9,809	(204)
Under occupation - Week 18			
Volume of Accounts	5,078	4,835	(243)
Volume in Arrears	2,628	2,416	(212)
% in Arrears	52%	50%	-2%
Value of Arrears	825	667	(158)
Collection Rates - Week 18			
Dwelling rents	97.24%	96.73%	-0.51%
Target	98.06%	97.50%	-0.51%
Variance to Target	-0.82%	-0.77%	-0.51%



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Report of the Deputy Chief Executive

Report to Executive Board

Date: 16th November 2016

Subject: Capital Programme Quarter 2 Update 2016-2020

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report sets out the latest capital programme position for both the General Fund and the Housing Revenue Account (HRA).
2. The Council continues to deliver significant capital investment across the city which will provide improved facilities and infrastructure and supports the Leeds economy, whilst ensuring the impact on debt costs within the revenue budget is managed.
3. Whilst the capital programme remains affordable in 2016-17, ongoing reviews will consider the continued affordability of debt costs in future years in the context of: planned expenditure and the Best Council Plan priorities; projections on interest rates; and the strength of the Council's balance sheet to fund capital spend. Scheme phasing will continue to be monitored to ensure that it is accurate and realistic.
4. There are a number of significant pressures building within the capital programme, including the Learning Places Programme deficit that are being reviewed and will be reported in the February update of the capital programme. Major and annual schemes continue to progress, with no significant concerns to report at this stage.
5. The HRA programme remains affordable over the next 3 years.

Recommendations

Executive Board is requested to:

1. Note the latest position at period 6 on the General Fund and HRA capital programmes;
2. Note the net increase in the General Fund and HRA Capital Programme 2016-2020 of £68.8m since Quarter 1. The majority of these injections £51.77m relate to the inclusion of annual programmes in 2019-20 as shown in Appendix B, £45.9m of which is LCC borrowing and £5.88m is grant and external contributions;
3. Note that the borrowing required to fund the Capital Programme in 2016-17 has reduced by a further £11.8m since the Quarter 1 update. The Capital Programme remains affordable within the approved debt budget for 2016-17, and that further work is underway through regular capital programme reviews to ensure that future debt costs are maintained within the overall Medium Term Financial strategy;
4. Approve the following injections into the capital programme:
 - £51.77m, to reflect the roll forward of annual programmes into 2019-20 as set out in Appendix B funded by £45.89m LCC borrowing and £5.88m grant;
 - £9.0m, to reflect the forecasted 1 for 1 right to buy receipts for 2017/18 and 2018/19 which will be utilised within the Council House Growth programme;
 - £232.8k in relation to Capital Receipts to be utilised by Ward Councillors under the Capital Receipts Incentive Scheme (CRIS) as detailed at Appendix D;
5. The above decision to inject funding will be implemented by the Chief Officer (Financial Services).
6. Note the £3.65m injection covered by the “Sustainable Communities Investment programme review” item on this Boards Agenda which is included within the figures in this report.

1. Purpose of this report

- 1.1. The purpose of the report is to provide Members with an update on the capital programme position as at period 6, the end of September 2016. The report includes appendices on the Capital Programme funding statement at period 6, an Annual Programmes statement, a Major Programmes and other schemes statement and the latest Capital Receipts Incentive Scheme injection. It also includes an analysis of the impact any changes in capital resources may have on the cost of borrowing within the revenue budget as a key control of capital investment. The report also seeks some specific approvals in relation to funding injections.

2. Background information

- 2.1. The Capital Programme approved by Council in February 2016 projected expenditure of £932.5m from 2016-20. This included borrowing of £370.9m over the period, including £155.0m in 2016-17. The cost of financing this borrowing was included in the debt budget also approved in February.
- 2.2. In July 2016 the Quarter 1 capital programme update was presented to Executive Board. This highlighted the 2016-20 Capital Programme had increased from £932.5m to £1,069.0m in July 2016 taking account of the outturn position and injections to the programme within that period. The forecast expenditure funded from borrowing for 2016-20 had increased from £370.9m to £463.0m.

3. Capital Programme

3.1. Capital Programme Latest Position 2016/20

- 3.1.1. A review of the Leeds funded element of the capital programme took place after Quarter 1 and resulted in limited overall savings but recognised that capital spend reflects a realistic priority based programme that contributes to the delivery of the Best Council Plan. Work continues to address capacity to deliver the current programme.
- 3.1.2. The 2016-20 Capital Programme currently stands at £1,137.8m, an increase of £68.8m since Quarter 1. The majority of the increase relates to net increased borrowing of £45.9m to be utilised on our annual programmes as set out in appendix B. Other injections since Quarter 1 are additional government grants of £12.7m, estimated 1 for 1 right to buy receipts of £9m for the two years 2017/18 and 2018/19 and £1.2m in other external contributions.
- 3.1.3. The General Fund capital programme currently stands at £788.8m for this period. It provides for investment in improved facilities and infrastructure and also has an impact on the Leeds economy through supporting jobs and income and business generated throughout the city. The HRA capital programme currently provides for capital investment of £349.0m for the 3 years 2016-17 through to 2018-19.
- 3.1.4. The current overall forecast position is set out in Appendix A. Members are asked to note the increase in the level of borrowing required to fund the capital programme of

£45.9m from £463.0m at quarter 1 to £508.9m at quarter 2. This is mainly due to the roll forward of annual programmes into 2019-20 as detailed in Appendix B.

3.1.5. Capital Programme 2016-17

3.1.6. The latest capital programme resources position for General Fund and HRA in 2016-17 is shown in Table 1 below.

Table 1 - Capital Resources Position

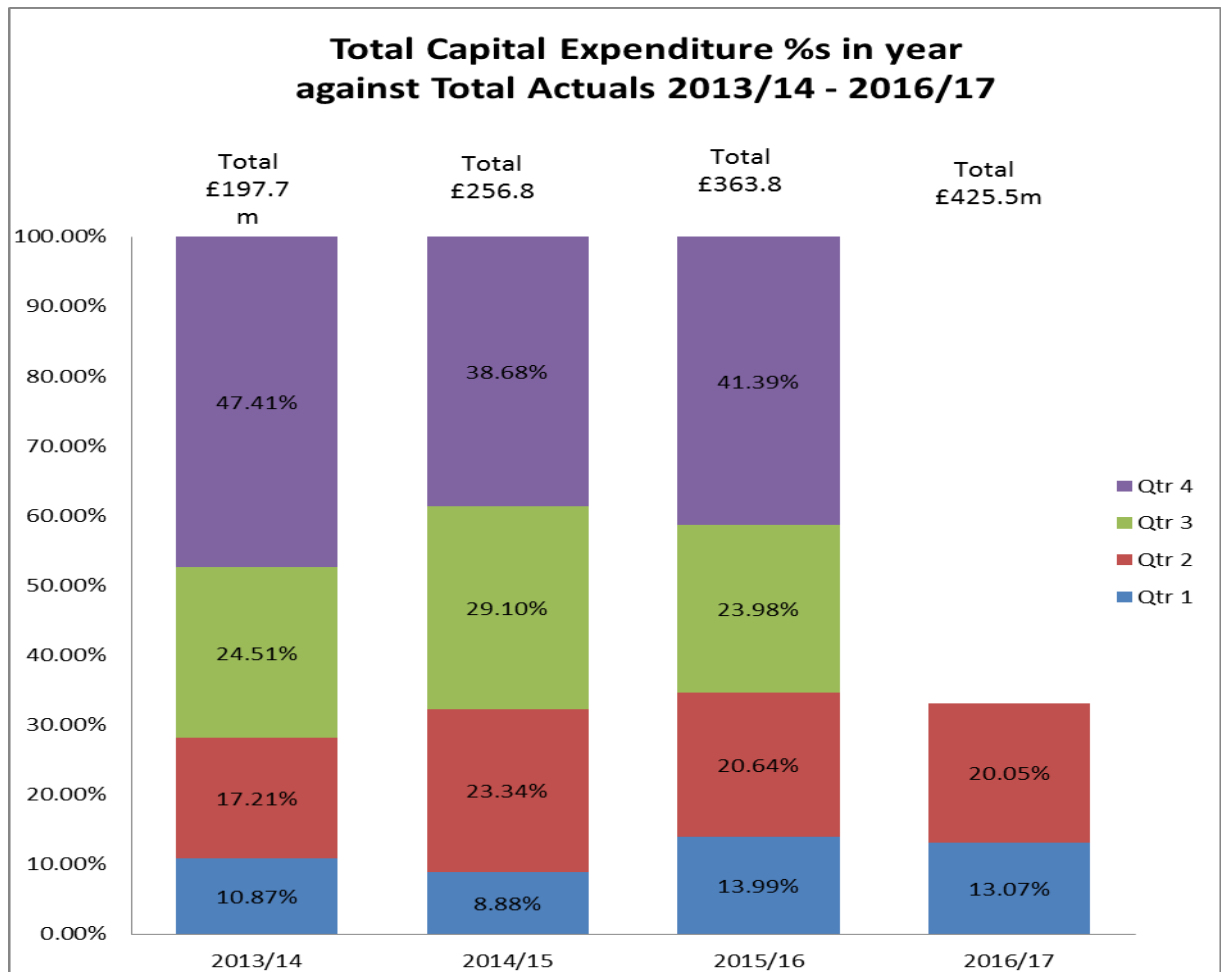
	2016/17		
	Qtr 1 Report £m	Latest £m	Var £m
Forecast Expenditure	441.3	425.5	(15.8)
Funded By;			
Borrowing	189.8	178.0	(11.8)
Government Grants	124.8	121.8	(3.0)
HRA Self Financing	98.3	97.9	(0.4)
Other Grants & Contributions	16.9	16.1	(0.8)
HRA Right to Buy Receipts	11.5	11.7	0.2
Total Forecast Resources	441.3	425.5	(15.8)

3.1.7. Table 1 details current projected resources in 2016-17 of £425.5m a reduction of £15.8m on the previous Quarter 1 projected resources. The LCC borrowing figure for 2016/17 has reduced by £11.8m in this Quarter.

