

Report of the Director of Resources

Report to Executive Board

Date: 4th January 2012

Subject: Financial Health Monitoring 2011/12 - Month 8

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 eight months of the financial year 2011/12 in respect of the revenue budget.
2. The overall projected overspend at month 8 is £2.4m, an improvement of £3.9m from the position at month 7.
3. All Directorates will continue to develop and implement action plans, and the position will be monitored closely.

Recommendations

4. Members are asked to note the projected financial position of the authority after eight 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 eight 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 eight 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 7 projected overspend was £6.3m 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 8

- 3.1 The overall position at month eight has improved by £3.9m from the month 7 position. As members will be aware, the 2011/12 budget assumed £90m of savings, and after eight months of the financial year an overspend of £2.4m is now projected, as detailed in Table 1 below.

Table 1

(Under) / Over Spend for the current period							Previous Month (Under) / Overspend £000	
Directorate	Director	Staffing £000	Other Spend	Total Expenditure £000	Income £000	Total Under /Overspend £000		
Adult Social Care	Sandie Keene	(844)	2,946	2,102	(231)	1,871	2,070	
Children's Services	Nigel Richardson	(321)	4,197	3,876	399	4,275	4,367	
City Development	Martin Farrington	250	(100)	150	1,475	1,625	1,542	
Environment & Neighbourhoods	Neil Evans	1,907	(1,174)	733	839	1,572	962	
Resources	Alan Gay	(200)	309	109	(277)	(168)	4	
Legal Services	Robert Pritchard	737	153	890	(576)	314	156	
Customer Access and Performance	James Rogers	(13)	(11)	(24)	(81)	(105)	(2)	
Total		1,516	6,320	7,836	1,548	9,384	9,100	
Corporate issues								
Debt							-2800	-2800
Section 278 shortfall							1800	
Health service contribution to Adults and Children's social care							-6000	
Total							2,384	6,300

- 3.2 Directorate projections are largely in line with the month 7 position, however within Environmental Services, there has been an increase in the projected overspend of £0.6m, primarily reflecting an increase in the volume of waste tonnes disposed and the delay in the withdrawal of the back up refuse collection service.
- 3.3 The Council receives income from developers to fund highways works which are required for new development schemes. These are known as section 278 agreements and the Council's 2011/12 revenue budget provides for income of £5.2m for such schemes. A review has been undertaken of anticipated receipts in 2011/12 and there is likely to be a £1.8m shortfall which reflects the continuation of the difficult economic climate.
- 3.4 Plans are in place to address the rising cost of looked after children placements in the city. These plans involve relevant partners working together in different ways. In recognition of the significant role the health service plays in this partnership and the improved health outcomes which will arise, NHS Leeds have allocated £2m of transitional funding for 2011/12 in order to support the Council in these matters. In a similar way the health service is working closely with Adult social care to ensure that improved outcomes for older people are sustainable and can be achieved through changes in the way in which services work together and transitional funding of £4m has been set aside to assist the process. These contributions are now reflected in the year end projection for 2011/12.
- 3.5 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.

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 eight projections there are now no high risks.

5. Recommendations

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

6. Background Documents

6.1 Financial risk register 2011/12