

Report of the Director of Resources

Report to Executive Board

Date: 14th December 2011

Subject: Financial Health Monitoring 2011/12 - Month 7

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

Summary of main issues

1. The purpose of this report is to inform members of the financial health of the authority after seven months of the financial year 2011/12 in respect of the revenue budget and the Housing Revenue Account.
2. The overall projected overspend at month 7 is £6.3m, an improvement of £0.9m from the half year position
3. All Directorates will continue to develop and implement action plans, and the position will be monitored closely.

Recommendations

5. Members are asked to note the projected financial position of the authority after seven months of the financial year 2011/12.

1. Purpose of this report

- 1.1 This report sets out for the Board the Council's projected financial health position after seven months of the financial year.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after seven months and comments on the key issues impacting on the overall achievement of the budget for the current year.

2. Background information

- 2.1 The month 6 projected overspend was £7.2m and the main areas of concern were:-
- Non achievement of assumed procurement savings for residential and nursing care packages within Adult Social Care
 - The number of externally provided residential and fostering placements in Children's Services
 - Income shortfalls mainly relating to planning and building regulation fees, car parking, advertising and children's centres

3. Main Issues Month 7

- 3.1 The overall position at month seven has improved by £0.9m from the half year position. Almost £84m of the budgeted savings required are on target to be achieved, and an overspend of £6.3m is currently projected, as detailed in Table 1 below.

Table 1

Directorate	Director	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	(Under) / Over Spend for the current period				Total Expenditure £000	Income £000	Total Under / Overspend £000	Previous Month (Under) / Overspend £000
						Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital Transfers £000				
Adult Social Care	Sandie Keene	(599)	250	(324)	3	75	2,612	(34)	0	1,983	87	2,070	2,675
Children's Services	Nigel Richardson	(234)	(114)	(4,912)	(5)	851	8,643	(172)	(450)	3,607	759	4,367	4,911
City Development	Martin Farrington	226	62	(301)	(168)	414	1	(75)	7	166	1,376	1,542	1,544
Environment & Neighbourhoods	Neil Evans	1,635	(32)	(801)	360	18	(1,002)	(69)	0	109	853	962	892
Resources	Alan Gay	(74)	91	858	(159)	265	0	(785)	(8)	189	(184)	4	(188)
Legal Services	Robert Pritchard	696	1	23	9	3	0	0	0	732	(575)	156	(64)
Planning, Policy and Improvement	James Rogers	29	(5)	1,069	0	0	0	(1,017)	0	76	(78)	(2)	0
Total		1,678	253	(4,389)	40	1,626	10,254	(2,151)	(451)	6,862	2,238	9,100	9,770
Corporate issues													
Debt												-2800	-2600
Total												6,300	7,170

- 3.2 As part of the budget monitoring process, action plans built into budgets have been reviewed and the above projections assume the continuing delivery of action plans both corporately and within directorates.
- 3.3 Details of directorate variations are attached as Appendix 1, and although the overall position has improved, many of the issues remain largely the same.

3.4 Housing Revenue Account (HRA)

3.4.1 At the end of Period 7 the HRA is projecting a surplus of £1,668k. This is a net movement of £721k from the position reported at Period 6. This improvement is primarily due to £540k of additional Housing Subsidy being received from Government. In addition, income from shop rents and leaseholder services charges are projected to increase by £97k and £70k.

4. Corporate Considerations

4.1 Consultation and Engagement

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

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The Council's revenue budget for 2011/12 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 23rd February 2011.

4.3 Council Policies and City Priorities

4.3.1 The 2011/12 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget.

4.4 Resources and Value for Money

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

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications arising from this report. In accordance with part 4 (f) of the Council's Constitution (Budget and Policy Framework Procedure Rules) Executive Board shall be entitled to vire across budget headings subject to value limits set out in the Financial Procedure Rules. There are no requests this month.

4.6 Risk Management

4.6.1 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.

4.6.2 Based on the month seven projections there are now no high risks. The risks for independent sector fostering and externally provided placements have been reassessed as medium risks. The risk that procurement savings for residential and nursing placements in Adults will not be realised in the current year has been deleted as it is now confirmed that the savings will not be achieved in the current year.

5. Recommendations

5.1 Members of the Executive Board are asked to note the projected financial position of the authority after seven months of the financial year.

