

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 15<sup>th</sup> February 2013**

**Subject: Financial Health Monitoring 2012/13 – Month 9 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 nine 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 £1.3m is projected within directorates, offset by net corporate savings giving an overall projected underspend of £0.6m which is an improvement of £1.7m from the position reported at month 8. Detailed directorate reports are included at Appendix 1.
3. Members are asked to note the projected financial position of the authority after nine months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
4. At month 9 the HRA is projecting a surplus of £0.3m compared to £0.4m at month 8.

**Recommendations**

5. Members are asked to note the projected financial position of the authority after nine 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 nine 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 nine 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 nine months of the financial year an overall underspend of £0.6m 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 £003	Total Expenditure £000	Income £000	Total Under /Overspend £000	£000
Adult Social Care	Sandie Keene	(571)	1,682	1,111	(1,065)	45	42
Children's Services	Nigel Richardson	(2,907)	(385)	(3,292)	2,689	(602)	(111)
City Development	Martin Farrington	(248)	1,134	886	461	1,346	1,288
Environment & Neighbourhoods	Neil Evans	137	1,511	1,648	(674)	974	908
Resources excluding Commercial Services		(729)	604	(125)	(826)	(951)	(661)
Commercial Services		445	1,724	2,169	(1,718)	450	450
Resources	Alan Gay	(284)	2,327	2,043	(2,545)	(501)	(211)
Legal Services	Catherine Witham	(145)	36	(109)	109	0	0
Customer Access and Performance	James Rogers	21	(19)	2	(5)	(2)	(3)
<b>Total</b>		<b>(3,997)</b>	<b>6,287</b>	<b>2,290</b>	<b>(1,030)</b>	<b>1,260</b>	<b>1,913</b>
<b>Corporate issues</b>							
Capital Financing						(1,836)	(800)
<b>Total</b>						<b>(576)</b>	<b>1,113</b>

- 2.2 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached at Appendix 1.
- 2.3 Within Children's Services, staffing budgets are forecast to underspend by £2.9m, an increase of £0.3m from the position reported at month 8.
- 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.
- 2.5 Capital Financing - the continuation of low interest rates due to the economic downturn has resulted in further savings in the cost of short term borrowing to fund the capital programme. These savings are now projected to be £2.3m. However, the

difficult economic climate has an adverse effect on section 278 income<sup>1</sup> and capital receipts. A full review of anticipated 2012/13 section 278 receipts has been undertaken at period 9 and there is likely to be a £1.7m shortfall which reflects the continuation of the difficult economic climate. In addition, the level of capital receipts that are forecast to be available to support the revenue budget has been re-assessed at £0.9m less than the budget which assumed a stretched target for the capital receipts programme.

The HRA self-financing scheme which was introduced on 1<sup>st</sup> April 2012 has provided the opportunity to fully fund the HRA financing requirement from current long term loans held by the Council. The regulations were issued in February 2012, although the full implications could not be assessed until after the budget had been finalised. Whilst this has resulted in some additional interest costs to the HRA it provides the HRA with a greater level of stable funding over the life of the Housing business plan. The net impact on the General fund has also resulted in savings of £5.17m against the original estimate, although General fund will bear more of the risk associated with rising interest costs in the future. There is some uncertainty as to the treatment of premiums and discounts to the HRA due to this change in the regulations. This is under discussion with the auditors and at this stage the net saving has been reduced to £2.1m.

### **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)

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<sup>1</sup> The Council receives income from developers to fund highways works which are required for new development schemes. These are known as section 278 agreements and the Council's 2012/13 revenue budget provides for income of £5.2m for such schemes.

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.
- 3.6.2 The register shows that at month 9 there are still no very high risks and no high risks. The risk relating to a shortfall in s278 receipts has now been deleted as it has been incorporated into the overall projection, and the risk associated with the level of capital receipts available to support the revenue budget has been reduced to reflect the £0.9m shortfall referred to in paragraph 2.8 above.

### **4. Recommendations**

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

### **5 Background documents<sup>2</sup>**

- 5.1 There are no background documents relating to this report.

