

Report of the Director of Resources

Report to Executive Board

Date: 13th March 2013

Subject: Financial Health Monitoring 2012/13 – Month 10 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 ten 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 £1.4m is projected within directorates, offset by net corporate savings giving an overall projected underspend of £0.6m which is in line with the projection reported at month 9. 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 10 the HRA is projecting a surplus of £0.3m which is slightly below the month 9 projection.

Recommendations

5. Members are asked to note the projected financial position of the authority after ten 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 ten 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 ten 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 ten 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	
Adult Social Care	Sandie Keene	(391)	1,734	1,343	(1,299)	44	45
Children's Services	Nigel Richardson	(3,135)	514	(2,621)	2,018	(603)	(602)
City Development	Martin Farrington	(160)	1,323	1,163	398	1,561	1,346
Environment & Neighbourhoods	Neil Evans	11	1,317	1,328	(211)	1,117	975
Resources excluding Commercial Services		(986)	7,093	6,108	(7,236)	(1,128)	(951)
Commercial Services		521	1,861	2,382	(1,857)	525	450
Resources	Alan Gay	(465)	8,954	8,489	(9,093)	(603)	(501)
Legal Services	Catherine Witham	(168)	48	(120)	120	0	0
Customer Access and Performance	James Rogers	15	(139)	(124)	(26)	(150)	(2)
Total		(4,292)	13,751	9,460	(8,093)	1,367	1,261
Corporate issues							
Debt						(2,014)	(1,836)
Total						(648)	(575)

- 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 for the directorate position reported at month 9, with the exception of additional pressures in Environmental Services. These relate to catch up costs incurred due to the snow and additional waste tonnages.
- 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 - additional capital programme slippage, through the capital programme review, and a provision for long term borrowing not yet taken up accounts for the increased debt savings.

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.

3.6.2 The register shows that at month 10 there are still no very high risks and no high risks.

4. Recommendations

4.1 Members of the Executive Board are asked to note the projected financial position of the authority after ten 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

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period										Income £000	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			
R	Access & Inclusion	Chief Officer Access and Inclusion	(1,016)	61	252	349	(52)	1,322	(1,372)	0	0	(456)	564	109	(659)
G	Strategic Commissioning	Deputy Director Strategic Commissioning	(25)	0	152	(6)	0	170	0	0	0	291	(1,217)	(926)	150
G	Resources	Chief Officer Resources & Strategy	(252)	64	18	0	(3)	0	0	0	0	(173)	(3)	(176)	(355)
R	Operational Services	Chief Officer Learning Disabilities	902	79	(390)	70	814	205	0	0	0	1,681	(643)	1,038	909
A	Total		(391)	205	32	414	759	1,697	(1,372)	0	0	1,343	(1,299)	44	45

ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 10 REPORT

1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 10.

2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall at Period 10. Now that “Winter Pressures” funding of £1.2m has been confirmed by NHS Airedale, Bradford and Leeds the overall risks associated with the 2012/13 projection are considered to be low.

3.0 Explanation of the Projection

The main variations are explained below:

- **Community Care Packages – £0.2m**

Work is now completed on the review of residential and nursing placement fees and implementation is underway. Although the budgeted reduction in fees will not be achieved, 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 – £0.7m**

The budgeted savings on transport are not yet being achieved, but work continues 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 – (£1.3m)**

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.

The net effect of all other variations is £0.4m. This includes higher than budgeted utility costs and increased car allowances for home care and reablement staff covering larger geographical areas.