6. Background Documents

6.1 Financial risk register 2011/12

Directorate Adult Social Care

			(Under) / Over Spend for the current period										Previous Month
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
G	Partnership & Organisational Development	Deputy Director Partnership & Organisational Effectiveness	0	0	0	0	0	0	0	0	0	0	0
G	Access & Inclusion	Chief Officer Access and Inclusion	(433)	(19)	(306)	(31)	79	(3,927)	(34)	(4,670)	(148)	(4,818)	(4,420)
R	Strategic Commissioning	Deputy Director Strategic Commissioning	103	0	(14)	3	(36)	6,050	0	6,106	(119)	5,987	5,937
G	Resources	Chief Officer Resources & Strategy	(264)	51	(67)	0	64	(65)	0	(281)	0	(281)	(301)
R	Learning Disabilities Service	Chief Officer Learning Disabilities	(6)	218	63	31	(32)	554	0	828	354	1,182	1,459
R	Total		(599)	250	(324)	3	75	2,612	(34)	1,983	87	2,070	2,913

ADULT SOCIAL CARE DIRECTORATE: 2011/12 BUDGET – PERIOD 7 REPORT

1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 7.

The 2011/12 budget included additional resources for Adult Social Care in recognition of the level of demand experienced in 2010/11. £19m was added to the community care packages budgets, but in order to fund this within the context of the Council's very challenging financial settlement substantial net savings amounting to £18.4m had to be identified.

2.0 Overall Summary

The Period 7 position for the Adult Social Care Directorate is a projected overspend of £2.1m compared with the Net Managed Budget of £178m. This takes account of the projected delivery of £10.8m of budgeted savings and those contingency savings identified to date. 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. NHS Leeds has indicated that additional funding can be made available to the Council for 2011/12 and discussions are underway to finalise the position.

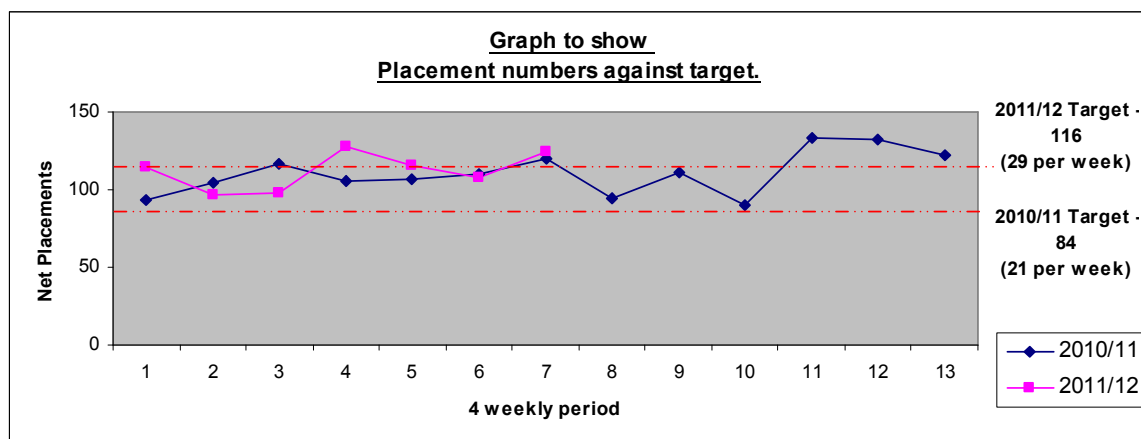
3.0 Explanation of the Projected Overspend

The main variations are explained below:

- **Community Care Packages - £2.3m**

- Residential and Nursing Care Placements - £1.6m

Placement numbers for the first quarter averaged three per week (10%) less than the budgeted numbers. Although placement numbers in the second quarter were higher, overall placements to date this year remain below the budgeted target. 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 volatility around placement numbers as several key drivers are outside the direct control of Adult Social Care and relatively small variations in numbers equate to a significant cash variation over a full year. The 2011/12 budget also included significant procurement savings amounting to £5.75m that are not now expected to be achieved this year.



Independent Sector Domiciliary Care - £0.2m

The overall home care budget comprises independent sector provision and the directly provided Community Support Service. The projected overspend on the independent sector budget reflects a slightly different allocation of work across the two sectors than the budget assumed.

Learning Disability Pooled Budget - £0.5m

This reflects the Council's proportion of the number of clients and the costs of their care packages being higher overall than budgeted. Discussions are ongoing with NHS Leeds about its level of funding for continuing health care cases.

• **Staffing – (£0.6m)**

There has been some slippage on delivering budgeted savings within the older people's residential and day care programme. However, this has been more than offset by other savings, mainly within assessment and care management.

• **Service User Income - £0.4m**

This mainly reflects higher than budgeted voids within the directly provided residential care service associated with the closures that are now approved.