3.1.8. The LCC Borrowing figure of £178.0m per table 1 includes £79.8m of schemes where a revenue provision is set aside either from schemes with supported income streams or schemes which result in overall revenue savings (spend to save schemes). Annual programmes account for £48.8m as set out in Appendix B (supported by £5.8m of grant) and other Major Programmes have LCC borrowing provision of £49.4m.

3.1.9. Spend to period 6 is in line with previous years but is still relatively low at £140.9m of the projected outturn at Quarter 2 of £425.5m equating to 33.1% as shown in Graph 1.

Graph 1: Percentage spend rates per Quarter



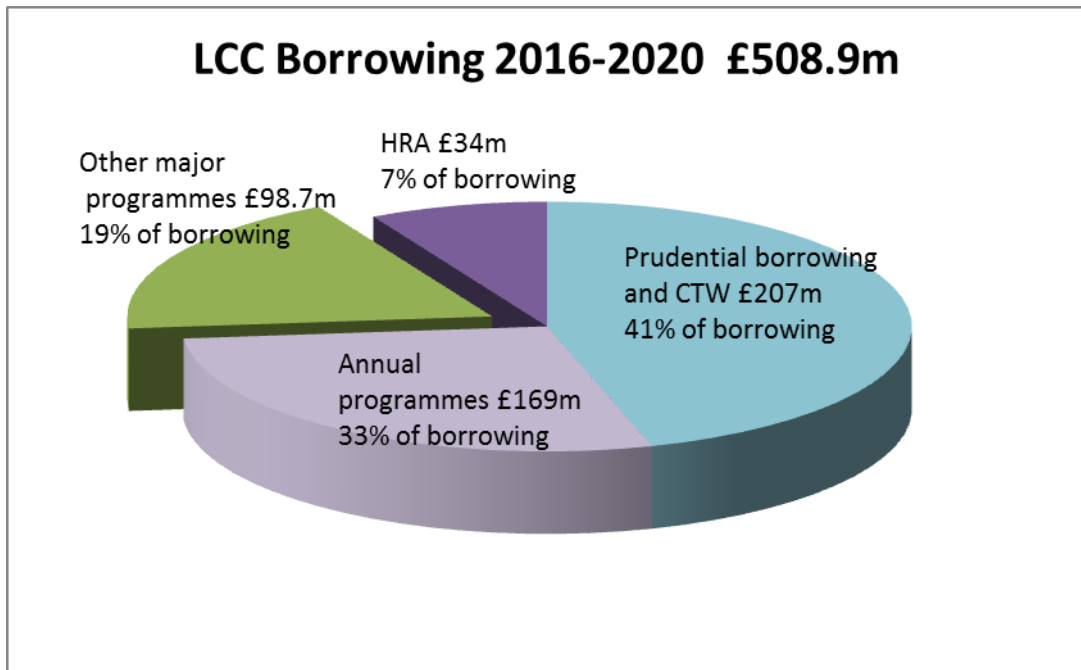
3.1.10. Capital Programme Affordability

3.1.11. The capital programme remains affordable and details are contained within the Treasury Management report elsewhere on the agenda. The level of spend in 2017-18 onwards has been adjusted to reflect a more realistic profile and lower projections on interest costs. As a result debt costs are projected to increase by £3m in 2017-18 and a further £2.3m in 2018-19. These increases will continue to be adjusted for the level of capital spend, interest rate assumptions and strength of the Council's balance sheet. This approach will inform the Council's medium term financial strategy and will continue to be adjusted before setting the debt budget requirement in the following years.

3.1.12. Overall the level of borrowing required to fund the full 2016-20 capital programme is £508.9m an increase of £45.9m since quarter 1 reported to EB in July 2016. Of this, £410m or 81% relates to capital expenditure that is funded by additional income or generates revenue savings or ensures that our assets are maintained to an acceptable standard. The remaining 19% or £97m supports the Best Council Plan

objectives. The split of LCC borrowing for the full programme is shown in the pie chart below.

Pie Chart 1 – LCC Borrowing Split 2016-2020



3.1.13. Whilst the programme remains affordable there are pressures building seeking potential further capital investment. These pressures will be addressed as part of the capital programme setting in February 2017. The major item on the future pressures list relates to £84.6m Learning Places Programme.

3.2. Major Programmes and Other Directorate schemes

3.3. The major programmes and other directorate schemes continue to make significant progress. Ongoing reviews and more efficient monitoring of the full programme has allowed us to better cashflow the programme and predict more accurate borrowing levels earlier in the process. Major scheme programme boards continue to address issues when they arise and ensure the governance and effective delivery of these programmes. The major programmes and other smaller schemes within objectives are summarised at Appendix C and are listed under the Best Council Plan objectives and priorities for delivery of the capital programme.

3.4. Members are asked to note that the “Sustainable Communities Investment programme review” item on this agenda contains further investment in a group repair scheme within Holbeck totalling £4.5m of which £1.5m relates to LCC borrowing.

3.5. Capital Receipts Incentive Scheme

The establishment of a Capital Receipts Incentive Scheme (CRIS) was approved by Executive Board in October 2011. The key feature of the scheme is that 20% of

each receipt generated will be retained locally for re-investment, subject to a maximum per receipt of £100k, with 15% retained by the respective Ward and 5% pooled across the Council and distributed to Wards on the basis of need via community committees.

Some receipts are excluded from the scheme and these are largely receipts that are already assumed to fund the Council's budget or are earmarked in some other way to previous or future spend.

Appendix D details the additional CRIS allocations to wards and community committees for the period April to September 2016, and identifies the total balance of resources available for use. Executive Board is requested to approve the injection of £232.8k into the Capital Programme.

4. Economic Impact of the Capital Programme

4.1. Members will recall that the February 2016 Capital Programme update included details of the Economic Impact Assessment of the Council's capital programme investment on the Leeds economy. The key points being:

- An estimated peak of 3,947 net additional FTE job roles in Leeds will be created over the three years through Leeds City Council capital expenditure generating over £785m Gross Value Added (GVA) for the Leeds economy.
- In addition a further net additional 254 jobs and £50m GVA will be created in the wider Leeds City Region by our capital expenditure
- In total, it is therefore estimated that Leeds City Council capital expenditure between 2016/17 and 2019/20 will create a peak of 4,201 FTE jobs and generate £835m GVA in the Leeds City Region.

4.2. In addition to the use of the Regional Econometric Model (REM) to determine the effect on the economy, further analysis is ongoing to assess the impact employment and skills obligations within Council contracts have on jobs and apprenticeships.

5 Corporate Considerations

5.1 Consultation and Engagement

Consultation on the Council's budget proposals, including the capital programme, took place prior to the finalisation and approval of the budget in February 2015. This report gives an update on progress at period 6 within the approved capital programme. This report also seeks to inject funding for specific proposals for which the necessary consultations will take place when the individual schemes are implemented by services.

5.2 Equality and Diversity / Cohesion and Integration

The capital programme sets out a plan of capital expenditure over future years and further spending decisions are taken in accordance with capital approval processes, as projects are developed. This is when more detailed information will be available as to where in the city capital spending will be incurred and the impact on services, buildings and people. Service Directorates will include equality considerations as part of the rationale in determining specific projects from capital budgets.

5.3 Council policies and Best Council Plan

Capital objectives are set out as part of the February 2016 budget process and the capital programme approved in February 2016 is structured to show schemes under these objectives. The schemes have been drawn up in conjunction with the 2016-17 budget and seek to ensure that the Council's financial resources are directed towards its policies and priorities and, that these policies and priorities as part of the Best Council Plan are affordable.

5.4 Resources and value for money

5.4.1 The resource implications of this report are detailed in section 3 above. For the capital programme to be sustainable, the Deputy Chief Executive must be satisfied that the cost of borrowing currently included in the capital programme can be contained within the approved revenue debt budget. The updated Capital Programme Funding Statement set out in Appendix A shows that the total cost of borrowing for 2016-17 is £178.0m and remains affordable.

5.4.2 For HRA, the position set out in Appendix A and current monitoring procedures shows that expenditure can be managed within available resources for 2016-17.

5.4.3 In order to ensure that schemes meet Council priorities and are value for money, the Deputy Chief Executive has put processes in place to ensure:

- the introduction of new schemes into the capital programme will only take place after completion and approval of a full business case and identification of the required resources;
- promotion of best practice in capital planning and estimating to ensure that scheme estimates and programmes are realistic;
- the use of departmental unsupported borrowing for spend to save schemes is based on individual business cases and in the context of identifying the revenue resources to meet the borrowing costs.

