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Report of the Director of Resources**Executive Board****Date: 22nd June 2010****Subject: FINANCIAL PERFORMANCE – OUTTURN 2009/10****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**Executive Summary**

This report presents the Council's financial performance for the year ending 31st March 2010, prior to the approval of the annual accounts by the Corporate Governance and Audit Committee and external audit scrutiny.

As previously reported to Executive Board, the economic downturn has had a significant impact and a number of General Fund services have faced significant financial pressures during the year. The overall position is an overspend of £3.2m, an improvement of £3.5m from the position reported at quarter three. This will require the use of £3.2m of general reserves which means that general fund reserves will be £16.0m at the end of 2009/10. Spending variations are fully explained in the individual directorate reports which are attached to this report.

Variations within the Housing Revenue Account (HRA) have resulted in a small overspend of £0.1m. After a net transfer from earmarked reserves of £1m the general reserve now stands at £4.6m. Full details of the variations and the contributions to reserves are contained in the HRA report attached.

Spending on capital investment was £43.8m less than programmed. An underspend of £35.8m relates to general fund services and an underspend of £8.0m on the HRA.

Other areas of year end financial performance reported include schools reserves, subsidiary companies, the collection of local taxation and sundry income, and the prompt payment of creditors.

1.0 Purpose of this report

- 1.1 This report sets out for the Board the Council's financial outturn position for 2009/10, both revenue and capital, and includes the Housing Revenue Account. The report covers revenue expenditure and income compared to the approved budget and also reports on the outturn for Education Leeds and ALMOs.
- 1.2 The report also highlights the position regarding other key financial health indicators including Council Tax and NNDR collection statistics, Sundry Income, and prompt payments.
- 1.3 The 2009/10 Statement of Accounts will be presented to the Corporate Governance and Audit Committee for approval by the 30th June 2010 and the report of the auditors will be referred back to that Committee in due course.
- 1.4 Following approval by Committee, in accordance with the 2009 Audit and Accounts Regulations, the Accounts will be available for public inspection for 20 days from the 30th June 2010.
- 1.5 Following completion of the audit, as in previous years, it is intended to provide information through the About Leeds newspaper in support of the Council's commitment to engage citizens.
- 1.6 Executive Board, as in previous years, are asked to consider the financial performance of the Council during the year and approve the creation and usage of the Council's reserves.
- 1.7 It should be noted that in accordance with proper accounting practice, any significant event which occurs prior to the audit sign - off of the accounts in September 2010, could impact on the Council's final published outturn position. For example a court ruling which increases the council's liability for an insurance claim would require further expenditure to be charged to the income and expenditure account and would affect the amount transferred to general reserves. This is known as a post balance sheet event. Should such an event occur, this will be reported back to Corporate Governance and Audit Committee as part of the approval of the final accounts, and reported back to this Board at the earliest opportunity.

2. Background Information

- 2.1 Members will recall that the net budgetⁱ 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 remain at £12.0m when the budget was agreed.
- 2.2. The report on the 2008/09 Statement of Accounts, presented to Corporate Governance and Audit Committeeⁱⁱ on 30th June 2009, highlighted that the net contribution to general fund reserves was £4.6m in excess of the budget bringing the level of general reserves up to £16.6m.
- 2.3. A subsequent report on 30th Septemberⁱⁱⁱ gave details of a number of insurance claims which had been settled or where further circumstances had come to light which required the insurance provision at the end of 2008/09 to be amended. The result of these post balance sheet events was to increase the insurance provision by £469k, resulting in a corresponding reduction in general reserves to £16.1m.

- 2.4. The reserves also included a claim for overpaid VAT within Sport giving a potential refund of £6.3m. In view of the unknown final outcome of the VAT claim at the time, and the uncertain economic circumstances, it was agreed that the Council should maintain a higher level of reserves than the minimum required. The VAT refund has now been received.
- 2.5. Under current accounting practice, Councils have an option as to whether they capitalise the interest cost on debt associated with an asset under construction. The purpose behind this option is that upfront interest costs do not become prohibitive when authorities are building assets over a long period. If the interest is capitalised then the cost will be incurred when the asset becomes operational. As the Council has a number of assets under construction, with significant interest cost, the decision was made to exercise the option in 2009/10. This decision resulted in a £0.6m saving on the in year cost of debt. As this decision is technically a change in accounting policy it is a requirement of accounting practice that comparator figures for the preceding period are also adjusted. With the agreement of KPMG, this prior period adjustment has resulted in further capitalisation of interest of £3.1m which had previously been charged to revenue. Consequently, as at the 31st March 2009 the carrying value of the General Reserve has been amended and now stands at £19.2m, with a corresponding increase in the carrying value of the Council's debt.

3. General Fund Outturn

- 3.1 The 2009/10 financial year has again presented a significant challenge, with the Council having to meet increasing cost pressures, generate efficiencies and maintain key front line services whilst dealing with the impact of the economic downturn.
- 3.2 However, through careful financial management and some significant contributions from earmarked reserves, it has been possible to contain the overspend to £3.2m at outturn compared to the budget. Although spending variations are fully explained in the individual directorate reports which are attached to this report as Appendix 1, a number of significant factors have contributed to the final position:

3.3.1 Income Variations

The economic downturn has had a significant effect on income levels in 2009/10. Within the City Development directorate there was a shortfall of £4.7m 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 £1.0m partially offset this. Within Environment and Neighbourhoods, a shortfall in car parking income amounted to £700k. In addition, the 2009/10 budget included income from Section 278 schemes of £5.2m, compared to the outturn of £2.6m, again reflecting a slowdown in development activity.

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 £827k 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, have continued to be a major pressure on the Children's Services budget costing £5.7m more than budget.

Increased pressure on the budget for Community Care packages resulted in increased costs of £8.2m, mainly reflecting residential and nursing care placements being £4.2m higher than budgeted and £3.8m for independent sector domiciliary care for which demand has increased.

3.3.3 Staffing

The overall staffing projection is a net saving of £2.5m. However £2.2m of this related to pay award savings as the 2009/10 budget provided for 2% with the settlement being 1.25% for NJC workers and 1% for higher grades. In addition, staffing savings of £2m relate to the industrial action in Streetscene, but these are offset by the use of contractors and other costs relating to the action.

