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## Report of the Director of Resources

### Executive Board

Date: 27<sup>th</sup> July 2011

Subject: Financial Health Monitoring 2011/12 – First quarter report

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#### 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)

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## Executive Summary

1. The purpose of this report is to inform members of the financial health of the authority after three months of the financial year in respect of the revenue budget and the housing revenue account.
2. As members will be aware, the 2011/12 budget was prepared against a backdrop of a £50m+ reduction in Government Grants, and significant pressures within a number of Council services. Overall the 2011/12 budget includes savings across a range of services in excess of £90m. This includes staffing savings of £30m, equating to 400 leavers; procurement savings of £20m to be delivered through procurement activity and reductions in spend; £6m from premises costs including the £1m energy saving challenge, rationalisation of buildings and deferring non essential building maintenance; income from new charges and income generation activities. Given the scale and nature of these savings, delivery of the 2011/12 budget represents a significant financial challenge.

Action is taking place across all areas of the Council and it is clear that significant savings are being delivered in line with the budget, but nevertheless at this stage of the financial year an overall overspend of £8.2m is projected. Detailed directorate reports are included at Appendix 1.

3. Directorates will continue to develop and implement a number of action plans but further options will be required to reduce the funding gap by the year end.

4. Members are asked to note the projected financial position of the authority after three 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 2010/11 after three months of the financial year. This is based on a detailed review of the month 2 position and updated at month 3 for any significant changes identified.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after three months and comments on the key issues impacting on the overall achievement of the budget for the current year.
- 1.3 A separate report on the Capital Programme can be found elsewhere on this agenda.

## **2. BACKGROUND INFORMATION**

- 2.1 Members will recall that the net budget<sup>1</sup> for the general fund was set at £582.2m, supported by the use of £2m of general fund reserves and the level of general fund reserves at 31<sup>st</sup> March 2012 was estimated to be £19.4m.
- 2.2 Following the closure of the 2010/11 accounts, the reserves position has been largely achieved with reserves standing at £21.2m at 31<sup>st</sup> March 2011.
- 2.3 As members will be aware, the 2011/12 budget was prepared against a backdrop of a £50m+ reduction in Government Grants, and significant pressures within a number of Council services. These pressures included demand pressures within both Adults Social Care and Children's services and declining income levels impacting upon both City development and Environment and Neighbourhoods. Overall the 2011/12 budget has had to include savings across a range of services in excess of £90m. The budget report to Council<sup>2</sup> in February 2011 recognised that the 2011/12 budget contained a number of risks, and there were also outlined in the financial health report submitted to the Board at its meeting on the 22<sup>nd</sup> June 2011. As such it does need to be appreciated that the delivery of the 2011/12 budget represents probably the most significant financial challenge currently facing the Council, and it is clear that action will need to be constantly taken to ensure that overall budgets are delivered and reserves maintained. It is recognised that failure to deliver the 2011/12 budget will have implications for the 2012/13 budget and beyond.

## **3. MAIN ISSUES**

- 3.1 Budget monitoring to date is identifying that the authority has made significant progress on achieving the demanding savings targets, but three main issues are causing concern and an overspend of £8.2m is currently projected. This does need to be seen in the context of the scale of the financial challenge as outlined above, and it also needs to be appreciated that action is being taken across the all directorates to contain spending to the approved budget.
- 3.2 The demand pressures both in Adult Social Care and Children's Services, and declining income in City Development and Environment and Neighbourhoods were addressed in the 2011/12 budget. Provision was made for increased expenditure on services for vulnerable children and adults including safeguarding, whilst addressing cost and income pressures arising from the current economic conditions. However as outlined in the revenue outturn report presented to Members in June<sup>3</sup> these pressures continued to rise in the final quarter of 2010/11 which impact upon the 2011/12 budget.

