

Report of the Director of Resources

Report to Executive Board

Date: 9th January 2013

Subject: Financial Health Monitoring 2012/13 – Month 8 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 eight 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 £1.1m is projected which is slightly less than the figure reported at month 7. Detailed directorate reports are included at Appendix 1.
3. Members are asked to note the projected financial position of the authority after eight months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
4. At month 8 the HRA is projecting a surplus of £0.4m.

Recommendations

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

- 2.1 After eight months of the financial year an overspend of £1.1m is 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	(339)	1,538	1,199	(1,157)	42	2
Children's Services	Nigel Richardson	(2,580)	(229)	(2,809)	2,698	(111)	(69)
City Development	Martin Farrington	28	1,131	1,159	129	1,288	1,270
Environment & Neighbourhoods	Neil Evans	(172)	1,248	1,076	(168)	908	903
Resources excluding Commercial Services		(720)	921	201	(862)	(660)	(541)
Commercial Services		445	1,724	2,168	(1,718)	450	350
Resources	Alan Gay	(275)	2,645	2,370	(2,580)	(210)	(191)
Legal Services	Catherine Witham	(145)	36	(109)	109	(0)	(1)
Customer Access and Performance	James Rogers	9	1	10	(13)	(3)	(1)
Total		(3,474)	6,369	2,895	(981)	1,914	1,913
Corporate issues							
Debt						(800)	(700)
Total						1,114	1,213

- 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 month seven and there are no new issues arising. The projected underspend on debt financing costs is £800k compared to £700k 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 8 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 eight months of the financial year.

5 Background documents¹

5.1 There are no background documents relating to this report.

¹ 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	
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	(1,009)	9	(44)	353	25	1,102	(1,089)	0	0	(653)	(174)	(827)	(693)
R	Strategic Commissioning	Deputy Director Strategic Commissioning	12	0	0	0	20	213	0	0	0	245	(52)	193	338
G	Resources	Chief Officer Resources & Strategy	(285)	70	100	0	(3)	0	0	0	0	(118)	(237)	(355)	(219)
R	Operational Services	Chief Officer Learning Disabilities	944	74	(285)	72	703	216	0	0	0	1,724	(694)	1,030	576
G	Total		(339)	154	(229)	425	745	1,531	(1,089)	0	0	1,199	(1,157)	42	2

ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 8 REPORT

1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 8.

2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall at Period 8. 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 – £0.4m**

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

			(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	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(303)	1	271	(13)	(8)	0	0	0	0	(52)	(3)	(55)	12
R	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,259)	19	329	(51)	296	(395)	(70)	0	0	(1,131)	1,191	60	9
G	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(343)	82	137	18	(431)	(1,388)	81	0	0	(1,844)	1,761	(83)	(179)
G	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(675)	0	294	2	470	0	127	0	0	218	(251)	(33)	89
G	Total		(2,580)	102	1,031	(44)	327	(1,783)	138	0	0	(2,809)	2,698	(111)	(69)