In 2009/10, 285 members of staff left on VER/Severance. The full cost of these VERS (direct and capitalised over 5 years) is £10.9m. The direct costs amount to £4.7m, of which £2.5m has been met corporately and represents an overspend on the Early Leavers Initiative fund.

The total salary cost of staff who have left is £9.1m. Of the 285 staff who have left, it has been confirmed that 251 posts have been deleted, although 10 posts have been deleted at a different grade.

3.3.4 Other

Debt savings of £4.9m have been achieved during the year through proactive treasury management, taking advantage of the continued low short term interest rates. £1.5m of this was approved at the half year stage to fund part of the early leavers initiative overspend.

An additional £2.2m of expenditure that should more properly be classed as capital expenditure was capitalised to partially offset the shortfall in section 278 income.

Additional earmarked reserves amounting to £1.8m have been identified, £0.9m from the capital reserve and £0.9m from the supporting people contingency.

The budget held centrally for contingencies allocated £3.5m to fund directorate pressures which represents a saving of £0.6m. A full list of releases is provided at Appendix 2.

3.4 The following table provides a summary of variations by directorate:

Directorate	Original Estimate £m	Latest Estimate (LE) £m	Outturn £m	Variance from LE £m
Adults Social Care	176.0	177.7	185.4	7.7
Children's Services	147.0	146.4	149.2	2.8
City Development	76.8	75.1	77.9	2.8
Environment & Neighbourhoods	73.8	74.4	74.4	0.0
Central & Corporate functions	73.9	74.5	72.4	-2.1
Sub-Total	547.5	548.1	559.3	11.2
Strategic Services				
Joint Cttees and Other Bodies	35.5	35.5	35.4	-0.1
Housing Benefits	2.3	2.1	-0.4	-2.5
Debt charges	53.1	51.6	48.2	-3.4
Early Leavers Initiative	0.0	1.5	2.5	1.0
Section 278	-5.2	-5.2	-2.6	2.6
Capitalisation	-3.7	-3.7	-5.9	-2.2
Use of earmarked reserves	-18.2	-18.4	-20.2	-1.8
Contingency Fund	4.1	4.1	3.5	-0.6
Area Based Grant income	-48.2	-48.6	-48.6	0.0
Other Strategic accounts	-4.1	-3.9	-4.9	-1.0
Net cost of Directorate Spending	563.1	563.1	566.3	3.2

3.5 It is proposed that a contribution from reserves is made to cover the overspend of £3.2m. This will leave a balance at 31st March 2010 of £16.0m, as shown below:

	2009/10	
	Original Estimate £m	Actual £m
General Fund Reserve		
Balance at 31.3.09	12.0	16.1
Prior Year Adjustment		3.1
2009/10 overspend	0	-3.2
Balance carried forward at 31.3.10	12.0	16.0

3.6 The minimum level of reserves as required under the Council's risk based reserves policy is £12m. However due to the continuing financial pressures being faced by the Council, it is proposed to review this level and to seek to enhance the General Fund Reserve as soon as possible in the new financial year.

3.7 A full statement of all Reserves can be found at Appendix 3.

4. Housing Revenue Account

4.1 Variations within the Housing Revenue Account (HRA) have resulted in a small overspend of £0.1m. After a net transfer from earmarked reserves of £1m the general

reserve now stands at £4.6m. Full details of the variations and the contributions to reserves are contained in the HRA report attached.

5. Capital Programme

5.1 The approved February 2010 Capital Programme^{iv} estimated capital expenditure in 2009/10 to be £285.4m, £223.4m for the general fund and £62m for Housing. Resources were estimated to be sufficient to fund this level of expenditure.

5.2 The actual capital expenditure in 2009/10 is £241.6m as detailed below.

5.3 General Fund Capital Spend

5.3.1 The following table shows the in year actual expenditure against estimate:

General Fund	Feb 10 Estimate	Estimate (Adjusted)	Outturn	Variation (outturn to Adj Est)	
	£000,	£000,	£000,	£000,	%
City Development	80,943	82,689	69,133	-13,556	-16.4
Children's Services	11,243	11,243	9,342	-1,901	-16.9
Environment & Neighbourhoods**	24,857	26,486	23,272	-3,214	-12.1
Adult Services	3,728	4,095	3,055	-1,040	-25.4
Strategic Accounts	24,077	15,782	15,903	121	0.8
Education	64,397	64,568	46,653	-17,915	-27.7
Central & Corporate Functions	14,590	18,844	16,294		
*				-2,550	-13.5
Central Accounts***	0	0	3,840	3,840	100.0
Reserve schemes (includes SDF)	-454	-454	0	454	-100.0
Total Spend	223,381	223,253	187,492	-35,761	-16.0

* Central and Corporate includes spend of £4.6m relating to Equal Pay costs.

** Environment & Neighbourhoods excludes £47.7k estimate and actual 2009/10 spend of £1.131m relating to the Golden Triangle project, a housing partnership arrangement involving Leeds, Harrogate and York councils.

*** £3.840m of interest costs have been capitalised in respect of assets under construction. These costs relate to assets under construction at 31 March 2009 and/or 31 March 2010. The interest costs reflect a change in the Council's accounting policy for 2009/10 but in order to ensure compliance with external financial reporting requirements the calculation has to cover both the 2008/09 and 2009/10 financial years.

Funding for the vehicle and equipment programmes was included in Strategic Accounts provision in the February 2010 estimate but has since been distributed to and reflected in the adjusted estimate figures for the respective services. £80k of funding provision included in the Feb 2010 estimate for the vehicle and equipment programmes, has been transferred from General Fund to HRA and is also reflected in the adjusted estimate column.

The outturn figures for the Strategic accounts includes £6m of eligible general capitalised expenditure transferred from department's revenue accounts. This outturn figure is £2.3m greater than the February 2010 general capitalisation provision of £3.7m.

5.4 Housing Revenue Account Capital Spend

5.4.1 The following table shows the in year actual expenditure against estimate:

HRA	Feb 10 Estimate	Estimate (Adjusted)	Outturn	Variation (outturn to Adj Est)	
	£000,	£000,	£000,	£000,	%
Strategic Landlord	3,611	3,611	4,138	527	14.6
ALMOS	58,432	58,512	49,993	-8,519	-14.6
Total Spend	62,043	62,123	54,131	-7,992	-12.9

5.5 Capital Resources

5.5.1 Capital resources to fund the programme have varied. Capital receipts achieved totaled £12.2m, including useable capital receipts from right to buy sales of £1.8m.