5.5 Legal Implications, Access to Information and Call In

The recommendations in this report are available for call in and there are no other legal implications arising from this report.

5.6 Risk Management

5.6.1 One of the main risks in managing the capital programme is that insufficient resources are available to fund the programme. As the capital programme is fully funded this risk lays within the treasury management of the debt budget. Monthly monitoring procedures are in place for expenditure, resources and capital receipts and debt monitoring to ensure that this risk can be managed effectively.

5.6.2 In addition, the following measures are in place:

- ensuring written confirmation of external funding is received prior to contractual commitments being entered into
- provision of a contingency within the capital programme to deal with unforeseen circumstances
- compliance with both financial regulations and contract procedure rules to ensure the Council's position is protected.
- ensuring all major programmes are supported by programme boards

5.6.3 The aspiration remains not to increase the level of debt and for new schemes to be fully funded (either by external resources or departmental prudential borrowing), or are essential (under health and safety grounds or in order to ensure Council assets are maintained for continued service provision). However, scope exists for the Council to progress priority schemes whilst retaining a realistic and affordable programme within the current debt budget projections.

6 Conclusions

6.1 The Council continues to deliver significant capital investment across the city which will provide improved facilities and infrastructure and also support the Leeds economy, whilst ensuring the impact on debt costs within the revenue budget is managed.

6.2 The report concludes that the capital programme shows an increase in the overall resources required to fund the 2016-20 capital programme of £68.8m since Quarter 1. The majority of the increase relates to net injected borrowing requirement of £45.9m to be utilised on our annual programmes as set out in appendix B. Other injections since Quarter 1 are additional government grants of £12.7m, estimated 1 for 1 right to buy receipts of £9m for the two years 2017/18 and 2018/19 and external contributions of £1.2m.

6.3 A further review of current scheme profiles and capacity to deliver the capital programme is ongoing and will be reported back to Members in the 2017-18 capital programme update in February 2017.

6.4 For HRA, forecast expenditure can be contained within available resources in 2016-17.

7 Recommendations

Executive Board is requested to:

- 7.1 Note the latest position at period 6 on the General Fund and HRA Capital programmes;
- 7.2 Note the net increase in the General Fund and HRA Capital Programme 2016-2020 of £68.8m since Quarter 1. The majority of these injections £51.77m relate to the inclusion of annual programmes in 2019-20 as shown in Appendix B, £45.9m of which is LCC borrowing and £5.88m is grant and external contributions;
- 7.3 Note that the borrowing required to fund the Capital Programme in 2016-17 has reduced by a further £11.8m since the Quarter 1 update. The Capital Programme remains affordable and that further work is underway through regular capital programme reviews to ensure that future debt costs are maintained within the overall Medium Term Financial strategy;
- 7.4 Approve the injection into the capital programme of the following:
 - £51.77m, to reflect the roll forward of annual programmes into 2019-20 as set out in Appendix B funded by £45.89m LCC borrowing and £5.88m grant;;
 - £9.0m, to reflect the forecasted 1 for 1 right to buy receipts for 2017/18 and 2018/19 which will be utilised within the Council House Growth programme;
 - £232.8k in relation to Capital Receipts to be utilised by Ward Councillors under the Capital Receipts Incentive Scheme (CRIS) as detailed at Appendix D;
- 7.5 The above decision to inject funding will be implemented by the Chief Officer (Financial Services).
- 7.6 Note the £3.65m injection covered by the “Sustainable Communities Investment programme review” item on this Boards Agenda which is included within the figures in this report.

Appendices

A – Capital Programme Funding Statement

B – Annual Programmes Statement

C – Major Programmes and Other Schemes Statement

D– Capital Receipts Incentive Scheme (CRIS) Funding Statement

Background documents¹ None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Whole Authority Capital Programme Funding Statement 2016/17 to 2019/20

Appendix A

	Act Spend £m	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
EXPENDITURE						
GENERAL FUND (GF)						
IMPROVING OUR ASSETS	31,320.0	145,176.4	91,360.0	56,198.5	41,053.9	333,788.8
INVESTING IN MAJOR INFRASTRUCTURE	13,114.8	28,482.3	16,451.4	7,754.8	11,402.1	64,090.6
SUPPORTING SERVICE PROVISION	23,445.2	67,004.2	95,559.9	50,322.8	27,081.0	239,967.9
INVESTING IN NEW TECHNOLOGY	2,467.7	8,058.9	6,139.8	5,624.0	5,825.5	25,648.2
SUPPORTING THE LEEDS ECONOMY	19,339.9	35,571.6	18,749.7	11,013.1	1,925.8	67,260.2
CENTRAL & OPERATIONAL EXPENDITURE	6,149.1	17,943.8	12,606.8	11,048.2	16,532.6	58,131.4
TOTAL ESTIMATED SPEND ON GF	95,836.7	302,237.2	240,867.6	141,961.4	103,820.9	788,887.1
HOUSING REVENUE ACCOUNT (HRA)						
IMPROVING OUR ASSETS - COUNCIL HOUSING	45,082.1	123,233.6	129,693.3	96,035.9	0.0	348,962.8
TOTAL ESTIMATED SPEND ON HRA	45,082.1	123,233.6	129,693.3	96,035.9	0.0	348,962.8
TOTAL ESTIMATED SPEND	140,918.8	425,470.8	370,560.9	237,997.3	103,820.9	1,137,849.9
RESOURCES						
GENERAL FUND (GF)						
Specific Resources						
GOVERNMENT GRANTS		116,747.0	90,859.9	52,333.8	32,273.5	292,214.2
OTHER GRANTS		11,591.8	6,908.4	1,023.1	2,291.1	21,814.4
Corporate Resources						
BORROWING - Corporate		97,586.5	106,844.5	61,904.3	56,339.8	322,675.1
BORROWING - Departmental		76,311.9	36,254.8	26,700.2	12,916.5	152,183.4
CAP. RESOURCES REQD FOR GF		302,237.2	240,867.6	141,961.4	103,820.9	788,887.1
HOUSING REVENUE ACCOUNT (HRA)						
Specific Resources						
HRA SELF FINANCING		97,920.4	80,980.5	78,720.8	0.0	257,621.7
R.T.B. CAPITAL RECEIPTS		11,740.6	11,968.7	17,315.1	0.0	41,024.4
GOVERNMENT GRANTS		4,997.3	5,334.0	0.0	0.0	10,331.3
OTHER CONTRIBUTIONS		4,511.7	1,462.7	0.0	0.0	5,974.4
BORROWING - Departmental		4,063.6	29,947.4	0.0	0.0	34,011.0
CAP. RESOURCES REQD FOR HRA		123,233.6	129,693.3	96,035.9	0.0	348,962.8
TOTAL CAP. RESOURCES REQD		425,470.8	370,560.9	237,997.3	103,820.9	1,137,849.9
BORROWING REQUIRED TO FUND THIS PROGRAMME						
		177,962.0	173,046.7	88,604.5	69,256.3	508,869.5
Average Interest rate (subject to change)						
		0.50%	0.50%	0.75%	0.75%	

Appendix B

ANNUAL PROGRAMMES

Best Council Plan Objectives for the Capital Programme	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Improving Our Assets					
Highways Maintenance	10,000	10,000	10,000	10,000	40,000
Highways maintenance capitalisations	2,000	2,000	2,000	2,000	8,000
Corporate Property Maintenance	1,500	1,500	1,500	1,500	6,000
General Refurbishment Schools	1,000	1,000	1,000	1,000	4,000
Demolition	1,000	1,000	1,000	1,000	4,000
Heritage Assets	1,500	1,500	1,500	1,500	6,000
Schools Capital expenditure	3,500	0	0	0	3,500
Schools Capital Expenditure Capitalisation reconciling to the Medium Term Financial Strategy	0	2,500	2,500	2,500	7,500
Fire Risk Assessments - Remedial Works	1,100	1,000	1,000	1,000	4,100
Library Books	750	700	700	700	2,850
Sports Maintenance	500	500	500	500	2,000
Civic Hall Backlog Maintenance	250	250	250	250	1,000
Traffic Management Programme	200	200	200	200	800
Improving our assets slippage adjustments	1,702.0	3,359.7	0	65	5,127
	25,002.0	25,509.7	22,150.0	22,215.0	94,876.7
Supporting Service Provision					
Adaptations - DFG LCC Funding	1,069	1,069	1,069	1,069	4,276
Adaptations - Grant & External Note 1	5,881	5,881	5,881	5,881	23,524
Telecare (ASC)	400	400	400	400	1,600
Adaptation to Private Homes outside of scope	400	400	400	400	1,600
Supporting Service provision slippage adjustments	3.4	200	-100	0	103
	7,753.3	7,950.0	7,650.0	7,750.0	31,103.3
Investing In New Technology					
Essential Services Programme	2,900	2,900	2,900	2,900	11,600
Essential Services Programme Staffing	1,200	1,200	1,200	1,200	4,800
Investing in New Technology slippage adjustments	289.7	-50.0	-50.0	100.0	290
	4,389.7	4,050.0	4,050.0	4,200.0	16,689.7
Supporting The Leeds Economy					
Project Support Fund - Groundwork	70	70	70	70	280
Central & Operational Expenditure					
General Capitalisation	4,900	4,900	4,900	4,900	19,600
Vehicle Programme	4,000	4,000	3,000	3,000	14,000
Capital Programme Management	600	600	600	600	2,400
Capitalisation Interest	300	300	300	600	1,500
Central & Operational slippage adj (mainly vehicles)	7,624.2	2,506.8	0.0	2,145.4	12,276.4
	17,424.2	12,306.8	8,800.0	11,245.4	49,776.4
Total Annual Programmes	54,639.2	49,886.5	42,720.0	45,480.4	192,726.1
Total Annual Programme Injections at quarter 2	1,100.0	3,500.0	5,000.0	42,170.0	51,770.0

Note 1 - This line is made up of grant funding £5,631.0k and estimated external income of £250.0k pa.

