



Report of the Director of Resources

Executive Board

Date: 12th February 2010

Subject: Financial Health Monitoring 2009/10 – Quarter Three Report

Electoral Wards Affected:

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the report)

Executive Summary

1. The purpose of this report is to inform members of the financial health of the authority after nine months of the financial year in respect of the revenue budget and the housing revenue account.
2. The report identifies a number of pressures, many of which impacted on the 2008/09 outturn particularly affecting income and demand led budgets. At the half year it was reported that an overspend of £5.5m was projected. Whilst directorates have continued to develop and implement action plans, significant new pressures have arisen since the half year. Further corporate savings have been identified to partially offset these additional pressures and an overall overspend of £6.7m is now projected. Detailed directorate reports are included at Appendix 1.
3. Whilst directorates continue to implement action plans to contain spending within approved budgets, it is clear that at this stage in the financial year, General Fund Reserves will be required to balance the current year position.
4. Members are asked to note the projected financial position of the authority after nine months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.

1. PURPOSE OF REPORT

- 1.1 This report sets out for the Board the Council's financial health position for 2009/10 after nine months of the financial year. The report covers revenue expenditure and income projected to the year end. The report also highlights the position regarding other key financial health indicators, including the collection of local taxation and the payment of creditors. Separate reports regarding the capital programme and treasury management can be found elsewhere on this agenda.

2. BACKGROUND INFORMATION

- 2.1 Members will recall that the net budget¹ for the general fund was set at £556.8m, which was not supported by the use of any general fund reserves. As a result, the level of general fund reserves at 31st March 2010 were estimated to be £12.0m which is the minimum required under the risk based reserves policy.
- 2.2. However, the actual level of general fund reserves at the year end was £16.1m. This included a claim for overpaid VAT within Sport giving a potential refund of £6.3m. This has now been received.
- 2.3 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after nine months and comments on the key issues impacting on the overall achievement of the budget for the current year.

3. MAIN ISSUES

- 3.1 After nine months of the financial year an overspend of £6.7m is currently projected, an increase of £1.3m from the month 6 position as detailed in the following table:

General fund	Total Staffing £000	Other Costs £000	Total Projected Variance £000	Memo Variation at Month 6 £000	Variation from mth 6 to mth 9 £000
Adult Social Care	397	6,101	6,498	1,342	5,156
Children's Services	413	2,205	2,618	2,888	(270)
City Development	1,822	1,117	2,939	1,717	1,222
Environment and Neighbourhoods	(3,003)	3,327	324	631	(307)
Central & Corporate Functions	(403)	(321)	(724)	(77)	(647)
Total Directorates	(774)	12,429	11,655	6,501	5,154
Debt Charges		(3,600)	(3,600)	(2,000)	(1,600)
Section 278 Income		1,700	1,700	1,700	0
Early Leaver Initiative		1,500	1,500	1,500	0
Contingency Fund		(750)	(750)	(750)	0
Further Capitalisation		(1,300)	(1,300)	(300)	(1,000)
Use of earmarked reserve		(1,400)	(1,400)		(1,400)
Other		(1,100)	(1,100)	(1,200)	100
Net Position	(774)	7,479	6,705	5,451	1,254

3.2 Movement since month six

- 3.2.1 Directorate pressures have increased by £5.2m. This is mainly due to Community Care packages within Adults Social Care reflecting increased placement numbers in residential care during 2009/10 that were not anticipated when the budget was set.

In addition the projection within City Development now includes the costs associated with the re-evaluation of a number of posts within Sport which have only recently been agreed through the job evaluation process.

However, further Corporate savings of £3.9m have been identified to offset some of these pressures.

3.3 Overview of projected variations for the year

3.3.1 Income Variations

The economic downturn is continuing to have a significant effect on income levels in 2009/10. Within the City Development directorate a shortfall of £4.0m is projected from a number of external income sources, including planning and building fees, Recreation, Libraries Arts and Heritage and commercial rental income. Other net variations within the directorate of £2.0m partially offset this. Within Environment and Neighbourhoods, a shortfall in car parking income of £700k is forecast. In addition, the 2009/10 budget includes income from Section 278 schemes of £5.2m, and the latest assessment is a shortfall of £1.7m, again reflecting a slowdown in development activity.

The level of nursery fee income within Children's Services is projected to be £0.5m lower than the budget, although this has been offset by maximising grant and external income and also through additional Nursery Education funding.

