

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 5th September 2012**

**Subject: Financial Health Monitoring 2012/13 – Month 4 report**

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 four months of the financial year in respect of the revenue budget and the housing revenue account.
2. Action is taking place across all areas of the Council to ensure that the budget is delivered 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 £2.0m is projected compared to £1.1m reported at the end of the first quarter. Detailed directorate reports are included at Appendix 1.
4. Members are asked to note the projected financial position of the authority after four months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
5. After four months the HRA is projecting a surplus of £0.6m.

**Recommendations**

6. Members are asked to note the projected financial position of the authority after four months of the financial year 2012/13.

## 1. Purpose of this report

- 1.1 This report sets out for the Board the Council's projected financial health position for 2012/13 after four 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 four months and comments on the key issues impacting on the overall achievement of the budget for the current year.

## 2. Background information

- 2.1 Members will recall that the net budget for the general fund was set at £563.1m, supported by the use of £6.9m of general fund reserves and the level of general fund reserves at 31<sup>st</sup> March 2013 was estimated to be £17.1m.
- 2.2. Following the closure of the 2011/12 accounts, an underspend of £1.5m was achieved and the year end reserves position was £25.5m. This figure could change if there are any significant events which occur prior to the sign off of the 2011/12 accounts by external audit. Any variations will be reported to the Corporate Governance and Audit Committee as part of the approval of the final accounts and reported back to this Board as part of the half year financial health report.

## 3. Main Issues

- 3.1 After four months of the financial year an overspend of £2.0m is projected, as detailed in Table 1 below.

Table 1

Directorate	Director	(Under) / Over Spend for the current period					Previous Month (Under) / Overspend
		Staffing £000	Other spend	Total Expenditure £000	Income £000	Total Under /Overspend £000	
Adult Social Care	Sandie Keene	116	1,525	1,641	(1,631)	10	49
Children's Services	Nigel Richardson	(1,101)	3,805	2,704	(2,542)	162	(41)
City Development	Martin Farrington	273	1,280	1,553	(321)	1,232	664
Environment & Neighbourhoods	Neil Evans	(215)	714	498	125	624	402
Resources	Alan Gay	832	6,108	6,940	(6,992)	(52)	(3)
Legal Services	Catherine Witham	(34)	55	21	(21)	0	(0)
Customer Access and Performance	James Rogers	31	(30)	1	(1)	0	0
<b>Total</b>		<b>(99)</b>	<b>13,457</b>	<b>13,358</b>	<b>(11,382)</b>	<b>1,976</b>	<b>1,071</b>

- 3.2 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached at Appendix 1.
- 3.3 There are continuing pressures in City Development and Environment and Neighbourhoods. The increase in City Development costs from the first quarter mainly relates to energy and a projected shortfall in advertising income. In addition,

although external residential placements within Children's Services are forecast to underspend, this is partly offset by an increase in the cost of the in house fostering service.

- 3.4 Given the early stage of the financial year, it should be noted that the delivery in full of all budgeted savings and income targets does still carry a degree of risk. Work will continue within all directorates to help ensure that a balanced budget is achieved at the year end.

### **3.6 Other Issues**

- 3.6.1 The DfE has determined to amend its proposals regarding the Local Authority Central Spend Equivalent Grant (LACSEG) for 2011/12 and 2012/13 following an earlier consultation. Following consultation around the 2012/13 calculation, the DfE has changed the methodology and also backdated it to 2011/12. For Leeds £737.7k will be refunded as an unringfenced grant, and depending on the actual Academy conversions between now and 31<sup>st</sup> March 2013 Leeds could receive a similar (potentially larger) rebate for 2012/13, based on current known conversions. If any of them slip the refund will increase, if there are additional academies it will of course decrease. It is proposed at this stage to transfer these rebates into reserves.

## **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 2012/13 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 22nd February 2012.

### **4.3 Council Policies and City Priorities**

- 4.3.1 The 2012/13 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. The scoring matrix is as follows:

Probability		Impact	
Score	Description	Score	Description
1	Rare	1	Insignificant £0-£499k
2	Unlikely	2	Minor £500-£999k
3	Possible	3	Moderate £1000-£1499k
4	Probable	4	Major £1500-£1999k
5	Almost Certain	5	Highly Significant Over £2m

### Corporate Rating

P	I	Total Score	Corporate Rating
1	1	1	Low
1	2	2	Low
2	1	2	Low
3	1	3	Low
2	2	4	Low
4	1	4	Low
5	1	5	Low
1	3	3	Medium
2	3	6	Medium
3	2	6	Medium
4	2	8	Medium
5	2	10	Medium
2	4	8	High
1	4	4	High
1	5	5	High
2	5	10	High
3	3	9	High
3	4	12	High
4	3	12	High
5	3	15	High
3	5	15	Very High
4	4	16	Very High
4	5	20	Very High
5	4	20	Very High
5	5	25	Very High

4.6.2 The register shows that at the end of month 4 there are still no very high risks, five high risks and no increasing risks, as follows:-

