

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 12<sup>th</sup> December 2012**

**Subject: Financial Health Monitoring 2012/13 – Month 7 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 seven months of the financial year in respect of the revenue budget and the housing revenue account. A separate report on the Capital Programme can be found elsewhere on this agenda.
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 £1.2m is projected compared to £1.3m reported at month 6. Detailed directorate reports are included at Appendix 1.
3. Members are asked to note the projected financial position of the authority after seven months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
4. At month 7 the HRA is projecting a surplus of £0.5m.

**Recommendations**

5. Members are asked to note the projected financial position of the authority after seven 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 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. Main Issues

- 2.1 After seven months of the financial year an overspend of £1.2m is projected, as detailed in Table 1 below.

Table 1

		(Under) / Over Spend for the current period					Previous Month (Under) / Overspend
Directorate	Director	Staffing £000	Other Spend	Total Expenditure £000	Income £000	Total Under /Overspend £000	£000
Adult Social Care	Sandie Keene	(429)	1,455	1,027	(1,025)	2	49
Children's Services	Nigel Richardson	(2,209)	(93)	(2,302)	2,233	(69)	(82)
City Development	Martin Farrington	222	983	1,205	65	1,270	1,109
Environment & Neighbourhoods	Neil Evans	(101)	648	547	356	903	766
Resources excluding Commercial Services		(385)	687	302	(843)	(541)	(521)
Commercial Services		290	1,713	2,004	(1,654)	350	349
Resources	Alan Gay	(94)	2,400	2,306	(2,497)	(191)	(173)
Legal Services	Catherine Witham	(143)	62	(81)	79	(1)	0
Customer Access and Performance	James Rogers	38	(25)	13	(14)	(1)	(1)
<b>Total</b>		<b>(2,717)</b>	<b>5,432</b>	<b>2,715</b>	<b>(803)</b>	<b>1,913</b>	<b>1,668</b>
<b>Corporate issues</b>							
Debt						(700)	(400)
<b>Total</b>						<b>1,213</b>	<b>1,268</b>

- 2.2 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached at Appendix 1.
- 2.3 There is little change from the directorate position reported at the half year and there are no new issues arising. The projected underspend on debt financing costs is £700k compared to £400k reported last month.
- 2.4 It should be noted that the delivery in full of all budgeted savings and income targets does still carry a degree of risk and directorates have been reminded of the need to achieve a balanced budget at the year end.

### **3. Corporate Considerations**

#### **3.1 Consultation and Engagement**

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

#### **3.2 Equality and Diversity / Cohesion and Integration**

3.2.1 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.

#### **3.3 Council Policies and City Priorities**

3.3.1 The 2012/13 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget.

#### **3.4 Resources and Value for Money**

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

#### **3.5 Legal Implications, Access to Information and Call In**

3.5.1 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.

#### **3.6 Risk Management**

3.6.1 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

3.6.2 The register shows that at month 7 there are still no very high risks, two high risks and no increasing risks, as follows:-

Risk	Key Budget Impacted	P	I	Rating
Capital receipts available to pay credit arrangements	Cross Cutting -All	2	5	High
Section 278: Risk that due to economic climate, receipts may not pick up.	Cross Cutting - All	2	4	High

## 4. Recommendations

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

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

5.1 There are no background documents relating to this report.

<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Appendix 1

Directorate		Adult Social Care		(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	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
G	Access & Inclusion	Chief Officer Access and Inclusion	(786)	2	22	333	21	917	(1,062)	0	0	(553)	(140)	(693)	(787)
R	Strategic Commissioning	Deputy Director Strategic Commissioning	35	0	0	0	20	343	0	0	0	398	(60)	338	485
G	Resources	Chief Officer Resources & Strategy	(134)	(5)	100	0	(3)	0	0	0	0	(42)	(177)	(219)	(316)
R	Operational Services	Chief Officer Learning Disabilities	456	98	(169)	47	726	216	(151)	0	0	1,224	(648)	576	667
G	<b>Total</b>		<b>(429)</b>	<b>95</b>	<b>(47)</b>	<b>380</b>	<b>764</b>	<b>1,477</b>	<b>(1,213)</b>	<b>0</b>	<b>0</b>	<b>1,027</b>	<b>(1,025)</b>	<b>2</b>	<b>49</b>

# ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 7 REPORT

## 1.0 Introduction

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

## 2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall at Period 7. The delivery in full of all budgeted savings continues to carry some risk and cannot yet be confirmed, but work is ongoing to achieve these as far as possible. In addition, the directorate continues to seek contingency savings so that the impact of any shortfall can be mitigated. As a result of these actions the overall risks associated with the 2012/13 projection have reduced in recent months.