The net LCC element for 2016/17 is £48,758.2k per 3.1.8 within the main report.

The annual programme injections within the quarter 2 report amount to **£51,770.0k**.

MAJOR PROGRAMMES & OTHER SCHEMES
Appendix C

Major Programmes & Other Directorate schemes	2015/16 £000	2016/17 £000	2017/18 £000	2018 & on £000	Total £000
Improving our assets - Council Housing					
HRA Housing Leeds Refurbishment & BITMO	85,794.4	84,088.9	83,220.8	0.0	253,104.1
HRA Council Housing Growth	37,439.2	45,604.4	12,815.1	0.0	95,858.7
Improving our assets					
Changing the Workplace	19,081.5	25,055.7	10,645.0	0.0	54,782.2
Strategic Investment Fund Acquisitions	49,091.9	155.0	0.0	0.0	49,246.9
Childrens - Cap Maint & Devolved Formula Capital	11,509.8	10,952.2	9,663.1	15,842.6	47,967.7
Bridges and Structures	8,134.8	4,493.4	2,500.0	0.0	15,128.2
Highways Maintenance LTP	6,467.9	6,237.0	5,000.0	0.0	17,704.9
Section 278 and Section 106 schemes	6,036.5	5,599.8	2,152.6	866.0	14,654.9
Elland Road and Aire Valley Park and Ride	6,212.0	1,389.8	1,000.0	0.0	8,601.8
Highways Transport package	3,070.5	1,637.8	2,046.1	0.0	6,754.4
Whinmoor Nursery	4,888.7	1,452.0	63.0	0.0	6,403.7
Community Hubs	1,708.7	2,308.7	0.0	0.0	4,017.4
Parks & Countryside	2,512.7	1,128.8	0.0	0.0	3,641.5
ELOR Highways Works	1,532.7	500.0	0.0	0.0	2,032.7
Conversion of RCV vehicles to Gas	0.0	360.0	384.0	840.0	1,584.0
Highways Adoption of 32 roads	584.2	845.8	70.0	0.0	1,500.0
Other schemes within the objective	-657.5	3,734.3	524.7	1,290.3	4,891.8
	243,408.0	195,543.6	130,084.4	18,838.9	587,874.9
Investing in Major Infrastructure					
Flood Alleviation 16557& others	16,526.1	8,364.4	5,372.3	1,850.7	32,113.5
Cycle City Ambition	5,173.8	6,000.0	2,104.2	0.0	13,278.0
<i>New Generation Transport (NGT) Note 1</i>	1,000.0	0.0	0.0	9,315.4	10,315.4
East Leeds Extension - Land acquisition	1,957.0	0.0	0.0	0.0	1,957.0
Inner Ring Road Tunnel & Major Bridges	779.7	750.0	0.0	0.0	1,529.7
Highways Major LTP Schemes	380.0	733.2	290.6	0.0	1,403.8
Energy Efficiency & Green Deal	577.0	276.5	0.0	0.0	853.5
Kirkstall Forge Rail Growth	743.5	0.0	0.0	0.0	743.5
Other schemes within the objective	1,345.2	327.3	-12.3	236	1,896.2
	28,482.3	16,451.4	7,754.8	11,402.1	64,090.6
Supporting Service Provision					
Childrens Learning Places - (Basic Need Grant)	35,805.8	36,357.1	24,270.5	8,310.2	104,743.6
Childrens SEMH (Social Emotional Mental Health)	11,954.2	30,102.9	1,624.1	0.0	43,681.2
Social Care and Health Fund	250.0	8,700.0	7,500.0	8,550.0	25,000.0
District Heating Network	1,000.0	10,000.0	10,000.0	0.0	21,000.0
Kirkstall Rd HWSS	4,247.3	0.0	0.0	0.0	4,247.3
Private sector Renewal - Equity Loans	1,014.8	639.6	790.4	889.0	3,333.8
ASC - Learning Disabilities	692.5	115.5	0.0	0.0	808.0
Other schemes within the objective	4,286.3	1,694.8	-1,512.2	1,581.8	6,050.7
	59,250.9	87,609.9	42,672.8	19,331.0	208,864.6
Investing in New Technology					
Customer Access Phase 1 & 2	978.8	1,065.5	950.0	1,209.2	4,203.5
ASC Care Act Implementation Systems work	223.6	416.2	416.3	416.3	1,472.4
Other schemes within the objective	2,466.8	608.1	207.7	0.0	3,282.6
	3,669.2	2,089.8	1,574.0	1,625.5	8,958.5
Supporting the Leeds Economy					
Aire Valley Enterprise Zone & Logic Leeds Spine road	12,381.7	1,000.0	5,760.0	0.0	19,141.7
Kirkgate Market Strategy	8,994.7	358.0	0.0	0	9,352.7
City Region Revolving Infrastructure	2,100	2,100	2,031	0.0	6,230.5
Townscape Heritage Initiative & residual T&D Ph2	1,967.8	525.4	1,670.0	1,055.6	5,218.8
Digital Business Incubators	500.0	3,200.0	0.0	0.0	3,700.0
SCIP & Group Repair	1,098.6	3,786.5	0.0	0	4,885.1
West Yorkshire Playhouse	760.0	200.0	0.0	0	960.0
Southbank Regeneration	398.9	550.0	0.0	0	948.9
Broadband and Superconnected Cities	449.4	119.0	83.6	0.0	652.0
Other schemes within the objective	6,850.5	6,840.8	1,399.0	800.2	15,890.5
	35,501.6	18,679.7	10,943.1	1,855.8	66,980.2
Central & Operational Expenditure					
Contingency General Capital Programme	300.0	300.0	300.0	4,287.2	5,187.2
Contingency Learning Places	219.6	0.0	1,948.2	0.0	2,167.8
Contingency Special Emergencies	0.0	0.0	0.0	1,000.0	1,000.0
	519.6	300.0	2,248.2	5,287.2	8,355.0
Total Major Programmes & Other smaller schemes	370,831.6	320,674.4	195,277.3	58,340.5	945,123.8
Annual Programmes (See Appendix B)	54,639.2	49,886.5	42,720.0	45,480.4	192,726.1
Total Capital Programme	425,470.8	370,560.9	237,997.3	103,820.9	1,137,849.9
LCC Borrowing					
Corporate Borrowing	97,586.5	106,844.5	61,904.3	56,339.8	322,675.1
Departmental Borrowing	76,311.9	36,254.8	26,700.2	12,916.5	152,183.4
HRA Borrowing	4,063.6	29,947.4	0.0	0.0	34,011.0
TOTAL Borrowing	177,962.0	173,046.7	88,604.5	69,256.3	508,869.5
LCC resources in system	177,962.0	173,046.7	88,604.5	69,256.3	508,869.5
Capital Programme	425,470.8	370,560.9	237,997.3	103,820.9	1,137,849.9
% LCC resources 2016-2020	41.8%	46.7%	37.2%	66.7%	44.7%

Note 1 - Remains in programme until full implications known. Balance likely to form part of major transport initiatives.

Appendix D

Additional CRIS Injections to WBI & Community Committees and Total Balance Available