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	(364)	6	58	(7)	(52)	(1)	0	0	0	(360)	(5)	(365)	(300)
G	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,723)	(47)	254	(146)	579	11	(70)	0	0	(1,143)	991	(152)	158
G	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(240)	222	24	48	(484)	(1,284)	115	0	0	(1,599)	1,240	(360)	(303)
R	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(807)	(6)	223	3	939	1	127	0	0	481	(207)	274	(157)
G	Total		(3,135)	175	559	(103)	983	(1,273)	172	0	0	(2,621)	2,018	(603)	(602)

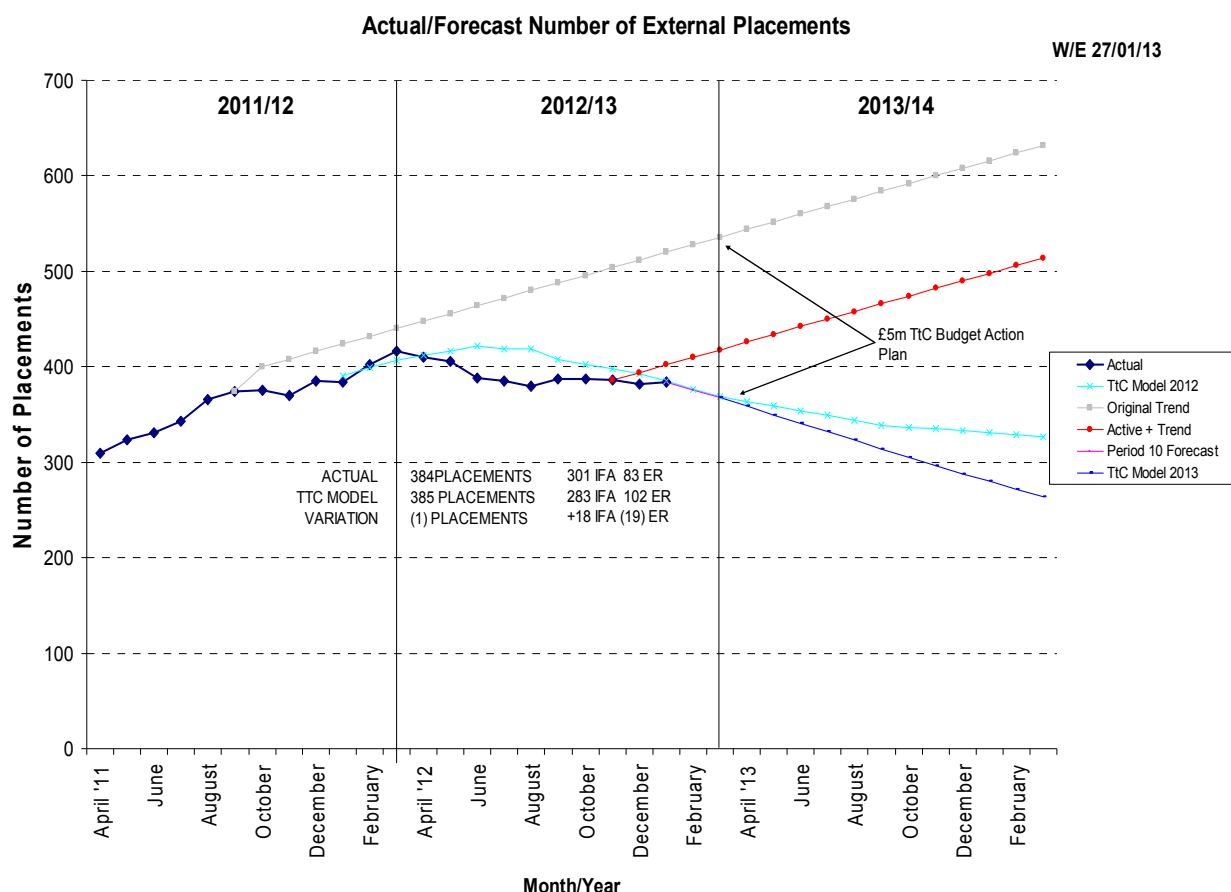
CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 10 REPORT

1. Overall Budget Position

- 1.1 As at month 10, the forecast outturn variation for the Children's Services Directorate is a projected underspend of £603k against the net managed budget of £132m. This represents a stable position compared to the previous month 9 forecast.