## 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. There has been some slippage in delivery of the budgeted savings through reablement as some pathways into the service have taken longer than anticipated to become fully operational.
- **Transport – £0.6m**  
There has been some increase in client journeys this year partly offset by procurement savings on private hire contacts. High cost transport packages are being reviewed and some reductions in the use of escorts have been identified, with further reviews ongoing. 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. In addition, although void levels in council residential homes remain high they have not risen by the extent anticipated within the budget thus leading to a higher level of income than anticipated.

**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>G</b>	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(303)	0	299	(4)	(15)	42	0	0	0	19	(7)	12	31
<b>G</b>	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,247)	62	213	(30)	336	(174)	(70)	0	0	(909)	918	9	41
<b>G</b>	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(104)	81	16	(12)	(314)	(1,477)	80	0	0	(1,730)	1,551	(179)	6
<b>R</b>	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(554)	0	343	(1)	469	0	62	0	0	318	(229)	89	(160)
<b>G</b>	<b>Total</b>		<b>(2,209)</b>	<b>143</b>	<b>871</b>	<b>(46)</b>	<b>476</b>	<b>(1,609)</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>(2,302)</b>	<b>2,233</b>	<b>(69)</b>	<b>(82)</b>

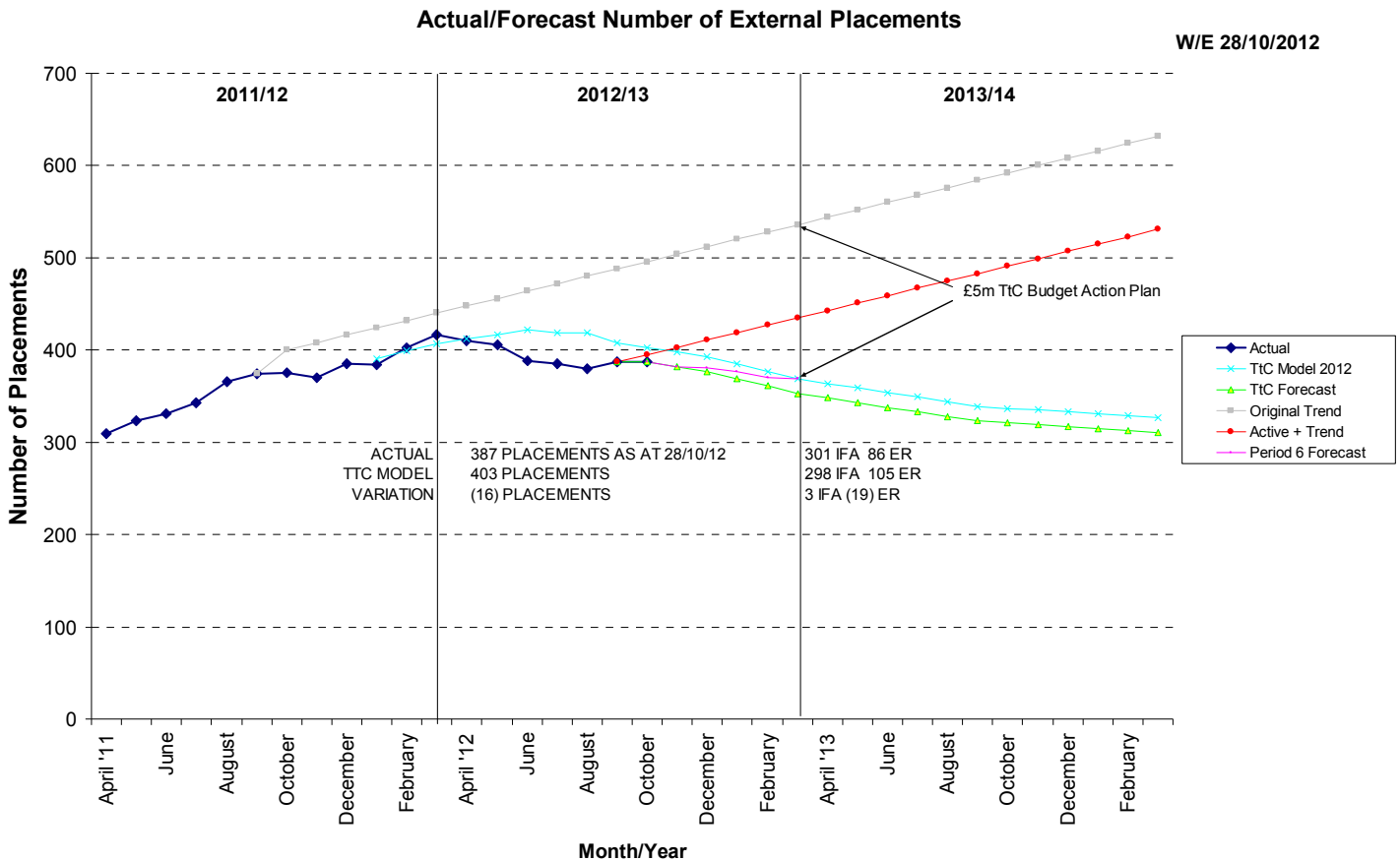
# CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 7 REPORT