5.5.2 As in previous years, resources have been used for the HRA and general fund programmes to arrive at the most cost effective funding mix for the overall capital programme. £3.9m of HRA capital receipts have been utilised by General Fund (£3.5m of which will be repaid to HRA reserves in future years).

5.5.3 Overall capital receipts are 20% lower than 2008/09 due to the continued economic downturn and reduction in property values affecting sales values and the actual number of disposals.

5.5.4 ALMO's are having to use their accumulated and in year MRA resources in order to fund their programmes along with their Supported Capital Expenditure (SCA) allocations. In addition the HRA has utilised £6.1m of reserves and revenue contributions in order to support the overall HRA programme.

Details of the overall expenditure and financing position are shown below:

	£m
Net Capital Spend	241.6
Financed by	
Specific Grants and Contributions	89.9
Capital Receipts	12.2
MRA	37.2
Borrowing	95.7
Revenue Contributions \ Reserves	6.6
Total Funding	241.6

6.0 Schools

6.1 The outturn on the Individual Schools Budget for 2009/10 was:

Outturn	£m
Latest estimate	370.0
Outturn	366.7
Variation	(3.3)
Schools Reserves	
Balance Brought Forward	13.8
Net Contribution to Reserves	3.3
Balance Carried Forward	17.1
Extended Services & Partnerships	
Balance Brought Forward	3.9
Net Contribution to Reserves	0.3
Balance Carried Forward	4.2

6.2 As can be seen from the above table, mainstream school reserves stand at £17.1m. As schools are funded from the Dedicated Schools Grant, the balances are ring fenced and must be carried forward. Extended Services & Partnerships reserves amount to £4.2m.

6.3 However, the cost of Voluntary Early Retirements are funded by borrowing against mainstream school reserves and repaid over a 5-year period. During 2009/10, £1.9m has been repaid. The total amount still awaiting repayment amounts to £1.7m.

6.4 Prior to 2008/09, development costs of PFI funded BSF schools had been funded initially by borrowing from mainstream school reserves with repayment made over the life of the PFI contracts. Such borrowing had a cumulative total of £2.5m. The borrowing strategy was revised for 2008/09 onwards whereby PFI development costs have been initially funded by borrowing from school balances with repayment being made over a ten year cycle. In 2009/10, £1.1m was borrowed to fund PFI development costs and £0.1m repaid. At the close of the year, net remaining PFI and BSF borrowing amounted to £4.8m.

6.5 Taking account of the £1.7m net VER borrowing (para 6.3) and £4.8m BSF borrowing (para 6.4), the net mainstream schools reserves position is £10.6m as at 31st March 2010.

6.6 The Dedicated Schools Grant (DSG) is a ring-fenced grant, consequently any net savings on the Central Schools Budget (CSB) services funded from DSG are carried forward as an earmarked reserve and are available to fund Schools Budget activity in future years. At the close of 2009/10 CSB reserves amounted to £2.5m (£4.3m in 2008/09), primarily due to savings against Schools Contingency, contract payments to Education Leeds for the delivery of CSB services and Recoupment.

7. Other Financial Results

7.1 Education Leeds

7.1.1 Education Leeds have reported their draft financial position for 2009/10 which is subject their Board's approval and external audit scrutiny. This shows a surplus of £0.4m and leaves the company with accumulated surpluses of £2.5m at the close of 2009/10. Projected levels of operating surpluses were taken into account when determining the contract value for 2010/11 and it was agreed to utilise £0.5m of operating surpluses to support the 2010/11 budget. The operating surplus will transfer to the Council following the cessation of the Education Leeds contract at 31st March 2011.

7.2 ALMOs

7.2.1 Overall the three ALMOs made a provisional surplus of £8.2m for the year. This overall in year surplus leaves Reserves at £31.9m as at 31st March 2010. Included in this figure is £29.8m in respect of FRS17 pensions giving a general reserve position of £2.1m (£10.9m as at 31st March 2009). The level of useable reserves has fallen despite the in year surplus due to a significant deterioration in the FRS 17 liability.

7.2.2 The figures reported above are provisional and subject to audit, approval of the ALMO boards and, in the case of East North East Homes, final FRS 17 figures from the actuary.

7.3 Grand Theatre

7.3.1 The Leeds Grand Theatre and Opera House Ltd made an operating deficit of £105k before accounting for the FRS17 adjustment, leaving the company with an unrestricted funds reserve of £4k as at 31st March 2010. The impact of the £733k FRS 17 adjustment produces an in year deficit of £838k and a funds deficit of £729k.

8 Other Financial Performance

8.1 Local Taxation

8.1.1 The performance statistics for the year in respect of the collection of local taxation are as follows:-

	2006/07 Leeds Actual	2007/08 Leeds Actual	2008/09 Leeds Actual	2009/10 Leeds Actual
Council Tax collection	96.4%	96.4%	96.3%	96.5%
Non Domestic Rates	98.6%	98.7%	97.7%	97.8%

8.1.2 The figures for both Council Tax and Non Domestic Rate collection show an increase in collection rates from the previous year. The council tax figure is the best collection figure since the introduction of council tax. The current economic climate is still affecting the collection of non domestic rates with companies finding it difficult to make payment. In many cases payment arrangements have been made which go

beyond the end of the financial year. In addition some companies have taken advantage of the Government's deferral scheme.

8.2 Sundry Income

- 8.2.1 The collection of current year debt and arrears has reduced from 90.7% in 2008/09 to 89.2% in 2009/10. The reduction is mainly due to one account for £1.6m, arrangements had been made for this account to be paid before the 31st March, but in fact payment wasn't received until 8th April.
- 8.2.2 In respect of the current year debt only, the net amount collectable was £128.0m with a balance outstanding of £13.6m at 31st March 2010. The total cumulative debt outstanding is £14.8m.

8.3 Prompt Payments

- 8.3.1 The outturn for the year was 88.17% (against a target of 92%) of undisputed invoices paid within 30 days, an increase in performance of 4.67% compared to 2008/09.
- 8.3.2 The total number of invoices processed in the year which met the prompt payment criteria was 574,775. After accounting for 9,747 invoices in query with suppliers, 497,176 were paid within 30 days, leaving 67,852 paid after 30 days.
- 8.3.3 Overall 94% of the authority's invoices were paid within 40 days and 100% of small suppliers were paid within 20 days. The work supporting an increase in the use of Procurement Cards, the council's preferred method of payment, increased spend by this method to £4.47million; a 53% increase compared to our 2008/9 spend (year end result £3.1million). Further work identifying how to increase the use of procurement cards will take place over the next year which should enable improvements in the council's performance in this indicator.
- 8.3.4 Although the target has not been met based on the end of year position, performance has significantly improved, with performance in April exceeding 90%.