2. Looked After Children

- 2.1 At the end of January 2013, there were 83 children & young people in externally provided residential placements and 301 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 -1 [-19 residential and +18 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 £1.3m. This forecast 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 £0.6m for the in-house fostering service [+£109k compared to month 9] which reflects the sustained in-house placement numbers as well as increases in the 0-4 allowances (from April 2012) and level 2 fees (from January 2013). In addition, there are cost pressures across the budgets that support Care Leavers [£140k], Adoptions and Special Guardianships [£502k] and Direct Payments [£115k]. Reflecting reduced placement activity, there is also a forecast underspend of £710k across the secure welfare, secure remand and Family Assessment budgets.

3. Staffing

- 3.1 Overall, the staffing budgets are forecast to underspend by £3.1m 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 £9.5m which continues to reflect the current number of staffing vacancies across the Directorate. At the end of January, the forecast spend on agency staffing was £7.8m, which represents a £5.7m overspend with the majority of the agency staff continue to be deployed in the social care fieldwork teams. The forecast spend on overtime is £1.45m which is £0.37m above the budget and is due in the main to the need to maintain 24/7 cover for vacancies and sickness across the residential settings.

4. Other costs

- 4.1 The forecast overspend of £1m on the internal charges is due in the main to projected additional costs around SEN home to school transport [+£1m] and SEN home to college transport [+£0.1m] which are due to both increasing journey numbers and journey prices. These pressures are mitigated by projected savings on the transport for looked after children [-£0.1m].

5. Income

- 5.1 The £2m projected variation across the income budgets is due in the main to slippage on the Families First (Troubled Families) grant [£1.9m] 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 £0.85m against the Central Schools budget which reflects the forecast variations across a number of the centrally provided services.

Neil Warren
Head of Finance (Children's Services)
16th February 2013

Directorate City Development

Trafic 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	Expenditure £000	Income £000		
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	462	60	60	30	(31)	0	0	0	0	581	265	847	810
R	Economic Development	Chief Economic Development Officer	48	130	(111)	6	5	0	0	0	0	77	174	251	255
R	Asset Management	Chief Officer Asset Management	72	(57)	43	(15)	(198)	0	0	0	0	(155)	815	661	660
G	Highways and Transportation	Chief Officer Highways and Transportation	(243)	191	800	(59)	(1)	0	0	0	0	688	(928)	(239)	(283)
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(315)	41	331	12	47	22	(4)	0	0	133	37	170	221
R	Recreation	Chief Officer Resources and Strategy	161	555	94	4	(49)	0	0	0	0	765	86	851	739
G	Resources and Strategy	Chief Officer Resources and Strategy	(125)	(100)	(136)	(2)	(38)	0	0	0	0	(402)	(121)	(522)	(625)
G	Regeneration Programmes	Chief Officer Asset Management	(151)	(17)	(34)	(6)	5	0	0	0	0	(203)	66	(137)	(138)
G	Employment and Skills	Chief Officer Employment and Skills	(67)	(21)	(234)	0	(1)	0	0	0	0	(322)	2	(320)	(293)
R	Total		(160)	782	812	(30)	(259)	22	(4)	0	0	1,163	398	1,561	1,346

CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET – PERIOD 10 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 10.

2.0 Overall Summary

The Period 10 position for City Development Directorate shows a projected overspend of £1.561m. This is an increase of £214k on the Period 9 position. Most services in the directorate have continued to improve their financial position. However, additional costs incurred in Highways and Transportation for a share of policing costs at Elland Road of £44k, for which there is no budget provision, and an unexpected shortfall in sport income in January of over £100k has caused the overall increase in the projected directorate overspend. Further savings of £400k are currently assumed in Resources and Strategy to be achieved across the directorate.