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<sup>2</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

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
G	Access & Inclusion	Chief Officer Access and Inclusion	(1,151)	29	(45)	357	32	1,250	(996)	0	0	(523)	(135)	(659)	(827)
R	Strategic Commissioning	Deputy Director Strategic Commissioning	12	0	0	0	0	170	0	0	0	182	(32)	150	193
G	Resources	Chief Officer Resources & Strategy	(285)	70	100	0	(3)	0	0	0	0	(118)	(237)	(355)	(355)
R	Operational Services	Chief Officer Learning Disabilities	853	78	(348)	70	706	212	0	0	0	1,570	(661)	909	1,030
G	<b>Total</b>		<b>(571)</b>	<b>177</b>	<b>(293)</b>	<b>428</b>	<b>735</b>	<b>1,632</b>	<b>(996)</b>	<b>0</b>	<b>0</b>	<b>1,111</b>	<b>(1,065)</b>	<b>45</b>	<b>42</b>

# ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 9 REPORT

## 1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 9.

## 2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall at Period 9. 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 at the end of the third quarter have reduced from the half-year position.

## 3.0 Explanation of the Projection

The main variations are explained below:

- **Community Care Packages – £0.6m**

Work is now completed on the review of residential and nursing placement fees and implementation is underway. 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. The increase in spend on independent sector home care is also partly offset by reduced spend within the directly-provided service. 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**

The budgeted savings on transport are not yet being fully achieved, but work is ongoing to ensure that clients are transported by the most appropriate mode of transport and that value for money is achieved. Savings continue to be delivered on private hire contracts, partly through procurement savings and partly through increasing the utilisation of the in-house fleet. Further work is underway seeking savings in costs for clients transported by in-house fleet vehicles.

- **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 (Under) / Overspend</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	Previous Month (Under) / Overspend £000
<b>G</b>	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(434)	1	199	(8)	(55)	0	0	0	0	(297)	(3)	(300)	(55)
<b>R</b>	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,561)	21	390	(47)	215	(415)	(70)	0	0	(1,468)	1,627	158	60
<b>G</b>	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(108)	259	146	11	(433)	(1,573)	81	0	0	(1,618)	1,314	(303)	(83)
<b>G</b>	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(804)	0	295	3	470	0	127	0	0	91	(248)	(157)	(33)
<b>G</b>	<b>Total</b>		<b>(2,907)</b>	<b>281</b>	<b>1,029</b>	<b>(41)</b>	<b>197</b>	<b>(1,988)</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>(3,292)</b>	<b>2,689</b>	<b>(602)</b>	<b>(111)</b>

# CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 9 REPORT

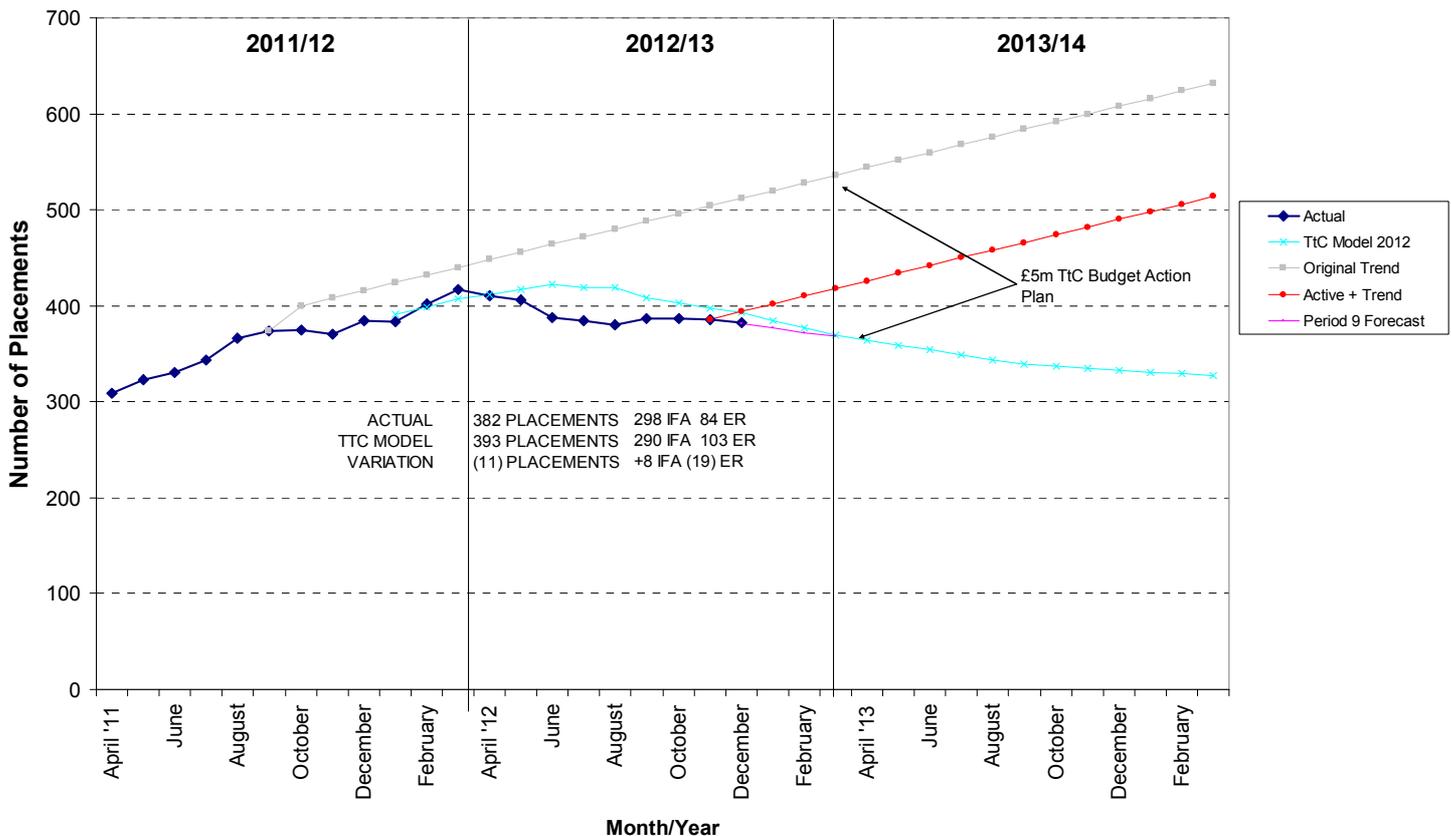
## 1. Overall Budget Position

1.1 As at month 9, the forecast outturn variation for the Children's Services Directorate is a projected underspend of £602k against the net managed budget of £132m. This represents a favourable improvement of £491k compared to the previous month 8 forecast.

## 2. Looked After Children

2.1 At the end of December 2012, there were 84 children & young people in externally provided residential placements and 298 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 -11 [-19 residential and +8 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.

Actual/Forecast Number of External Placements



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 [-£69k compared to month 8] 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 and an increase in the level 2 fee level. In addition, there are cost pressures across the budgets that support Care Leavers [£106k] and Direct Payments [£81k]. Reflecting reduced placement activity, there is also 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 £2.9m 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 £98m basic staffing budget is £8.8m which reflects the current number of staffing vacancies across the Directorate. At the end of December, the forecast spend on agency staffing was £7.1m, which represents a £5.4m overspend. The majority of the agency staff continue to be deployed in the social care fieldwork teams. The forecast spend on overtime is £1.42m which is £0.34m above the budget and is 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 £4.5m which is £0.18m 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 £1.4m against the Central Schools budget which reflects underspends across the various centrally provided services.