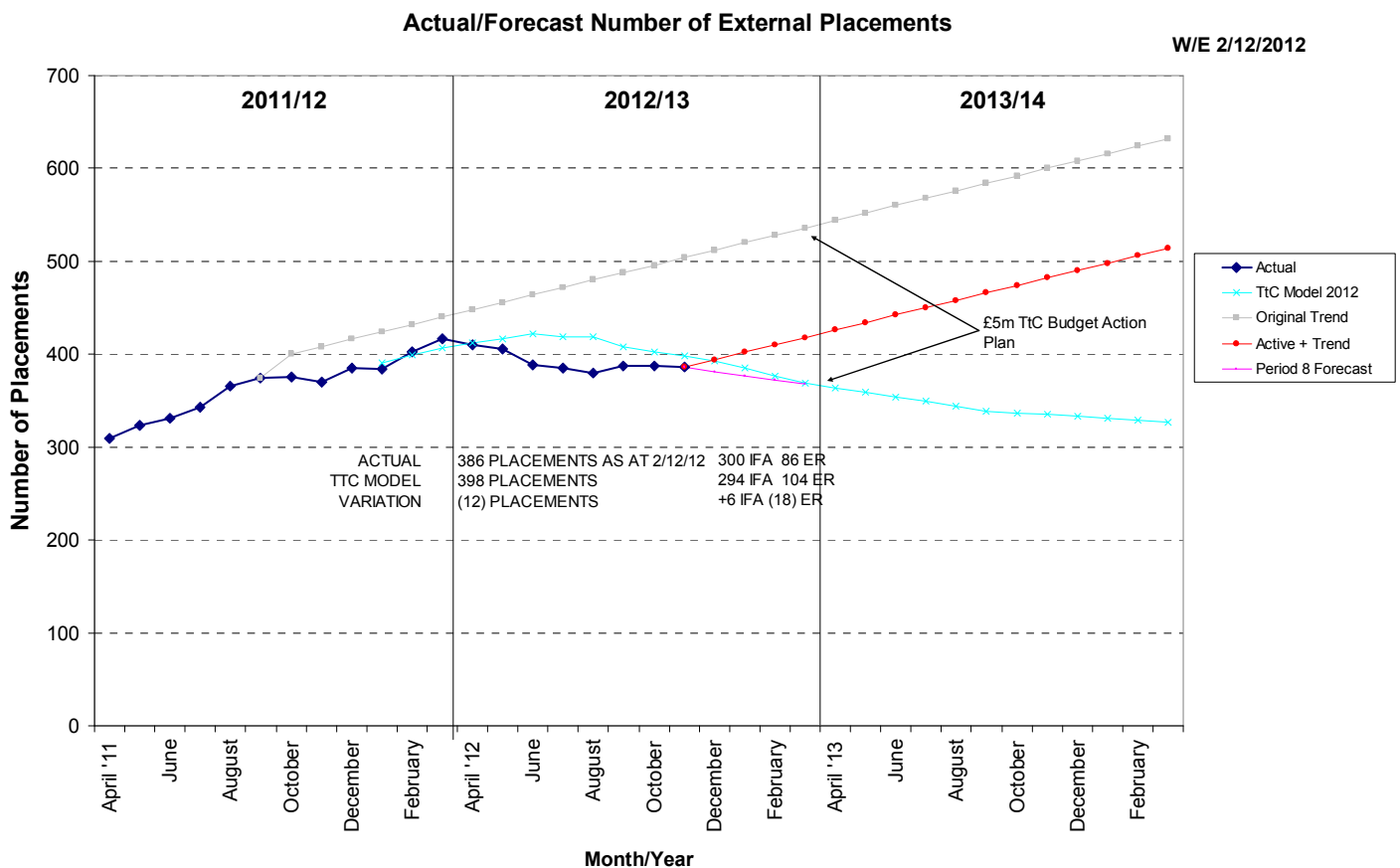
CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 8 REPORT

1. Overall Budget Position

- 1.1 As at month 8, the forecast outturn variation for the Children's Services Directorate is a projected underspend of £111k against the net managed budget of £132m. This represents a marginal improvement of £42k compared to the previous month 7 forecast.

2. Looked After Children

- 2.1 At the end of November 2012, there were 86 children & young people in externally provided residential placements and 300 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 -12 [-18 residential and +6 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 continues to represent a stable position compared to the previous projections 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 £0.5m for the in-house fostering service [+£49k compared to month 7] which reflects the sustained in-house placement numbers as well as provision to increase the 0-4 allowances in line with the DfE recommended minimum rates. In addition, there are cost pressures across the budgets that support Care Leavers [£106k] and Direct Payments [£81k]. In addition, reflecting reduced placement activity, there is a forecast underspend of £400k across the secure welfare, secure remand and Family Assessment budgets

3. Staffing

- 3.1 Overall, the staffing budgets are forecast to underspend by £2.6m 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 £8.3m which reflects the current number of staffing vacancies across the Directorate. At the end of November, the forecast spend on agency staffing was £7m, which represents a £5.3m overspend. The majority of the agency staff continue to be deployed in the social care fieldwork teams. The forecast spend on overtime is £1.43m which is £0.35m above the budget and due to the need to maintain 24/7 cover for vacancies and sickness across the residential settings.