9. Recommendations

Members of the Executive Board are asked to:

- 9.1 Note the contents of this report
- 9.2 Agree contributions to, and the use of, HRA reserves as outlined in the HRA report.

Background Documents

ⁱ Revenue Budget report 2009/10 Executive Board 13th February 2009

ⁱⁱ The Statement of Accounts 2008/09 – report to Corporate Governance and Audit Committee 30th June 2009

ⁱⁱⁱ Audited Statement of Accounts and the Use of Resources Assessment 2008/09 30th September 2009

^{iv} Capital Programme report to Executive Board 12th February 2010

ADULT SOCIAL CARE 2009/10 OUTTURN POSITION

Introduction

- This report sets out the 2009/10 outturn position for Adult Social Care and provides an explanation of the significant budget variations.

Overall Position

- 2009/10 was a very challenging year financially for Adult Social Care. The budget included substantial realignment of resources to support key priorities and significant planned savings in order to deliver them within the overall resources available.
- The outturn position is a net overspend of £7.7m on the net managed budget compared with the Latest Estimate. Budgeted savings totaling £7.7m were achieved in 2009/10, but slippage against the budgeted total impacted on the overall outturn position.

Outturn Explanation

- Residential and Nursing Care Placements
Residential and nursing care placements are £4.2m higher than budgeted, of which £1.8m relates to nursing placements. Substantial savings were included in the 2009/10 budget, mainly to reflect the impact of revised criteria for fully-funded NHS care, but the projected overspend reflects these savings being over-ambitious. The remainder relates mainly to increased placement numbers in residential care during 2009/10 that were not anticipated when the budget was set. This in-year increase 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. Pressures within the health service due to the impact of adverse weather conditions in January, re-opening of ward closures due to infection control and intermediate care services working at over-capacity have impacted on placement numbers.
- Domiciliary Care
The independent sector domiciliary care projection is £3.8m higher than budgeted. The majority relates to lower referrals to the in-house service as it continues to downsize and work towards a new service model. In addition, demand has increased since the budget was set and for 2009/10 the hours of service requested were 8.6% higher than for 2008/09. 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, has 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 expenditure is £0.6m higher than budgeted for 2009/10. The directorate is on target to achieve its 2009/10 target for direct payments and individual budgets offered in

year, although the projected overspend on this budget indicates that more people are opting for cash payments than was assumed when the budget was set.

- Learning Disability Pooled Budget

The Council's contribution to the pooled budget was £0.4m less than budgeted, mainly due to fewer than budgeted residential and nursing placements. This reflects improved contracting arrangements and increased support being provided to enable people to remain in their own homes.

CHILDREN'S SERVICES: 2009/10 BUDGET

2009/10 – OUTTURN POSITION

Introduction

This report sets out the 2009/10 outturn position for Children's Services and provides an explanation of the significant budget variations.

Overall Summary

Overall, the outturn position for Children's Services is an overspend of £2.8m against a budget of £146m. There were a number of significant challenges and budget pressures during 2009/10, particularly in Children & Young People's Social Care (CYPSC) which have been partly mitigated by savings in other areas of Children's Services. Over the course of the financial year, the budget and spend have been prioritised according to risk and service demands with a continuing emphasis on supporting service improvement and on resourcing front-line child protection services and services for looked after children and children in need.

Explanation of the significant variations

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

Service	Outturn Variation Over/(under) £m
Children & Young People's Social Care	7.5
Early Years	(3.8)
Integrated Youth Support Service (incl. Youth Offending Service)	(0.5)
DCS Unit & Central/Strategic Budgets	1.5
Education	(1.9)
Total – Children's Services	2.8

In line with other local authorities, there was significant pressure in CYPSC 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 was £3.1m above the budget which was due to a significant increase in the number of children & young people placed with external fostering agencies. At March 2010, there were 144 placements which is 112 more than budgeted. Another key pressure was in the externally provided residential budget which outturned at £2.6m more than the budget, again due to an increase in the volume of placements. Across CYPSC, there was 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.

The underspend on the Early Years budget was focussed mainly on the employee budgets (£2.1m) and largely across the Children's Centres. There were also

underspends on rents and utility costs which were mitigated in part by additional costs around cleaning and legal costs. In 2009/10 the service restricted spending on non-essential costs which resulted in savings on office-related budgets, furniture & equipment and IT-related expenditure. There was also a shortfall on the budgeted nursery fee income which was offset through maximising external grant funding and income and also through additional Nursery Education Funding.

An issue has emerged around two grants from the Department for Education for the Early Years service going back to 2004/05 and 2005/06. In both these instances the Department for Education are disputing that these grants are due to the Council. Discussions are ongoing in respect of both of these issues and although the latest response from the DfE is not positive, our intention is to continue to strongly pursue this funding. Therefore the accounts reflect the assumption that these grants will be received.

The £1.5m overspend on the DCS/Central & Strategic budgets related in the main to slippage against 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 has been made against these objectives, the outturn position recognises that there will be slippage on the delivery of these budgeted efficiencies into 2010/11.

The £1.9m underspend around the Education budgets related 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

2009/10 OUTTURN POSITION

Introduction

This report sets out the 2009/10 outturn position for City Development and provides an explanation of the major variations.

Overall Position

The actual outturn position for City Development is a net overspend of £2.8m against the Latest Estimate in terms of the controllable budget.

The continuing difficult economic conditions during 2009/10 have had a major impact on the income earned by the Directorate. The shortfall in key income sources across the Directorate amounts to £4.7m. The impact of the revision to job evaluation outcomes in Sport and Active Recreation is also a major cause of the projected overspend with additional staff costs of just under £1m being incurred over the original staffing budget in 2009/10. These pressures have been partially offset by savings in running costs.