## 1. Overall Budget Position

1.1 As at month 7, the forecast outturn variation for the Children's Services Directorate is a projected underspend of £69k against the net managed budget of £132m. This represents a stable position compared to the previous month 6.

## 2. Looked After Children

2.1 At the end of October 2012, there were 86 (-1 compared to month 6) children & young people in externally provided residential placements and 301 (+1 compared to month 6) children & young people in placements with Independent Fostering Agencies. These placement numbers continue to compare favourably against the 2012/13 Turning the Curve financial model with overall externally provided placement numbers being -16 [-19 residential and +2 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 £1.2m. This represents a stable position compared to the previous period and the graph below shows the trend and projections around externally provided placement numbers.





2.2 The forecast underspend on the externally provided placement numbers continues to be mitigated in part by a forecast overspend of £471k for the in-house fostering service [-£14k compared to month 6] which reflects the position that in-house placement numbers have remained buoyant. In addition, there are cost pressures across the budgets that support Care Leavers [£108k], section 17 payments [£248k] and Direct Payments [£80k]. In addition, reflecting reduced placement activity, there is a forecast underspend of £250k across the secure welfare, secure remand and Family Assessment budgets

### **3. Staffing**

3.1 Overall, the staffing budgets are forecast to underspend by £2.2m which is spread across the general fund, grant funded and central schools budgets. This includes a projected saving of £155k on the former Education Leeds pension costs. The forecast underspend on the £97m basic staffing budget is £7.3m which reflects the current number of staffing vacancies across the Directorate. At the end of October, the forecast spend on agency staffing was £6.5m, which represents a £4.8m overspend. The majority of the agency staff continue to be deployed in the social care fieldwork teams. The forecast spend on overtime is £1.39m which is £0.31m 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. Savings on staffing budgets are being made across a number of services/teams including the City Learning Centres [-£0.1m], Children's Centres [-£0.16m], Family Workers [£0.26m], Youth Service [-£0.1m], leadership and management [-£0.4m], integrated safeguarding unit [-£0.2m] and a range of targeted services (including slippage on the Families First programme).

### **4. Income**

4.1 The £2.2m projected variation across the income budgets is due in the main to slippage on the Families First (Troubled Families) grant which reflects the part-year implementation in 2012/13 and the carry-forward of the attachment fees to 2013/14. This is in line with the spending plan for the programme and also the grant funding criteria. The forecast income from nursery fees is £4.4m which is £0.2m less than the budget, although this is offset by additional nursery education grant funding for 2, 3 and 4 year old childcare places. There is a projected variation of £0.9m against the Central Schools budget which reflects underspends across the various centrally provided services.