Risk	Key Budget Impacted	P	I	Rating
Procurement savings for residential & nursing placements may not be fully achieved	Adult Social Care Commissioning	5	3	High
The increase in the fostering budget (£7.3m) 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 IFA placements may not be achieved.	Childrens Safeguarding & Targeted	3	3	High
Capital receipts available to pay credit arrangements	Cross Cutting - All	2	5	High
Efficiencies and savings to delivered to repay the Reserve funding from 2011/12 (£1,589k)	E and N Strategy & Commissioning – S People	2	4	High
Section 278: Risk that due to economic climate, receipts may not pick up.	Cross Cutting - All	2	4	High

## 5. Recommendations

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

## 6 Background documents<sup>1</sup>

- 6.1 Revenue Budget and Council Tax 2012/13 – report to Executive Board 10<sup>th</sup> February 2012
- 6.2 Budget report 2012/13 to Council 22<sup>nd</sup> February 2012
- 6.3 Financial risk register 2012/13

<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

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	Capital £000	Appropriations £000	Total Expenditure £000	Income £000	Total Under / Overspend £000	(Under) / Overspend £000	
G	Access & Inclusion	Chief Officer Access and Inclusion	(508)	22	18	315	22	816	(755)	0	0	(69)	(870)	(939)	(412)	
R	Strategic Commissioning	Deputy Director Strategic Commissioning	68	0	0	0	21	489	0	0	0	578	(72)	506	438	
G	Resources	Chief Officer Resources & Strategy	(102)	(5)	0	(1)	(3)	0	0	0	0	(111)	(174)	(285)	(78)	
R	Learning Disabilities Service	Chief Officer Learning Disabilities	657	45	(176)	16	752	100	(151)	0	0	1,243	(515)	728	101	
G	<b>Total</b>		<b>116</b>	<b>62</b>	<b>(158)</b>	<b>330</b>	<b>792</b>	<b>1,405</b>	<b>(906)</b>	<b>0</b>	<b>0</b>	<b>1,641</b>	<b>(1,631)</b>	<b>10</b>	<b>49</b>	

## ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 4 REPORT

### 1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 4.

### 2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall at Period 4. However, the delivery in full of all budgeted savings carries some risk and cannot yet be confirmed. Updated information will be provided in later reports as the position becomes clearer. The directorate continues to seek contingency savings so that the impact of any shortfall can be mitigated.

### 3.0 Explanation of the Projection

The main variations are explained below:

- **Community Care Packages – (£0.2m)**  
Work has progressed well on the review of residential and nursing placement fees. Although there will be some shortfall in the budgeted reduction in fees, placement numbers approved in 2012/13 have been in line with the budget. The budgeted growth in the number of people choosing to receive a cash payment to organise their services is not yet evident in the expenditure trends, but this is offset by higher than budgeted numbers of people using independent sector home care.
- **Transport – £0.8m**  
The Passenger Transport Service is projecting some increased costs for Adult Social Care. There has been an initial review of the client data supporting the projections and a significant proportion require further investigation. This further review is ongoing with Passenger Transport. The achievement of some budgeted savings has not yet been confirmed and this is also under review to identify any further actions that need to be taken.
- **Income – (£1.0m)**  
This mainly reflects the ongoing trend of higher income collection through the impact of the centralised billing team that became operational in 2011/12 and lower than budgeted voids in older people's residential homes.

**Directorate Children's Services**

			<b>(Under) / Over Spend for the current period</b>										<b>Previous Month</b>		
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	Appropriations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
<b>R</b>	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(87)	0	173	(2)	12	(20)	0	0	0	76	(10)	66	(107)
<b>G</b>	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,298)	76	122	(9)	214	631	0	0	0	(265)	103	(163)	0
<b>R</b>	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	668	60	39	9	40	2,059	57	0	0	2,933	(2,362)	571	515
<b>G</b>	Strategy, Commissioning & Performance	Chief Officer of Strategy, Commissioning & Performance	(383)	0	315	(1)	30	0	0	0	0	(39)	(273)	(312)	(449)
<b>R</b>	<b>Total</b>		<b>(1,101)</b>	<b>137</b>	<b>650</b>	<b>(3)</b>	<b>295</b>	<b>2,670</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>2,704</b>	<b>(2,542)</b>	<b>162</b>	<b>(41)</b>