Ward Based Initiative (WBI) Allocations								
	Initial WBI Allocation from 2008	CRIS Injection to Mar '16 15% WBI	CRIS Injection Apr - Sept '16 15% WBI	Total CRIS Injection	Total WBI Allocation	Spent / Committed (as at Sept '16)	Total Balance Available	Scheme ref
	£000	£000	£000	£000	£000	£000	£000	
ADEL AND WHARFEDALE	40.0	32.7	0.0	32.7	72.7	50.0	22.7	14236\ADL\000
ALWOODLEY	40.0	95.9	0.0	95.9	135.9	84.1	51.8	14236\ALW\000
ARDSLEY AND ROBIN HOOD	40.0	19.5	1.2	20.7	60.7	27.0	33.8	14236\ARD\000
ARMLEY	40.0	25.4	0.0	25.4	65.4	21.8	43.6	14236\ARM\000
BEESTON AND HOLBECK	40.0	24.2	32.6	56.8	96.8	26.0	70.8	14236\BEE\000
BRAMLEY AND STANNINGLEY	40.0	82.2	0.0	82.2	122.2	40.7	81.5	14236\BRA\000
BURMANTOFTS AND RICHMOND HILL	40.0	48.0	4.4	52.4	92.4	53.9	38.5	14236\BUR\000
CALVERLEY AND FARSLEY	40.0	45.3	0.0	45.3	85.3	66.5	18.8	14236\CAL\000
CHAPEL ALLERTON	40.0	0.0	0.0	0.0	40.0	40.0	0.0	14236\CHA\000
CITY AND HUNSLET	40.0	107.8	75.0	182.8	222.8	3.0	219.8	14236\CIT\000
CROSSGATES AND WHINMOOR	40.0	0.0	0.0	0.0	40.0	28.4	11.6	14236\CRO\000
FARNLEY AND WORTLEY	40.0	61.9	0.0	61.9	101.9	86.2	15.7	14236\FAR\000
GARFORTH AND SWILLINGTON	40.0	15.1	0.0	15.1	55.1	49.4	5.7	14236\GAR\000
GIPTON AND HAREHILLS	40.0	161.2	29.3	190.5	230.5	123.6	106.9	14236\GIP\000
GUISELEY AND RAWDON	40.0	0.0	0.0	0.0	40.0	40.0	0.0	14236\GUI\000
HAREWOOD	40.0	51.6	0.0	51.6	91.6	38.6	53.0	14236\HAR\000
HEADINGLEY	40.0	176.6	28.6	205.2	245.2	93.2	151.9	14236\HDN\000
HORSFORTH	40.0	0.0	0.0	0.0	40.0	40.0	0.0	14236\HOR\000
HYDE PARK AND WOODHOUSE	40.0	217.9	0.0	217.9	257.9	15.5	242.4	14236\HYD\000
KILLINGBECK AND SEACROFT	40.0	0.0	0.0	0.0	40.0	40.0	0.0	14236\KIL\000
KIPPAX AND METHLEY	40.0	10.8	0.0	10.8	50.8	38.7	12.1	14236\KIP\000
KIRKSTALL	40.0	42.4	0.0	42.4	82.4	43.7	38.7	14236\KIR\000
MIDDLETON PARK	40.0	25.4	3.5	28.9	68.9	43.4	25.5	14236\MID\000
MOORTOWN	40.0	45.4	0.0	45.4	85.4	39.1	46.3	14236\MOO\000
MORLEY NORTH	40.0	4.8	0.0	4.8	44.8	32.5	12.3	14236\MON\000
MORLEY SOUTH	40.0	26.9	0.0	26.9	66.9	39.2	27.7	14236\MOS\000
OTLEY AND YEADON	40.0	22.9	0.0	22.9	62.9	43.5	19.4	14236\OTL\000
PUDSEY	40.0	102.2	0.0	102.2	142.2	30.6	111.6	14236\PUD\000
ROTHWELL	40.0	62.5	0.0	62.5	102.5	41.9	60.6	14236\RTH\000
ROUNDHAY	40.0	32.4	0.0	32.4	72.4	57.7	14.7	14236\ROU\000
TEMPLE NEWSAM	40.0	50.9	0.0	50.9	90.9	25.9	65.0	14236\TEM\000
WEETWOOD	40.0	90.7	0.0	90.7	130.7	64.6	66.1	14236\WEE\000
WETHERBY	40.0	0.0	0.0	0.0	40.0	40.0	0.0	14236\WTH\000
TOTALs	1,320.0	1,682.6	174.6	1,857.2	3,177.2	1,508.7	1,668.5	

Community Committee (CC) Allocations								
Area	Percentage	CRIS Injection to Mar '16 5% CC	CRIS Injection Apr - Sept '16 5% CC	Total CRIS Injection	Residual AWB Funding	Spent / Committed (as at Sept '16)	Total Balance Available	Scheme ref
	%	£000	£000	£000	£000	£000	£000	
INNER SOUTH	12.72%	70.5	7.4	77.9	1.3	0.0	79.2	16933\000\000
OUTER SOUTH	10.31%	57.5	6.0	63.5	4.9	0.0	68.4	16934\000\000
OUTER EAST	10.20%	57.7	5.9	63.6	0.0	13.5	50.1	16935\000\000
INNER WEST	10.97%	48.1	6.4	54.5	0.0	26.1	28.4	16936\000\000
INNER NORTH WEST	8.46%	61.6	4.9	66.5	0.0	42.3	24.2	16937\000\000
OUTER WEST	8.73%	48.4	5.1	53.5	0.0	13.2	40.3	16938\000\000
OUTER NORTH WEST	8.81%	50.0	5.1	55.1	15.8	0.0	70.9	16939\000\000
INNER NORTH EAST	8.85%	50.3	5.2	55.5	0.0	15.3	40.2	16940\000\000
INNER EAST	14.83%	82.2	8.6	90.8	0.0	12.0	78.8	16941\000\000
OUTER NORTH EAST	6.11%	34.8	3.6	38.4	0.0	18.0	20.4	16942\000\000
TOTALs	100.00%	561.1	58.2	619.3	22.0	140.4	500.9	

Total CRIS Injection Sept '16 **232.8**

Report of Deputy Chief Executive

Report to Executive Board

Date: 16th November 2016

Subject: TREASURY MANAGEMENT STRATEGY UPDATE 2016/17

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report provides a review and update of the treasury management strategy for 2016/17.
2. The Council's level of external debt as at 31st March 2017 is anticipated to be £1,805m, £200m higher than approved in February 2016. This higher forecast borrowing requirement is due to a combination of capital programme injections relating to specific investments and capital investment in service provision, together with a forecast reduction in the level of internal revenue balances that were used to defray external borrowing.
3. In line with the agreed treasury strategy set in February, the Council has taken advantage of lower costs of borrowing by acquiring longer dated debt and thereby reducing exposure to short term fluctuations in the debt markets. The impact together with income generated from strategic investments is a forecast increase in overall debt costs of £0.3m before MRP.
4. The investment of surplus monies will continue to have due regard for security of capital in accordance with the Council's approved investment strategy.
5. The Increase in the level of external debt requires that the Prudential indicators for the Authorised Limit and the Operational boundary to be increased as detailed in section 3.2

Recommendations

That Executive Board note :-

6. The update on the Treasury Management borrowing and investment strategy for 2016/17.
7. That full Council will consider at its meeting on the 9th November the changes to the borrowing limits for 2016/17, 2017/18 and 2018/19 as detailed in Section 3.2 and Executive Board note the proposed changes to both the Operational Boundary and the Authorised limits.

1 Purpose of this report

- 1.1 The 2016/17 treasury management strategy was approved by Executive Board on 10th February 2016. This report provides a review and update of the strategy for 2016/17.

2 Background information

- 2.1 The operation of the Treasury Management function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (amended 2009 and 2011) in particular:
 - The Prudential Code requires that full Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of prudential indicators.
 - Any in year revision of these limits must be set by Council.
 - Policy statements are prepared for approval by the Council at least three times a year.

3 Main issues

3.1 *Review of Strategy 2016/17*

- 3.1.1 The current borrowing forecasts are shown in Table 1

Table 1

	2016/17 Feb 16 Report £m	2016/17 This Report £m
ANALYSIS OF BORROWING 2016/2017		
Net Borrowing at 1 April	1,526	1,620
New Borrowing for the Capital Programme – Non HRA	124	174
New Borrowing for the Capital Programme – HRA	11	4
Debt redemption costs charged to Revenue (Incl HRA)	(38)	(38)
Reduced/(Increased) level of Revenue Balances	(18)	45
Net Borrowing at 31 March*	1,605	1,805
Capital Financing Requirement		2,035
* Comprised as follows		
Long term borrowing		
Fixed	1,254	1,427
Variable (less than 1 Year)	80	40
New Borrowing	79	185
Short term Borrowing	202	181
Total External Borrowing	1,615	1,833
Less Investments	10	28
Net External Borrowing	1,605	1,805
% borrowing funded by short term and variable rate loans	22%	22%

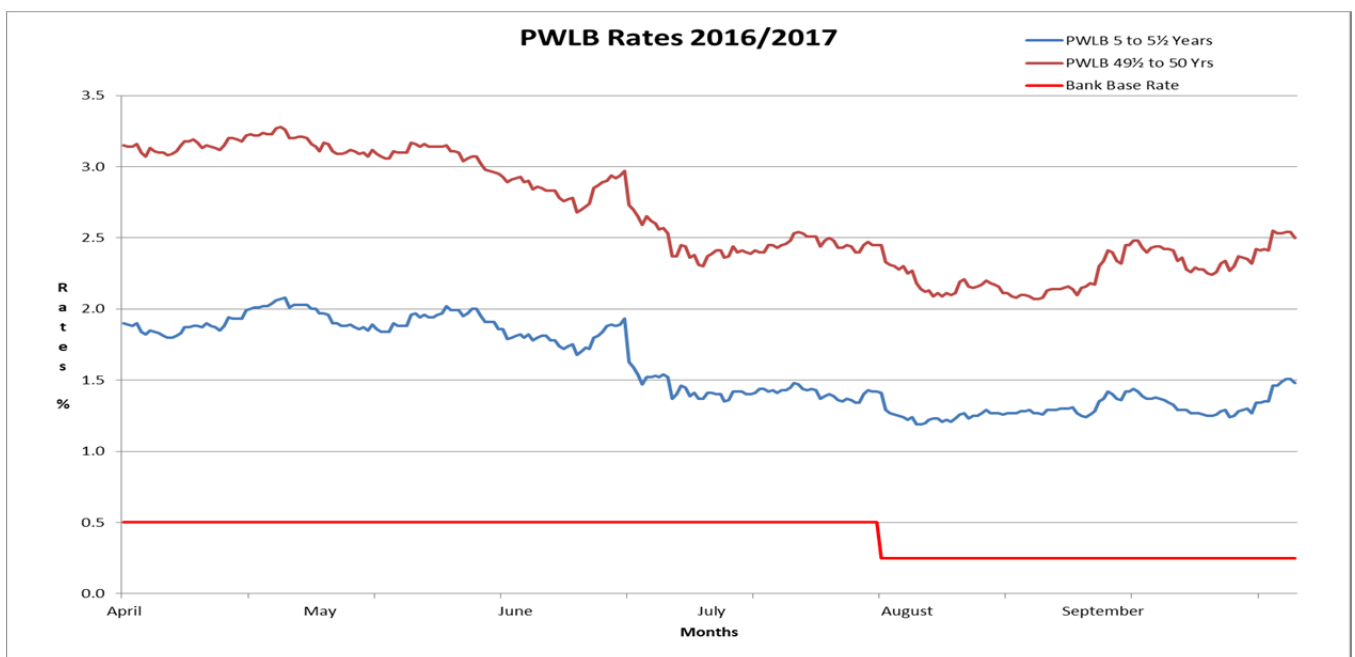
Note: The Capital Financing Requirement (CFR) is the maximum level of debt (i.e. borrowing PFI and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years capital programmes. The above reflects only the borrowing element of the CFR