4. Income

- 4.1 The £2.7m 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 targeted 2, 3 and 4 year old early learning/childcare places. There is a projected variation of £1.1m against the Central Schools budget which reflects underspends across the various centrally provided services.

Neil Warren
Head of Finance (Children's Services)
11th December 2012

Directorate City Development

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period										Total Under /Overspend £000	Previous Month (Under) / Overspend £000
			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	
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	409	75	(85)	27	(37)	0	0	0	0	390	280	670
R	Economic Development	Chief Economic Development Officer	86	100	(137)	5	14	0	0	0	0	68	206	274
R	Asset Management	Chief Officer Asset Management	80	(111)	82	(13)	(176)	0	0	0	0	(138)	737	599
G	Highways and Transportation	Chief Officer Highways and Transportation	(169)	213	674	15	32	0	0	0	0	765	(1,048)	(283)
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(221)	52	357	9	33	22	0	0	0	252	(3)	249
R	Recreation	Chief Officer Resources and Strategy	242	526	115	6	(46)	0	0	0	0	843	(115)	728
G	Resources and Strategy	Chief Officer Resources and Strategy	(198)	(200)	(180)	(2)	(18)	0	0	0	0	(597)	0	(597)
G	Regeneration Programmes	Chief Officer Asset Management	(150)	0	(7)	0	12	0	0	0	0	(145)	66	(78)
G	Employment and Skills	Chief Officer Employment and Skills	(51)	2	(233)	0	2	0	0	0	0	(280)	6	(274)
R	Total		28	657	586	48	(184)	22	0	0	0	1,159	129	1,288

CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET – PERIOD 8 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 8.

2.0 Overall Summary

The Period 8 position for City Development Directorate shows a projected overspend of £1.286m. This is an increase of £15k on the Period 7 position. Overall the Directorate position has not changed significantly although some of the planned savings previously shown under Resources and Strategy are now shown under individual services as specific actions have been agreed. Further savings are being discussed and will then be shown in service projections once agreed.

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	670
Economic Development	273
Employment and Skills	(274)
Asset Management	600
Regeneration	(79)
Highways and Transportation	(283)
Libraries, Arts and Heritage	249
Sport and Active Recreation	728
Resources and Strategy	<u>(598)</u>
	1,286

In Asset Management the overspend is mainly because of a shortfall against the advertising income budget of over £500k. In Sport the main issue is an overspend on the energy budget of £497k and additional staffing costs of £242k 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. In Planning and Sustainable Development the overspend is mostly on staffing.

As mentioned above, although a significant amount of work has now be carried out in all services to bring forward saving proposals, the projection does assume further savings will be identified and £0.5m of these anticipated savings are currently shown in Resources and Strategy. This has been reduced by £400k from Period 7.

The major projected variances are detailed below:

Major Projected Variances and savings Plan

£000s

Energy costs (Sport and Highways)	657
Advertising income shortfall	550
Markets income	100
Planning and Development income	279
Staffing	28
Other net variations	<u>272</u>
	1,886

Savings Plan:

