

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 19<sup>th</sup> June 2013**

**Subject: Financial Performance - Outturn Financial year ended 31<sup>st</sup> March 2013**

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	<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 final outturn for the financial year 2012/13. The pre-audited accounts will be presented to the Corporate Governance and Audit Committee at its meeting on the 10<sup>th</sup> July.
2. As set out below, the final position on the General Fund shows an underspend for the year of £6.7m compared to the original budget.
3. There was no budgeted surplus or deficit in respect of the Housing Revenue Account, but the outturn position shows a surplus of £1.2m, which will be added to their reserves.

**Recommendations**

4. Members of the Executive Board are asked to note the outturn position and to agree to the creation and delegated release of earmarked reserves as detailed in paragraph 2.5 below.

## 1. Purpose of this report

- 1.1 This report sets out for the Board the Council's financial outturn position for 2012/13 for both revenue and capital and includes the Housing Revenue Account. The report covers major variations on the revenue account and also reports on the Schools and ALMOs final position.
- 1.2 The report also highlights the position regarding other key financial health indicators including Council Tax and NNDR collection statistics, Sundry income and prompt payments.

## 2. Main Issues

- 2.1 The 2012/13 budget was based on the second year of a two year funding settlement from the Government. The reduction in formula grant for 2012/13 was £27m with directorate pressures identified at £28m. The 2012/13 budget included some difficult and challenging decisions and whilst not all planned savings have been achieved other savings have been identified and additional income secured, resulting in the final outturn being an underspend of £6.7m as summarised below:

	Budget £m	Outturn £m	Variation £m
Adults	176.9	176.5	-0.4
Children's	132.0	129.7	-2.3
City Development	67.8	69.9	2.1
Environment & N'hoods	90.1	90.6	0.6
Central & Corporate excl. Commercial Services	68.4	66.9	-1.6
Commercial Services	-8.3	-7.1	1.2
	526.8	526.4	-0.4
Strategic	43.2	36.9	-6.3
	570.0	563.3	-6.7
Use of General Fund Reserves	-6.9	-4.0	2.9
Transfer to earmarked reserves		3.7	3.7
	563.1	563.1	0.0

- 2.2 The £6.7m underspend is an increase of £2.0m from the position reported at month 11. The main changes are:
- Additional savings and slippage of planned spending proposals of £1.4m in Children's services of which £0.6m is to be transferred to earmarked reserves to support the strategy around locality-based services, for example Family Group Conferencing, and the review of in-house residential services
  - Capitalised interest costs on assets under construction £2.2m
  - Cost pressures of £1.6m primarily insurance at £0.7m
- 2.3 The main directorate issues contributing toward the outturn position are as follows:-

2.3.1 Staffing – the 2012/13 budget assumed that 180 ftes would leave the Council, mainly through the Early Leavers scheme. By 31st March 2013, 192 ftes had left under the scheme. One off severance costs of the scheme totalled £2.4m which was to be met from the Early Leavers earmarked reserve. This fund has only been used to assist those directorates that have not been able to meet the pressure from within their own budget, leaving £1.7m to be carried forward to 2013/14.

Overall, staffing savings amounted to £4.5m, primarily within Children's Services, reflecting the number of vacant posts across the directorate throughout the year.

2.3.2 Adult Social Care – there are a number of significant budgets that are largely dependent on the needs of customers and so can be extremely volatile. Pressures in 2012/13, particularly on transport costs, have been offset by a number of one off savings which have enabled the directorate to achieve an underspend of £0.4m. Without one-off savings relating to health funding and customer contributions, mainly relating to in-house residential care, the outturn position for Adult Social Care would have been an overspend of £2.2m.

2.3.3 Children's Services – the 2012/13 budget strategy recognised the need to reduce the number of children in care. At outturn, the directorate has underspent by £2m (7% on the placement budgets), reflecting quicker progress against the turning the curve model. However, these savings are offset by additional cost pressures across the budgets that support care leavers, adoptions and special guardianships and direct payments and an overspend in the in-house fostering service.

Additional spend on SEN home to school and college transport amounted to £1.3m which were due to increasing journey numbers and prices.

In line with the funding criteria, the 2012/13 position also reflects the carry-forward of £2.8m of grant-funding relating to the Families First (Leeds) programme of £1.9m, Social Worker Improvement Funding of £0.7m and the Youth Contract of £0.24m.

2.3.4 Other Services – Income and Other Pressures

Within City Development, although the overall income budget was achieved, there were a number of significant shortfalls within this, amounting to £1.9m. The largest shortfall at £0.9m related to Sport Income, partly reflecting poor weather conditions in the latter part of the year, although some of the income shortfall is offset by expenditure savings. Other areas include advertising income and markets income.

The major expenditure pressure during the year was £0.7m on energy, mainly in Sport. Additional winter maintenance costs of £0.5m were incurred due to the exceptional weather conditions and snow in March.

During the year additional spend of £2.9m was incurred as a result of the Arena court case. This has been offset by the raising of a debtor for the recovery of costs.