Directorate Children's Services

			(Under) / Over Spend for the current period										Previous Month	
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital Expenditure £000	Total Income £000	Total Under /Overspend £000	(Under) / Overspend £000	
G	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(282)	12	(1,639)	(6)	88	(42)	24	(450)	80	(2,214)	(769)	
G	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,393)	(239)	(2,671)	(43)	(203)	(297)	(10)	0	748	(4,108)	(5,032)	
R	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	1,731	110	(411)	46	915	8,982	(51)	0	(381)	10,942	10,980	
G	Strategy, Commissioning & Performance	Chief Officer of Strategy, Commissioning & Performance	(290)	3	(191)	(3)	51	0	(135)	0	312	(253)	(269)	
R	Total		(234)	(114)	(4,912)	(5)	851	8,643	(172)	(450)	759	4,367	4,911	

CHILDREN'S SERVICES: 2011/2 BUDGET – PERIOD 7 REPORT

1. Overall Budget Position

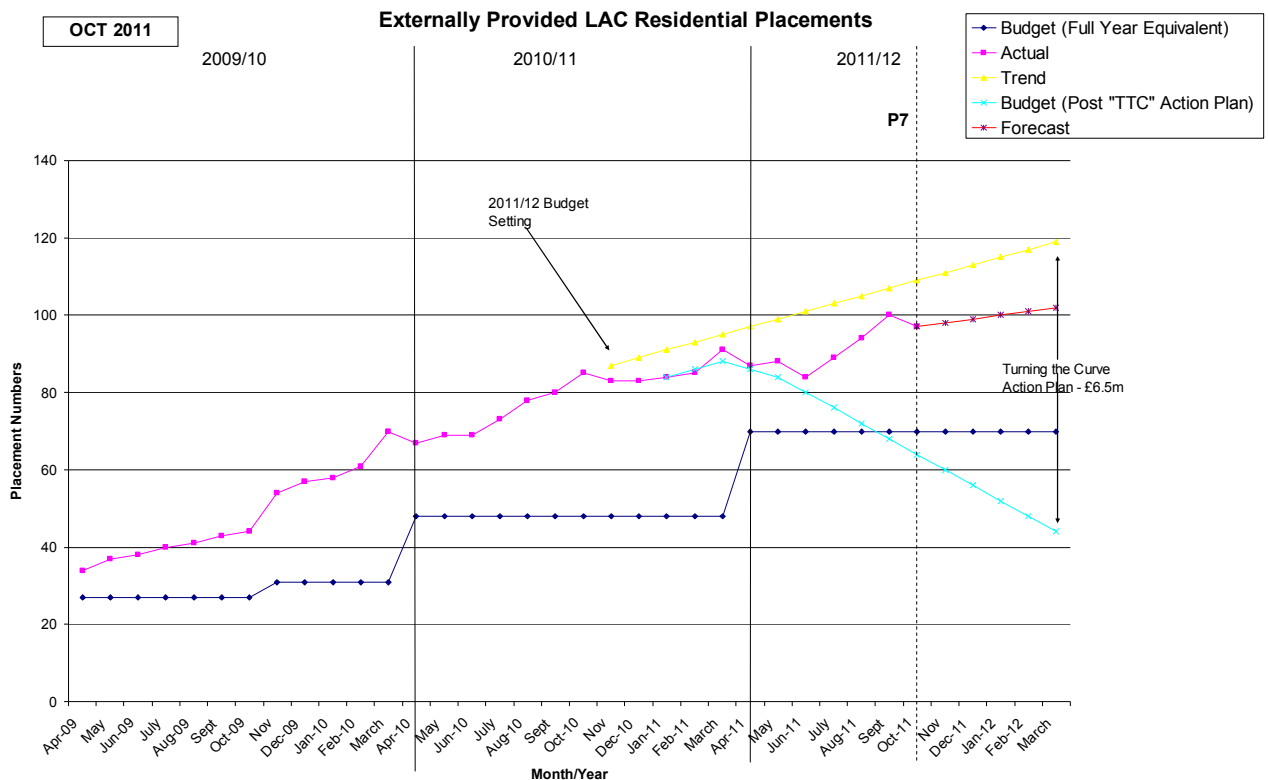
1.1 The Period 7 position for Children's Services is a projected overspend of £4.37m which represents a favourable movement of £0.54m from the period 6 position.