Income Variations

As projected all year, external income across the Directorate has been lower than was anticipated at the time the budget was set. The most significant problem has been planning and building fee income which continued to be below budgeted levels throughout most of the year. The overall shortfall on planning and building fee income being just over £1.9m. Other income shortfalls include £0.5m on commercial property and markets rental income, £0.3m of which is related to the Sunday Car Boot Market which was closed in January. The shortfall on Recreation Services is £1.6m which includes £1m on Sport and Active Recreation, £0.5m on Parks and Countryside and £0.1m on Cemeteries and Crematoria. Income in Libraries, Arts and Heritage was £0.3m below budget due to reduced income from libraries, museums and venues.

Reduced workloads for Architectural Design Services means that there is a shortfall in income of £0.5m against the budget.

A higher Housing & Planning Delivery Grant settlement of £1.45m for 2009/10 provided additional income of £0.7m over the budget and has helped partly offset the shortfall in planning and building fee income.

Other income variations amount to net additional income of £0.4m, mainly due to higher fee income in Highways and Transportation and additional external contributions in Economic Development.

Staffing

The overall overspend on staffing is just under £1.5m. This includes £0.9m for the estimated additional costs of job evaluation in Sport. This cost, which includes the payment of backpay to April 2007, was not anticipated at the time the budget was

set. Additional costs have also been incurred from one off pension costs resulting from Early Leaver Initiative (ELI) business cases recently approved. A total of 78 ELI business cases have been approved in 2009/10. The majority of the costs relating to these business cases have been funded corporately but approximately £0.3m has been funded by the Directorate and this is reflected in the overall overspend on staffing.

Throughout the year staffing levels have been closely managed with levels in all services being reduced. Through these measures the Directorate has achieved a significant element of the £3m saving target included in the 2009/10 budget.

Operational Budgets

To offset the pressures on income operational budgets have been closely managed with savings identified and realised in all services. Overall savings of £2.4m have been achieved on running costs. Savings in Highways and Transportation include a saving of £1m in the highways maintenance budget due to the capitalisation of revenue expenditure and savings on the Street Lighting contract. These savings have been partly offset by additional expenditure on Winter Maintenance and energy costs.

Across the Directorate savings in supplies and services amount to £0.7m and £0.9m for premises costs. These include savings in general Directorate running costs and other savings in Economic Development and Planning and Sustainability.

ENVIRONMENT AND NEIGHBOURHOODS

2009/10 OUTTURN POSITION

Introduction

This report sets out the 2009/2010 outturn position for the Environment and Neighbourhoods Directorate and provides an explanation of the major variations.

The actual outturn position for Environment and Neighbourhoods reflects an underspend on the net managed budget of £31k.

Housing Services (£1,044k Cr)

The variation is largely due to the identification of appropriate charges of £798k to the HRA for medical rehousing, CareRing and staff implementing Section 6 of the 1996 Housing Act. Also within Housing Services further variations of £254k have arisen largely due to a combination of the rescheduling of the programme for the upgrade of CareRing equipment and additional income for the sheltered housing service following the revision of the Supporting People contract.

Roseville (£205k Dr)

The overspend relates to a combination of additional staffing costs including pension charges (£108k) and activity levels for doors production being much lower than anticipated prior to the factory closure (£97k). The door factory closed at the end of September 2009 and the budget for 25 disabled staff (23.24 fte) transferred to the Resources Directorate.

Community Safety (£219k Cr)

The underspend is mainly due to slippage in spend on the CCTV digital upgrade resulting in savings on the budgeted borrowing cost and opportunities to maximize grant funding available.

Regeneration/ Area Management (£32k Dr)

Additional expenditure on the Revenue Area Wellbeing (£397k) was largely funded by a combination of savings from vacant posts (£265k) and additional income (£100k).

Jobs & Skills (£1,642k Dr)

Within Jobs and Skills, residual staffing issues, following the implementation of a major restructure, has resulted in a £441k pressure and in addition there is a loss of income of £827k 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 £253k and additional premises costs have also been incurred for the Rise building and Leeming House (£102k).

Community Centres (£71k Dr)

A reduction in income has been partially offset by reduced running costs associated with caretakers and utilities.

Refuse Collection Service £7k Dr

Pay savings totalled £1,968k, the vast majority of which were as a consequence of the industrial action. There were also significant fuel savings of £315k, of which £250k arose during the period of industrial action.

These savings contributed towards offsetting the additional cost of using contractors during the dispute £2,349k and additional communication costs incurred of £254k.

Vehicle costs were underspent by £107k with more efficient use of the fleet, especially around the utilisation of back up vehicles, offsetting additional expenditure on repairs. Higher than budgeted for fuel prices were contained within budget by a reduction in the overall volume of fuel used.

A reduction in expenditure across all other areas of the budget realised further savings of £170k and additional income of £45k, mainly from contract management brought the overall budget back into balance.

Street Cleansing (£478k Cr)

An underspend on staff costs of (£355k) was mainly due to the 12 weeks of industrial action occurred. This was partially offset by additional use of contractors within the City Centre £84k.

There were further reductions in other expenditure of (£210k), of which savings on fuel (£40k), weedspraying (£48k) and other transport costs (£31k) constitute the largest elements. The balance of £34k being the savings arising from the cessation of non essential spend.

Anti-Graffiti and Public Conveniences (£176k Cr)

Due to delays in the implementation of a Public Conveniences strategy, there was a saving of (£70k) on the budget provided for automatic PCs in the City Centre, plus staffing saving of (£84k) within the Graffiti service which arose as a result of vacant posts.

Other minor variations contributed a further £20k saving.

Waste Operations £165k Dr

Additional expenditure on Security at Waste Sites of £89k was incurred and this was mainly due to a combination of repeated incidents of vandalism at Gamblethorpe. There was also the need for additional cover during the strike.

In order to maintain the availability of recycling facilities citywide, additional expenditure £89k has been incurred on the repairing of containers and compactors.

Loss of contracts and a variation in usage resulted in a reduction in the level of income for Trade Waste (£196k), although savings on NNDR of £41k, following a revaluation at East Leeds, and savings on vehicle hire and lease costs of £100k mitigated these pressures.

Additional savings on non essential spend delivered a further £64k of savings.

Waste Strategy (£704k Cr)

Staff savings of £302k are largely due to delay in the implementation of the new Waste Management structure.

Total tonnage costs were in line with budgeted expectations at £14.1m and therefore there has been no requirement to utilise the Authority's central contingency which contained provision for tonnage variations.

Slippage on advisor costs associated with the delivery of the Waste Management PFI has saved £207k whilst a saving of £80k in respect of Education Awareness also reflects slippage on the programme.