Additional income has been generated within Adults Social Care with a one-off grant contribution for neighbourhood networks of £0.4m towards the city wide scheme. There is a projected loss income of £665k within the Jobs and Skills service, primarily work based learning grant.

3.3.2 Demand Variations

Externally provided placements, both residential and with independent fostering agencies, continue to be a major pressure on the Children's Services budget and are now projected to be £4.5m overspent.

Increased pressure on the Community Care budget is estimated at £6.8m, reflecting residential and nursing care placements being £3.1m higher than budgeted and £3m for independent sector domiciliary care for which demand has increased.

The recent severe winter weather has meant that 60 out of the budgeted 70 grits have already been carried out up to 14th January. Whilst the winter maintenance budget is not currently projected to overspend, clearly another prolonged period of snow would change this position.

3.3.3 Staffing

The overall staffing projection is a net saving of £0.8m. However this figure would have been some £2.2m higher were it not for a projected reduction in the level of the NJC pay award of an increase of 1.25% for the lower grades and 1% for higher grades. The 2009/10 budget provided for a 2% increase. In addition, staffing savings of £2.4m relate to the industrial action in Streetscene, but these are offset by the use of contractors and other costs relating to the action leaving a net cost of the action of £0.038m including additional disposal costs.

It is projected that additional Early Leaver Initiative funds of £1.5m will be required to cover the in year costs of the initiative, funded from savings in debt charges as agreed at the half year.

3.3.4 Other

Debt savings have been achieved through proactive treasury management, taking advantage of the continued low short term interest rates and a £3.6m saving is currently projected, although £1.5m of this has been used to fund the early leavers initiative.

In view of the current financial position it is proposed that no more funds be released from the Contingency Fund and the balance of £750k be used to reduce the general overspend position. It is anticipated that an additional £1.3m could be found from further capitalisation and £1.1m from a review of postages (£0.3m), additional LPSA reward grant (£0.5m) and other minor adjustments (£0.3m).

The projected overspend is reduced by the use of £1.7m of general fund earmarked reserves, and £1.5m release of Education Leeds operating reserve.

3.3.5 The current level of overspend gives some cause for concern and the Director of Resources following consultation with the other Directors has introduced stricter controls on external recruitment, use of agency staff and overtime unless essential for the safe delivery of front line services. In addition, directorates are minimising the value of payments outside the Council and therefore expenditure on running costs has been frozen except payments which are required to meet contractual commitments or are essential for the safe delivery of front line services. These actions are projected to generate savings of around £2.5m and are included in the projections.

The extent to which further actions are not identified to contain spending within approved estimates will impact on the Council's reserves, which will clearly have implications on the medium term plan assumptions going forward.

3.3.6 Further details of directorate variations are attached as Appendix 1.

4. **HOUSING REVENUE ACCOUNT**

4.1 At the end of the third quarter the HRA is projecting a surplus of £59k. This is after taking into account the following:

- a budgeted contribution to the Swarcliffe PFI sinking fund (£284k)

- a revenue contribution to capital (RCCO) to fund decency works on the Woodbridge estate (£500k)
- RCCO to fund a projected shortfall in resources for the HICT project (£200k)
- Capital charges associated with the unsupported borrowing for early demolition of properties in the Little London, Beeston Hill and Holbeck PFI area ((£31k)
- Removal of care ring equipment from sheltered warden properties (£160k).
- Recharge from general fund for Care ring, medical rehousing and Leeds options service (£687k)

4.2 £1.5m of additional income is projected from housing rents. This is as a result of void levels being lower than budgeted and the decline in Right to Buy (RTB) sales. Of the increased income, £487k will be paid over to the ALMOs as additional void incentive payments.

4.3 A number of budget savings have been identified. Key savings are shown below:-

- | | |
|--|-------|
| • Salaries - (non filling of vacancies) | £229k |
| • Procurement savings | £71k |
| • Computer Software | £63k |
| • Conferences , catering, office consumables | £14k |

4.4 In addition, all costs associated with the Council's Underoccupancy Scheme and the Future of Council Housing in Leeds Project will be funded from earmarked reserves. This has released £185k to fund the unbudgeted pressures detailed in 4.1 above.

5. SCHOOL DEFICITS

5.1 The Leeds Scheme for Financing schools sets out certain circumstances in which schools will be permitted to budget for a cumulative deficit balance to be remaining at the close of a financial year. An action plan has to be agreed that will plan how the school will eradicate the cumulative deficit within three years, if not before. Such action plans have to be formally approved by the Director of Resources.

5.2 Education Leeds have confirmed that robust deficit action plans are in place for the following schools and these have been recommended for approval by the Director of Resources.