## CHILDREN'S SERVICES: 2012/13 BUDGET – PERIOD 4 REPORT

### 1. Overall Budget Position

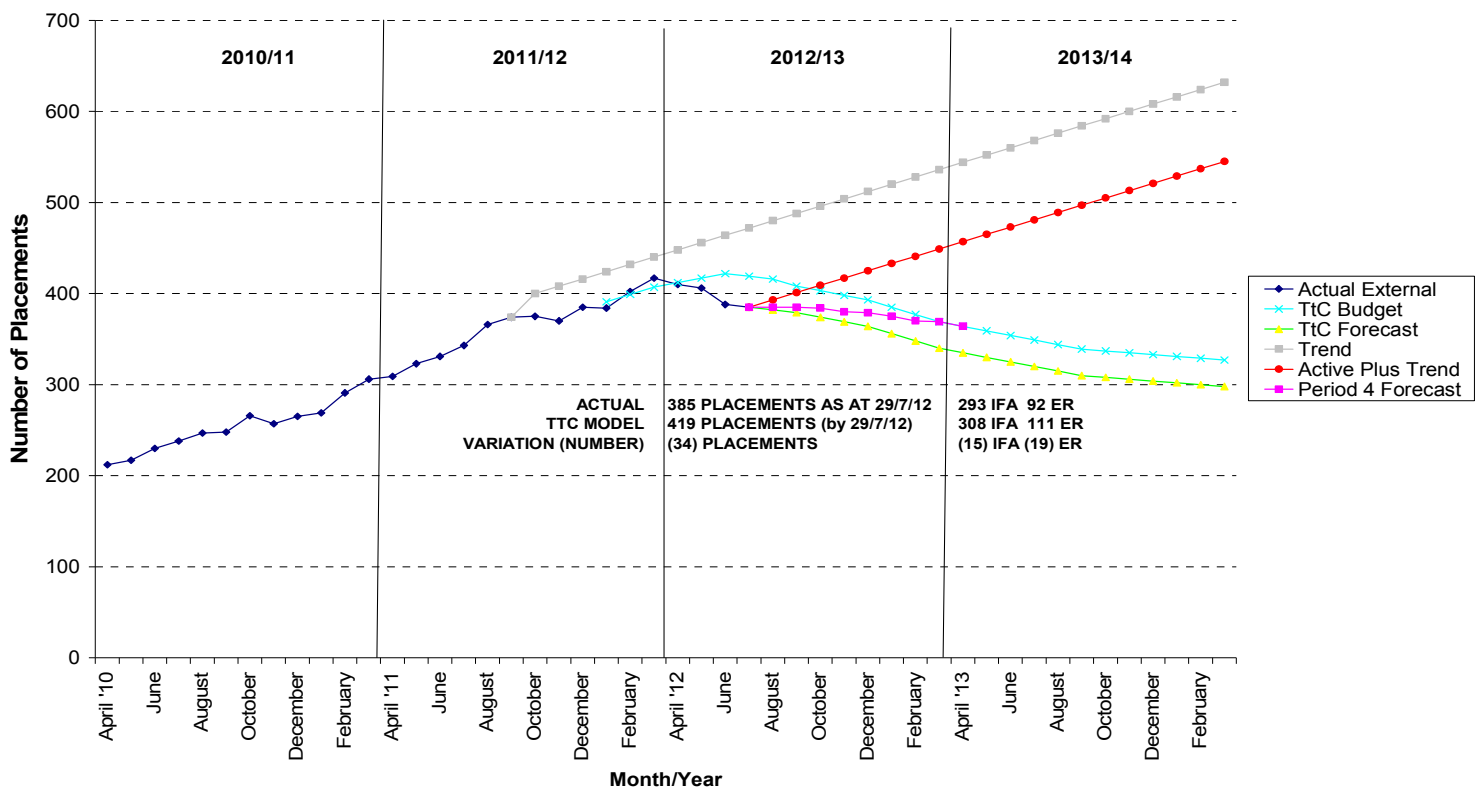
1.1 As at period 4, the forecast outturn variation for the Children's Services Directorate is a projected overspend of £162k against the net managed budget of £132m. This represents an adverse movement of £203k from the first quarter position.

### 2. Looked After Children

2.1 At the end of July 2012, there were 92 children & young people in externally provided residential placements and 293 children & young people in placements with Independent Fostering Agencies. These placement numbers compare favourably against the 2012/13 Turning the Curve financial model with overall externally provided placement numbers being -34 [-19 residential and -15 fostering] less than that anticipated in the model. This reduced placement activity reflects the progress made to date and translates through to an end of year forecast underspend of £712k across both budget headings. This represents a favourable movement of £346k from the previous period. The graph below shows the trend and projections around externally provided placement numbers.

**Actual/Forecast Number of External Placements**

w/e 29/7/2012



2.2 The forecast underspend on the externally provided placement numbers continues to be mitigated in part by a forecast overspend of £317k for the in-house fostering service. The Turning the Curve model and the 2012/13 budget strategy reflected a reduction in the in-house placement numbers in 2011/12 with an expectation that this trend would continue in the first half of 2012/13 pending the impact of the re-launched foster carer recruitment strategy from September 2012. The period 4 financial projection reflects the position that in-house placement numbers have actually remained fairly constant, at an average of 700 placements per week, in the first four months of the financial year which is positive news. In addition, the projection reflects an increase in the age-related fostering allowances paid in respect of 0-4 and 5-10 year olds which now brings all our fostering allowances in line with the Department for Education recommended minimum levels. Additionally, the forecast recognises an increase in the number of Family Placement placements placed with fee-paid carers as well as additional costs around our support for Care Leavers [£104k], section 17 payments [£122k] and Direct Payment [£60k].

### **3. Other Issues**

3.1 Overall, the staffing budgets are forecast to underspend by £1,100k. This includes a projected saving of £155k on the former Education Leeds pension costs. The forecast variation on the £98m basic staffing budget is £6.5m which reflects the current number of staffing vacancies. At the end of July the forecast spend on agency staffing of £6.4m, which represents a £5.2m overspend. The majority of the agency staff are deployed in the social care fieldwork teams. The forecast spend on overtime is £1.34m which is £0.3m above the budget and due to the need to maintain 24/7 cover for vacancies and sickness in the in-house residential homes and the East Moor secure unit.