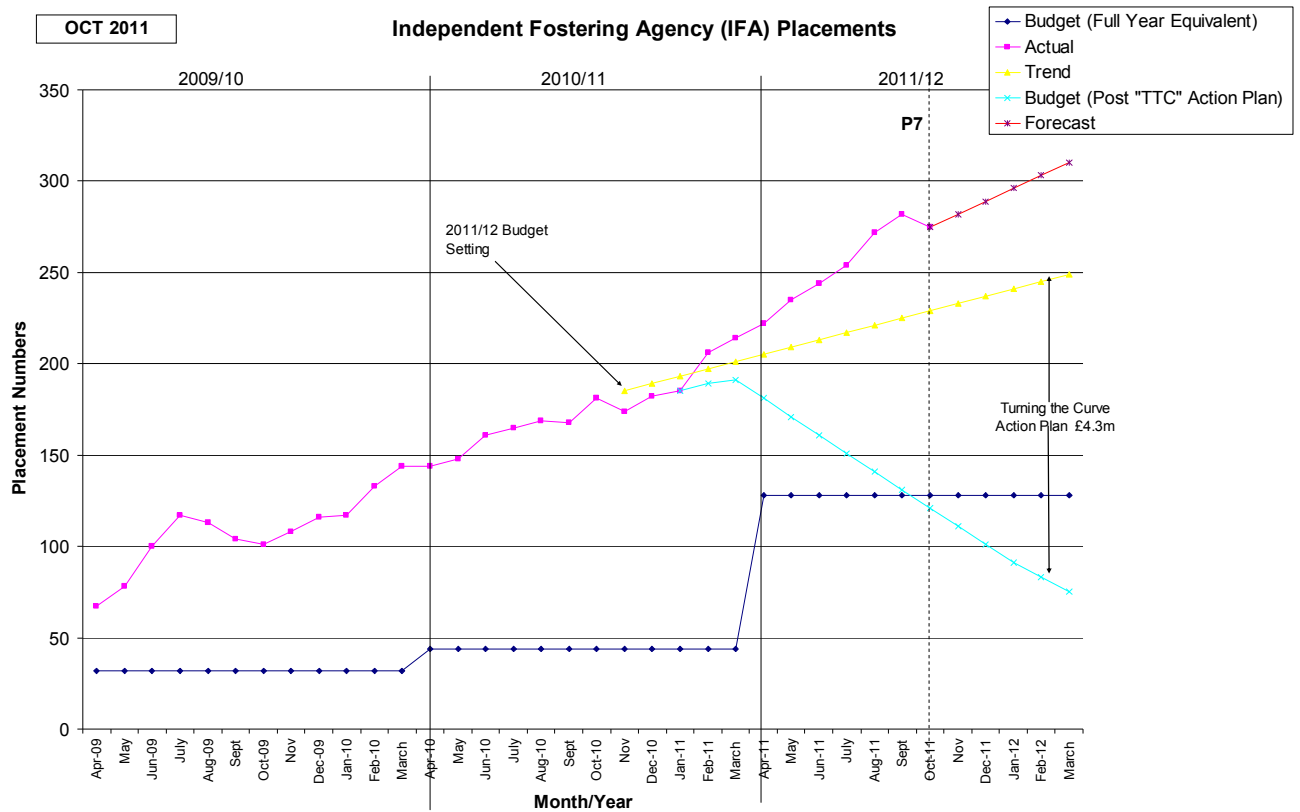
2. Explanation of Main Variations

2.1 The main pressure on the budget continues to be around the high number of looked after children and in particular the externally provided residential and fostering placement budgets.

2.2 At the end of October 2011, there were 97 children & young people in externally provided residential placements (a net reduction of 3 placements from period 6), and 275 children & young people in placements with Independent Fostering Agencies which is a net reduction of 7 placements from period 6. After making provision for some continued growth in numbers to the end of March 2012, the net spend on external placements this financial year is now forecast at £25.54m which, against a corresponding budget of £16.5m, gives a forecast overspend of £9m.

2.4 The graphs below show the growth in placement numbers for both the externally provided residential & fostering placements.





2.5 The pressures on the external placement budgets continue to be partly offset by projected savings of £0.56m on the in-house fostering allowances & fees budgets, which reflects the changing mix of placement provision.

2.6 The 2011/12 budget for externally provided placements was calculated on the basis of informed forecasts around potential increased demand together with a plan to 'turn the curve' and reduce placement numbers/costs over the course of the 2011/12 financial year. In light of the continuing demand and pressure on the placements budgets, the action plan for reducing the numbers of looked after children numbers has been revisited and updated with additional capacity put in place to help to drive through delivery of the actions. This plan is focussing on the key issues around;

- The impact of early intervention and prevention services on the number of looked after children and business cases to support additional investment.
- The statutory sufficiency plan for looked after children placements.
- More robust contracting and procurement arrangements.
- Improved decision making and governance.
- Better activity monitoring
- Better forecasting – immediate & medium-term (placement numbers and financial impact)
- Finalising the in-house residential review.
- Increasing in-house foster carer capacity
- Improving arrangements for supporting care leavers back into the community.

Directorate City Development

													(Under) / Over Spend for the current period	
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments		Capital £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
								to External Bodies £000	Transfer Payments £000					
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	160	(20)	44	48	10	0	0	0	243	1,149	1,392	1,232
R	Economic Development	Chief Economic Development Officer	(20)	(3)	(52)	3	16	0	0	0	(57)	183	127	133
R	Asset Management	Chief Officer Asset Management	77	(93)	80	(35)	(123)	0	0	0	(94)	546	453	495
G	Highways and Transportation	Chief Officer Highways and Transportation	(9)	186	(350)	(168)	454	0	0	7	119	(448)	(329)	(329)
G	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(605)	73	153	27	7	0	(48)	0	(393)	249	(144)	(138)
R	Recreation	Chief Recreation Officer	619	(81)	210	(35)	33	1	(27)	0	720	(304)	416	412
G	Resources and Strategy	Chief Officer Resources and Strategy	4	(1)	(385)	(7)	17	0	0	0	(373)	0	(372)	(260)
R	Total		226	62	(301)	(168)	414	1	(75)	7	166	1,376	1,542	1,347

CITY DEVELOPMENT DIRECTORATE: 2011/12 BUDGET – PERIOD 7 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 7.