Non staffing pressures within Environments & Neighbourhoods relate to additional tonnage costs, a reduction in recycling income and from electricity generated at Gamblethorpe within Waste management, totalling £0.8m.

Within Central & Corporate, the majority of the savings relate to staffing, however, additional rebate income of £0.3m has been generated, and a renegotiation of the external audit fee has saved £0.2m. Savings in the changing the workplace programme has resulted in an underspend of £0.1m.

The surplus on Commercial Services is £1.2m short of the budget, mainly due to Fleet Services and Property Maintenance.

2.4 There are some significant variations within the strategic budget as follows:

- Debt saving £11.0m

As previously reported 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 net impact on the General Fund is a savings of £5.17m although the General Fund will bear more of the risk associated with rising interest costs in the future.

The continuation of low interest rates, additional capital programme slippage through the capital programme review, and a provision for long term borrowing not yet taken up accounts for further debt savings of £3.6m. Under proper accounting practice the Council has the option to capitalise the interest costs on assets under construction. However as such costs are dependent on the final number of assets which remain incomplete at the yearend it is difficult to give a reliable estimate as to the final interest level until the capital accounts are finalised in late April. Following finalisation of the capital programme for the year, a £2.2m saving has been identified from the capitalisation of the interest costs of assets under construction.

- As previously reported the difficult economic climate has had an adverse effect on section 278 income<sup>1</sup> of £2.6m.
- The Council is required to set aside an appropriate provision to cover the estimated cost of any insurance claims it has received. The level of provision is subject to regular review and varies depending upon a number of factors such as new claims received, level of payments made and the Council's claims history. The latest assessment of claims against the Council, which relate to 2012/13 or earlier, has indicated that

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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.

the level of the insurance provision needs to be £0.7m, more than originally budgeted for. This level of provision will be subject to a final assessment prior to the Council approving the audited accounts in September. Any significant amendment to the level of this provision will need to be accounted for in the 2012/13 accounts as a post balance sheet event.

## 2.5 Earmarked Reserves

2.5.1 Executive Board are requested to approve the creation of earmarked reserves totalling £3.6m. These will help to support the 2013/14 budget by providing additional investment in the following priority areas:

- It is proposed to earmark £0.6m of the Children's Services underspend to support the following schemes:
  - Premises Works at Belle Isle & Broom Hill £210k - Essential repairs and maintenance work to accommodation at Belle Isle and Broom Hill.
  - Youth Offending Service £200k - Through the in-year underspend on the YOS, it is proposed to increase the YOS reserve up to £400k (an additional £200k) to support the relocation of the Youth Offending Teams from Marshall Street.
  - Reconfiguration of in-house residential provision - £200k - Linked to the statutory sufficiency plan for looked after children.
- In preparation for the 2014 Grand Depart of the Tour de France from Leeds, it is proposed to set aside £2m to cover the Council's costs of the project.
- £1m to be set aside for highway maintenance works.

## 3. Housing Revenue Account (HRA)

3.1 Following finalisation of the HRA account the final outturn for the year is a contribution to the HRA General Reserves of £1.2m whereas the 2012/13 budget provided for a break even position.

3.2 Due to the delays in the Little London, Beeston Hill and Holbeck (LLBH&H) PFI project, £16m of budgeted income from Government Grant and ALMO contributions has not been received. This has no net impact on the HRA as no payments have been made to the contractor or into the project's sinking fund.

3.3 Key income variations include a projected increase in rents from dwellings of £0.9m due to void levels being lower than budget and Right to Buy sales taking place much later in the financial year. The financial impact of lower voids is £0.5m and this has been paid to the ALMOs in line with the current void incentive scheme.

3.4 Additional charges have been made which are properly chargeable to the HRA of £0.9m from the Housing General Fund for the Housing Options Team,

Tenancy Fraud, Safeguarding, Welfare Change and Commissioning, Noise Nuisance and supporting vulnerable adults to continue to live in their own homes. These increases are offset by a saving of £0.4m in legal charges.

- 3.5 Contribution to provisions is £3.3m less than budget of which £3.2m relates to the contribution to the bad debt provision. The saving on bad debts has arisen due to arrears remaining broadly static throughout the year and the introduction of a new methodology for calculating the provision required. It is proposed that £1m of this saving is transferred to the Welfare Change Reserve, to mitigate against any future shortfalls following implementation of the Welfare Reform Act.
- 3.6 Savings, including £2.2m on bad debt provision, the budgeted set aside to repay debt, £1.5m, and the contribution to the lifetime affordability of the LLBH&H PFI project, £1.3m, have been transferred to the Major Repairs Reserve to fund additional capital investment priorities.
- 3.7 An increase in the interest cost on debt of £1.0m will be funded from the HRA self-financing reserve.