- 3.3 The 2011/12 budget included a target for reducing the workforce by 400 full time employees and on the 1st July a new early leaver's scheme was launched inviting expressions of interest from anyone wishing to take early retirement, voluntary severance, a reduction in paid hours or an unpaid employment break.
- 3.4 In addition, the budget included challenging savings targets from procurement and in the cost of running council premises. Whilst work is ongoing to deliver these savings through a number of initiatives e.g. the Million Pound Challenge to help the Council save £1 million in energy costs and reduce our emissions. In addition the budget included a £5.75m reduction in fees paid to residential and nursing care providers.
- 3.5 After three months of the financial year an overspend of £8.2m is projected as detailed in table 1.
- 3.6 As part of the budget monitoring process, action plans built into budgets have been reviewed and the above projections do assume the continuing delivery of action plans both corporately and within directorates.

Table 1

(Under) / Over Spend for the current period											
Directorate	Director	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to		Total Expenditure £000	Income £000	Total Under /Overspend £000
							External Bodies £000	Transfer Payments £000			
Adult Social Care	Sandie Keene	0	169	(570)	(6)	351	2,455	100	2,499	(152)	2,348
Children's Services	Nigel Richardson	(79)	14	7	3	(2)	5,244	0	5,187	(66)	5,121
City Development	Martin Farrington	(277)	(174)	(517)	(455)	177	0	0	(1,246)	1,829	583
Environment & Neighbourhoods	Neil Evans	262	6	116	54	0	0	(500)	(62)	141	79
Resources	Alan Gay	(216)	188	(129)	46	(9)	0	3,239	3,120	(3,161)	(41)
Legal Services	Robert Pritchard	387	0	1	0	0	0	0	388	(271)	117
Planning, Policy and Improvement	James Rogers	12	0	0	0	0	0	0	12	(13)	(1)
<b>Total</b>		<b>88</b>	<b>203</b>	<b>(1,092)</b>	<b>(358)</b>	<b>517</b>	<b>7,700</b>	<b>2,840</b>	<b>9,898</b>	<b>(1,693)</b>	<b>8,205</b>

- 3.7 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached as Appendix 1. The main variations can be analysed as follows:
- Staffing - Overall staffing FTEs have decreased by 170.82 since 1st April 2011 which compares to the planned reduction of 400 for the year.
  - Adult Social Care – Early indications are that there is a lower level of demand in residential and nursing care, but this is more than offset by a projected shortfall in the delivery of budgeted procurement savings. Although the directorate is still working hard to reduce the shortfall, the current forecast is an overspend of £2.3m.
  - Children's Services – significant activity is taking place to manage demand pressures for looked after children, but at this time the forecast for external placements is £1m overspend and independent foster care at £4m. These projections do assume some decline in demand pressures during the year, but given current trends, there is a risk that the position may deteriorate even further as the year proceeds. The position is being monitored on a weekly basis.
  - City Development Income – this area of the budget continues to be a major challenge for the directorate and the trend in building and planning fees, markets, and architectural design services continues with a forecast shortfall of £1.8m.

## 4. Risks

- 4.1 The Council has prepared and maintained a financial risk register for a number of years. The register details the risk and consequences, existing controls to mitigate against the risk, the value in monetary terms of the risk, review dates and progress towards managing the risk within existing resources. The register is prepared before the start of each financial year and is monitored on a regular basis. Any significant changes will be reported to this Board as part of the financial health report.
- 4.2 The initial register shows there are 3 very high risks and 10 high risks. The very high risks are as follows:-

Risk	Key Budget Impacted	Quarter 1		
		P	I	Rating
Procurement savings for residential and nursing placements .	Commissioning adult social care	3	5	Very High
The increase in the fostering budget (£3.3m) may not be sufficient to meet demand. In addition, slippage on the budgeted action plan around recruiting additional in-house carers and reducing the use of externally provided Independent Fostering Agency placements may not be achieved.	Children and Young People Social Care	3	5	Very High
The increase in the externally provided residential placement budget £4.7m may not be sufficient to meet demand	Children and Young People Social Care	3	5	Very High

- 4.3 There are currently no new risks or changes in the rating. However given the scale of budget reductions which need to be made to deliver the 2011/12 budget, there is inevitably an increased risk that the overall budget is not achieved.