2.0 Overall Summary

The Period 7 position for City Development Directorate shows a projected overspend of £1.54m. There is no change from the Period 6 position of £1.54m although there are minor variations between services. The underlying budget issues continue to be planning and building fee income, markets income, advertising income, planning appeal costs and staffing in some service areas. These budget pressures total over £3m. To offset these additional budget pressures all service areas have been asked to review planned spend for the rest of the year with a view to identifying further savings. The projection reflects budget saving plans agreed with services but also allows for further savings to be agreed and also assumes further staff will leave the directorate under the corporate Early Leaver Initiative scheme.

3.0 Explanation of the Projected Overspend

The main reasons for the projected overspend are an overspend on staffing of £0.23m based on current staffing numbers, known leavers and assumed further leavers from the corporate ELI scheme. The projected year end overspend on staffing has continued to reduce as actions have been taken to control staffing. Offsetting this improvement is an increase in the overall shortfall in income to £1.3m. Additional costs being incurred include an additional £0.35m arising from ongoing planning appeal cases.

Good progress has been made in implementing the £13m savings and budget actions included in the 2011/12 budget. These include significant reduction to the staffing budget, rationalisation of Sport and Library buildings, reduction in Highways spend, energy and procurement efficiency savings, reduction to contributions to external organisations and additional income generation proposals

The continuing poor economic conditions are having a significant impact and achieving the Directorate's £94m income target is looking increasingly difficult. It is possible that the situation could improve later in the year and although planning income is showing some signs of increasing in the last few months other income areas are not showing signs of improvement.