**Neil Warren**  
**Head of Finance (Children's Services)**  
**11<sup>th</sup> January 2013**

**Directorate City Development**

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period											Previous Month	
			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
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	439	75	10	34	(35)	0	0	0	0	523	286	810	670
R	Economic Development	Chief Economic Development Officer	49	133	(167)	6	5	0	0	0	0	26	229	255	274
R	Asset Management	Chief Officer Asset Management	76	(1)	53	(14)	(174)	0	0	0	0	(60)	720	660	599
G	Highways and Transportation	Chief Officer Highways and Transportation	(299)	254	671	(70)	(3)	0	0	0	0	552	(835)	(283)	(283)
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(296)	76	368	10	42	22	(4)	0	0	219	2	221	249
R	Recreation	Chief Officer Resources and Strategy	174	527	75	3	(46)	0	0	0	0	733	6	739	728
G	Resources and Strategy	Chief Officer Resources and Strategy	(165)	(100)	(318)	(2)	(18)	0	0	0	0	(604)	(21)	(625)	(597)
G	Regeneration Programmes	Chief Officer Asset Management	(155)	(17)	(29)	(6)	4	0	0	0	0	(204)	66	(138)	(78)
G	Employment and Skills	Chief Officer Employment and Skills	(70)	2	(268)	0	37	0	0	0	0	(299)	6	(293)	(274)
R	<b>Total</b>		<b>(248)</b>	<b>948</b>	<b>394</b>	<b>(40)</b>	<b>(188)</b>	<b>22</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>886</b>	<b>461</b>	<b>1,346</b>	<b>1,288</b>

## CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET – PERIOD 9 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 9.

### 2.0 Overall Summary

The Period 9 position for City Development Directorate shows a projected overspend of £1.346m. This is an increase of £60k on the Period 8 position. Overall the Directorate position has not changed significantly. Most services have continued to identify savings and these are reflected in their improved projected financial position. However, the financial position for Planning and Development Services and Asset Management has worsened by £200k in total due to optimism on income levels not being achieved and this has offset the improvement in the financial position for other services. Further savings of £500k are currently assumed in Resources and Strategy to be achieved across the directorate. The savings will be shown in individual 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	810
Economic Development	255
Employment and Skills	(293)
Asset Management	660
Regeneration	(137)
Highways and Transportation	(283)
Libraries, Arts and Heritage	221
Sport and Active Recreation	739
Resources and Strategy	<u>(624)</u>
	<b>1,346</b>

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 £504k and additional staffing costs of £174k arising from staff in managing workforce change following the service restructure up to December 2012 and from the settlement of an outstanding job evaluation liability. In Planning and Sustainable Development the overspend is mostly on staffing and income other than planning fees.

The major projected variances are detailed below:

**Major Projected Variances and savings Plan**

£000s

Energy costs (Sport and Highways)	662
Advertising income shortfall	550
Markets income	132
Planning and Development income	332
Other net variations	318
Staff savings	<u>(248)</u>
	1,746