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- 4.4 Any significant changes will be reported to this Board as part of the monthly financial health report.

## 5 HOUSING REVENUE ACCOUNT (HRA)

- 5.1 At the end of the quarter the HRA is projecting a deficit of £641k. This variation is primarily due to refurbishment costs associated with establishment of the ALMO Business Centre (£100k), increased charges of £130k and £147k respectively from Internal Audit for work in relation to ALMO assurance and PPPU for additional work in respect of the Little London and Beeston Hill and Holbeck PFI project. In addition £200k is required to contribute towards the Housing Capital Programme.

## 6. RECOMMENDATION

- 6.1 Members of the Executive Board are asked to note the projected financial position of the authority after three months of the financial year and request that directorates continue to develop and implement action plans which are robust and will deliver a balanced budget by the year end.

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- <sup>1</sup> Revenue Budget and Council Tax 2011/12 – report to Executive Board 11<sup>th</sup> February 2011
  - <sup>2</sup> Budget report 2011/12 to Council
  - <sup>3</sup> Financial performance outturn 2010/11 – report to Executive Board 22.062011

**Directorate                      Adult Social Care**

		(Under) / Over Spend for the current period											Total Under / Overspend £000
		Staffing £000	Premises £000	Supplies & Services £000	Transport	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under / Overspend £000		
Traffic Light	Service	Chief Officer											
<span style="background-color: #FFA500;">A</span>	Partnership & Organisational Development	Deputy Director Partnership & Organisational Effectiveness	28	0	(256)	0	51	0	0	(177)	203	26	
<span style="background-color: #FF0000;">R</span>	Access & Inclusion	Chief Officer Access and Inclusion	415	(10)	(353)	(6)	0	2,560	100	2,706	(310)	2,396	
<span style="background-color: #00FF00;">G</span>	Strategic Commissioning	Deputy Director Strategic Commissioning	84	0	0	0	0	(105)	0	(21)	(100)	(121)	
<span style="background-color: #00FF00;">G</span>	Resources	Chief Officer Resources & Strategy	(330)	0	(100)	0	0	0	0	(430)	0	(430)	
<span style="background-color: #FF0000;">R</span>	Learning Disabilities Service	Chief Officer Learning Disabilities	(197)	179	139	0	300	0	0	421	55	476	
<span style="background-color: #FF0000;">R</span>	<b>Total</b>		<b>0</b>	<b>169</b>	<b>(570)</b>	<b>(6)</b>	<b>351</b>	<b>2,455</b>	<b>100</b>	<b>2,499</b>	<b>(152)</b>	<b>2,348</b>	

## ADULT SOCIAL CARE DIRECTORATE: 2011/12 BUDGET

### 1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate after three months of the financial year.

### 2.0 Overall Summary

The overall position for the Adult Social Care Directorate is a projected overspend of £2.3m compared with the Net Managed Budget of £178m. This takes account of the projected delivery of £10.7m of budgeted savings. The main shortfall in the delivery of budgeted savings relates to procurement savings and had these been on target the directorate would be projecting an overall underspend for 2011/12.

### 3.0 Explanation of the Projected Overspend

The main variations are explained below:

- **Community Care Packages - £2.7m**

- Residential and Nursing Care Placements - £2.6m

- Placement numbers for the first quarter averaged three per week (10%) less than the budgeted numbers. This, together with the full-year effect of 2010/11 placements is reflected in spend being less than budgeted in respect of placement numbers. There is some risk that placement numbers may increase due to the impact of the Leeds Teaching Hospitals Trust's decision to close 200 acute beds. The current budget assumption is that any budgetary pressure arising from these bed closures will be funded by NHS Leeds, although this assumption also carries some risk. The 2011/12 budget also included significant procurement savings that are not yet being achieved, although work is ongoing.