Secondary

Carr Manor High

Primary

Wetherby Deighton Gates

Mill Field

Brodetsky

Seacroft Grange

New Beverley

Fountain

5.3 There are six schools projecting a deficit at the end of 2009/10, amounting to £1.059m. Education Leeds are to continue to work with these schools to develop robust action plans. In addition there are three schools which have closed in deficit totaling £1.9m.

6. OTHER FINANCIAL PERFORMANCE

- 6.1 The level of Council Tax collected at the end of December 2009 is 83.4% of the debit for the year of £254.5m. This is marginally behind the same point last year however it is still forecast to match last year's performance of 96.3% by 31st March 2010.
- 6.2 The collection of non-domestic rates for the first nine months is 87.49% of the current net debit of £328.8m, which, whilst being behind the same period last year, is currently on target against a reduced yearly target of 97.5% agreed due to the impact of the recession.
- 6.3 In terms of Sundry income, the collection rate at the end of December is 94.1% of the amount due of £90m. The collection rate is similar to the same period last year and currently forecast to reach the year end target of 97%, however the planned project to move to a new recovery system, Authority Financials, during the 4th quarter of 2009/10 may have an impact on this.
- 6.4 The collection target for the year in respect of housing rents is 96.99%. At the end of December 2009, the actual collection rate achieved was 96.60%.
- 6.5 The prompt payment result for the third quarter of the year is 89% against a target of 92%. This represents a significant improvement on the position last year.

7. RECOMMENDATION

- 7.1 Members of the Executive Board are asked to note the projected financial position of the authority after nine months of the financial year.

ADULT SOCIAL CARE DIRECTORATE: 2009/10 BUDGET – PERIOD 9 REPORT

1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 9.

2.0 Overall Summary

The Period 9 position for the Adult Social Care Directorate is a projected overspend of £6.5m. This is after assuming achievement of in-year action plans of £3.3m. The significant increase since Period 6 relates mainly community care packages and the latest projections for this budget are explained below.

3.0 Explanation of the Projected Overspend

The main reasons for the projected overspend are:

- **Community Care Packages - £6.8m**

Residential and Nursing Care Placements

Residential and nursing care placements are £3.1m higher than budgeted. Substantial savings were included in the 2009/10 budget, mainly to reflect the impact of revised criteria for fully-funded NHS care. Approximately half the projected overspend reflects these savings being over-ambitious. The remaining half relates to increased placement numbers in residential care during 2009/10 that were not anticipated when the budget was set. Whilst these give rise to substantial overspends in cash terms, in percentage terms they are more modest with each equating to 3% of the total budgeted numbers. The in-year increase in placements is partly due to more people coming forward for council funding having depleted their own financial resources and partly reflects more people being placed in independent sector rather than directly-provided homes. The projections take account of the potential impact of actions being taken to address the financial position that cannot yet be projected with certainty.

Domiciliary Care

The independent sector domiciliary care projection is £3m higher than budgeted. The majority relates to reduced waiting lists for care since the 2009/10 budget was set, which has improved the quality of service provided and facilitated timely discharges from hospital and intermediate care beds. Demand increases and lower referrals to the in-house service as it continues to downsize and work towards a new service model have also had a financial impact.

Direct Payments

Directs payments expenditure reflects the extent to which customers choose to receive their services as a cash payment rather than through traditional services. This has been at a level £0.7m higher than budgeted during 2009/10.

- **Staffing - £0.4m**

This mainly relates to Support and Enablement services and includes the impact of slippage in implementing planned savings within home care, day care and residential care.

- **Agency and Contract Payments – (£0.5m)**

This is mainly due to a repayment relating to previous years funding from an organisation providing a significant level of service on behalf of Adult Social Care. The repayment of £0.3m is not yet confirmed.

- **Neighbourhood Networks – (£0.4m)**

The directorate has successfully bid for and received a one off grant contribution towards the city-wide scheme.

CHILDREN'S SERVICES: 2009/10 BUDGET – PERIOD 9 REPORT

1.0 Introduction

This report sets out the financial position for Children's Services for the 3rd quarter (period 9).

2.0 Overall Summary

The period 9 position for Children's Services is a projected overspend of £2.62m which represents a favourable movement of £300k from the reported half-year position. This forecast overspend is net of £0.5m of action plan savings.