**Neil Warren**  
**Head of Finance (Children's Services)**  
**5<sup>th</sup> November 2012**

**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	488	(25)	(101)	26	1	0	0	0	0	389	273	662	445
R	Economic Development	Chief Economic Development Officer	66	92	(175)	1	6	0	0	0	0	(10)	270	261	258
R	Asset Management	Chief Officer Asset Management	87	(28)	84	(14)	(26)	0	0	0	0	103	591	693	659
G	Highways and Transportation	Chief Officer Highways and Transportation	(165)	306	836	132	75	0	0	0	0	1,185	(1,167)	17	16
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(171)	83	258	(4)	20	22	0	0	0	208	52	260	284
R	Recreation	Chief Officer Resources and Strategy	285	404	(96)	6	(67)	0	0	0	0	532	71	603	711
G	Resources and Strategy	Chief Officer Resources and Strategy	(163)	(200)	(410)	(2)	(18)	0	0	0	0	(792)	(98)	(890)	(953)
G	Regeneration Programmes	Chief Officer Asset Management	(153)	0	2	0	0	0	0	0	0	(152)	66	(85)	(53)
G	Employment and Skills	Chief Officer Employment and Skills	(52)	5	(211)	0	0	0	0	0	0	(258)	7	(251)	(259)
R	<b>Total</b>		<b>222</b>	<b>636</b>	<b>187</b>	<b>147</b>	<b>(10)</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,205</b>	<b>65</b>	<b>1,270</b>	<b>1,109</b>

## CITY DEVELOPMENT DIRECTORATE: 2012/13 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 £1.27m. This is an increase of £170k on the Period 6 position. The increase is the Planning Service reflecting an increase in the forecast overspend on staffing and a reduction in the overall income forecast reflecting current trends and a delay in the implementation of the proposed increase in planning fees.

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 and agreed savings are included in the year end projection. 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	662
Economic Development	261
Employment and Skills	(251)
Asset Management	693
Regeneration	(85)
Highways and Transportation	17
Libraries, Arts and Heritage	260
Sport and Active Recreation	603
Resources and Strategy	<u>(890)</u>
	<b>1,270</b>

Asset Management, Sport and Planning and Sustainable Development are projecting overspends of over £600k. In Asset Management this is mainly because of a shortfall against the advertising income budget of over £400k. In Sport the main issue is an overspend on the energy budget of £454k and additional staffing costs of £285k arising from staff in managing workforce change following the service restructure with an end date in most cases of December 2012 and from the settlement of an outstanding job evaluation liability.

As mentioned above, the projection assumes further savings will be identified and £0.9m of these anticipated savings are currently shown in Resources and Strategy.

This has been reduced from Period 6 as saving plans have been agreed and are shown in individual services. 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 are being reviewed and saving options being agreed with services.

The major projected variances are detailed below:

**Major Projected Variances and savings Plan**

£000s

Energy costs (Sport and Highways)	634
Advertising income shortfall	400
Markets income	120
Planning and Development income	342
Staffing	222
Other net variations	<u>252</u>
	1,970

**Savings Plan:**

Premises target savings	(200)
Supplies and services target savings	(400)
Additional income target	<u>(100)</u>