**Savings Plan:**

Premises target savings	(100)
Supplies and services target savings	<u>(300)</u>

**Total** **1,346**

**Income**

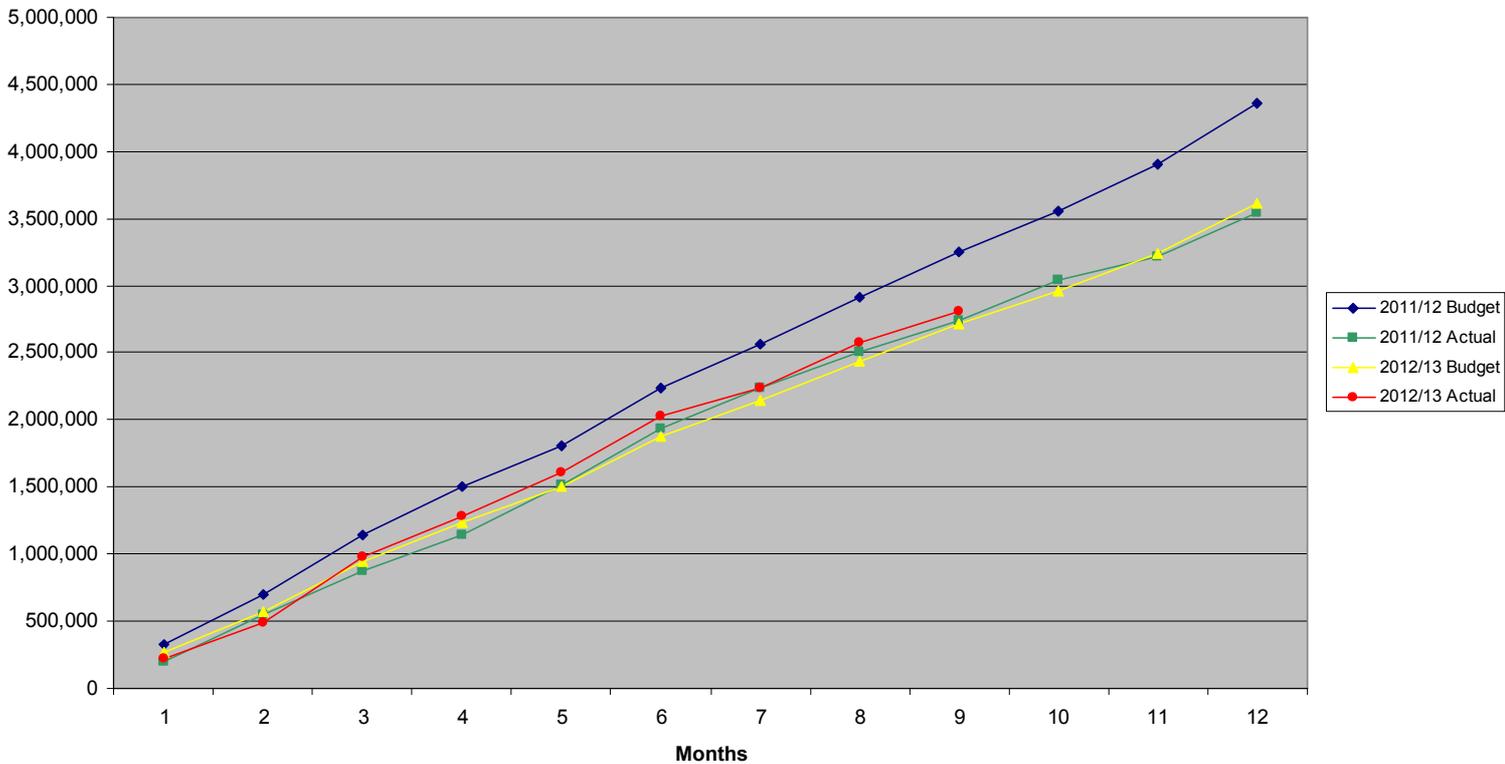
Overall, it is projected that income will be £0.461m below budget. The current position on income is largely due to shortfalls against the advertising income target, Planning and Development income and other income from charges such as Markets income, as detailed above. These income shortfalls are offset by additional income from rechargeable work and grant income in Highways and Transportation of £0.835m. 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. The Period 9 position reflects a more pessimistic position on income from these sources.

**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 9 has seen a small deterioration in planning fee income and income is now just £157k above the phased budget but building fee income is £107k below the phased budget. Planning fees were increased by an average of 15% with effect from the 22<sup>nd</sup> 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 £332k against all income received by the service.

### Staffing

Overall an underspend of £248k is projected, this is an improvement of £276k on the position reported at Period 8 and reflects the ongoing work across the directorate to manage recruitment and staffing costs. Regeneration, Highways and Transportation, Libraries, Arts and Heritage, Resources and Strategy and Employment and Skills are projecting an underspend on staffing whilst just one person in Sport remains in the management workforce change procedure. 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 £0.3m 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 £0.67m. 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	(27)	(37)	70	76	(45)	0	0	0	0	38	(7)	31	73
G	Car Parking Services	Chief Environmental Services Officer	(235)	(25)	138	(2)	85	0	0	0	0	(39)	(12)	(51)	(52)
G	Community Safety	Chief Community Safety Officer	(168)	21	(32)	49	2	0	0	0	0	(128)	(79)	(207)	(47)
R	Strategy and Commissioning	Chief Regeneration Officer	194	145	405	0	41	149	0	0	0	934	(758)	176	177
R	Statutory Housing	Director of Environment and Neighbourhoods	(105)	190	58	65	(1)	110	0	0	0	316	(235)	82	82
G	General Fund Support Services	Chief Officer Resources and Strategy	131	0	0	0	0	0	0	0	0	131	0	131	(29)
G	Waste Management	Chief Environmental Services	728	16	716	(530)	(112)	0	0	0	0	818	244	1,062	706
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	0	0	0	0	0
G	Parks & Countryside		(381)	(962)	261	198	261	0	0	0	200	(422)	172	250	(1)
R	<b>Total</b>		<b>137</b>	<b>(652)</b>	<b>1,616</b>	<b>(144)</b>	<b>231</b>	<b>259</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>1,649</b>	<b>(674)</b>	<b>975</b>	<b>908</b>