- Direct Payments & Personal Budgets – £0.1m

- This expenditure reflects the extent to which customers choose to receive their services as a cash payment rather than through traditional services and the level of need being met by the care package. This expenditure is projected to be £0.1m higher than budgeted due to the impact of one high cost package for someone with particularly complex needs.

There are some potential budget pressures within the learning disability pooled budget. This partly relates to Continuing Health Care cases that are the statutory responsibility of the health service and discussions are ongoing with NHS Leeds to ensure that the appropriate health contribution is made to the pooled budget. The directorate is working hard to contain these potential pressures and identify contingency savings to address any that do arise.



**Directorate Children's Services**

Traffic Light	Service	Staffing £000	Premises £000	Supplies & Transport Services £000	Agency Payments £000	Transfer £000	Total Expenditure £000	Income £000	Total £000
G	Partnership Dev. & Business Support	12	0	7	0	0	19	(6)	13
G	Learning, Skills & Universal Services	0	0	0	0	0	0	0	0
R	Safeguarding, Targeted & Specialist	(80)	14	0	5,244	0	5,179	(60)	5,119
G	Strategy, Commissioning & Performance	(11)	0	0	0	0	(11)	0	(11)
R	<b>Total</b>	<b>(79)</b>	<b>14</b>	<b>7</b>	<b>5,244</b>	<b>0</b>	<b>5,187</b>	<b>(66)</b>	<b>5,121</b>

## CHILDREN'S SERVICES: 2011/2 BUDGET

### 1.1 Overall Position

1. The latest forecast for Children's Services is a projected overspend of £5.12m (4%) against the net managed budget of £129.3m.

### 2. Staffing

- 2.1 The forecast across the employee budgets is an underspend of £79k on the £111.65m budget.

### 3. Externally Provided Placements

- 3.1 The level of demand within the services remains high, as evidenced by the high number of referrals, assessments, the number of children subject to a child protection plan and the number of children within the care system. This high level of demand translates into the number of placements needed for looked after children and, recognising the changing placement mix and the saturation of the current in-house provision, directly into pressure on the externally provided residential and fostering placement budgets.
- 3.2 During the final quarter of 2010/11, the number of looked after children (LAC) placed with external providers continued to increase. Currently the number of externally provided residential placements is higher than the number of placements profiled within the original Budget Action Plan. Based on the current number of placements, but taking account of the directorate plan, the forecast outturn pressure related to externally provided residential placements is £1m.
- 3.3 Similarly, the number of placements with the Independent Fostering Agency (IFA) is increasing, and is currently in excess of the budget by around 40 placements. After taking into account the ongoing activity to manage demand, the forecast outturn is £4m in excess of the budget

**Directorate City Development**

		(Under) / Over Spend for the current period										Total Under /Overspend
		Staffing	Premises	Supplies &	Transport	Internal	Payments	Total	Income			
		£000	£000	Services	£000	Charges	to External	Expenditure	£000	£000	£000	
				£000		£000	Bodies	£000				
Traffic Light	Service	Chief Officer										
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	0	(45)	441	29	0	435	829	1,264		
G	Economic Development	Chief Economic Development Officer	(50)	13	(133)	3	0	(168)	(55)	(223)		
R	Asset Management	Chief Officer Asset Management	(50)	4	(60)	(24)	0	(300)	167	(133)		
G	Highways and Transportation	Chief Officer Highways and Transportation	(150)	216	(98)	(301)	0	22	(497)	(475)		
G	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(253)	169	(49)	33	0	(112)	62	(50)		
R	Recreation	Chief Recreation Officer	300	(529)	(481)	(193)	0	(911)	1,272	361		
G	Resources and Strategy	Chief Officer Resources and Strategy	(74)	(1)	(136)	(1)	0	(213)	51	(162)		
R	<b>Total</b>		<b>(277)</b>	<b>(174)</b>	<b>(517)</b>	<b>(455)</b>	<b>0</b>	<b>(1,245)</b>	<b>1,829</b>	<b>584</b>		

## **CITY DEVELOPMENT DIRECTORATE: 2011/12 BUDGET**

### **1.0 Introduction**

This report sets out the financial position for City Development Directorate after three months of the financial year.