**Total** **1,270**

**Income**

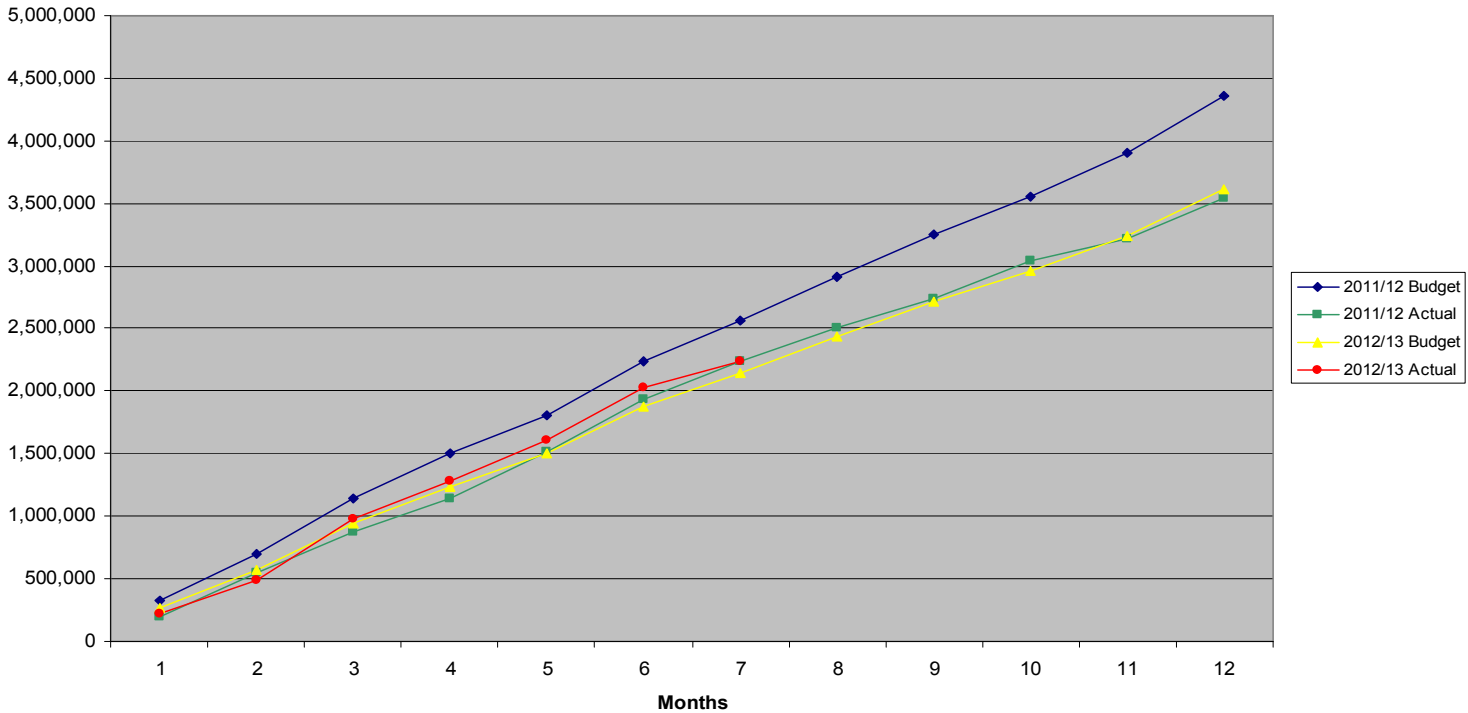
Overall, it is projected that income will be £0.06m above budget. The current position on income is largely due to shortfalls against the advertising income target, Planning and Development income and other income from charges such as Markets income, as detailed above. These income shortfall are offset by additional income from rechargeable work and grant income in Highways and Transportation of £1.1m. This additional income will also result in additional expenditure being incurred and budget adjustments will be submitted as the income is secured. Sport income is now projected to be in line with the budget.

There are some risks in terms of the projected income for Asset management. This is particularly around rental income and surveyor and legal fees income. Both these income targets depend on a number of property transactions completing by the end of the financial year. There is a risk that some slip to 2013/14.

**Planning and Sustainable Development Income**

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 graph below shows the current position.

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



Planning fee income is £171k above the phased budget, a reduction of £60k on the Period 6 position, but building fee income is £80k below the phased budget. In the summer the Government announced that it is proposing an increase in planning fees in the autumn of approximately 15%. However, the approval for the increase has not yet been made by the Government and the overall projection for planning and building fees has therefore been reduced since Period 6. There are also projected shortfalls on internal income and other charges made by the service and overall there is now a projected shortfall of £342k against all income received by the service.