## **ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET – PERIOD 9 REPORT**

### **1.0 Introduction**

This report sets out the financial position for Environment and Neighbourhoods at Period 9.

### **2.0 Overall Summary**

The overall projected position for the Directorate is an overspend of £975k, of this £181k is within Neighbourhood Services and £794k is within Environmental Services.

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

#### **3.1 NEIGHBOURHOOD SERVICES +£181k**

#### **3.2 Community Safety -£208k (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). At period 9 the decision has been made to charge £160k to the HRA for Noise Nuisance. 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 +£306k (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. A pressure of £290k on Adult Social Care contracts will be offset by additional charges into the HRA. A pressure of £160k is now expected against the ELI savings target.

#### **3.5 ENVIRONMENTAL SERVICES +£794k**

#### **3.6 Waste Management +£1,063k**

Within Refuse Collection there is a projected overspend of £427k.

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 £330k 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 overall overspend of £610k is projected.

£614k relates tones and recycling income..

Additional volumes of garden waste (around 3,200 tonnes) collected during the wet summer are projected to cost around £56k 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 £142k.

£136k of additional landfill costs will be incurred due to the slippage of the AWC pilot until April and also budgeted reductions in total waste arising across the City have not materialised which results in a forecast pressure of around £235k.

Recycling performance at the Household Waste Sites is not anticipated to reach the 70% target, which will cost around a net £165k in disposal; However, as a result of reductions in the price, together with lower levels of contamination, of SORT material (Green Bin), savings of around £100k are now forecast in this waste type.

Other minor savings across various waste streams are £20k

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 +£33k**

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 £146k above budget, these are wholly offset by savings in other officer vacant posts (£192k) .

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 £50k 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 £820k and a release from central contingency will address this.

### **3.9 Parks & Countryside - £250k (underspend)**

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 external income shortfalls and the projection at period 9 assumes that there will be an overall underspend of £50k. In addition, savings of £200k are now expected due to slippage in the planned purchase of replacement parks equipment from Capital.

## **Housing Revenue Account (HRA) – Period 9**

At the end of Period 9 the HRA is projecting a surplus of £319k. Key variances from budget are detailed below.

Additional rental income of £1,020k 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, 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 £228k 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 £952k due to unbudgeted recharges from the Housing General Fund for the Housing Options Team, Tenancy Fraud, Safeguarding, Welfare Reform and Commissioning, Noise Nuisance and supporting vulnerable adults to continue to live in their own homes. In addition, it is projected that the recharges from City Development will increase as a result of additional valuations and planning work required due to 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, Legal charges £20k, and an estimated £50k for communication and consultation in connection with the review of the ALMO Management Agreements.

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 2013/14. This means that no grant will be received during 2012/13 and correspondingly there will be no payments made to the contractor.

Variations in relation to charges to capital are projected to be £450k less than budget.

Debt charges have increased by £752k due to an increase in the rate of interest. The higher rate of interest payable, is structured so that it is less susceptible to movements in rates in the next few years. This provides more certainty when the level of resources for maintenance and capital investment is being determined since it mitigates the risk of fluctuating interest rates which the HRA is now exposed to following the implementation of self-financing. The additional costs will be funded from the Self Financing reserve.