3.2 In December 2011, the Government announced additional resources totalling £448m over 2012/13, 2013/14 and 2014/15 as part of its commitment to turn around the lives of 120,000 of England's most troubled families. The period 4 projection recognises the recently confirmed £2.3m allocation for the Families First (Leeds) programme which will need injecting into the 2012/13 budget. In addition, the projections incorporate the £0.8m allocation for Leeds in respect of the Youth Contract for 16/17 year olds as part of the Government's £126m investment over the next three financial years.

**Directorate City Development**

			<b>(Under) / Over Spend for the current period</b>											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 £000	Appropriations £000	Total Expenditure £000	Income £000	Total Under / Overspend £000	(Under) / Overspend £000
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	141	(25)	48	38	(69)	0	0	0	0	133	73	206	152
R	Economic Development	Chief Economic Development Officer	57	171	(183)	0	4	0	0	0	0	49	109	158	94
R	Asset Management	Chief Officer Asset Management	86	433	60	(12)	5	0	0	0	0	572	475	1,047	553
G	Highways and Transportation	Chief Officer Highways and Transportation	236	374	516	195	23	0	0	0	0	1,344	(1,328)	16	18
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(242)	94	85	38	17	22	0	0	0	14	277	291	24
R	Sport and Active Recreation	Chief Officer Resources and Strategy	386	457	(406)	18	(15)	0	0	0	0	440	258	698	522
G	Resources and Strategy	Chief Officer Resources and Strategy	(256)	(350)	(260)	(1)	0	0	0	0	0	(867)	(250)	(1,117)	(699)
G	Regeneration Programmes	Chief Officer Asset Management	(113)	2	0	0	0	0	0	0	0	(111)	66	(45)	
G	Employment and Skills	Chief Officer Employment and Skills	(22)	0	0	0	0	0	0	0	0	(22)	(1)	(23)	(11)
R	<b>Total</b>		<b>273</b>	<b>1,156</b>	<b>(140)</b>	<b>276</b>	<b>(35)</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,553</b>	<b>(321)</b>	<b>1,232</b>	<b>653</b>

## CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET – PERIOD 4 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 4.

### 2.0 Overall Summary

The Period 4 position for City Development Directorate shows a projected overspend of £1.2m. This is an increase of £568k on the Period 3 position. This increase in the projected overspend can be explained by an increase in the shortfall in advertising income of £200k, an increase in the cost of maintaining and securing void properties of £130k, energy costs of £100k and an increase in the overspend on staffing of £64k.

The overall projected position already assumes that the Directorate will implement actions to make further savings to address some of the anticipated budget issues in 2012/13. There is a risk that these savings are not fully delivered and also that additional budget pressures emerge. The Directorate will continue to review service spending plans to minimise the overspend.

### 3.0 Explanation of the Projected Overspend

The projected variances by service is shown below:

	£000s
Planning and Sustainable Development	206
Economic Development	158
Employment and Skills	(45)
Asset Management	1,047
Regeneration	(23)
Highways and Transportation	16
Libraries, Arts and Heritage	291
Sport and Active Recreation	698
Resources and Strategy	<u>(1,117)</u>
	<u><b>1,232</b></u>

Asset Management and Sport are both projecting significant overspends and these have increased since Period 3. In Asset Management this is a combination of additional expenditure for maintaining and securing Void Properties of £380k and a shortfall against the advertising budget of £400k. In Sport the main issue is an overspend on the energy budget of £446k and additional staffing costs of £368k mainly arising from staff in managing workforce change following the service restructure with an end date in most cases of December 2012. Additional staffing

costs are also expected from an outstanding job evaluation liability which now seems likely to be resolved.

As mentioned above, the projection assumes further savings will be identified and £1m of these anticipated savings are currently shown in Resources and Strategy. The need to deliver this level of savings along with some of the ongoing potential budget risks, particularly with achieving income targets in the current economic climate, mean that it will be a challenge for the Directorate to deliver the current budget projection. However, all uncommitted spending plans will be reviewed for the rest of the year with a view to identifying saving options.

The major projected variances are detailed below:

**Major Projected Variances and savings Plan**

	£000s
Energy costs	1,350
Advertising income shortfall	400
Void property budget	380
Staffing	273
Sport income	257
	2,660
<b><u>Savings Plan:</u></b>	
Premises target savings	(470)
Supplies and services target savings	(400)
Net other savings	(308)
Additional income target	<u>(250)</u>
<b>Total</b>	<b><u>1,232</u></b>

**Income**

Overall, it is projected that income will be £0.3m above budget. This position is largely due to shortfalls of £1m in some services being offset by additional income from rechargeable work and grant income in Highways and Transportation of £1.3m. This additional income will also result in additional expenditure being incurred. There are some other notable variations within other services and the main issues by service are highlighted below:

**Asset Management**

The year end projection assumes that most income budgets will be met. The Commercial Property rental income target of £3.8m includes a target for one off income and restricted covenants of £0.7m and although the projection assumes this will be achieved there is a risk that actual income falls short of this target.