### **2.0 Overall Summary**

The overall position for City Development Directorate shows a projected overspend of £0.583m.

Whilst it is still early in the financial year a number of key budget pressures are emerging particularly on external income. The projection does also allow for a number of proposed budget actions to be implemented to offset anticipated pressures and a full review of possible savings and other actions is currently being progressed with the aim of bringing forward agreed actions to further reduce the projected overspend.

### **3.0 Explanation of the Projected Overspend**

The main reasons for the projected overspend are an overall shortfall in income of £1.8m and additional costs of £0.45m arising from ongoing planning appeal cases. Partly offsetting these are a projected underspend on staffing of £0.28m and other net running cost savings of £1.4m.

#### **Premises Costs**

Highways and Transportation has received an additional £1.8m of grant income as the Leeds allocation for the 'pot hole' grant. This was awarded after the 2011/12 budget had been determined and will mean an additional £1.8m will be spent on highway maintenance. Allowing for this, there is actually a projected underspend of £173k on premises costs. Savings are mainly anticipated in Parks and Countryside as a result of reduced work loads. There are a number of potential pressures on premises costs, mainly around energy costs. A pressure of £250k is anticipated in Highways and Transportation as a result of a larger increase in the Street Lighting energy contract than was anticipated in the budget. There is also a risk that the energy savings assumed in the budget across most services are not achieved. The majority of savings anticipated from the rationalisation of Sport and Library facilities should be achieved.

#### **Supplies and Services**

Savings in supplies and services are anticipated in Parks and Countryside and Resources and Strategy. The cost of planning appeals was a major budget pressure in 2010/11 and will continue to be an issue in 2011/12 as costs for some of the cases have still be finalised and charged and the outcome of other cases is still unknown. A provision of £200k was made in the 2010/11 accounts where the outcome and amount was known but it is projected that there could be additional costs of £450k over and above the budget provision. The projection assumes that further savings will be made on operational budgets and plans to deliver these savings are being discussed with each Service.

## **Transport**

Savings of £448k are anticipated across the Directorate, the largest is in Highways and Transportation from reduced spend on plant and fuel.

## **Income**

Achieving the income targets continues to be a major challenge for the Directorate and the early indications are that there will be significant shortfalls in some areas.

The projected shortfall for planning and building fees for the year is forecast to be just under £1m. In addition, the projected income shortfall for Recreation of £1.27m is mainly within Parks and Countryside and is largely offset by projected savings in expenditure. The budget is in the process of being realigned to reflect this. On the whole income in Sport is expected to be in line with budgets.

Other income variations include a shortfall in Markets income of £300k which is a reflection of reduced occupancy levels at Kirkgate Market and a £300k shortfall in Architectural Design Services and Client Services income reflecting reducing workloads.

Directorate	Environment & Neighbourhoods	Staffing	Premises	Supplies & Services	Transport	Transfer Payments	Total Expenditure	Income	Total (Under)/ Overspend
		£000	£000	£000	£000	£000	£000	£000	£000
Traffic Light									
R	Streetscene Environmental Services			(57)	81	0	438	0	438
R	Health & Environmental Action	414	0	(31)	(9)	0	(34)	(27)	(61)
G	Car Parking Services	(152)	0	43	0	0	(109)	31	(79)
R	Community Safety		0	0	0	0	0	0	0
R	Regeneration		0	60	0	0	60	56	116
G	Jobs And Skills		0	0	(0)	0	(0)	0	(0)
G	Community Centres		0	0	0	0	0	0	0
G	Housing Services		0	(25)	0	(500)	(525)	0	(525)
R	General Fund Support Services		0	0	0	0	0	0	0
R	Waste Management		0	126	(18)	0	108	81	189
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0
<b>R</b>	<b>Total</b>	<b>262</b>	<b>6</b>	<b>116</b>	<b>54</b>	<b>(500)</b>	<b>(62)</b>	<b>141</b>	<b>79</b>