### Staffing

Overall an overspend of £222k is projected. 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. Regeneration, Highways and Transportation, Libraries, Arts and Heritage, Resources and Strategy and Employment and Skills are projecting an underspend on staffing. The main area of overspend is in Planning and Sustainable Development as saving targets for 2012/13 have not been achieved. The directorate will continue to closely manage staffing levels and recruitment across all services.

### Other Expenditure

Supplies and Services budgets are expected to spend in line with the budget. However, the projection assumes that additional running cost savings of £0.4m will

be delivered and that these will help offset the budget pressures identified in this report.

The major expenditure pressure is energy costs. Energy costs in Asset Management, Sport and Highways and Transportation are expected to overspend by £0.63m. 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 previously reported additional spend in 2012/13 has been funded by a release from the central contingency fund. Corporate Property Management will continue to be proactive in working to reduce the cost of void properties through demolitions and disposals.

Directorate

Environment & Neighbourhoods

			(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
A	Health and Environmental Action	Chief Environmental Services Officer	93	(29)	4	87	(29)	0	0	0	0	126	60	186	248
G	Car Parking Services	Chief Environmental Services Officer	(219)	(33)	27	0	85	0	0	0	0	(140)	112	(28)	(49)
G	Community Safety	Chief Community Safety Officer	(112)	20	(28)	49	(6)	0	0	0	0	(77)	85	8	20
R	Strategy and Commissioning	Chief Regeneration Officer	156	86	(56)	0	1	182	0	0	0	370	(196)	173	128
R	Statutory Housing	Director of Environment and Neighbourhoods	(100)	53	62	63	0	5	0	0	0	83	18	101	134
G	General Fund Support Services	Chief Officer Resources and Strategy	(29)	0	0	0	0	0	0	0	0	(29)	0	(29)	(30)
R	Waste Management	Chief Environmental Services	635	15	313	(525)	(110)	0	0	0	0	329	165	493	315
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	0	0	0	0	1
G	Parks & Countryside		(525)	(198)	426	162	(39)	0	0	0	60	(114)	114	0	(1)
R	<b>Total</b>		<b>(101)</b>	<b>(86)</b>	<b>748</b>	<b>(164)</b>	<b>(98)</b>	<b>187</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>547</b>	<b>356</b>	<b>903</b>	<b>766</b>

## **ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 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 overall projected position for the Directorate is an overspend of **£903k**, of this **£252k** is within Neighbourhood Services and **£651k** is within Environmental Services.

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

#### **3.1 NEIGHBOURHOOD SERVICES +£252k**

#### **3.2 Community Safety +£8k (overspend)**

There is a pressure within CCTV due to staffing (£124k) and lower than budgeted levels of income (£159k). However, additional income from the HRA is expected for the Leeds Anti-Social Behaviour Team (LASBT) service based on currently activity levels (£86k). Savings due to vacant posts within Signpost and the Management Team are expected to offset most of this pressure.

#### **3.3 Strategic Housing +£101k (overspend)**

The projection forecasts a reduction in the income due for selective licensing and advertising (£57k). An increase in the numbers within temporary accommodation will result in additional costs (£86k). This pressure has been partially offset by a number of staffing savings.

#### **3.4 Resources, Strategy & Commissioning +£144k (overspend)**

A variation due to costs associated with staff in managing work force change has been partially offset by running cost savings across all functions, however an overall pressure is now anticipated in 2012/13.

#### **3.5 ENVIRONMENTAL SERVICES +£651k**

#### **3.6 Waste Management +£493k**

Within Refuse Collection there is a projected overspend of £300k.

The variations mainly relate to the costs of ongoing route back up (staff and vehicle costs) and additional costs of sickness cover. Together these total £353k. Savings from delays to service roll outs of (£194k) help offset this.



Other staffing variations of around £300k are mainly attributable to staff currently in Managing Workforce Change £127k, additional staff on staff on required on a number of routes and the mix of cover £175k. These cost pressures can be offset by in year savings in vehicle financing costs.

The rise in the price of fuel is projected to result in a £88k overspend.

Within Waste Strategy and Policy an overspend of £220k is projected.