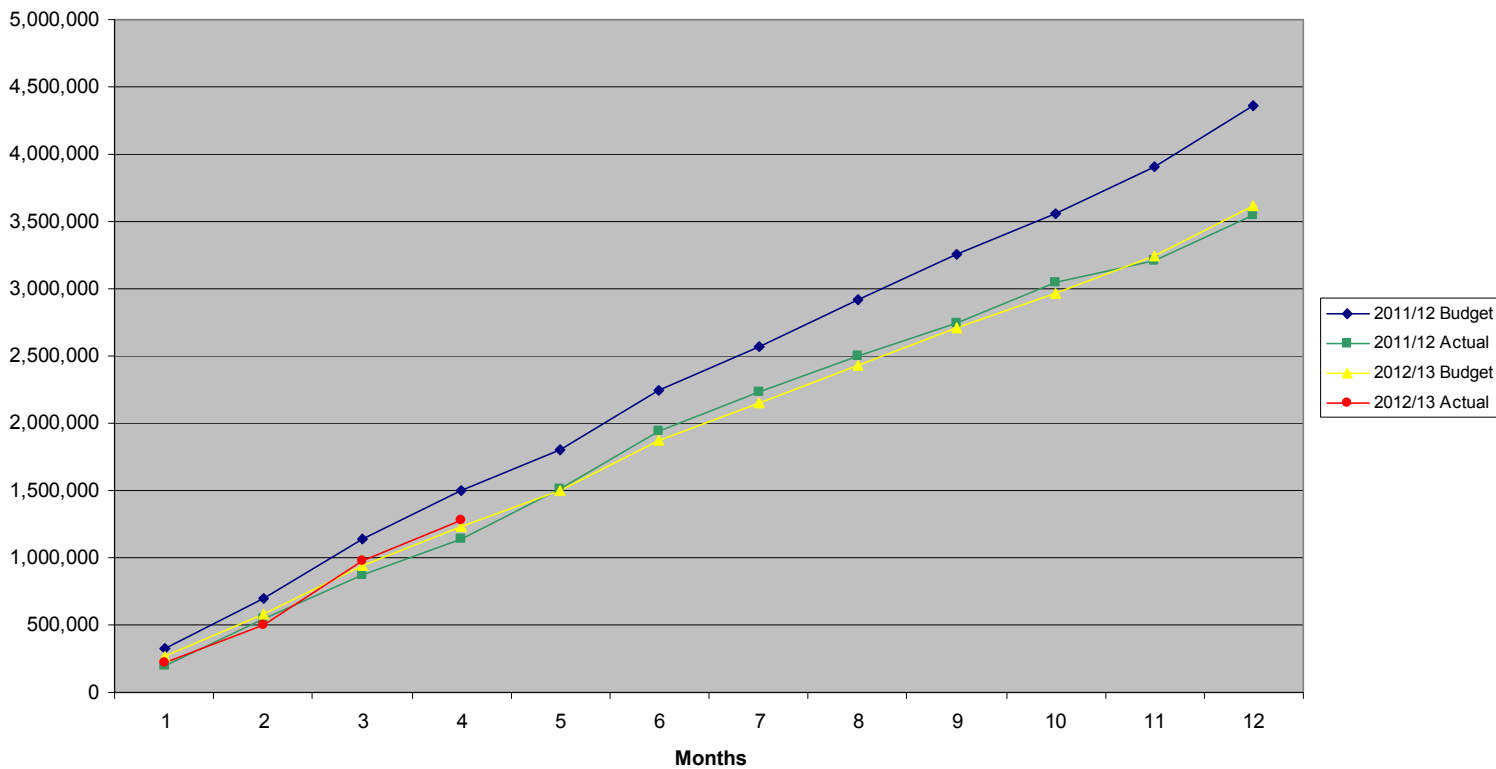
The projection includes a shortfall against the advertising income budget of £400k. This has been increased by £200k since Period 3 and reflects the fact that there

has been difficulty in selling the advertising space on the temporary banner wrap on Woodhouse Lane Car Park. Work is ongoing in the directorate to generate additional income from advertising and income in 2012/13 but in the current economic climate even the income from the current advertising hoarding portfolio is coming under pressure.

### Planning and Sustainable Development

The income target for planning and building fees has been reduced in the 2012/13 budget by £0.5m reflecting the shortfall in 2011/12. The actual as at Period 3 is £45k above the budget. The graph below shows the current position.

Cumulative 2011/12 & 12/13 Building and Planning Fees



Planning income is £95k above the phased budget but building fee income is £50k below the phased budget. There is also a projected shortfall of £74k against other income received by the service. The Government has recently announced that it is proposing an increase in planning fees in the autumn of approximately 15%. The additional income expected from this has been factored into the overall projection for planning and it is assumed that it will help the service meet other income targets.

### Economic Development

The current projection is that there will be a £100k shortfall against the income target for the Market's Service of £3.7m.