3.0 Explanation of the projected over/underspend

3.1 Within the overall Children's Services budget the individual service position is;

Line	Service	Forecast Variation Over/(under) £m
1.	Children & Young People's Social Care	5.56
2.	Early Years	(2.30)
3.	Integrated Youth Support Service (incl. Youth Offending Service)	(0.30)
4.	DCS Unit	0.16
5.	Education	(0.08)
6.	Central & Strategic budgets	1.33
7.	Use of reserves & grant balances	(1.75)
	Total	2.62

3.2 Children & Young People's Social Care (CYPSC)

In line with other local authorities, there is significant pressure on Children & Young People's Social Care in terms of service transformation, increased referrals and increased costs. The main financial pressures continue to be in the externally provided residential and fostering placement budgets. The spend on independent sector fostering placements is forecast to be £2.6m above the budget which is due to a significant increase in the number of children & young people placed with external fostering agencies. At present, there are 107 placements which is 75 more than budgeted. Another key pressure is in externally provided residential budget which is forecast to spend £1.9m more than budgeted, again due to an increase in the volume of placements. Across CYPSC, there is also additional pressure on the client transport budget and also around slippage on some of the budgeted action plans, for example the corporate review of employee travel policies, procurement efficiencies and delivery of the potential efficiencies from reducing the level of sickness absence.

3.3 Early Years

The forecast underspend on the Early Years budgets continues to be focussed mainly on the employee budgets (£1.85m) and largely across the Children's Centres. There are also underspends on rents and utility costs which are mitigated in part by additional costs around cleaning and NNDR. The service has restricted spending on non-essential costs which is resulting in savings on office-related budgets, furniture & equipment and IT-related costs. There is a shortfall on budgeted nursery fee income which is offset by through maximising grant and external income and also through additional Nursery Education Funding.

3.4 Integrated Youth Support Service (incl. Youth Offending Service)

In the main, the pressure on the IYSS budget is around a forecast overspend across the employee budgets, together with slippage on the some of the budgeted action plan savings (employee travel, procurement & maximising income) and non-reclaimable costs associated with the development of the Youth Hub in South Leeds. These pressures are offset through the implementation of an action plan around restricting non-essential spend, reviewing buildings costs and maximising income.

3.5 Central & Strategic Budgets

The approved budget strategy for 2009/10 included some challenging targets around the delivery of efficiencies from service transformation and in particular the application of strategic commissioning, the development of integrated working at a locality level and by reviewing and rationalising back-office and support functions. Whilst progress continues to be made against these objectives, the half-year projections recognise that there will be slippage on the delivery of these budgeted efficiencies into 2010/11.

3.6 Director of Children's Services Unit

The forecast outturn at period 9 includes the financial implications of the changes to the senior management arrangements in the DCSU, including the appointment of the interim DCS. In addition, there is a projected overspend around the establishment of the performance & improvement team. These pressures have been mitigated in part by savings on running cost budgets.

3.7 Use of reserves & grant balances

The £1.83m forecast saving relates mainly to the agreement by the Education Leeds Board to release of £1.5m of its operating surplus to support priorities across Children's Services, in addition to the release £250k of grant balances from previous financial years.

CITY DEVELOPMENT DIRECTORATE: 2009/10 BUDGET – PERIOD 9 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 9.

2.0 Overall Summary

The Period 9 position for City Development Directorate is a projected overspend of £2.9m against a month 6 revised projection of £1.7m. The main reason for this change is that the projection now includes the costs associated with the re-evaluation of a number of posts within Sport which have only recently been agreed through the job evaluation process. This includes £0.5m for the costs of this in 2009/10 and £1m for the back pay for 2007/08 and 2008/09.

The Directorate has continued to identify other savings through staffing and running costs and has actually reduced other projected overspends by £0.3m since Period 6.

3.0 Explanation of the Projected Overspend

As explained above, the impact of the revision to job evaluation outcomes in Sport is projected to result in an additional overspend on staffing in Sport of £1.5m.

Reduced external income continues to be a significant budget pressure. Projected shortfalls in key income sources across the Directorate now amount to just under £4m. The projected overspend can be summarised as follows:

Income Shortfalls:

Planning and Building Fees	£2.0m
Recreation	£1.0m
Libraries, Arts and Heritage	£0.2m
Commercial Property and Markets	£0.4m
Architectural Design Services	<u>£0.3m</u>
	£3.9m

Capital fee recoveries	£0.5m Cr
Planning Delivery Grant	£0.6m Cr
DLO	£0.2m Cr
Other income variations	<u>£0.7m</u> Cr
Total Income variations	£1.9m

Expenditure Variations:

Staffing	£0.3m
Additional staff costs in Sport (JE)	£1.5m
Operational budgets	£0.8m Cr

Overall Total **£2.9m**

Income Variations

Despite the 2009/10 budget being adjusted to allow for an expected reduction in external income, the actual position experienced in 2009/10 continues to be worse than was anticipated at the time the budget was set. The Period 9 budget projection assumes a shortfall of just under £4m in key income sources. The most significant problem continues to be planning and building fee income with a shortfall of over £2m. The shortfall against the monthly phased budget increased during the first 6 months of 2009/10 although the shortfall does now appear to have stabilized. Other income shortfalls include £0.4m on commercial property and markets rental income and £1.0m on recreation. An optimism figure of £200k on external income has been assumed for the final quarter on the basis that external income should pick up as the economic outlook starts to improve.

Reduced workloads for Architectural Design Services means that there is a projected shortfall in income of £0.3m after allowing for reduced staffing costs. The service has produced a budget action plan to deal with this situation including reduced staffing levels.

The Department for Communities and Local Government have now notified the Authority that the Housing & Planning Delivery Grant for 2009/10 is £1.45m, an additional allocation of £680k above the base budget. This is being used to part fund the shortfall in fee income.

Staffing

To help fund income shortfalls, reduced workloads and meet other substantial cost pressures the budget strategy for City Development for 2009/10 included a staffing saving target of over £3m. An additional staff saving of £220k was also included for savings resulting from reduced sickness. Over 50 Early Leaver Initiative (ELI) cases were approved during 2008/09. An additional 30 business cases have been agreed to date in 2009/10 and services continue to actively review further expressions of interest. Restructures are also being progressed in a number of services which are experiencing reduced income and workloads. Overall the directorate has achieved a significant element of the £3m target but service budgets also include a vacancy factor saving. In many service areas staff turnover is very low resulting in services not meeting assumed vacancy factor assumptions in the budget and overall an overspend in staffing of £0.3m is projected. This also takes account of the fact that the latest pay offer for 2009/10 is less than the 2% pay award assumed in the budget. However, as already discussed above, the projection on staffing costs also now includes £1.5m for the estimated additional costs of job evaluation in Sport following the re-evaluation of a number of posts in the service.

Achieving staffing savings continues to be a priority for the Directorate. The ELI is being promoted and recruitment will continue to be closely managed in the Directorate with only front line service posts being released when vacancies occur.

Operational Budgets

Operational budgets are being closely managed and only essential spend is being approved. There are some ongoing pressures in some services such as increased energy costs in Leisure facilities and projected additional spend on operational budgets in both Sport and Parks and Countryside. These include operational materials, equipment, provisions, security, fuel and vehicle hire which emerged as pressures during late 2008/09. In order to reduce the potential overspend operational

budgets have been reviewed across the Directorate and savings identified in each service area. These are reflected in the projected outturn.

The recent severe winter weather means that spend on winter maintenance is currently running at £200k above profiled spend. Future spend will obviously depend on the conditions in the rest of January, February and March but the projection assumes an overspend on the winter maintenance budget of £150k offset by £150k provision in central contingency.

ENVIRONMENT AND NEIGHBOURHOODS DIRECTORATE: 2009/10 BUDGET – PERIOD 9 REPORT

1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods Directorate for Period 9.

2.0 Overall Summary

The period 9 position for Environment and Neighbourhoods Directorate is a projected overspend of £0.3m. This is after assuming the successful implementation of identified actions.

3.0 Explanation of the Projected Over/Underspend

Neighbourhoods and Housing Services are projecting an overall variation of £0.434m. Within Jobs and Skills residual staffing issues following the implementation of a major restructure has resulted in a £0.444m pressure and in addition there is a projected loss of income of £0.665m primarily for work based learning. Furthermore, within Jobs & Skills, the disposal of 1 Eastgate, which has taken longer than anticipated, has resulted in additional costs of £0.253m. The projected variation of £0.206m in Roseville Doors reflects a combination of the latest assumptions in respect of staffing (£0.1m) and activity levels for doors production (£0.106m) being much lower than anticipated prior to the factory closure in September 2009. The variation on Housing Services is largely due to the identification of appropriate charges of £0.687m to the HRA for medical rehousing, Carering and staff implementing Section 6 of the 1996 Housing Act.

Also within Housing Services further savings on vacant posts and the rescheduling of the programme for the upgrade of CareRing equipment will save £0.306m and £0.176m respectively.

Within Environmental Services an underspend of £0.110m is forecast.