Additional volumes of garden waste (around 3,200 tonnes) collected during the wet summer are projected to cost around £55k and a reduction in the volume of scrap metal collected and prices being lower than the budgeted amount will cost £117k.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £95k below the budget. This is due to gas levels falling more quickly than had been anticipated.

### **3.7 Environmental Action +£185k**

The costs of staff in Managing Workforce Change are projected at £47k and spend on front line Cleansing costs is now forecast to be around £131k above budget, these are partially offset by savings in other officer vacant posts (£86k) .

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 proposals to develop closer working are being developed, it is considered unlikely that this saving will be realised in this financial year.

Following the retendering of the weedspraying contract, savings of £110k are now anticipated this year.

The rise in the price of fuel is projected to result in a £53k overspend.

### **3.8 Car Parking (£28k)**

Savings from vacant posts are forecast to be (£219k).

Income is expected to be lower by £191k largely as a result in the reduction in income receivable from parking offences.

The impact of the redevelopment of Woodhouse Lane car park is projected to result in an income variance of £747k and a release from central contingency will address this.

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

A number of external income pressures are anticipated in 2012/13. The poor weather over the summer has contributed to a potential £180k shortfall in for golf and sport. Café and retail income is also projected to be below budget, giving rise to a further projected income shortfall of £180k.

A price rise for Bereavement Services was implemented on 1<sup>st</sup> October however the original income target may not be achieved giving a further potential £80k pressure. Work is ongoing to review income from section 106 and capital schemes and the current budget is now expected to be exceeded for both internal income and materials.

However, staffing and other expenditure savings are expected to offset the income shortfalls and the projection at period 7 assumes that and that there will be no overall variance.

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

At the end of Period 7 the HRA is projecting a surplus of £534k. Significant variances from budget are detailed below.

Additional rental income of £965k is projected from dwelling rents as a result of lower void levels and lower RTB sales than budgeted. The financial impact of lower voids is £589k, this will be paid to the ALMOs in line with the current voids incentive scheme.

Net additional income from service charges is projected to be £252k higher than budget primarily, due to a review of the Heat Lease scheme. In addition, £159k additional income will be received from Telecoms as a result of back-dated rent reviews.

As the LLBH&H PFI is not anticipated to start on site until March 2013 it is projected that the PFI grant due to have been received in 2012/13 will be reduced by £14,432k. In addition the in-year contribution from AVH and WNWHL to the Project will be reduced by £1,043k. The impact of this will be offset by a reduction in the Unitary Charge payable to the Contractor of £5,077k and a reduction in the contribution to the project's Sinking Fund of £10,135k.

The ALMOs have agreed their IT SLA charge - resulting in additional income of £226k.

Recharges are projected to overspend by £317k due to unbudgeted recharges from the Housing General Fund for the Housing Options Team, Tenancy Fraud, Safeguarding, Welfare Reform Scheme and Commissioning.

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 Month (Under) / Overspend</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	Appropriations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
R	Financial Management	Chief Officer Fin Management	126	0	(11)	4	0	0	0	0	119	(19)	100	90
G	Business Support Centre	Chief Officer Fin Management	(103)	(1)	145	1	0	0	0	0	42	(370)	(328)	(173)
R	Financial Development	Chief Officer Fin Development	(21)	0	3	0	0	0	0	0	(18)	100	82	80
R	Revenues and Benefits	Chief Revenues and Benefits Officer	232	3	73	16	(26)	0	5,049	0	5,348	(5,205)	143	1
R	Information Technology	Chief ICT Officer	(4)	0	(26)	0	(18)	0	0	0	(47)	99	52	100
G	Human Resources	Chief Officer HR	(208)	(16)	(2)	13	2	0	0	0	(211)	(9)	(220)	(115)
G	Audit & Risk	Chief Officer Audit and Risk	(219)	2	(202)	0	0	0	0	0	(418)	238	(180)	(246)
G	CORS Directorate	Chief Officer Resources and Strategy	13	0	(14)	0	0	0	0	0	(2)	1	(1)	0
G	Public Private Partnership Unit	Chief Officer PPPU	79	0	2	(2)	(1)	0	0	(10)	68	(64)	4	(1)
G	Procurement		(142)	0	152	(3)	91	0	0	0	99	(340)	(241)	(306)
A	Democratic and Central Services	Chief Officer Democratic and Central Services	(138)	271	356	(7)	45	0	0	0	528	(479)	49	50
G	<b>Total Excluding Commercial services</b>		<b>(385)</b>	<b>259</b>	<b>477</b>	<b>24</b>	<b>93</b>	<b>0</b>	<b>5,049</b>	<b>(10)</b>	<b>5,507</b>	<b>(6,048)</b>	<b>(541)</b>	<b>(521)</b>
R	Commercial Services	Chief Officer Commercial Services	290	1	59	1,730	(77)	0	0	0	2,004	(1,654)	350	349
G	<b>Total</b>		<b>(94)</b>	<b>259</b>	<b>535</b>	<b>1,754</b>	<b>17</b>	<b>0</b>	<b>5,049</b>	<b>(10)</b>	<b>7,511</b>	<b>(7,702)</b>	<b>(191)</b>	<b>(173)</b>