## **Highways and Transportation**

Additional fee and grant income is anticipated in Highways and Transportation although this extra income will be mostly offset by additional costs. The additional income largely results from the carry forward of schemes from 2011/12 although an additional £198k relates to grant received from Department for Environment, Food and Rural Affairs (DEFRA) for flood protection works.

## **Libraries, Arts and Heritage**

An additional grant of £1.7m for 2012/13 has been received from the Arts Council. This grant was announced after the budget had been set and a virement has been submitted to increase income and expenditure to reflect this. The grant will fund additional expenditure on a number of projects to improve facilities, exhibitions, commercial viability, community participation and marketing and visitor numbers.

## **Sport**

A shortfall of £257k on income in Sport is projected. Current trends suggest that income in some areas is down on 2011/12 levels and the overall projection reflects this position.

## **Staffing**

Overall an overspend of £273k is projected. The 2012/13 budget included a £2m reduction in staffing expenditure across the directorate. This is in addition to savings of £6m achieved since 2010/11. Staffing numbers in the directorate have continued to reduce since 2011/12 and are expected to fall further during the year. However, there are a number of staff in managing workforce change procedures and their costs are still being incurred by the directorate, those in Sport being as a result of a service restructure, there is also an outstanding job evaluation liability which is reaching a resolution and will result in additional cost being incurred. This largely accounts for the projected small overspend against the staffing budget. The directorate will continue to closely manage staffing levels and recruitment across all services.

## **Other Expenditure**

Premises and Supplies and Services budgets are expected to spend in line with the budget. However, the projection assumes that savings of £1.2m will be delivered and that these will help offset the budget pressures within the Directorate.

The two major expenditure pressures are energy costs and the cost of maintaining and securing void properties. Energy costs in Asset Management, Sport and Highways and Transportation are expected to overspend by £1,350k. The overspend in Highways and Transportation of £660k is on the Street Lighting electricity contract and is due to higher than anticipated tariff charges being set after the budget was agreed and increased charges following a revision of the asset

inventory. As part of the Street Lighting contract this significant increase in energy costs will trigger a reduction in contract payments which will help offset the overspend on energy. A virement will be submitted to increase the Street Lighting energy budget from the contract savings. This saving is currently shown as a saving in the supplies and services budget within Highways and Transportation. In Sport the overspend reflects the 2011/12 outturn position where the savings assumed in the 2011/12 budget could not be fully delivered. The service is actively implementing energy saving schemes but these include the need for a payback and are unlikely to fully meet the savings assumed in the budget.

The cost of maintaining and securing void properties was a major budget pressure in 2011/12. The number of void properties being managed by Corporate Property Management (CPM) has increased significantly over the last two years as the Council has been rationalising its property portfolio across a number of services. Whilst the budget was increased in 2012/13 and CPM is proactively working to reduce the cost of void properties through demolitions and disposals, an overspend of £380k is still anticipated on this budget. There is a risk that this could be higher if additional properties are handed over from other Council directorates to CPM to manage without additional budget being made available.

An overspend of £277k on transport related expenditure is projected. This is mainly in Highways and Transportation and relates to plant hire costs which is recoverable from additional fee income.



**Directorate Environment & Neighbourhoods**

(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 to External Bodies £000	Transfer Payments £000	Capital £000	Appropriations £000	Total Expenditure £000	Income £000	Total Under / Overspend £000	Previous Month (Under) / Overspend £000
G	Health and Environmental Action	Chief Environmental Services Officer	104	2	(4)	31	5	0	0	0	0	139	(12)	127	(75)
G	Car Parking Services	Chief Environmental Services Officer	(143)	5	3	0	87	0	0	0	0	(48)	(2)	(50)	(231)
R	Community Safety	Chief Community Safety Officer	(127)	16	20	39	(7)	0	0	0	0	(61)	120	59	0
A	Strategy and Commissioning	Chief Regeneration Officer	26	1	0	0	2	0	0	0	0	30	(1)	28	144
R	Statutory Housing	Director of Environment and Neighbourhoods	6	0	146	59	0	559	0	0	0	771	(605)	165	74
G	General Fund Support Services	Chief Officer Resources and Strategy	(29)	0	0	0	0	0	0	0	0	(30)	0	(30)	(206)
R	Waste Management	Chief Environmental Services	453	20	64	(297)	(63)	0	0	0	0	178	146	324	706
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	0	0	0	0	0
G	Parks & Countryside		(505)	(426)	448	55	(52)	0	0	0	0	(480)	480	0	(2)
R	<b>Total</b>		<b>(215)</b>	<b>(382)</b>	<b>677</b>	<b>(112)</b>	<b>(29)</b>	<b>559</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>498</b>	<b>125</b>	<b>624</b>	<b>410</b>

## **ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET – PERIOD 4 REPORT**

### **1.0 Introduction**

This report sets out the financial position for Environment and Neighbourhoods at Period 4.

### **2.0 Overall Summary**

The overall projected position for the Directorate is an overspend of £626k, of this £402k is within Environmental Services and £224k within Neighbourhood Services.

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

#### **3.1 NEIGHBOURHOOD SERVICES +£224k**

#### **3.2 Community Safety +£59k**

There is a pressure within CCTV due to staffing and higher than budgeted levels of income, £155k and £100k respectively. However, additional income from the HRA is expected for the Leeds Anti-Social Behaviour Team (LASBT) service based on currently activity levels (£72k). There are savings due to vacant posts within Signpost and the Management Team.