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

Total **1,286**

Income

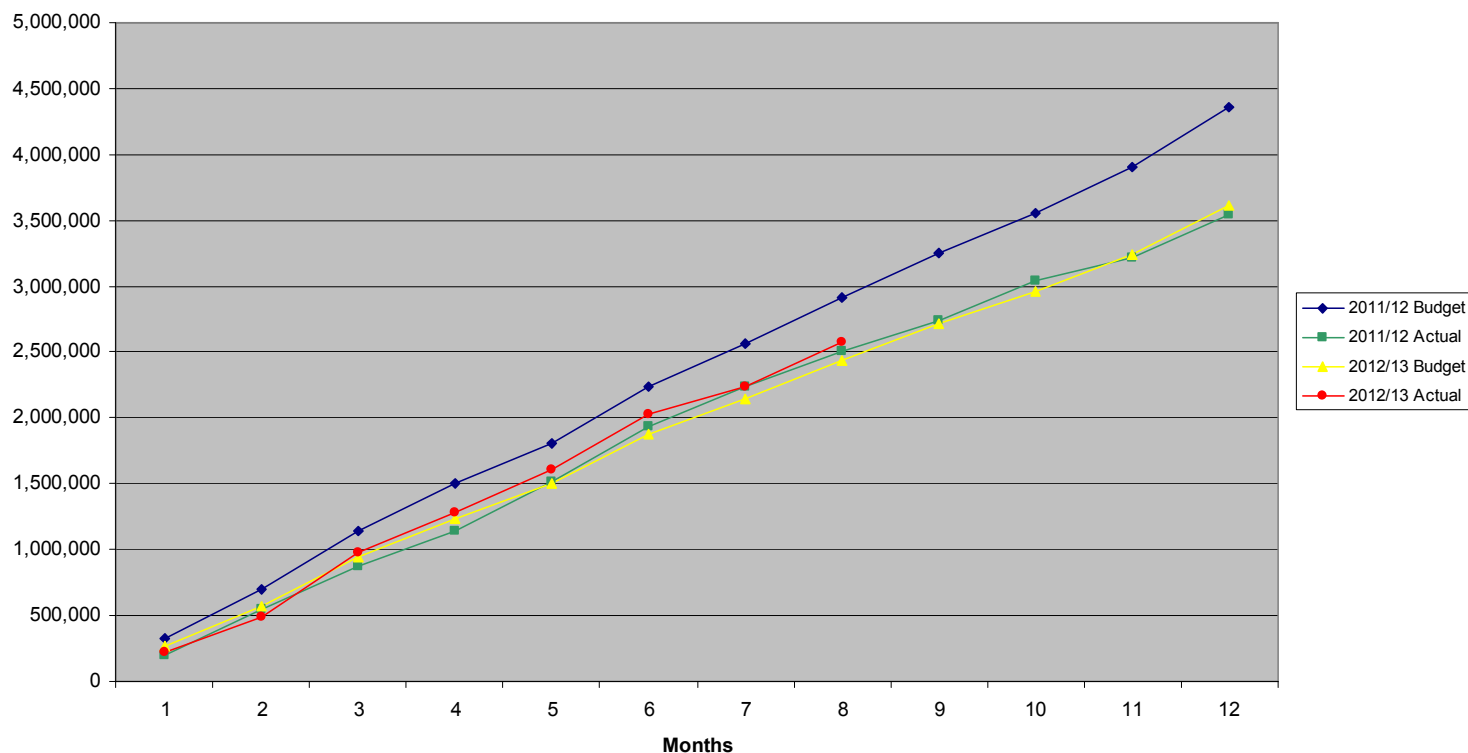
Overall, it is projected that income will be £0.13m below budget. The current position on income is largely due to shortfalls against the advertising income target, Planning and Development income and other income from charges such as Markets income, as detailed above. These income shortfall are offset by additional income from rechargeable work and grant income in Highways and Transportation of £1.05m. 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



Period 8 has seen a small improvement in planning fee income and income is now £268k above the phased budget but building fee income is £86k below the phased budget. Planning fees were increased by an average of 15% with effect from the 22nd November. There are also projected shortfalls on internal income and other charges made by the service and overall there is now a projected shortfall of £279k against all income received by the service.

Staffing

Overall an overspend of £28k is projected, this has been reduced from Period 7 and reflects the ongoing work across the directorate to manage recruitment and staffing costs. 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 £0.66m. 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.

Directorate Environment & Neighbourhoods

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period											Total Under / Overspend £000	Previous Month (Under) / Overspend £000
			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		
R	Health and Environmental Action	Chief Environmental Services Officer	(6)	(32)	77	63	(32)	(1)	0	0	0	70	3	73	186
G	Car Parking Services	Chief Environmental Services Officer	(232)	(25)	132	0	85	0	0	0	0	(40)	(12)	(52)	(28)
G	Community Safety	Chief Community Safety Officer	(168)	21	(32)	49	2	0	0	0	0	(128)	81	(47)	8
R	Strategy and Commissioning	Chief Regeneration Officer	156	148	(56)	0	41	149	0	0	0	438	(261)	177	141
R	Statutory Housing	Director of Environment and Neighbourhoods	(105)	190	58	65	(1)	110	0	0	0	317	(235)	82	133
G	General Fund Support Services	Chief Officer Resources and Strategy	(29)	0	0	0	0	0	0	0	0	(29)	0	(29)	(29)
G	Waste Management	Chief Environmental Services	669	16	416	(530)	(112)	0	0	0	0	460	246	706	510
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	0	0	0	0	0
G	Parks & Countryside		(457)	(351)	592	241	(236)	0	0	0	200	(11)	10	1	0
R	Total		(172)	(33)	1,187	(112)	(253)	258	0	0	200	1,076	(168)	908	903

ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET PERIOD 8 REPORT

1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods at Period 8.

2.0 Overall Summary

The overall projected position for the Directorate is an overspend of £907k, of this **£181k** is within Neighbourhood Services and £726k is within Environmental Services.

3.0 Explanation of the Projected Overspend

3.1 NEIGHBOURHOOD SERVICES +£181k

3.2 Community Safety -£48k (underspend)

There is a pressure within CCTV due to staffing (£127k) 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 (£110k). Savings due to vacant posts within Signpost and the Management Team are expected to contribute towards an overall underspend.

3.3 Strategic Housing +£82k (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 (£108k). This pressure has been partially offset by a number of staffing savings.

3.4 Resources, Strategy & Commissioning +£147k (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 +£726k

3.6 Waste Management +£704k

Within Refuse Collection there is a projected overspend of £374k.

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 and the implementation costs of the AWC pilot is now forecast to cost around £74k.

Within Waste Strategy and Policy an overspend of £320k is projected. Of this £300k is related to waste disposal costs.

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 result in a shortfall in income of £117k. A further £150k is due levels of residual waste being higher than budgeted due to the slippage of the AWC pilot until April.

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 +£75k

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 £125k above budget, these are wholly offset by savings in other officer vacant posts (£145k) .

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 £90k are now anticipated this year. Line by line expenditure savings will realize around £30k of savings.

A shortfall in income from Fixed Penalty Notices for Litter is expected to be £48k lower than budget.

3.8 Car Parking (£53k)

Savings from vacant posts are forecast to be (£232k).

Income is expected to be lower by £189k 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 £784k 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.

Expenditure on materials for section 106 and capital projects is expected to exceed the budget by £0.5m, however this is matched by additional income to the revenue account.

Other staffing and expenditure savings are expected to offset the income shortfalls and the projection at period 8 assumes that and that there will be no overall variance.

Housing Revenue Account (HRA) – Period 8

At the end of Period 8 the HRA is projecting a surplus of £369k. Key variances from budget are detailed below.

Additional rental income of £(1,020)k 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 £(589)k, which will be paid to the ALMOs in line with the current voids incentive scheme.

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.

Net additional income from service charges is projected to be £163k higher than budget, primarily due to a review of the Heat Lease scheme. In addition, £134k additional income will be received from Telecoms as a result of back-dated rent reviews.

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

Savings of £(228)k are projected on employee costs. This is primarily due to the budgeted contingency for pay awards not being required in 2012/13.

Recharges are projected to overspend by £502k due to unbudgeted recharges from the Housing General Fund for the Housing Options Team, Tenancy Fraud, Safeguarding, Welfare Reform and Commissioning and increased recharges from City Development as a result of additional valuations and planning work required as a result of the increase in RTB applications.

There is a projected reduction of £90k in costs that can be capitalised due to the reduction in the number of RTB sales. In addition there are a number of smaller overspends in relation to PPPU charges (£31k), the requirement for the HRA to contribute to the LLBH&H Community Hub (£23k) and legal charges (£20k).

The HRA will be required to make an additional contribution of £275k to the Swarcliffe PFI Sinking Fund to ensure the project is affordable over its life. This is due to a reduction in the interest being paid on the Sinking Fund balance.

Further slippage in relation to the LLBH&H PFI scheme means that the project will not now start on site until 1st April 2013. This means that no grant will be received during 2012/13 and correspondingly there will be no payments made to the contractor.