## ENVIRONMENT AND NEIGHBOURHOODS: 2011/12 BUDGET

### 1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods after three months of the financial year.

### 2.0 Overall Summary

The projected position for Environment and Neighbourhoods Directorate is an overspend of £0.1m.

### 3.0 Explanation of the Projected Overspend

#### Staffing +£262k

The estimated cost of covering Time off in Lieu (TOIL) relating to Refuse and Cleansing staff bank holidays entitlement is projected at £262k based on spend in 2010/11. Savings in Car Parking services reflecting vacant posts are offset by ongoing route support and attendance costs in Refuse Collection.

#### Supplies and Services + £172k

Significant savings of over £1m which were budgeted for in waste disposal from new contracts are being delivered. However, a variation in waste disposal costs of £50k is now projected. This mainly relates to reductions in the national price for the sale of glass which has resulted in the service now having to pay for glass disposal, instead of generating an income. Recycling levels for both April and May have reached 40% for the first time. However, even with this success, there is a potential for a LATS shortfall in 2011/12 which, depending upon the prices of allowances, could reach £100k. The service is already actively seeking ways to mitigate this cost and it is expected that the opening of an existing contractors new recycling plant in the autumn will result in more residual waste be diverted for recycling.

#### Transport +£54k

Rising fuel prices are estimated to cost £155k across Environmental Services, whilst ongoing back up support to the Refuse Change Programme is estimated at £143k; These pressures are partially offset by a review of Street Cleansing and Household Waste Sites vehicles numbers which when reduced will save an anticipated (£123k) and transport savings from more effective vehicle utilisation of (£100k).

#### Transfer Payments (£500k)

Work to determine the feasibility of funding support charges in Sheltered Housing through Housing Benefit rather than Supporting People for eligible tenants, is being progressed in conjunction with the ALMOs and BITMO. An action plan to realise a part year saving of £500k, has therefore been included within the financial position.

#### Income + £141k

Car Parking income is currently projected to be £30k short of the budget overall. However, this comprises a number of variations.

Additional income from parking at the former International Pool site is helping offset an anticipated £160k pressure of a further reduction in PCN numbers, lower than anticipated income from suspended bays and the expected non achievement of conversion of short stay spaces to long stay.

Income from recycling is anticipated to be £70k below budget as a result of not receiving any income from recycled glass.

There are other minor income variations of £40k across Environmental Services which will be matched by expenditure savings.



## Directorate Resources

		(Under) / Over Spend for the current period									
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	
G	Financial Management	Chief Officer Fin Management	8	0	9	3	0	20	(20)	0	
G	Business Support Centre	Chief Officer Fin Management	(53)	0	64	(1)	0	9	(9)	0	
G	Financial Development	Chief Officer Fin Development	(70)	0	14	0	0	(56)	(11)	(67)	
R	Revenues and Benefits	Chief Revenues and Benefits Officer	(94)	2	52	40	3,246	3,246	(2,956)	290	
R	Information Technology	Chief ICT Officer	197	0	(221)	0	0	(24)	97	73	
G	Human Resources	Chief Officer HR	(264)	0	62	0	0	(202)	0	(202)	
G	Audit & Risk	Chief Officer Audit and Risk	(70)	2	9	1	0	(59)	0	(60)	
G	CORS Directorate	Chief Officer Resources and Strategy	5	0	(18)	0	0	(13)	0	(13)	
G	Public Private Partnership Unit	Chief Officer PPPU	81	0	14	0	0	94	(95)	(1)	
G	Democratic and Central Services	Chief Officer Democratic and Central Services	206	86	(178)	6	(7)	114	(166)	(53)	
G	Commercial Services	Chief Officer Commercial Services	(161)	99	64	(3)	0	(0)	0	(0)	
G	<b>Total</b>		<b>(216)</b>	<b>188</b>	<b>(129)</b>	<b>46</b>	<b>3,239</b>	<b>3,128</b>	<b>(3,161)</b>	<b>(33)</b>	