3.1.2 Table 1 above shows that 2016/17 net external borrowing is now forecast at £1,805m, £200m higher than in the report to Executive Board on 10th February 2016. This higher forecast borrowing requirement is due to a combination of capital programme injections relating to specific investments and capital investment in service provision, together with a forecast reduction in the level of internal revenue balances that were previously used to defray external borrowing. The £200m increase comprises £45m of investment in assets that generate an income stream and £155m of reduced internal balances that were previously used to temporarily defray external borrowing. Of this £92m of reduced revenue balances were reported in the Treasury Management Outturn Report 2015/16 to June Executive Board. The main reductions have now been identified as £35m of HRA balances, £25m capital grants unapplied and £34m net working capital. A further £63m reduction in internal balances is now forecast. These balances will continue to be monitored through the year.

3.1.3 The economic outlook remains one of subdued growth across many of the major economies. The slowdown in China and emerging markets is continuing with medium term risk to the Chinese economy beginning to emerge. The Japanese economy continues to be supported by further tranches of Quantitative Easing (QE) and in Europe a package of €1.1 trillion QE was begun in March 2015. The programme was implemented at €60 billion of purchases per month which was increased in March 2016 to €80 billion per month. The European Central Bank has also cut its deposit rate to minus 0.4%. This has reduced the cost of borrowing but growth, although positive is 1.6% annualised in Q2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

- 3.1.4 In the US Q2 growth improved to 1.4% The Federal Reserve raised rates for the first time since the 2008 crash in December 2015. This was thought at the time to be the first of a series of steady increases during 2016 however International factors have caused the Fed to pause. Many commentators now expect the next increase to be in December 2016.
- 3.1.5 The UK Q2 growth was 0.7% (2.1% Y/Y). The Bank of England (BoE) estimates growth for 2016 to be in the region 2% however growth forecast for 2017 has been cut from 2.3% to 0.8% due to the outcome of the vote on European membership (Brexit). Similarly the BoE is also forecasting a sharp rise in inflation to 2.40% with the CPI inflation rate for September reaching 1.0% after being at or close to 0% through 2015. It should be noted that immediately following the Brexit vote, confidence and business survey indicators pointed to a significant slowdown however these indicators quickly recovered. However Sterling has continued to fall against the Dollar and Euro and is 18% below its pre-Brexit level when measured against other major currencies. Further falls are expected.
- 3.1.6 Increased oil prices will feed into higher inflation expectations above the 2% MPC target but economists predict that MPC will regard this as temporary and not alter the base rate for this reason alone.
- 3.1.7 Chart 1, shows how the cost of longer term borrowing from the Government through PWLB loans has performed since the start of the financial year. The 5 year to 5½ year PWLB has moved upwards from a starting point of 1.90% to a high of 2.08% at the end of April before falling to a low point in August of 1.19%. It is currently in the region of 1.5%. Similarly, the 49½-50 year PWLB has moved from a starting point in April of 3.15% to a high of 3.28% in late April before falling to a low point in August of 2.07% this rate is currently in the region of 2.50%. The Council is entitled to a reduction of 20bp on all PWLB rates reflecting eligibility for PWLB certainty rates.

Chart 1



3.1.8 Given the outlook for domestic and international economic growth, the prospects for any interest rate changes before mid-2018 are limited. There is potential for the start of Bank Rate increases to be even further delayed if growth continues to be subdued and inflation factors do not materialise or are deemed to be temporary in nature. The latest forecast of rates is shown in table 3 below.

Table 3

13/10/2016	Now	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
BANK RATE	0.25	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.50
3 month LIBID	0.50	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.40	0.50	0.60
6 month LIBID	0.55	0.30	0.30	0.30	0.40	0.40	0.50	0.50	0.50	0.60	0.60	0.70
12 month LIBID	0.75	0.50	0.50	0.60	0.60	0.70	0.70	0.70	0.80	0.80	0.80	0.90
5 yr PWLB	1.26	1.00	1.00	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.30
10 yr PWLB	1.85	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80
25 yr PWLB	2.56	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60
50 yr PWLB	2.36	2.10	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.40

3.1.9 Expectations for the first change in Bank Rate in the UK have slowly been pushed back during the year as the wider economic picture has emerged and the first increase is now not expected until Q2 2018 from its new low of 0.25%. As a result the following table shows the revised forecast interest funding assumptions

Table 4

Budget Rate Assumptions	2016/17	2017/18	2018/19	2019/20	2020/21
Exec Board Feb 16	0.60	1.00	1.50	2.25"	3.00"
Now	0.50	0.50	0.75	0.75	1.00

* provisional assumption

3.1.10 The current borrowing strategy continues to fund the borrowing requirement of the capital programme from short dated loans and internal cash balances. There will come a point when rates begin to rise and more expensive longer dated funding will be required, even though this continues to be pushed further back as the economic outlook evolves. The Deputy Chief Executive will continue to monitor market dynamics with a view to securing longer term debt at the appropriate time.

3.1.11 The current strategy also allows for taking advantage of lower longer-term funding to manage the Council's exposure to fluctuations in funding costs. Table 2 below details the long term funding activity undertaken during 2016/17 which consists of £100m of new PWLB funding as volatility in the markets during the summer caused a succession of new lows to be reached. Additionally £10m of LOBO loans were rescheduled with a lender under which a rate reduction was achieved together with and extension to the non-call period and a change to the call options from 1 month to 5 years in exchange for an extension to the final maturity of the loans.

Table 2

Rescheduling and Funding 2016/17							
Premature Repayments				New Replacement Borrowing			
Date	Amount (£m)	Original Rate (%)	Discount Rate	Date	Amount (£m)	Term (Years)	Interest Rate (%)
PWLB				PWLB			
				03/06/2016	20	50	2.78%
				08/06/2016	20	47	2.68%
				17/06/2016	20	49	2.55%
				28/06/2016	20	49	2.49%
				05/07/2016	20	49	2.15%
Sub Total	0				100		
LOBOs				LOBOs			
01/09/2016	2.5	3.99%	n/a	01/09/2016	2.5	60	3.65%
01/09/2016	7.5	3.99%	n/a	01/09/2016	7.5	60	3.65%
Sub Total	10				10		
Total	10			Total	110		

3.1.12 The strategy of deferring long term borrowing will increase the amount of debt that the Council is funding from short term loans and its balance sheet to a forecast £568m. This exposure is considered manageable given historical capital programme slippage, the continued strength of the Council's balance sheet and the market for supplying short term funds remaining strong. These factors will continue to be monitored and should be considered in the context of the stability of the current debt maturity profile.

3.1.13 To mitigate against the exposure to rising interest rates the Council is exploring a number of forward funding options which will give the Council the ability to lock in future funding at current rates.

3.1.14 The Council's current long term debt of £1.467bn has an average maturity of just over 39 years if all debts run to maturity. Approximately 30% of the Council's debt has options for repayment, in the unlikely event that all these options were exercised at the next option date then the average maturity of long term debt would be lowered to 23½ years. This compares favourably with the average maturity of the UK Government debt portfolio of nearly 14 years. The existing profile of the Council's debt provides considerable certainty of funding costs. Prudential Indicator 16 in Appendix A shows the maturity profile of the Council's long term fixed debt and highlights that 58% or £818m matures in periods greater than 10 years.

3.1.15 Short term debt at low rates of interest and existing revenue balances continue to be used to fund the borrowing requirement, however long term funding activity described in 3.1.11 has resulted in additional costs against budget of £1.5m offset by additional income generated from the investment in strategic assets. The net impact is a forecast increase in overall debt costs of £0.3m before MRP.

3.2 Borrowing Limits for 2016/17, 2017/18 and 2018/19

3.2.1 The Council is required to set various limits for 2016/17, 2017/18 and 2018/19 in accordance with the Local Government Act 2003, having regard for CIPFA's

prudential code (as amended 2009 and 2011). These limits including prudential indicators are detailed in Appendix A.