**Directorate Resources**

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	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Appropriations £000	Total Expenditure £000	Income £000			
R	Financial Management	Chief Officer Fin Management	84	(1)	(11)	5	0	0	0	0	0	77	21	98	100
G	Business Support Centre	Chief Officer Fin Management	(135)	(1)	38	2	0	0	0	0	(96)	(100)	(196)	(189)	
R	Financial Development	Chief Officer Fin Development	(35)	0	3	1	0	0	0	0	(31)	100	69	80	
R	Revenues and Benefits	Chief Revenues and Benefits Officer	230	3	67	17	(26)	0	0	0	291	(128)	163	174	
G	Information Technology	Chief ICT Officer	(19)	0	(101)	0	(48)	0	0	0	(168)	99	(69)	7	
G	Human Resources	Chief Officer HR	(345)	(16)	5	24	34	0	0	0	(298)	(14)	(312)	(239)	
G	Audit & Risk	Chief Officer Audit and Risk	(277)	2	(171)	(1)	0	0	0	0	(447)	122	(325)	(338)	
G	CORS Directorate	Chief Officer Resources and Strategy	10	0	0	0	0	0	0	0	10	1	11	(4)	
A	Public Private Partnership Unit	Chief Officer PPPU	50	0	12	(1)	(1)	0	0	(10)	49	(8)	42	(1)	
G	Procurement		(165)	0	70	(4)	0	0	0	0	(99)	(347)	(446)	(262)	
G	Democratic and Central Services	Chief Officer Democratic and Central Services	(126)	250	427	(5)	46	0	(4)	0	588	(574)	14	10	
G	<b>Total Excluding Commercial services</b>		<b>(729)</b>	<b>236</b>	<b>339</b>	<b>38</b>	<b>5</b>	<b>0</b>	<b>(4)</b>	<b>(10)</b>	<b>(125)</b>	<b>(826)</b>	<b>(951)</b>	<b>(661)</b>	
R	Commercial Services	Chief Officer Commercial Services	445	9	66	1,725	(77)	0	0	0	2,169	(1,718)	450	450	
G	<b>Total</b>		<b>(284)</b>	<b>245</b>	<b>405</b>	<b>1,763</b>	<b>(72)</b>	<b>0</b>	<b>(4)</b>	<b>(10)</b>	<b>2,043</b>	<b>(2,545)</b>	<b>(501)</b>	<b>(211)</b>	

**Directorate Legal Services**

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			
G	Legal Services	City Solicitor	(145)	(4)	10	1	29	0	0	0	0	0	(109)	109	0	0
<b>G</b>	<b>Total</b>		<b>(145)</b>	<b>(4)</b>	<b>10</b>	<b>1</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(109)</b>	<b>109</b>	<b>0</b>	<b>0</b>

**Directorate Customer Access and Performance**

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			
G	Customer Access	Chief Officer Customer Services	20	1	(5)	0	0	0	0	0	0	0	16	(16)	(1)	(2)
G	Localities and Partnerships	Chief Officer LIP	(50)	0	0	0	0	0	0	0	0	0	(51)	(1)	(51)	(51)
G	Intelligence and Improvement	Chief Officer Business Transformation	0	0	(12)	0	0	0	0	0	0	0	(12)	12	0	0
A	Corporate Support	Assistant Chief Executive	51	0	(1)	0	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	0
<b>G</b>	<b>Total</b>		<b>21</b>	<b>10</b>	<b>(28)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>(5)</b>	<b>(2)</b>	<b>(3)</b>

## **CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – MONTH 9**

### **1.0 Introduction**

This report sets out the financial position for Central and Corporate Functions for period 9 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 9 as improved by £289k due to several changes within Resources. The overall projected underspend is now £501k.

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

#### **RESOURCES (£501k underspent)**

The main changes from period 8 are as follows:

Based on the spend pattern to date, an underspend of £80k on the Occupational Health budget in HR has been included.

Within ICT, a saving of £75k is now expected from recent changes to the Virgin Media contract and the further development of the Public Services Network (savings of £200k are predicted in 2013/14).

The latest projections for the value of overpayments of housing benefits are down compared with previous months meaning reduced income of £247k. This will be offset by better debt recovery performance which means we no longer need as high a bad debt provision. Further work will be carried out on these assumptions and incorporated into the projection next month.

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

No significant variations in spend or income are apparent at month 9 and the Directorate have plans in place to ensure that the budget is brought in on-line or possibly slightly under budget.

#### **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.