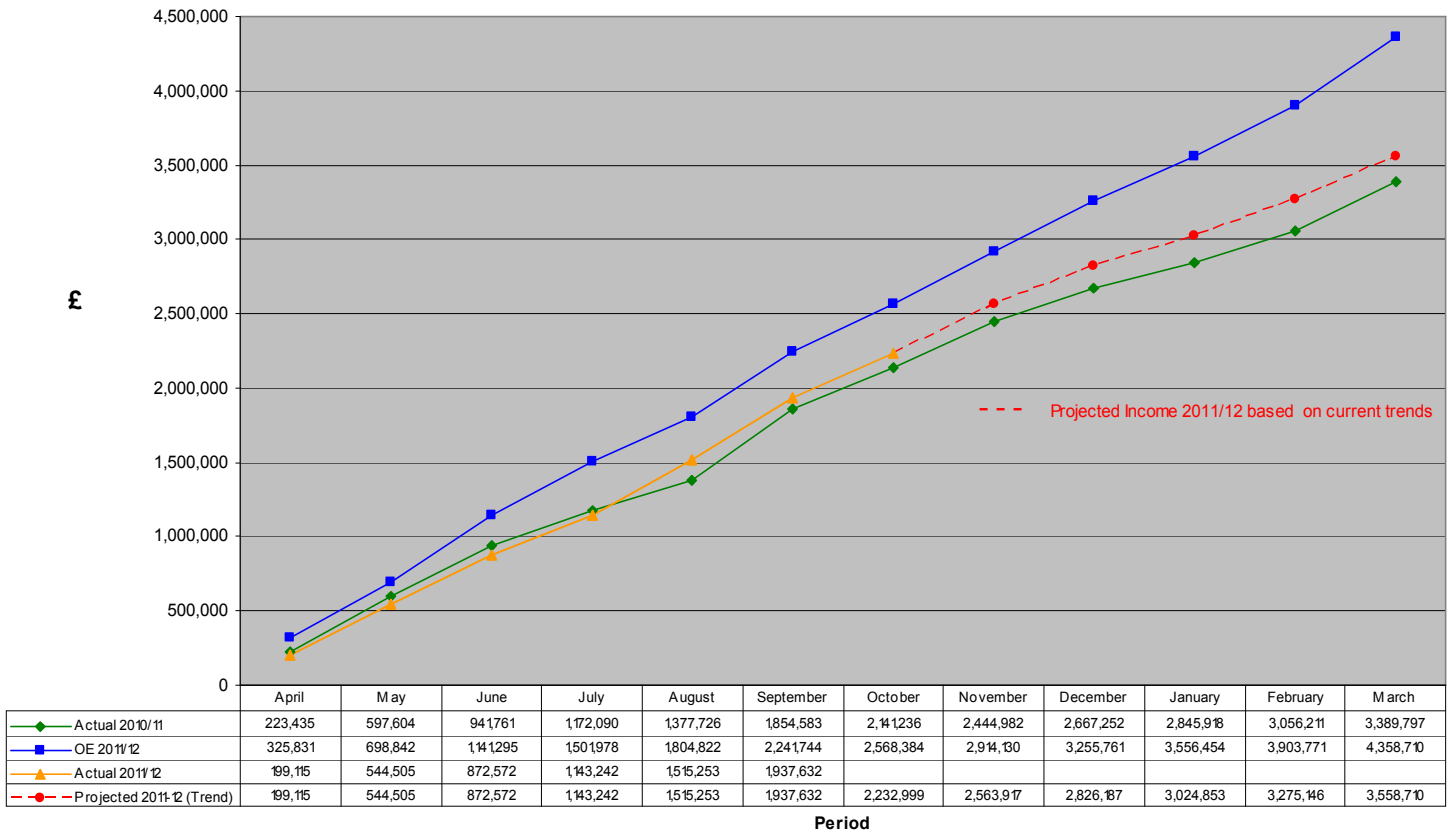
Income

Overall there is a projected income shortfall of £1.3m.

All income targets were reviewed as part of the 2011/12 budget process but in some cases income levels are falling short of the revised targets. The most significant shortfalls are projected to be on Planning and Building fees. At period 7 the combined shortfall is £411k, the projected shortfall for the year is forecast to be just under £0.8m. The graph over the page shows the position to date for planning and building fee income. The budget assumed that there will be an increase in the amount collected in 2011/12 over that in 2010/11 and the last few months have seen an

improvement in the amount of planning fees collected although building fee income continues to be at a low level.

Planning and Building Fee Income (Cumulative)



On the whole income in Sport is expected to be in line with budgets and Bodyline income is holding up well.

Other income variations include a shortfall in Markets income of £376k which is a reflection of reduced occupancy levels at Kirkgate Market and a £160k shortfall in Architectural Design Services and Client Services. The 2011/12 budget included additional income of £500k to be raised from new advertising opportunities in the City. A number of new sites have been identified and proposals are being developed with 9 new sites currently being progressed but due to highways, planning and other issues it is currently assumed that the majority of this income will not be received in 2011/12. A shortfall of £250k is projected on income from the Sovereign Street car park but this is expected to be offset in 2011/12 by additional income secured by Asset Management including the Elland Road Option fee payment recently received.

Staffing

Currently it is projected that staffing will overspend the budget by £0.226m, mainly because the saving assumed in the budget on weekend enhancements in Sport are unlikely to be made. The staffing projection assumes that staffing levels will reduce further than the initial budget assumptions but the additional savings will be in the last quarter of 2011/12. Numbers are expected to reduce by an additional 64 FTEs from the current level of 2,355 FTEs as at the end of October 2011. Control measures to actively manage staffing continue to be exercised in the directorate.

Directorate Environment & Neighbourhoods

													(Under) / Over Spend for the current period		Previous Month (Under) / Overspend	
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000		
A	Health and Environmental Action	Chief Environmental Services Officer	(69)	29	(111)	102	(5)	0	0	0	(54)	68	14	39		
R	Car Parking Services	Chief Environmental Services Officer	(207)	27	(37)	(2)	(4)	0	0	0	(223)	571	349	301		
R	Community Safety	Chief Community Safety Officer	160	(9)	(0)	31	1	0	(12)	0	171	136	306	269		
R	Regeneration Management	Chief Regeneration Officer	29	(11)	119	2	(0)	0	0	0	139	245	385	397		
R	Employment Skills	Chief Regeneration Officer	88	(2)	66	(0)	(0)	0	0	0	151	(52)	99	101		
G	Strategy and Commissioning	Chief Regeneration Officer	39	(78)	(134)	1	(0)	(1,002)	0	0	(1,175)	(82)	(1,257)	(1,496)		
R	Statutory Housing	Director of Environment and Neighbourhoods	187	41	1	41	(24)	0	0	0	246	(194)	53	323		
G	General Fund Support Services	Chief Officer Resources and Strategy	379	0	0	0	0	0	0	0	379	0	379	380		
G	Waste Management	Chief Environmental Services	1,027	(29)	(705)	187	50	0	(57)	0	474	160	634	579		
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	1	0	1	0		
R	Total		1,635	(32)	(801)	360	18	(1,002)	(69)	0	109	853	962	892		

ENVIRONMENT AND NEIGHBOURHOODS: 2011/12 BUDGET PERIOD 7 REPORT

1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods at Period 7.