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	867
Economic Development	251
Employment and Skills	(320)
Asset Management	661
Regeneration	(137)
Highways and Transportation	(239)
Libraries, Arts and Heritage	170
Sport and Active Recreation	851
Resources and Strategy	<u>(522)</u>
	1,561

In Asset Management the overspend is mainly because of a shortfall against the advertising income budget of over £500k. In Sport the main issue remains the overspend on the energy budget of £493k, additional staffing costs of £161k 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)	660
Advertising income shortfall	550
Markets income	133
Planning and Development income	260
Other net variations	318
Staff savings	<u>(160)</u>
	1,761

Savings Plan:

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

Total **1,561**

Income

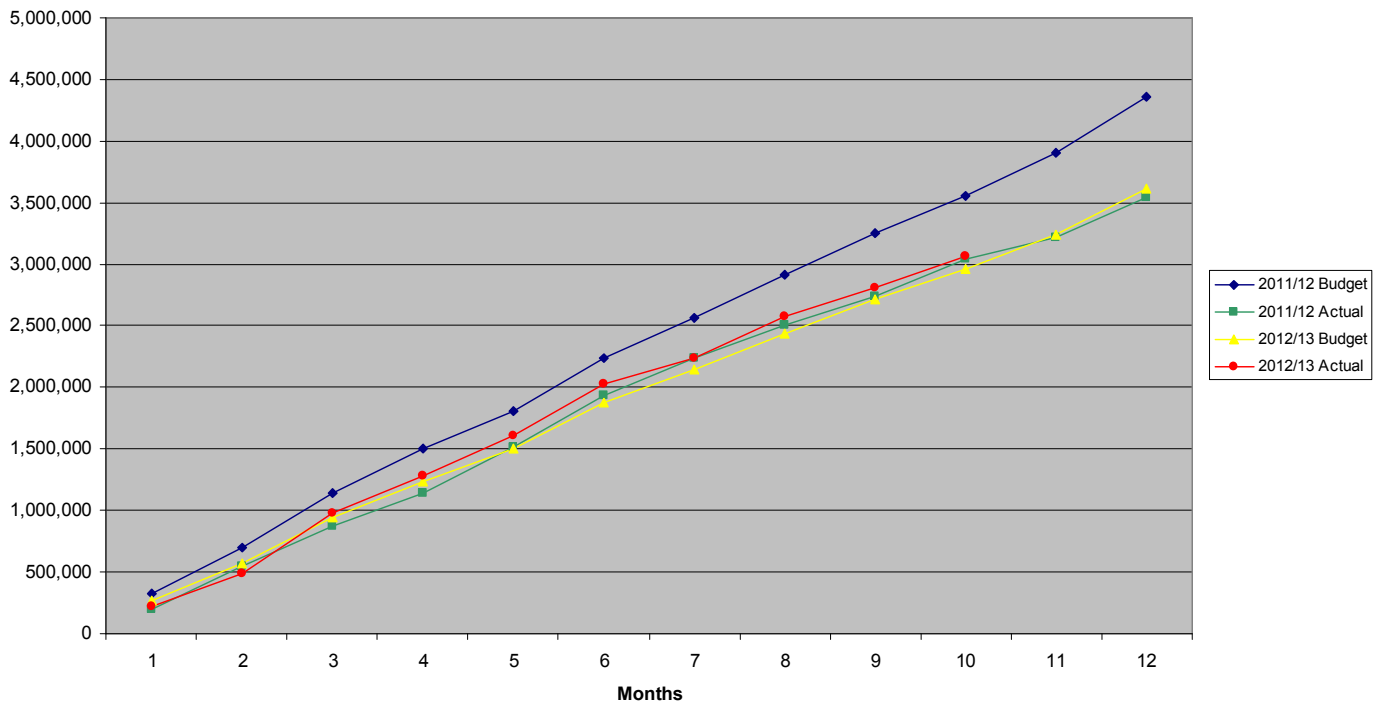
Overall, it is projected that income will be £0.4m below budget. The current position on income is largely due to shortfalls against the advertising income target, Planning and Development income and other income from charges such as Markets income, as detailed above. These income shortfalls are offset by additional income from rechargeable work and grant income in Highways and Transportation of £0.928m. This additional income will also result in additional expenditure being incurred and budget adjustments will be submitted as the income is secured.