Car parking income is estimated to be £0.6m lower than the budget. Of this, approximately £0.3m is forecast to be lost from Suspended Bays (where Developers pay the Council to close on street parking bays) and a further £0.2m shortfall will arise from the decision not to introduce Sunday / Evening Car Parking charges. Fee income is projected to be reduced by £0.1m. The inclement weather in December and January has also affected the levels of fee income received. City Centre bus lane enforcement will not now be introduced until April 2010 and this results in an income variation of £0.2m. However savings in staffing costs and running expenses of £0.4m are helping ease some of the income pressures. Parking is now projected to be £0.4m over budget.

Technical problems in relation to the generation of electricity from the engine at Gamblethorpe have caused a variation of £0.1m to budget.

Within HEAS pressures total £0.2m, the removal of external grant funding in the Fuel Savers team has created a £0.3m pressure which has been partially offset by savings on staffing and running costs.

Helping to offset the parking and HEAS pressures are savings within Waste Management of £0.5m. An increase in the market rates for recycled material will

generate an additional £0.1m and following a review on all posts staff savings of £0.4m will accrue.

Total waste arising is forecast to be contained within budgeted levels, but there has been a general reduction in the levels of trade waste taken at the transfer station which means that income could be £0.2m lower than budgeted levels.

Within Street Cleansing and Anti-Graffiti services, vacant posts and reduction in the level of Agency and Overtime is projected to save £0.3m.

It should be noted that an overall projected reduction in household waste arisings, will create a reduction in the amount required from the Council's Central Contingency budget of £600k.

CENTRAL AND CORPORATE FUNCTIONS: 2009/10 BUDGET – PERIOD 9 REPORT

1.0 Introduction

This report sets out the financial position for Central and Corporate Functions for quarter 3 of 2009/10.

2.0 Overall Summary

The position for Central and Corporate Functions is a projected underspend of £752k which represents an improvement of £786k from quarter 2. The main reason has been the realisation of pay savings within Resources combined with a tightening of spending on running costs.

3.0 Explanation

The main reasons for overall projected underspend are:

Corporate Governance (£49k underspend)

- Due to a review of the fee for Local Authority Property Searches and an improvement in the housing market there has been an increase in the level of income generated to date. The budget was based on an estimated level of searches and this has increased significantly. Based on a monthly average for the year to date, £296k of additional income could reasonably be expected to be generated in 2009/10. A recent review by the Information Commissioner regarding whether part of the information provided by a local land charges search has to be provided free of charge has just arisen nationally and this would have a significant impact on the income to be received if the decision is confirmed by the Government.
- Professional Legal Services staffing costs are projected to exceed budget by £699k reflecting increases in the volume of work requested. These additional costs will be recharged to clients.
- Within Democratic Services, the cost of member's allowances is predicted to overspend by £101k and Democratic Services pay by £65k.
- Additional income of £80k is reflected in the projection on the assumption that further costs borne by LCC can be funded from the European Election account.

Policy, Performance and Improvement (net overspend after actions £80k)

Planning, Policy and Improvement (net overspend after actions £80k)

- A number of actions have been implemented since the quarter 2 projection was reported resulting in the projected overspend decreasing from £191k at quarter 2 to £80k at quarter 3. It is anticipated that further actions in quarter 4 will reduce this figure further.
- Pressures are predominantly in customer services with increased activity due to the economic downturn and service pressures

Resources (net underspend after actions, £783k)

The position has moved from a projected underspend of £259k at quarter 2 to a £783k underspend at quarter 3 mainly due to further savings on pay, plus some running costs.

The main issues are summarised as follows:

- Net pay savings in relation to 'support services' amount to £1.3m and are largely as result of the non-filling vacancies in anticipation of savings targets for next year's budget.
- The impact of receiving less income from housing benefit overpayments is still projected at £350k. Additional resources have been channeled into 'intervention' work which is hoped will identify more overpayments and reduce the pressure.
- The Commercial Group is projecting an adverse trading position of £156k. This comprises pressures within Property Maintenance Building of £295k and Catering of £59k, offset by a better trading position within other areas amounting to £198k.
 - The Property Maintenance Building function remains the most challenging area following the 2008/09 net overspend of £700k. The 2009/10 budget relies on the service realising a number of efficiencies in areas such as reduction in sickness as well as generating additional income. Significant internal resource has been employed in introducing enhanced financial controls as well as a new model of working with the Corporate Property Management service in 2009/10. Currently an adverse position of £295k is projected due to a lower income projection as well as slightly higher expenditure.