**Directorate      Legal 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	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
<b>G</b>	Legal Services	City Solicitor	(143)	0	34	0	29	0	0	0	0	(81)	79	(1)	0
<b>G</b>	<b>Total</b>		<b>(143)</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(81)</b>	<b>79</b>	<b>(1)</b>	<b>0</b>

**Directorate      Customer Access and Performance**

		<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	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
<b>G</b>	Customer Access	Chief Officer Customer Services	37	1	(14)	(7)	9	0	0	0	0	26	(14)	12	(1)
<b>G</b>	Localities and Partnerships	Chief Officer LIP	(50)	0	0	0	0	0	0	0	0	(51)	(1)	(51)	(39)
<b>G</b>	Intelligence and Improvement	Chief Officer Business Transformation	0	0	(12)	0	0	0	0	0	0	(12)	0	(12)	(12)
<b>A</b>	Corporate Support	Assistant Chief Executive	51	2	(3)	0	0	0	0	0	0	50	0	50	50
<b>G</b>	Area Management	Area Leader	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>G</b>	<b>Total</b>		<b>38</b>	<b>3</b>	<b>(30)</b>	<b>(7)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>(14)</b>	<b>(1)</b>	<b>(1)</b>

## **CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – MONTH 7**

### **1.0 Introduction**

This report sets out the financial position for Central and Corporate Functions for period 7 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.

The position at month 7 is little changed from last month, whilst there are some variations at individual service level, the overall projection is for an overall underspend of £191k.

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

#### **RESOURCES (£191k 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.

The overall projection is little different from last month, although there are several changes within the detail by service which are described below.

#### **Commercial Services**

The current projection is an overall surplus of £8,378k against the budget of £8,727k and 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. The main reason for the pressure is the difficulty around meeting the targets for additional income contained in the budget.
- Education Catering & Schools Cleaning are projecting additional surplus of £100k. This is mainly due to Education Catering income in respect of Primary School Meals and reflects an uptake of 6.7% for both paid and free. The projection also assumes 2 High School Catering contracts transfer to other providers from 1<sup>st</sup> September.
- 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.

- Within Passenger Services additional spend on private hire has been incurred in direct response to client demand. The relevant services (Adult Social Care and Schools) are aware of the additional cost involved.

### **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 a (probable) one-off 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.

### **External Audit Fee**

The external audit fee has been renegotiated and has resulted in a saving of £194k, bringing the fee down to £315k (a 38% reduction).

### **Revenues and Benefits**

Although previous months have assumed that court fee income (in relation to summonses for Council Tax recovery) will achieve budgeted levels, volume levels now indicate that there will be a shortfall of around £100k.

Another pressure this year, which will continue in 2013/14, is an increase in 'discretionary NNDR' which is funded directly by the Council. This amounts to £44k and basically reflects the fact that more organisations have applied for relief and have met the eligibility criteria.

### **CUSTOMER ACCESS AND PERFORMANCE (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 (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.