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 10 has seen a small improvement in the overall amount of planning and fees received against the phased budget. It is projected that planning and building fees will be £173k above the budget by the end of the year. There are projected shortfalls on internal income and other charges made by the service and overall there is now a projected shortfall of £278k against all income received by the service.

Staffing

Overall an underspend of £160k is projected. 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 managing 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 £0.2m 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		
G	Health and Environmental Action	Chief Environmental Services Officer	(16)	(50)	70	74	(52)	0	0	0	0	25	11	36	31
G	Car Parking Services	Chief Environmental Services Officer	(254)	(41)	160	(15)	106	0	0	0	0	(45)	22	(23)	(51)
G	Community Safety	Chief Community Safety Officer	(214)	21	(61)	49	2	0	0	0	0	(202)	(74)	(276)	(207)
R	Strategy and Commissioning	Chief Regeneration Officer	102	161	219	0	9	99	0	0	0	590	(512)	77	176
G	Statutory Housing	Director of Environment and Neighbourhoods	(135)	191	(48)	69	29	157	0	0	0	263	(248)	15	82
R	General Fund Support Services	Chief Officer Resources and Strategy	168	0	1	0	0	0	0	0	0	169	0	169	131
R	Waste Management	Chief Environmental Services	829	4	785	(532)	(112)	0	0	0	0	974	396	1,370	1,062
G	Drugs Commissioning Service		0	0	0	0	0	0	0	0	0	0	0	0	0
G	Parks & Countryside		(469)	(1,196)	481	140	395	0	0	4	200	(445)	195	(250)	(250)
R	Total		11	(911)	1,607	(215)	377	255	0	4	200	1,328	(211)	1,117	975

ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET – PERIOD 10 REPORT

1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods at Period 10.

2.0 Overall Summary

The overall projected position for the Directorate is an overspend of £1,117k. Neighbourhood Services is projected to underspend by £15k with an overspend of £1,132k within Environmental Services.

3.0 Explanation of the Projected Overspend

3.1 NEIGHBOURHOOD SERVICES -£15k

3.2 Community Safety -£276k (underspend)

There is a pressure within CCTV due to staffing (£111k) 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 and on Noise Nuisance based on currently activity levels (£255k). Savings due to vacant posts and supplies and services within Signpost and the Management Team are expected to contribute towards an overall underspend of £276k.

3.3 Strategic Housing +£15k (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 (£110k). This pressure has been largely offset by a number of staffing savings.

3.4 Resources, Strategy & Commissioning +£246k (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 of £49k is now anticipated in 2012/13. A pressure of £290k on Adult Social Care Supporting People contracts will be offset by £290k of additional charges into the HRA. A pressure of £197k is now expected against the ELI savings target.

3.5 ENVIRONMENTAL SERVICES +£1,132k

3.6 Waste Management +£1,369k

Within Refuse Collection there is a projected overspend of £499k.

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 £364k. Savings from delays to service roll outs of (£194k) help offset this.

Other staffing variations of around £480k are mainly attributable to staff currently in Managing Workforce Change £127k, additional staff required on a number of routes / mix of cover £175k and around £52k (to the end of January) of catch up costs have also been incurred due to the snow.

These cost pressures can be partially offset by in year net savings from vehicle financing and other transport related costs of £300k

The rise in the price of fuel is projected to result in a £73k 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 £841k is now projected.

£750k of this variation specifically relates to tonnage costs and recycling income.

Additional volumes of garden waste collected during the wet summer are projected to cost around £42k and a reduction in the volume of scrap metal collected and prices being lower than the budgeted amount accounts for most of the shortfall in recycling income of £132k.

£136k of additional landfill costs will be incurred due to the slippage of the AWC pilot until April. Budgeted reductions in total waste arising across the City have not materialised which results in a forecast pressure of around £400k.

Recycling performance at the Household Waste Sites is not anticipated to reach the 70% target, which will cost around a net £150k 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 £108k are now forecast in these waste types.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £202k below the budget. This is due to gas levels falling more quickly than had been anticipated. Other running costs savings, including staffing amount around £100k.