2.0 Overall Summary

The projected position for Environment and Neighbourhoods Directorate is an overspend of £0.96m, which is £0.07m higher than the previous position reported to Executive Board.

3.0 Explanation of the Projected Overspend

Staffing +£1,635k

The cost of staff in managing workforce change following the implementation of restructures is £869k and slippage in the implementation of a number of restructures within the Directorate will result in a net variation of £246k.

Within Refuse Collection, ongoing route support and attendance being slightly above the budgeted target is projected to cost £464k. Additional cost incurred for front line cover required for refuse staff training/appraisals £78k and additional costs of Refuse Christmas catch up £53k. However this is partially offset by using existing spare capacity on the new Garden routes to collect SORT from Hard to Access properties (£168k).

A restructure of Household Waste Sites (HWSS) staffing is expected to cost around £100k in year, but this will be funded by targeted improvements in recycling rates at these sites.

Premises & Supplies and Services (£902k)

Significant savings of over £1m which were budgeted for in waste disposal from new contracts continue to be on target to be delivered. In addition, further savings are being achieved from projected reductions in total waste arising, targeted recycling improvements at HWSS and the effect of not all waste contractors taking up the inflationary uplift. Together this is a total projected saving of (£381k).

The Home Energy Conservation Authority (HECA) survey has been delayed resulting in a saving of (£60k). Further, a saving of (£57k) is expected from the financing costs of bin purchases from a delay to rolling out brown bins.

Projections assume a spending freeze across the Directorate to contribute (£320k) helping offset various minor overspends.

Within the community centres division, the projection assumes savings from reviewing the caretakers costs (£79k).

Transport £360k

Rising fuel prices are estimated to cost £135k across Environmental Services.

The cost of back up route support vehicles is £206k, although more effective use of normal spare vehicle cover and lower external hire and will save (£145k) across the Environmental Services Division.

Vehicle repairs, mainly associated with landfill damage are projected to be an additional £148k.

Transfer Payments (£1,000k)

A delegated decision report has been approved by the Director of Environment and Neighbourhoods to implement the change in funding from Housing Benefit rather than Supporting People for support charges in Sheltered Housing. This commenced on the 7th November 2011.

Income + £853k

Car Parking income is currently projected to be £571k short of the budget overall. This variation can be explained by a combination of further reductions in PCN numbers £125k and on and off street fee income £346k. A delay in the identification of appropriate spaces to convert from short stay to long stay results in a further variation of £100k.

Income in Waste Management is anticipated to be £185k below budget as a result of a variation in the price received for recycled glass, lower gas generation at Gamblethorpe landfill site and a reduction in Fixed Penalty Notice income.

Variations in charges to capital schemes are partially offset by the identification of eligible costs chargeable to grant funded activities (£98k).

Directorate Resources

(Under) / Over Spend for the current period												
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Internal Charges £000	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under / Overspend £000	Previous Month (Under) / Overspend £000
G	Financial Management	Chief Officer Fin Management	(124)	(1)	31	(1)	6	0	(89)	(174)	(263)	(156)
G	Business Support Centre	Chief Officer Fin Management	(166)	0	(8)	0	0	0	(173)	81	(92)	(225)
G	Financial Development	Chief Officer Fin Development	(85)	0	12	0	0	0	(73)	(10)	(83)	(72)
G	Revenues and Benefits	Chief Revenues and Benefits Officer	(16)	2	(234)	38	12	(419)	(617)	300	(317)	(295)
G	Information Technology	Chief ICT Officer	(49)	0	42	0	0	(300)	(306)	200	(106)	(5)
G	Human Resources	Chief Officer HR	(544)	(43)	131	4	94	0	(358)	20	(338)	(363)
G	Audit & Risk	Chief Officer Audit and Risk	11	3	(20)	(3)	(1)	0	(10)	(2)	(12)	(12)
G	CORS Directorate	Chief Officer Resources and Strategy	3	0	3	0	0	0	6	(1)	5	6
R	Public Private Partnership Unit	Chief Officer PPPU	122	0	12	0	0	0	134	(65)	69	122
R	Procurement		270	0	4	0	190	0	464	(300)	164	(49)
G	Democratic and Central Services	Chief Officer Democratic and Central Services	30	112	119	(7)	27	0	273	(291)	(19)	22
R	Commercial Services	Chief Officer Commercial Services	473	18	764	(189)	(71)	(66)	929	58	987	840
G	Total		(74)	91	858	(159)	257	(785)	181	(184)	(4)	(188)

Directorate Legal Services

		(Under) / Over Spend for the current period											Previous Month
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
R	Legal Services	Chief Legal Services Officer	696	1	23	9	3	0	0	732	(575)	156	(64)
R	Total		696	1	23	9	3	0	0	732	(575)	156	(64)