#### **3.3 Strategic Housing +£165k**

Within Leeds Asylum the contract is due to expire at the end of September, leaving the service £27k short of the budgeted target. The projection forecasts a reduction in the income due for selective licensing and advertising of £73k. In addition, there has been an increase in the numbers within temporary accommodation resulting in additional costs of £44k.

#### **3.4 Resources, Strategy & Commissioning - nil**

There are staff in managing workforce change however work is underway with HR to identify how these costs can be managed.

#### **3.5 ENVIRONMENTAL SERVICES +£402k**

#### **3.6 Waste Management +£325k**

Within Refuse Collection there is a projected overspend of £222k relating to ongoing route back up (staff and vehicle costs) and additional cost of sickness cover.

Staff currently in Managing Workforce Change are projected to cost £127k.

Within Waste Strategy and Policy an overspend of £55k is projected.

No variation in disposal costs is currently forecast.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £80k below the budget. This is due to gas levels falling more quickly than had been anticipated.

### **3.7 Environmental Action +£127k**

The costs of staff in Managing Workforce Change are projected at £19k and spend on front line Cleansing costs is now forecast to be around £70k above budget.

The budget had assumed that a saving of £150k could be delivered from closer working with the Parks and Countryside service following its transfer to this Directorate. The service transferred in July and whilst the integration work is now underway, the delivery of the savings is likely to slip to later in the financial year.

Savings from the weedspraying contract of £160k are forecast to be realised. This is because the budget was set for 12/13 before the revised costs were known

### **3.8 Car Parking (£50k)**

Savings from vacant posts are forecast to be £143k. Income from both PCN's and Fee's are expected to be lower by £78k.

It is anticipated that Bus Lane Enforcement will recover the budgeted £1.2m

### **3.9 Parks & Countryside - nil**

The projection at period 4 assumes that targeted actions in the budget will be delivered.

## **Housing Revenue Account (HRA)**

### **Summary**

At the end of Period 4 the HRA is projecting a surplus of £580k.

### **Key Variances - Income**

Net additional rental income of £680k is projected from dwelling rents. This is as a result of void levels and the number of demolitions projected to be lower than budgeted. The financial impact of lower voids will be paid to the ALMOs in line with the current voids incentive scheme.

Additional income of £50k is projected from shops.

Income from Heat Lease charges is projected to be £300k higher than budget following a full review of the scheme. In addition, it is projected that £159k additional income will be received from Telecoms as a result of back-dated rent reviews.

It is anticipated that an additional £40k of staff time will be capitalised in connection with the increased volume of RTBs, plus an additional £15k of fee income and external income will be collected.

### **Key Variances - Expenditure**

There is currently a projected overspend on salaries of £115k. This is primarily due to the part year cost of £88k for Phase 1 of the Housing Services restructure and the employment of additional temporary staff to deal with the increase in RTB applications at £25k.

Recharges are projected to overspend by £137k due to an unbudgeted recharge from the Housing General Fund for the Housing Options Team and the Tenancy fraud Scheme; this is an increase of £47k since P3. This is offset by savings on IT of £70k as a result of slippage on minor projects and a reduction in grant payable to Leeds Tenants federation of £29k.

It is projected that £589k will be paid over to the ALMOs as incentive payments in respect of voids and arrears. However, the decision to end the penalty/incentive scheme in relation to the Strategic Landlord ALMO Performance Framework will generate a saving of £172k against budget.

**Directorate Resources**

			<b>(Under) / Over Spend for the current period</b>										<b>Previous</b>	
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Month (Under) / Overspend £000
R	Financial Management	Chief Officer Fin Management	230	(13)	(34)	(5)	0	0	0	0	178	(78)	100	1
G	Business Support Centre	Chief Officer Fin Management	156	(1)	22	1	0	0	0	0	178	(358)	(179)	(215)
G	Financial Development	Chief Officer Fin Development	10	0	20	0	0	0	0	0	30	(12)	18	(1)
G	Revenues and Benefits	Chief Revenues and Benefits Officer	200	2	(10)	27	0	0	4,710	0	4,929	(4,929)	0	22
R	Information Technology	Chief ICT Officer	632	0	(92)	0	(118)	0	0	0	422	(240)	182	129
G	Human Resources	Chief Officer HR	(130)	(17)	1	10	10	0	0	0	(126)	0	(126)	(264)
G	Audit & Risk	Chief Officer Audit and Risk	(139)	2	(10)	(1)	0	0	0	0	(148)	53	(95)	(34)
G	CORS Directorate	Chief Officer Resources and Strategy	6	0	0	0	0	0	0	0	6	1	7	7
G	Public Private Partnership Unit	Chief Officer PPPU	129	0	3	0	0	0	0	(10)	122	(122)	0	(1)
G	Procurement		(156)	0	(6)	0	51	0	0	0	(111)	(197)	(308)	(3)
G	Democratic and Central Services	Chief Officer Democratic and Central Services	(43)	267	180	1	0	0	0	0	404	(404)	0	1
R	Commercial Services	Chief Officer Commercial Services	(62)	(10)	(1)	1,152	(24)	0	0	0	1,056	(706)	350	357
G	<b>Total</b>		<b>832</b>	<b>228</b>	<b>75</b>	<b>1,185</b>	<b>(81)</b>	<b>0</b>	<b>4,710</b>	<b>(10)</b>	<b>6,940</b>	<b>(6,992)</b>	<b>(52)</b>	<b>(1)</b>