3.2.2 The Deputy Chief Executive has delegated responsibility to make adjustments between the two separate limits for borrowing and other long term liabilities, provided that the overall limit remains unchanged. Any such adjustments will be reported to the next available Council meeting following the change. It is recommended that Council approve the following authorised limits for its gross external debt and other long term liabilities for the next three years.

3.2.3 After reviewing the forecast debt and borrowing position together with the forecast reduction in revenue balances as highlighted in 3.1.2, the Limit for borrowing is recommended to be increased as follows. For 2016/17 the limit should be increased from £1,900m to £2,100m, for 2017/18 the limit should be increased from £1,900m to £2,100m. For 2018/19 the limit should be increased from £1,950m to £2,100m. The limit for Other Long Term Liabilities is recommended to remain the same for the years 2016/17 to 2018/19 as detailed below.

Recommended: Authorised Limits as follows

Authorised Limit	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	2,100	2,100	2,100
Other Long Term Liabilities	760	740	720
Total	2,860	2,840	2,820

3.2.4 In line with the above review of the authorised limits above it is proposed to amend the operational boundaries as detailed below. This limit will retain sufficient headroom to accommodate anticipated cashflow variances. For 2016/17 the limit should be increased from £1,750m to £1,930m, for 2017/18 the limit should be increased from £1,800m to £1,970m and for 2018/19 the limit should be increased from £1,850m to £2,010m. The limit for Other Long Term Liabilities is recommended to remain the same for the years 2016/17 to 2018/19 as detailed below.

Recommended: Operational Boundaries as follows

Operational Boundary	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	1,930	1,970	2,010
Other Long Term Liabilities	740	720	700
Total	2,670	2,690	2,710

3.2.5 Table 5 below details the borrowing element of the Authorised Limit and Operational Boundary and compares this to the projected CFR for borrowing only and does not include Other Long term Liabilities. The revised Operational Boundary remains below the projected CFR however Authorised limit is set above the CFR

projection for 16/17 as this gives scope to fund future year's capital programme borrowing in advance of need if market circumstances are favourable. The CFR is the Councils actual need to borrow based on its historic capital programme and forecast future capital programme. The increase in these limits and boundaries are to reflect a prudent safety margin in light of actual and expected changes in both the level of the Councils revenue balances and its on-going capital programme.

Table 5

year	2016/17	2017/18	2018/19
	£m	£m	£m
<u>Borrowing only</u>			
CFR Projection.	2,035	2,161	2,199
<u>Authorised Limit</u>			
Current	1,900	1,900	1,950
Proposed	2,100	2,100	2,100
Increase / (Decrease)	200	200	150
<u>Operational boundary</u>			
Current	1,750	1,800	1,850
Proposed	1,930	1,970	2,010
Increase / (Decrease)	180	170	160

3.3 Investment Strategy & Limits

3.3.1 The Council's external debt is reduced by the availability of revenue balances. The Treasury policy also allows for the external investment of these balances at advantageous rates but with due regard for security of capital invested. At present the Council's surplus monies continue to be held in short periods until required except for £20m which has been invested in 364 day period at an average of 0.97% with excellently rated banks. As market sentiment to counter-party risk improves, together with enhanced returns, surplus monies will be invested in accordance with the approved lending list. This lending list is based upon the assessment of the financial standing of counterparties as determined by international credit rating agencies and further refined and updated by the Council's advisors on a continual basis. The lending list is often further restricted based upon the Council's view of the credit worthiness of counter-parties.

3.3.2 The investment strategy, as re-affirmed by Executive Board and full Council in February, allows for the Council to invest in only the most highly rated financial institutions around the world. The Council will only lend up to a maximum of £15m to financial institutions that are rated as excellent. There is also a limit of £5m for financial institutions that are rated as very good.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This report is an update on strategy as presented to Executive Board in February 2016, as such no consultation has taken place. However, consultation with the Council's treasury advisors takes place regularly throughout the year.

4.1.2 The borrowing requirement is an outcome of the capital programme. Consultation is undertaken by individual services in relation to capital investment schemes. A capital programme update report is included elsewhere on this agenda.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Equality, diversity, cohesion and integration requirements are addressed as part of individual capital scheme and programme approvals. The borrowing to deliver these capital schemes is executed through treasury strategy and as such there are no further equality diversity cohesion and integration issues.

4.3 Council policies and Best Council Plan

4.3.1 Treasury Management strategy secures funding to support the Council's Policies and City Priorities as set out in the Council capital programme and is consistent with the Best Council Plan.

4.4 Resources and Value for Money

4.4.1 This update on the treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. Where borrowing is supported the revenue costs are met by the Government, whilst for unsupported borrowing revenue costs are met either by the General Fund or HRA.

4.4.2 The updated strategy 2016/17 is forecast to incur additional costs of £1.5m against the budgeted position mainly due to taking higher rate longer dated funding than was anticipated in the budget as part of the agreed strategy to lock out financing risk as opportunities arise. The impact together with income generated from strategic investments is a forecast increase in overall debt costs of £0.3m before MRP.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal, or access to information issues arising from this report. The report is subject to call in.

4.6 Risk Management

4.6.1 This report sets out the framework for the treasury strategy for the year ahead. The execution of strategy and associated risks are kept under regular review through:

- Monthly reports to the Finance Performance Group
- Quarterly strategy meeting with the Deputy Chief Executive and the Council's treasury advisors
- Regular market, economic and financial instrument updates and access to real time market information

4.6.2 The above monitoring mitigates the directorate level risk of "Failure to recover money invested in other financial institutions" and in addition the Treasury Management Strategy is linked to the corporate risk on 'Financial Forecasting'.

5 Conclusions

- 5.1 The Council's level of net external debt at 31st March 2017 is anticipated to be £1,805m, £200m higher than expectations in February 2016.
- 5.2 Treasury Management activity has Incurred additional costs against budget of £1.5m. This is largely due to taking higher rate longer term funding at attractive rates in comparison to the budget provision.
- 5.3 The Increase in the level of external debt requires that the Prudential Indicators for the Authorised Limit and the Operational boundary be increased as detailed in section 3.2

6 Recommendations

That Executive Board note:-

- 6.1 The update on the Treasury Management borrowing and investment strategy for 2016/17.
- 6.2 That full Council will consider at its meeting on the 9th November the changes to the borrowing limits for 2016/17, 2017/18 and 2018/19 as detailed in Section 3.2 and Executive Board note the proposed changes to both the Operational Boundary and the Authorised limits.

7. Background documents¹

None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Leeds City Council - Prudential Indicators 2016/17 - 2018/19

No.	PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORTS				
1	Ratio of Financing Costs to Net Revenue Stream General Fund - Excluding DSG (Note1)	13.68%	16.68%	18.07%
2	HRA	10.58%	11.35%	11.44%
3	Impact of Unsupported Borrowing on Council Tax & Housing Rents increase in council tax B7(band D, per annum) (Note 2)	£ . P 16.31	£ . P 58.00	£ . P 89.51
4	increase in housing rent per week	0.03	0.33	0.69
5	Net Borrowing and the capital financing requirement (Note 3)	OK	OK	OK
Estimate of total capital expenditure				
6	Non HRA	302,237	237,217	141,962
7	HRA	139,269	129,693	96,036
	TOTAL	441,506	366,910	237,998
Capital Financing Requirement (as at 31 March)				
8	Non HRA	£'000 1,846,732	£'000 1,923,885	£'000 1,944,362
9	HRA	825,380	849,412	843,538
	TOTAL	2,672,112	2,773,297	2,787,900
9a	Limit of HRA Indebtedness as implemented under self financing	725,327	725,327	725,327