Directorate Planning, Policy and Improvement

			(Under) / Over Spend for the current period										Previous Month
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
G	Customer Services	Chief Officer Customer Services	(4)	0	(1)	0	0	0	0	(5)	4	(1)	0
G	Leeds Initiative & Partnerships	Chief Officer LIP	33	1	21	0	0	0	0	11	(12)	(1)	0
G	Business Transformation	Chief Officer Business Transformation	0	0	0	0	0	0	0	0	0	0	0
G	PPI Management & Support	Assistant Chief Executive	0	0	0	0	0	0	0	0	0	0	0
G	Area Management	Area Leader	0	4	1,091	0	0	0	(1,017)	70	(70)	0	0
G	Total		29	5	1,069	0	0	0	(1,017)	76	(78)	(2)	0

CENTRAL AND CORPORATE FUNCTIONS: 2011/12 BUDGET – PERIOD 7

1.0 Introduction

This report sets out the financial position for Central and Corporate Functions at period 7 of 2011/12.

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.

In general, the budget action plans are being actioned successfully and the projection at month 7 is for a slight overspend of £158k. Further measures will be enacted to bring this to an overall balanced position by year end.

3.0 Explanation of the projected overspend

Resources (balanced position)

Staffing (+£74k)

The most significant area of savings for Resources is staffing; the pay budget was reduced by £8.2m in 2011/12. In anticipation of the level of savings required, vacancy control has been very carefully managed for the past year, and in addition the Directorate has been successful in reducing staff costs through the Early Leavers Initiative. As a result, £6m of savings were secured before the start of the financial year. With the continuation of these measures there have been further reductions in staff levels and therefore further pay savings are predicted within most services.

The overall projection for pay budgets is an underspend of £74k, an improvement of £219k from last month mainly due to the impact of the current early leavers initiative.

Supplies and Services (+£858k)

The majority of the variation is caused by additional turnover within the Property Maintenance service which has caused an increase in spend on materials and sub-contractors of £760k.

Transport (-£159k)

The impact of the increase in fuel prices amounts to £460k. This cost is passed directly onto directorate budgets (shown as additional income). In addition predicted savings on tyre contracts are not now expected to materialise (£60k). Set against these costs, savings amounting to £701k are now expected on 'private hire' budgets within Passenger Services, which again are passed directly back to client budgets.

Internal Charges (+£265k)

This variation mainly relates to the internal charge from the PPP Unit to Procurement Unit in relation to project work on 'Transforming Procurement'.

Transfer payments(-£785k)

The main variations are:

- a release from the Leeds Learning Network reserve of £250k which is being drawn upon to fund cost pressures, in particular an upgrade to the server which is completed every three years
- net impact of a reduction in housing benefits expenditure due to claimant activity, which has an equal and opposite impact on income (£410k)

Income (-£184k)

The main causes of increased income are:

- -£800k additional turnover within Property Maintenance
- -£510k recharge of increased fuel and tyre costs to services
- -£150k additional 'court fee' income

However there is reduced income in the following two areas:

- As described in the section on Transport, the income projection is reduced by £800k mainly due to lower spend on private hire charges within Passenger Services.
- Within Commercial Services, a loss of cleaning contracts and lower uptake of school meals has reduced the income projection by £575k.

Planning, Policy and Improvement (balanced position)

No significant variations in spend or income are apparent at month 7 and the Directorate have plans in place to ensure that the budget is brought in on-line.

Legal Services (£156k overspent)

A feature of the 2011/12 budget was a £1m reduction in legal spend. This was represented in the budget by a £1m reduction in directorate budgets for legal services. Within Legal services itself, the pay budget was reduced by £1m matched by the same reduction to income (i.e. recharges back to directorates). The net managed expenditure budget for 2011/12 of legal services is £5.2m (which includes an additional £0.4m in anticipation of higher caseload from Children's services).

In terms of context, the eventual spend on internal legal services in 2010/11 came in at £7.2m against a budget of £5.8m, an overspend of £1.4m which reflected the level of demand for the service from directorates.

Based on activity to month 7, in order to meet current demand levels, there is a projected overspend within general fund directorates of £0.9m, of which £0.8m relates to increased caseload from Children's Services. The predicted cost of the internal legal services is now estimated at £5.9m, £0.8m over budget.

However, in comparison with the *actual* spend of £7.2m in 2010/11, there is a saving of £1.3m, mainly through staff cost savings by using means such as the early leavers' initiative and also a significant reduction in use of agency and temporary staff.

In terms of external legal spend (disbursements) the overall Council budget amounts to £2.2m. Current levels of spend indicate that that budget will underspend by £167k in 2011/12 , however it is obviously a volatile budget and difficult to predict. Legal Services are currently renewing the call off contract for solicitors which will hopefully result in even more competitive rates and a joint procurement framework for counsel has been agreed across the five West Yorkshire councils which will reduce some barristers' fees by up to 50%.