3.7 Environmental Action +£36k

The costs of staff in Managing Workforce Change are projected at £44k and spend on front line Cleansing costs is now forecast to be around £142k above budget, these are wholly offset by savings in other officer vacant posts (£211k) .

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 weed spraying contract, savings of £90k are now anticipated this year. Line by line expenditure savings will realize around £85k of savings.

Income from Fixed Penalty Notices for litter is expected to be £50k lower than budget.

3.8 Car Parking (£23k)

Savings from vacant posts are forecast to be (£254k).

Income is expected to be lower by £117k 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 £826k 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 £190k overspend on the provision of golf. Café and retail sites are also projected to overspend by £75k.

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 underspends are expected to offset the external income shortfalls and the projection at period 10 assumes that there will be an overall underspend of £250k.

Housing Revenue Account (HRA) – Period 10

At the end of Period 10 the HRA is projecting a surplus of £258k. Key variations from the budget are detailed below:-

Additional rental income of £1,000k is projected from dwelling rents. This is as a result of void levels remaining at 1.3% against a budget of 1.5%, and RTB sales taking place much later in the financial year than anticipated. The financial impact of lower voids will be paid to the ALMOs in line with the current voids incentive scheme (£589k).

Income from Heat Lease charges is projected to be £290k higher than budget following the extension of the scheme. In addition, it is projected that £134k additional income will be received from Telecoms as a result of back-dated rent reviews. These increases are offset

by a shortfall of £48k in respect of other service charges and a reduction of £79k in leaseholder contributions as a result of fewer communal works being undertaken.

The ALMOs have now finalised and agreed their IT SLA charge - resulting in an unbudgeted additional £226k income to the HRA. This is as a result of additional IT works requested and an increase in the number of users.

Savings of £220k 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 £945k due to unbudgeted charges 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. These increases are offset by a projected saving of £147k in legal charges.

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.

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.

The interest cost on debt will be £752k higher than the budget following increases in the rate of interest payable on the debt. The additional costs will be funded from the Self Financing reserve.

Directorate Resources

(Under) / Over Spend for the current period														
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	Previous Month (Under) / Overspend £000
R	Financial Management	Chief Officer Fin Management	66	(1)	(15)	11	0	0	0	0	61	40	101	98
G	Business Support Centre	Chief Officer Fin Management	(128)	(1)	36	1	0	0	0	0	(94)	(155)	(249)	(196)
R	Financial Development	Chief Officer Fin Development	(32)	0	3	1	0	0	0	0	(28)	100	73	69
R	Revenues and Benefits	Chief Revenues and Benefits Officer	222	3	81	18	(23)	0	6,137	0	6,438	(6,257)	180	163
G	Information Technology	Chief ICT Officer	(329)	0	(101)	0	(48)	0	0	0	(478)	399	(79)	(69)
G	Human Resources	Chief Officer HR	(307)	(17)	(53)	27	34	0	0	0	(315)	(64)	(379)	(312)
G	Audit & Risk	Chief Officer Audit and Risk	(274)	2	(168)	(1)	0	0	0	0	(441)	133	(308)	(325)
A	CORS Directorate	Chief Officer Resources and Strategy	10	0	20	0	175	0	0	0	205	(180)	25	11
A	Public Private Partnership Unit	Chief Officer PPPU	44	0	14	(1)	(1)	0	0	(10)	44	(8)	36	42
G	Procurement		(165)	0	161	(4)	91	0	0	0	83	(563)	(480)	(446)
G	Democratic and Central Services	Chief Officer Democratic and Central Services	(91)	215	456	5	52	0	(4)	0	633	(681)	(48)	14
G	Total Excluding Commercial services		(986)	199	434	57	280	0	6,133	(10)	6,108	(7,236)	(1,128)	(951)
R	Commercial Services	Chief Officer Commercial Services	521	13	142	1,870	(164)	0	0	0	2,382	(1,857)	525	450
G	Total		(465)	212	576	1,927	116	0	6,133	(10)	8,489	(9,093)	(603)	(501)