Directorate Resources

			(Under) / Over Spend for the current period										Previous Month (Under) / Overspend	
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	103	(1)	(28)	6	0	0	0	0	80	20	100	100
G	Business Support Centre	Chief Officer Fin Management	(155)	(1)	38	2	0	0	0	0	(116)	(73)	(189)	(328)
R	Financial Development	Chief Officer Fin Development	(23)	0	3	0	0	0	0	0	(20)	100	80	82
R	Revenues and Benefits	Chief Revenues and Benefits Officer	242	3	67	17	(26)	0	0	0	303	(129)	174	143
G	Information Technology	Chief ICT Officer	(19)	0	(26)	0	(48)	0	0	0	(92)	99	7	52
G	Human Resources	Chief Officer HR	(382)	(18)	126	14	34	0	0	0	(226)	(13)	(239)	(220)
G	Audit & Risk	Chief Officer Audit and Risk	(261)	2	(201)	0	0	0	0	0	(460)	122	(338)	(180)
G	CORS Directorate	Chief Officer Resources and Strategy	10	0	(14)	0	0	0	0	0	(4)	1	(4)	(1)
G	Public Private Partnership Unit	Chief Officer PPPU	53	0	3	(2)	(1)	0	0	(10)	43	(44)	(1)	4
G	Procurement		(162)	0	152	(3)	91	0	0	0	79	(340)	(262)	(241)
G	Democratic and Central Services	Chief Officer Democratic and Central Services	(126)	267	416	(5)	66	0	(4)	0	614	(604)	10	49
G	Total Excluding Commercial services		(720)	252	536	30	116	0	(4)	(10)	201	(862)	(661)	(541)
R	Commercial Services	Chief Officer Commercial Services	445	9	66	1,725	(77)	0	0	0	2,168	(1,718)	450	350
G	Total		(275)	261	602	1,755	40	0	(4)	(10)	2,370	(2,580)	(211)	(191)

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	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month
								to External Bodies £000							(Under) / Overspend £000
G	Legal Services	City Solicitor	(145)	(4)	10	1	29	0	0	0	0	(109)	109	(0)	(1)
G	Total		(145)	(4)	10	1	29	0	0	0	0	(109)	109	(0)	(1)

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	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month
								to External Bodies £000							(Under) / Overspend £000
G	Customer Access	Chief Officer Customer Services	20	1	1	0	0	0	0	0	0	22	(24)	(2)	12
G	Localities and Partnerships	Chief Officer LIP	(50)	0	0	0	0	0	0	0	0	(50)	(1)	(51)	(51)
G	Intelligence and Improvement	Chief Officer Business Transformation	0	0	(12)	0	0	0	0	0	0	(12)	12	0	(12)
A	Corporate Support	Assistant Chief Executive	39	(11)	22	0	0	0	0	0	0	50	0	50	50
G	Area Management	Area Leader	0	9	9	0	0	0	0	0	0	0	0	0	0
G	Total		9	(1)	2	0	0	0	0	0	0	10	(13)	(3)	(1)

CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – MONTH 8

1.0 Introduction

This report sets out the financial position for Central and Corporate Functions for period 8 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 8 is little changed from last month, whilst there are some variations at individual service level, the overall projection is for an overall underspend of £211k.

3.0 Explanation of the projected underspend

RESOURCES (£211k 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 have been several changes within the detail by service which are described below.

Commercial Services

An additional pressure of £100k is reflected in the month 8 projection mainly due to the increased cost of agency staff to cover sickness absence. The Catering service has also lost 2 high school contracts following conversion of these schools to academy status.

Audit and Risk

Changes to projections on income combined with savings on staffing have resulted in a £158k improvement in the overall position for the service. An underspend of £338k is now projected.

ICT

Delays in recruitment combined with a revised projection of spend on the Essential Services Programme have improved the overall position for the service by £46k meaning that a balanced position is now predicted by year end.

Business Support Centre

Estimates of capitalisation of staff time on developing SAP Manager/Employee self-service have now been revised meaning a £120k reduction in 2012/13. The work will now take place in 2013/14.

CUSTOMER ACCESS AND PERFORMANCE (balanced position)

No significant variations in spend or income are apparent at month 8 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.