**Directorate Legal Services**

**(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 to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
G	Legal Services	City Solicitor	(34)	0	29	0	26	0	0	0	0	21	(21)	0	0
G	<b>Total</b>		<b>(34)</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>(21)</b>	<b>0</b>	<b>0</b>

**Directorate Customer Access and Performance**

**(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 to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
G	Customer Services	Chief Officer Customer Services	0	0	0	0	0	0	0	0	0	0	0	0	0
G	Leeds Initiative & Partnerships	Chief Officer LIP	(19)	0	(13)	(5)	0	0	0	0	0	(38)	(1)	(39)	0
G	Business Transformation	Chief Officer Business Transformation	0	0	(12)	0	0	0	0	0	0	(12)	0	(12)	0
R	CAP Management & Support	Assistant Chief Executive	50	0	0	0	0	0	0	0	0	50	0	50	0
G	Area Management	Area Leader	0	0	0	0	0	0	0	0	0	0	0	0	0
G	<b>Total</b>		<b>31</b>	<b>0</b>	<b>(25)</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>

## CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – PERIOD 4 REPORT

### 1.0 Introduction

This report sets out the financial position for Central and Corporate Functions for period 4 of 2012/13.

### 2.0 Overall Summary

The Central and Corporate budget reflects savings and efficiencies amounting to £6m (on top of £15.7m achieved in 2011/12) with some of the action plans representing a considerable challenge for services to deliver.

At month 4, whilst there are some variations at individual service level, the overall projection is that a balanced budget will be delivered by year end.

### 3.0 Explanation of the projected underspend

#### **RESOURCES (£52k underspent)**

The budget contains the following challenges in terms of delivering savings and efficiencies:

- Pay savings amount to £3.1m of which £1.7m are based on the assumption of further leavers and turnover during the year.
- Procurement related savings of £0.6m
- Additional income of £1.3m.

Since month 3 the validity and robustness of the action plans have been reviewed and the projections for month 4 reflect a more robust position in terms of achievability resulting in a slight underspend projected for year end.

The main issues by service are:

#### **Commercial Services**

At month 3, the underlying pressure amounted to £957k, although the reported position assumed an action plan of £400 resulting netting down to £557k. This month's projection is an overall surplus of £8,377k against an OE of £8,727k. This month no entries have been input on the action plan cost centre; all targets now built into each trading units. The following briefly explains the situation by unit:

- Property Maintenance Group are projecting a pressure of £50k; £4,508k surplus against an OE of £4,558k. This is a positive movement of £200k from last month made up of £100k savings on overhead staff costs and £100k net improvement in income.
- Education Catering & Schools Cleaning are projecting additional surplus of £100k, against an adverse position at month 3 of £198k. This is all due to Education Catering income around Primary School Meals and reflects an uptake of 6.7% for both paid and free. 2 High School Catering contracts

transfer to other providers from 1<sup>st</sup> September. Projections for the remainder of the year assume that this level of demand will continue.

- Fleet Services are projecting a pressure of £400k; £946k surplus against an OE 12-13 of £1,346k. The underlying pressure reflects the increased cost of tyres, funding of two extra spare vehicles for the Refuse service and fixing spare hire charges to Refuse which carries some risk.

### **Democratic and Central Services**

It is still assumed that either additional funding for the referendum will be received from Government or the net shortfall will be met from the Council's contingency fund.

### **ICT**

The projections assume that 14 posts will be filled and the number of contractors reduced. If suitable appointments can't be made, there will be increased pressure on the contractor budget. In addition £350k of the projected overspend on pay relates to roll out of Essential Services Programme but it is assumed that this cost will be capitalised (report going to the Strategic Investment Board in September). The projections also assume a (probable) refund of £120k from Virgin Media.

### **Procurement Unit**

The 'underspent' position reflects the anticipated draw down of £158k from the Regional Improvement and Efficiency Partnerships (RIEP) balance, plus £150k rebate as a result of the Council's associate membership of the Yorkshire Purchasing Organisation.

## **CUSTOMER ACCESS AND PERFORMANCE (balanced position)**

No significant variations in spend or income are apparent at month 3 and the Directorate have plans in place to ensure that the budget is brought in on-line.

## **LEGAL SERVICES (balanced position)**

Following on from the significant reduction in legal spend last year, Legal Services are continuing with proactive work to reduce the Council's total legal bill. This includes significant savings that will be made through the 'WYLAW', which is progressing the West Yorkshire Districts' legal shared services agenda.

The current forecast break even is dependent on Service departments working with Legal to identify priorities and areas of work that can be discontinued. Potential pressures include work from Children's Services, City Development and on going work on Equal Pay.