Directorate Legal 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	Legal Services	City Solicitor	(168)	(4)	10	1	41	0	0	0	0	(120)	120	0	0
G	Total		(168)	(4)	10	1	41	0	0	0	0	(120)	120	0	0

Directorate Customer Access and Performance

			(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	Customer Access	Chief Officer Customer Services	14	1	(11)	0	0	0	0	0	0	5	(26)	(21)	(1)
G	Localities and Partnerships	Chief Officer LIP	(50)	0	(82)	0	0	0	0	0	0	(132)	(1)	(133)	(51)
G	Intelligence and Improvement	Chief Officer Business Transformation	0	0	0	0	0	0	0	0	0	0	0	0	0
G	Corporate Support	Assistant Chief Executive	51	0	(43)	0	0	0	0	0	0	7	0	7	50
G	Area Management	Area Leader	0	9	(11)	(1)	0	0	0	0	0	(4)	0	(4)	0
G	Total		15	10	(147)	(2)	0	0	0	0	0	(124)	(26)	(150)	(2)

CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – MONTH 10

1.0 Introduction

This report sets out the financial position for Central and Corporate Functions for period 10 of 2012/13.

2.0 Overall Summary

The position at month 10 has improved both in Resources and Customer Access and Performance from last month and the overall projected underspend is now £753k.

3.0 Explanation of the projected underspend

RESOURCES (£603k underspent)

As part of the budget strategy, Resources are targeting an underspend of £500k in 2012/13 and this has been the focus of Leadership Team and Chief during the latter months of the year.

In anticipation of further savings and efficiencies required over the next few years, the Directorate has exercised tight control over the filling of vacancies. Only in exceptional circumstances, such as specialist ICT skills, have any vacancies been advertised externally. The impact of this approach means that there is a projected underspend of £465k on pay budgets in the current year.

It has been a significant challenge in 2012/13 for Commercial Services to meet the budget savings taken out in 2012/13 and 2011/12 (£3.3m in total). A pressure of £450k has been reported for several months now, but this has been revised to £525k in month 10 to reflect the realistic position for the group in light of pressures on turnover.

An increased pressure on housing benefits overpayment income was reported last month (£247k) which has now been revised to £181k based on latest data from the Academy system. Further work is required in relation to the 'bad debt provision' and this does represent a risk for this budget area as the projections currently assume an improvement of £150k against budget.

In terms of income on non-trading services, the Directorate have benefitted in a number of areas including a reduction in the external audit fee of £194k, £150k rebate as a result of the Council's associate membership of the Yorkshire Purchasing Organisation and £176k from Barclaycard as from increased usage of p-cards.

Specific changes since last month include a net gain of £80k following the confirmation of the 'new burdens' funding in respect of preparation for the new Council Tax benefits regime and an underspend of £80k on the 'occupational health' budget within HR based on usage levels for the year to date.

CUSTOMER ACCESS AND PERFORMANCE (£150k underspent)

A review of essential spend required on supplies and services has resulted in projected underspends across a number of services. In many cases, potential underspends were previously being held as a contingency for pressure on pay budgets, however in the latter part of the year staff turnover has been higher than expected meaning that savings in other areas will not be required to balance the budget situation.

LEGAL SERVICES (balanced position)

Due to the service restricting the filling of vacancies during the year, a saving of £332k is projected in respect of employees. Where necessary, to meet key demands from clients, agency staff/locums have been used and the spend is now projected at £174k for the full year, compared to £611k in 2011/12. The impact of this situation is that the number of chargeable hours is falling short of the income budget. This will mean that most internal clients will be charged less meaning an underspend on Directorate legal budgets.

The “WYLAW” initiative is still progressing and after savings of £2.5m across the region in 2011/12 (£782k for Leeds); projected savings for 2012/13 for Leeds alone are just short of £1m. Initiatives which have facilitated these savings, include for example, the setting up of framework agreements for solicitors and counsel and the Service now directly employs two dedicated Cost Draftsmen who works specifically on reducing the bills of costs where we have settled claims.