Higher than budgeted prices for recyclates (incl. scrap metal) during the year helped generate additional income (£180k).

Spend at Closed Landfill Sites was £45k lower than budget, mainly from contract maintenance savings and the cessation of non essential spend in the Division saved a further £28k.

All of these savings helped offset continuing reductions in net income received from electricity generation at Gamblethorpe Closed Landfill site of £142k.

Health and Environmental Action Service £437k Dr

The loss of income from the Energy Savings Trust for Fuel savers at £300k was the single biggest variation in the budget. Notification of the variation in grant receivable was received after the HEAS budget was agreed at Council in February 2009.

Variations in staffing costs (£99k), legal costs (£77k) and income receivable from pest control (£46k) were partially offset by savings in general running costs across the service (£84k).

Car Parking £126k Dr

There was an overall reduction in income which resulted from the impacts of the downturn in the general economy, as well as non implementation of budgeted developments and the severe weather in December / January.

Income receivable from property developers from the suspension of parking bays has reduced by £259k, whilst delays in the implementation of city centre bus lane enforcement has resulted in an income variation of £227k.

Other income variations (£237k) reflect reduced patronage of car parking facilities and the non implementation of budgeted assumptions in respect of Sunday and evening car parking.

Staff savings of £188k resulted from vacant posts whilst £418k of running cost savings were largely derived from reduced utility costs, car park maintenance and expenditure on IT and other equipment.

In addition further savings of £100k have been delivered from a review of support functions across the whole of Environmental Services.

HOUSING REVENUE ACCOUNT

2009/10 OUTTURN POSITION

1. Introduction

This report sets out the 2009/10 outturn position for the Housing Revenue Account (HRA) and provides an explanation of significant budget variations.

2. Overall position

As shown in the following table the outturn position on the HRA is a small deficit of £73k. After transfers to and from earmarked reserves this leaves a surplus of £927k which has been added to the HRA General Reserve.

A number of factors have contributed to the year end position. These are as detailed in sections 3 and 4 below.

	Latest Estimate £000	Outturn £000	Variance £000
Income			
Rental Income / Service Charges	167,960	170,456	(2,496)
Housing Subsidy	31,133	28,124	3,009
Recharges	2,353	1,690	663
Other Income	23,555	21,075	2,480
Total Income	225,001	221,345	3,656
Expenditure			
Salaries and Wages	4,934	4,736	(198)
Premises & repairs	1,491	1,328	(163)
Supplies & Services	13,394	13,154	(240)
Transport	112	131	19
Recharges	13,825	15,132	1,307
ALMO Management Fees	112,809	112,663	(146)
Provisions	1,948	818	(1,130)
Capital	76,027	73,456	(2,571)
Total Expenditure	224,540	221,418	(3,122)
Net (surplus)/deficit	(461)	73	534
Transfer to Swarcliffe PFI Sinking Fund		2,091	2,091
Transfer to (from) earmarked reserves		(3,680)	(3,680)
Transfer to (from) Pensions reserve	461	589	128
Surplus	0	(927)	(927)

3. Key variances - Income

Rental income has exceeded the budget by £2,496k. This reflects improved void levels, higher levels of stock than anticipated due to reduced Right to Buy (RTB) sales, increased income from shops and miscellaneous properties.

Housing subsidy is less than budget due to capital charges being lower as a result of the reduction in the Council's CRI rate. This reduction in subsidy is offset by a reduction in capital charges.

A review of the revenue contributions made by the General Fund to the Swarcliffe PFI project concluded that the contribution should be reduced by £445k pa. This, together with a shortfall in income from the ALMOs, for works managed by Property Management Services, has resulted in a £663k variation in recharges

The allowance to fund the borrowing associated with Decency is passported in full to the ALMOs. At year end the HRA is charged for all HRA/ALMO borrowing and the ALMOs pay back to the HRA the interest charges associated with the borrowing undertaken to fund works in their area. This is shown as "other income" in the HRA. The reduction in the Council's average rate of interest has led to the ALMOs being charged a lower rate of interest than budgeted and is the main reason for the shortfall of £2,522k.

4. Key variances - Expenditure

The saving on salaries and wages (£198k) are as a direct result of not filling vacancies. Savings on premises are largely a result of Property Management Services vacating space not required at Landmark Court.

Savings in a number of areas: procurement of the Adtrader and printing contracts (£100k), market research (£28k), computer software (£261k), conferences, catering and office consumables (£28k), offset by increased expenditure on the Swarcliffe PFI scheme has resulted in a net saving of £240k on supplies and services

Internal charges are higher due to a number of appropriate recharges from the General Fund for Care Ring and Medical Rehousing (£379k), Housing Strategy and Commissioning (£395k) and the emergency call out service (£65k). Other key variations include increased legal and development charges for the Little London, Beeston & Holbeck and Lifetime homes PFI schemes (£316k) and for the ASBU service (£49k).

The saving on ALMO Management Fees (£145k) is as a result of the incentive payments to the ALMO and BITMO being less than budgeted for.

The contribution to the bad debt provision is £1.1m less than budgeted. This is as a result of more tenants being in receipt of full or partial housing benefit.

The £2.6m reduction in the cost of capital is due to a combination of a reduction in the Council's average rate of interest on debt, notional cash interest on HRA working balances plus a Revenue Contribution to Capital

(RCCO) for decency works on the Woodbridge estate and the Housing ICT project.

5. HRA Reserves

The table below shows the movement on reserves in year together with the closing reserves position of £18,133k. Key points to note are as follows:-

- The in year surplus of £927k will be transferred to the HRA General Reserve, increasing this to £4,639k.
- Earmarked reserves of £3,680k have been utilised in year.
- Of the total reserves £10,947k is the Swarcliffe PFI Sinking Fund, with the balance of £7,186k being general/earmarked reserves.
- The contribution to the Swarcliffe PFI Sinking Fund (£2,091k) is required to ensure that the project remains affordable throughout its life and can meet future contractor payments.