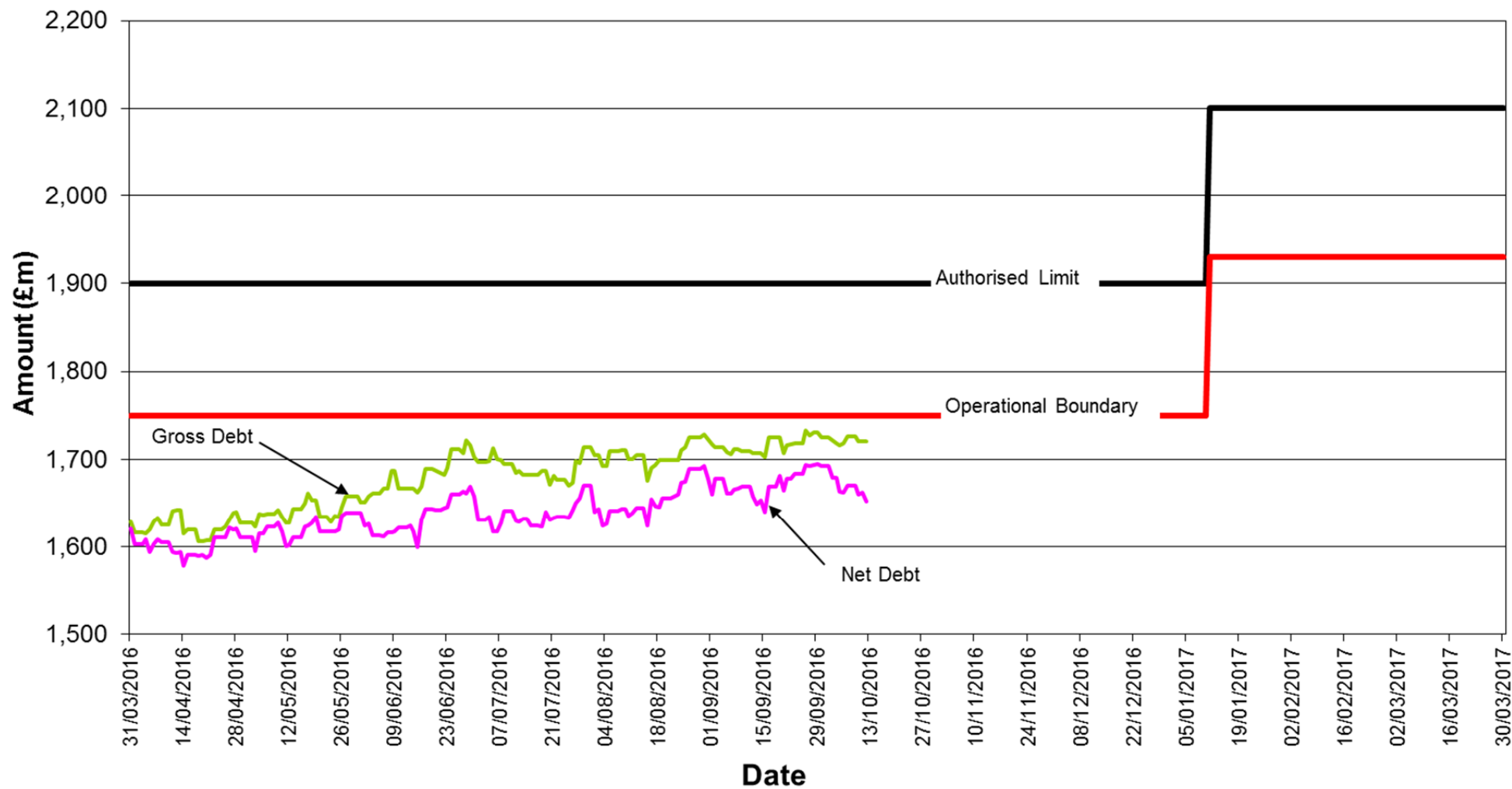
No.	PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS				
		£'000	£'000	£'000
10	Authorised limit for external debt - (Note 5) borrowing other long term liabilities TOTAL	2,100,000 760,000 2,860,000	2,100,000 740,000 2,840,000	2,100,000 720,000 2,820,000
11	Operational boundary - (Note 5) borrowing other long term liabilities TOTAL	1,930,000 740,000 2,670,000	1,970,000 720,000 2,690,000	2,010,000 700,000 2,710,000
14	Upper limit for fixed interest rate exposure expressed as either:- Net principal re fixed rate borrowing / investments OR:- Net interest re fixed rate borrowing / investments	115%	115%	115%
15	Upper limit for variable rate exposure expressed as either:- Net principal re variable rate borrowing / investments OR:- Net interest re variable rate borrowing / investments	40%	40%	40%
17	Upper limit for total principal sums invested for over 364 days (Note 5) (per maturity date)	150,000	150,000	150,000
18	Net Debt as a percentage of Gross debt	98.5%	99.6%	99.6%

16	Maturity structure of fixed rate borrowing as at 31/03/2016	Lower Limit	Cumulative Upper Limit	Projected 31/03/2017
	under 12 months	0%	15%	0.00%
	12 months and within 24 months	0%	20%	13.56%
	24 months and within 5 years	0%	35%	19.24%
	5 years and within 10 years	0%	40%	9.24%
	10 years and within 20 years			1.77%
	20 years and within 30 years	25%	90%	0.00%
	30 years and within 40 years			34.13%
	40 years and within 50 years			22.07%
	50 years and above			0.00%
				100%

Notes.

- The indicator for the ratio of financing costs to net revenue stream for General Fund is now calculated based on the Net Revenue Charge less the Dedicated Schools Grant (DSG). The Government changed the funding of education to DSG from 2006/07.
- The code requires that the Council identifies the capital financing costs arising from unsupported borrowing expressed as the amount per band D property.
- In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that net external borrowing does not exceed the total capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.
- Prudential indicator 12 relates to actual external debt at 31st March, which will be reported in the Treasury Management Annual Report.
- Prudential indicator 13 relates to the adoption of the CIPFA Code of Practice on Treasury Management. The Council formally adopted this Code of Practice in March 2003, and the revised code in February 2010 and 2012

Prudential Code Monitoring 2016/17 - Debt



Report of Head of Governance Services

Report to Scrutiny Board (Strategy and Resources)

Date: 21 November 2016

Subject: Use of Agency Staff

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1 Purpose of this report

- 1.1 The purpose of this report is to provide members of the Scrutiny Board with the opportunity to discuss the use of agency staff across the Council.

2 Main issues

- 2.1 As part of the recent inquiry into ICT Resourcing, the Scrutiny Board considered the use of agency staff and associated spending on delivering aspects of ICT services. Previously, the use of agency staff and associated spending across the Council was considered by the Scrutiny Board in 2013/14.
- 2.2 At its previous meeting, on 24 October 2016, the Scrutiny Board considered an analysis of spending on agency staff across the Council over recent years. This showed a cumulative reduction in spending of over £6.5M from 2013/14 to 2015/16, with a further budgeted reduction of over £4.3M in 2016/17.
- 2.3 The spending analysis is again appended to this report for ease of reference.
- 2.4 Representatives from Human Resources have been invited to attend the Scrutiny Board meeting to further discuss the work undertaken to manage the use of agency staff in the delivery of services across the Council.

3. Recommendations

- 3.1 Members are asked to consider the details provided and identify any specific areas that may require further scrutiny input/ activity.

4. Background papers¹

4.1 None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Leeds City Council
Agency Staffing 2013/14 to 2016/17 (excluding schools)

Directorate/Service	Actual 2013/14	Actual 2014/15	Actual 2015/16	Budget 2016/17	Actual to date (August 2016)
	(£)	(£)	(£)	(£)	(£)
City Development	742,172	430,663	309,918	68,210	103,866
Environment & Housing	2,537,447	1,568,526	1,197,960	252,630	318,270
Children's Services	6,214,237	4,364,438	2,344,342	1,577,800	673,290
Adult Social Care	4,485,464	3,147,141	2,469,260	1,240,560	758,656
Strategy and Resources	999,129	3,108,830	2,757,800	1,734,450	629,346
Citizens and Communities	417,414	64,915	119,311	15,000	53,144
Public Health	53,459	0	0	0	0
Civic Enterprise Leeds	921,272	747,006	610,559	366,420	142,913
Total	16,370,594	13,431,519	9,809,150	5,255,070	2,679,485
Annual Reduction		-2,939,075	-3,622,369		
Cumulative Reduction		-2,939,075	-6,561,444		

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Report of the Head of Governance Services

Report to Scrutiny Board (Strategy and Resources)

Date: 21 November 2016

Subject: Work Schedule (November 2016)

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1 Purpose of this report

1.1 The purpose of this report is to consider the progress and development of the Scrutiny Board's work schedule for the current municipal year (2016/17).

2 Summary of main issues

2.1 The Board's outline work schedule is attached at Appendix 1.

2.2 It is important to remain sufficient flexibility in the Board's work programme in order to react to any specific matters that may arise during the course of the year, therefore the work schedule may be subject to change and should be considered to be indicative rather than definitive.

2.3 In order to deliver the work schedule, the Board may need to take a flexible approach and undertake some activities outside the formal schedule of meetings. Adopting a flexible approach may also require additional formal meetings of the Scrutiny Board.

2.4 In considering the work schedule, the Scrutiny Board should be mindful and take account of the resources available to support its work.

3. Recommendations

3.1 The Scrutiny Board (Strategy and Resources) is asked to:

- a) Note the content of this report and its attachments;

- b) Identify any specific matters to be incorporated into the work schedule for the remainder of the current municipal year; and,
- c) Where necessary, prioritise any competing demands and agree the work schedule for the remainder of the current municipal year.

4. Background papers¹

4.1 None used.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Type of Item	June	July	Nov.	Dec.
Commissioning	Inquiry		Progress report		Progress report
Smart Cities	Inquiry				
Budget	Performance reviews		Financial Health Monitoring 2016/17	Financial Health Monitoring 2016/17	
					Initial budget proposals
Recommendation Tracking	Performance monitoring		ICT Resources: Formal response		ICT Resources

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Type of Item	June	July	Nov.	Dec.
				Use of Agency Staff	Fees and Charges
Performance Reports	Performance monitoring				
Briefings				Support Services Review: Procure to Pay	
Other matters identified					Best Council Plan Proposals

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Jan.	Feb.	March	April	Unscheduled/ Carry Forward
Commissioning	TBC	TBC	TBC	TBC	
Smart Cities					Scope to be determined
Budget		Financial Health Monitoring 2016/17			
	Formal response to Exec. Budget proposals				
Recommendation Tracking					

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Jan.	Feb.	March	April	Unscheduled/ Carry Forward
	Non contract spend				
		Use of Agency Staff		Fees and Charges	
Performance Reports					
Briefings					
Other matters identified					