**Directorate                      Legal Services**

**(Under) / Over Spend for the current period**

	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Expenditure £000	Income £000	Total Under /Overspend £000
18	Legal Services	Chief Legal Services Officer	387	0	1	0	388	(271)	117
	<b>Total</b>		<b>387</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>388</b>	<b>(271)</b>	<b>117</b>

## Directorate Planning, Policy and Improvement

(Under) / Over Spend for the current period

Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Total Expenditure £000	Income £000	Total Under /Overspend £000
G	Customer Services	Chief Officer Customer Services	1	0	0	0	1	0	1
G	Leeds Initiative & Partnerships	Chief Officer LIP	0	0	0	0	0	0	0
G	Business Transformation	Chief Officer Business Transformation	0	0	0	0	0	0	0
G	PPI Management & Support	Assistant Chief Executive	11	0	0	0	11	(13)	(2)
G	<b>Total</b>		<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>(13)</b>	<b>(1)</b>

## **CENTRAL AND CORPORATE FUNCTIONS: 2011/12 BUDGET**

### **1.0 Introduction**

This report sets out the financial position for Central and Corporate Functions after three months of the financial year.

### **2.0 Overall Summary**

The Central and Corporate budget for 2011/12 reflects savings and efficiencies amounting to £15.7m representing a considerable challenge for services to deliver.

The projection is that a balanced budget will be delivered by year end. This is based on activity to month 3 combined with the fact that 9 months of the financial year remain in which to enact further action plans to achieve the level of savings required.

### **3.0 Explanation of the projected underspend**

#### **Resources (£32k underspend)**

Some services are now predicting to underspend pay budgets by year end, with others predicted to be over budget, but it is expected that natural turnover and the impact of the second early leavers initiative will bring the budgets in on-line. The projection at month 2 is therefore an overall underspend of £77k on pay.

In terms of running cost budgets, the biggest challenge is around an overall reduction of £1m applied, partly on the assumption of procurement savings. A detailed budget review is currently taking place within the Directorate comparing outturn 2010/11 to 2011/12 budgets. The objective is to 'rebase' budgets where appropriate. The projections assume that spend will be contained within budget for running costs.

Housing Benefits are predicted to be £290k over budget. This mainly due to reduced levels of overpayments compared to budget.

In terms of income, the most vulnerable area is the trading functions within Commercial Services. Trends so far this year combined with projections for the year end suggest that budgeted income levels will be achieved.

#### **Planning, Policy and Improvement (balanced position)**

No significant variations in spend or income are apparent and the Directorate have plans in place to ensure that the budget is brought in on-line.

#### **Legal Services (£117k overspend)**

The main feature of the budget in 2011/12 is the targeted £1m reduction in legal spend. This was represented in the budget through a reduction in spend within Legal Services which in turn reduced the 'client' budgets within Directorates. The saving is targeted not only at internal legal costs, but also external spend.

Based on activity to date, current demand for legal services will have the full year impact of an overspend on staffing (mainly temporary and agency) of £387k. In terms of the legal services budget, this matched by internal income, however the impact will be within client directorates. Legal services are working with clients to try and reduce workloads and work in different ways.

The cause of the overspend of £117k is that all court costs are now being returned direct to services, whereas previously Legal Services retained some of the more minor costs awarded and had an income budget for this.