Reserves	Opening Reserves	Transfers out	Transfers in	Closing Reserves
	1/4/2009	2009/10	2009/10	31/3/2010
	£000	£000	£000	£000
HRA General Reserve	3,712		927	4,639
Future of Council Housing in Leeds	226	(136)		90
Contribution to Decency Targets	1,954	(1,881)		73
PFI Set up Costs (Structural Surveys)	150	0		150
Swarcliffe Environmentals	350	(58)		292
PFI Set up costs - Lifetime Homes	500	0		500
Purchase of New properties (EASEL)	1,193	(1,193)		0
Decanting and Demolition Costs	800	0		800
Underoccupancy pilot	300	(202)		98
Workforce Change (Property Management Services)	689	(209)		480
Holdsworth Place - land purchase	65	(1)		64
Sub Total	9,939	(3,680)	927	7,186
Swarcliffe PFI Sinking Fund	8,856	0	2,091	10,947
Total	18,795	(3,680)	3,018	18,133

CENTRAL AND CORPORATE

2009/10 OUTTURN POSITION

Introduction

This report sets out the 2009/10 outturn position for Central and Corporate Functions and provides an explanation of the major variations.

Overall Position

Overall underspend of £2.1m. The most significant variations are described below:

Resources (underspend of £2,056k)

Support Services

Across the various corporate support services there was an overall underspend of £1,594k. The main reason has been careful management of staffing appointment plans as well as freezing of non-essential running cost expenditure from December 2009.

In terms of the service areas, Financial Services (inc the Business Support Centre) underspent by £556k, HR by £238k, Audit and Risk £207k and a further £262k within ICT. This situation has put pressure on service areas, for example the BSC have only been able to provide CRB checking due to diversion of staffing resource from the recruitment service. So too, ICT are facing increasing pressures in maintaining an ever growing ICT estate.

In 2008/09 the building maintenance budget (for all Council buildings) overspent by £0.6m. However as a result of concerted efforts from various services in Resources, expenditure in 2009/10 was contained within the available budget. In fact overall, the Corporate Property Management budget recorded an underspend of £342k, largely due to savings on pay.

Revenues and Benefits

As a result of an increase in court cost fees in January combined with a revision to the formula which allocates court fees into this account, additional income of £445k was generated compared to budget.

The cost of Housing Benefits administration came in £257k under budget due to staffing and running cost savings. The Student Support function continues to operate in respect of claims originating back to when the Council administrated the scheme, however savings of £143k (almost all staffing) were achieved in the year as part of a planned scale down of operations.

Trading Services

Following the 2008/09 outturn of a £1.2m shortfall in surplus compared to budget, the primary focus of the group in 2009/10 has been to ensure a significant improvement in financial performance. The key priority has been achievement of income, although realisation of cost efficiencies where possible have remained important within all trading areas. The overall result is an additional £74k surplus compared to budget.

In Property Maintenance, the budget relied on the realisation of 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. The eventual outturn was £86k less surplus compared to budget.

The Catering function was another area where both cost and income pressures have been experienced right from the start of the year. Despite worse predictions during the year, the outturn was a shortfall of £147k.

Other areas fared much better in terms of achieving additional income and savings in areas such as the use of agency staff:

- Cleaning (additional £156k surplus)
- Security Services (additional £104k surplus)
- Fleet services (additional £47k surplus)

Public Private Partnership Unit

The Unit generated additional surplus of £157k due to savings on non-essential expenditure combined with additional income received in respect of work carried out for West Yorkshire Police.

Policy, Performance and Improvement (net overspend of £43k)

Due to additional pressures in Customer Services (mainly within the Corporate Contact Centre) required to meet the additional activity levels from customers due to the current economic climate combined with the delay in the introduction of Integrated Voice Recognition (IVR) an overspend of £110k occurred within Customer Services.

However this has been offset by an underspend in other areas totaling £67k, predominantly as a result of unfilled vacancies in the Communications Team.

Corporate Governance (net underspend of £94k)

Within Legal, Licensing and Registration, an additional £826k was spent on pay in the area of legal services to cater for increased demand from clients (this cost is recharged directly back to directorate clients). The gradual uptake in the housing market resulted in net additional income of £133k from an increase in the number of property searches.

There was an underspend of £37k in the Procurement Unit mainly due to the holding of vacancies. Democratic Services were also underspent (by £51k) the main factor being savings on running cost budgets, much of which was generated from a freeze on non essential expenditure.

HOUSING BENEFITS

The outturn shows a saving of £2,516k which is largely made up of:

- A saving of £1,821k compared to the budget due to a change in the methodology of calculating the bad debt provision. This reflects a revision to the provision for bad and doubtful debt relating to the overpayment of housing benefit. Each year a review of the provision required for 'bad debt' is carried out. Using collection trend data, the assumptions on collection of previous years' debt outstanding have been revised

meaning that the revenue account will benefit by £1,821k. This is a one-off gain in 2009/10 only.

- Saving on actual Leeds Benefits Service costs of £257k, a combination of staffing and running costs as a result of the 'freeze' on non-essential expenditure.
- £321k additional overpayments were identified during the year over and above the level assumed in the budget.
- The balance of £117k is due to changes on benefits expenditure which does not attract 100% subsidy.

STRATEGIC ACCOUNTS

2009/10 OUTTURN POSITION

Context

The Central Accounts include a variety of corporate budgets including central income, debt costs of the authority, contributions to Joint Committees and central efficiency budgets.

Overall Position

The outturn position variation against the Latest Estimate for Central Accounts is a net controllable underspend of £0.6m and an underspend on the costs of servicing debt of £4.9m.

Outturn Explanation

The major variances in net controllable income and expenditure were as follows:

- The amount of section 278 monies that were released to revenue was £2.6m less than had been budgeted for. This arose from a slowdown in development activity as a result of the general economic downturn.
- During the year directorates faced pressures due to the Early Leavers Initiative. The £2.5m extra cost of this was funded partly by debt savings (£1.5m) with the unfunded balance (£1.0m) borne by Central Accounts.
- The budget held centrally for contingencies allocated £3.5m to fund directorate pressures. This was £0.6m less than the Original Estimate.
- An additional £2.2m of expenditure that should more properly be classed as capital expenditure was capitalised to offset the shortfall in section 278 income. This included capitalisation of spend relating to ongoing PFI schemes.
- The authority used £0.9m from the capital reserve during 2009/10.
- The Supporting People grant became part of the Area Based Grant in 2009/10 which effectively removed the ring fence for this account. A contingency of £990k which was set aside to support contract overspends has been used to reduce the Council's projected overspend. Should this contingency be required in future years, arrangements will be made to ensure that contract overspends are supported.
- During 2008/09, the authority made a claim to HMRC for VAT due dating back to 1974, in relation to sporting and cultural activities. £6.3m was accrued in the 2008/09 accounts, but due to the delays in settling the claim additional interest of £0.3m was received.
- The final determination in respect of the LPSA allocated an additional £0.7m to the authority, which had not been anticipated. Of this sum £0.2m of this has been carried forward to be bid for by LAA partners.

The net saving of £4.9m in debt costs was due to savings in external interest costs (£9.0m) and in MRP chargeable (£1.0m). A £0.6m saving was also made by capitalising interest costs on assets under construction. This was partially offset by a £6.0m reduction in the statutory Item 8 charge to the HRA. £1.5m of the savings made were used to fund the Early Leavers Initiative, as agreed by Executive Board as part of the half year review.

Contingency Fund - 2009/10 Outturn

	Budget	Amount Released	Variation	Comments
	£000s	£000's	£000's	
Environment & Neighbourhoods				
Tonnes	700	0	-700	Reflects a reduction in the volume of waste
DPE income - payment rates	338	338	0	Reflects average payment rate and PCN numbers being less than budgeted
Sub-Total	1,038	338	-700	
City Development				
Planning/Building Fees	400	400	0	100% released due to economic conditions
Sport Income	100	100	0	Under achievement of income budget
Transport Policy/Tourism income	25		-25	Not required
Rental/Advertising Income	150	150	0	100% released due to economic conditions
Surveyors/Legal fees	168		-168	Not required
Advertising budgets (v211)	32		-32	Not required
Feasibility budget	50	165	115	City Park feasibility £50k per Exec Board 13.2.09. Accommodation review phase 2 £92k, Flood Alleviation £23k
Travellers	100	59	-41	Travellers clean up costs
Community Cohesion	80		-80	Not required
Libraries	100	100	0	Challenging efficiency target only partly met
Winter maintenance	150	150	0	Reflects 102 grits and 7 snow clearing days. Budget £1.305m, actual £1.507m.
LDF	50		-50	Not required
Sub-Total	1,405	1,124	-281	
Central and Corporate functions				
LIFT	50		-50	Not required
IT Business Transformation	350	72	-278	Maintenance charges for Customer Master Index
Sub-Total	400	72	-328	
Adults Social Care				
Independent Living PFI	300	139	-161	PFI procurement costs
continuing care	750		-750	Not allocated to the directorate.
Fulfilling lives	300	216	-84	Allocation of grants to vcfs organisations following development of business case
Sub-Total	1,350	355	-995	
Cross Cutting				
Gas/electricity	800	300	-500	Price came in on-line, £300k used to offset volume changes
Total Departmental Pressures	4,993	2,189	-2,804	
Provision at 50%	2,497	2,189	-308	
Items Provided at 100%				
Environment & Neighbourhoods				
Brunswick/Non closures of car parks	403	396	-7	Shortfall in income due to closures
Cross Cutting				
Service Development Fund	900	218	-682	Collaboration consultants, Sanitiser Gel, Accommodation review £23k
Pay and Grading	300	616	316	Allocated to directorates following confirmation of costs
World Cup Bid		50	50	Partly met from Yorkshire Forward and City Dev
Total Contingency	4,100	3,469	-631	

Reserve	Actual Balance 31st March 2009	Balance 31st March 2010	Reason for the Reserve
	£k	£k	
General fund reserves			
General fund	(16,121)	(16,076)	
Total general fund reserves	(16,121)	(16,076)	
Earmarked reserves			
<i>Sums set aside for major schemes</i>			
Schools PFI & Building Schools for the Future	(3,588)	(5,950)	} PFI Sinking Funds
Cardinal Heenan PFI	58	200	
Street lighting PFI	(3,660)	(51)	} Used to support 2009/10 budget as agreed by Full Council
Adult Social Care PFI	(151)	(151)	
LBIA Compensatory Added Years	(742)	(695)	This reserve holds a lump sum receipt from which LCC will meet the pension obligations of LBIA employees following sale of Leeds Bradford Airport to these staff. Departmental contns towards prudential borrowing costs of capital schemes received over life of asset and released back to revenue to cover debt costs over life of loan. Unspent ABG to be allocated to specific schemes Unallocated in 2009/10 - to be bid for by LAA partners in 2010/11
Capital reserve	(409)	(1,282)	
Area based grants	(1,246)	(22)	
LPSA2 Performance Reward Grant		(244)	
Insurance Reserves			
Schools teacher sickness absence reserve	(140)	(444)	School based reserve to pay for the cost of teacher cover due to sickness absence. School reserve to fund any related costs as a result of fires not covered by insurance.
Schools consequential loss insurance	(619)	(619)	
Reserves retained for service departmental use			
Members club	(8)	(8)	Surplus on the members club. Unspent school contributions used to develop learning platforms and maintain the quality and resilience of the network.
Leeds learning network	(98)	(348)	
Youth Offending Service	(455)	(563)	Surpluses of partner contributions have been retained to provide for potential liabilities re.fixed term employment contracts and accommodation diapidation costs. Unspent mayoral allocation cfwd at year end due to the difference between the financial & mayoral years.
Lord Mayor	(44)	(39)	
Energy efficiency reserve - LCC	(295)	(287)	Energy efficiency reserves to fund invest to save energy efficiency initiatives. Payments received from Salix based on commitments not actual spend, therefore carried forward to fund schemes in 2010/11
Energy efficiency reserve - Salix	(253)	(611)	
Connexions/Children's Economic, Social and environmental wellbeing fund	(186)	(145)	Residual balance and unallocated DFES grant from Connexions WY service Underspends on the wellbeing area committees. Armley Asbestos
Environmental Services	(251)	(306)	
Ring fenced reserves			
School balances			
Schools Balances	(7,344)	(10,743)	Actual Schools Balances less VER borrowings and BSF PFI borrowing. Cfwd of surpluses on extended school activities to make greater use of school facilities. Cfwd of ring fenced DSG for centrally managed pupil orientated services.
Extended schools balances	(3,875)	(4,215)	
Central schools block - DSG	(4,345)	(2,485)	School reserves for fire prevention works Ring fenced reserve for taxi and private hire licensing service.
Schools fire prevention works consortia	(394)	(195)	
Taxi & Private Hire licensing surplus	(470)	(173)	
Total earmarked reserves	(28,609)	(29,470)	