#### 4.0 Schools

- 4.1 The outturn on the Individual Schools Budget for 2012/13 is:

<b>Outturn</b>	£m
Latest estimate	412.6
Outturn	411.2
Variation	<b>1.4</b>
<b>Schools Reserves</b>	
Balance Brought Forward	19.6
Net Contribution to Reserves	1.4
Balance Carried Forward	<b>21.0</b>
<b>Extended Services &amp; Partnerships</b>	
Balance Brought Forward	5.9
Net Contribution to Reserves	1.2
Balance Carried Forward	<b>7.1</b>

- 4.2 As schools are funded from the Dedicated Schools Grant (DSG), their reserves are ring fenced and must be carried forward. Mainstream school reserves stand at £21.0m. In accordance with previous decisions, the development costs of School PFI and BSF funded schemes are initially met by borrowing from the overall level of school reserves which is then repaid over a period of time. At the close of the year, £3.9m was still outstanding, reducing the net mainstream schools reserves position to £17.1m as at 31<sup>st</sup> March 2013.
- 4.3 Extended Services & Partnerships reserves amount to £7.1m as at 31<sup>st</sup> March 2013.

4.4 Any net savings on the Central Schools Budget (CSB) services funded from DSG are also carried forward as a ring fenced reserve and are available to fund Schools Budget activity in future years. At the close of 2012/13, CSB reserves amounted to £5.8m (£7.1m in 2011/12). £1m of the balance carried forward from 2011/12 was used to support the Individual Schools Budget in 2012/13. In March 2013 the Leeds Schools Forum agreed to utilise £1.7m of the DSG balance to meet the cost of school equal pay claims. Further net savings of £1.4m have been made in-year on central budgets.

## 5.0 Reserves

5.1 A full statement of all Council reserves can be found at Appendix 1. A summary of them is as follows:

<b>Reserves</b>	<b>Balance at 31.3.13 £m</b>
<b>General Fund:</b>	
General reserves	23.1
Earmarked reserves	20.0
Ringfenced reserves - schools	30.0
Ringfenced reserves - other	5.5
<b>Housing Revenue Account:</b>	
General reserve	7.1
Earmarked reserves	19.1

5.2 General Fund reserves at 31<sup>st</sup> March 2013 are £23.1m:

<b>General reserves</b>	<b>2012/13 Outturn £m</b>
Balance as at 31st March 2012	25.4
<i>Less:</i> budgeted usage in year	-6.9
<i>Add:</i> LACSEG refund	1.6
underspend in year	2.9
Balance as at 31st March 2013	23.1

5.2.1 The DfE has determined to amend its proposals regarding the Local Authority Central Spend Equivalent Grant (LACSEG) for 2011/12 and 2012/13 following an earlier consultation. Following consultation around the 2012/13 calculation, the DfE has changed the methodology and also backdated it to 2011/12. For Leeds this amounts to £1.6m unringfenced grant, and as previously reported to Board, these rebates have been transferred into general reserves.

5.2.2 The underspend in year of £2.9m has been added to general reserves and this will enhance the Council's ability to mitigate against future spending pressures and reductions in funding.

## 6.0 Capital programme

6.1 The actual capital expenditure in 2012/13 was £234.2m, an underspend of £22.6m.

### 6.2 General Fund

The following table shows the in-year actual General Fund expenditure against estimate split per Directorate:

General Fund	Feb 13	May 13	Variation	
	Estimate	Outturn	£000s	%
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>%</b>
City Development	87,492	79,594	-7,898	-9.0
Children's Services	61,676	56,359	-5,317	-8.6
Environment & Neighbourhoods	18,700	17,348	-1,352	-7.2
Adult Services	5,623	3,159	-2,464	-43.8
Strategic Accounts	12,828	10,757	-2,071	-16.1
Central & Corporate Functions	9,525	8,139	-1,386	-14.6
Central Accounts	0	2,194	2,194	100.0
<b>Total Spend</b>	<b>195,844</b>	<b>177,550</b>	<b>-18,294</b>	<b>-9.3</b>

6.2.1 Details of the main General Fund schemes which have generated this underspend can be seen in Appendix 2.

6.2.2 The outturn figures for the Strategic accounts includes £5.5m of eligible general capitalised expenditure transferred from department's revenue accounts plus £0.362m of capitalised PFI development costs.

6.2.3 £2.194m of interest costs have been capitalised in respect of assets under construction as at 31 March 2013.

### 6.3 Housing Revenue Account

The following table shows the in-year actual Housing Revenue expenditure against estimate:

HRA	Feb 13	May 13	Variation	
	Estimate	Outturn	£000s	%
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>%</b>
Strategic Landlord	4,522	223	-4,299	-95.1
ALMOS & BITMO	56,462	56,409	-53	-0.1
<b>Total Spend</b>	<b>60,984</b>	<b>56,632</b>	<b>-4,352</b>	<b>-7.1</b>



6.4 The following table details the overall expenditure and financing position for the Council:

	<b>Feb 2013 Estimate (£m)</b>	<b>May 2013 Outturn (£m)</b>
<b>Net Capital Spend</b>	<b>256.8</b>	<b>234.2</b>
<b>Financed by</b>		
Specific Grants and Contributions	64.4	55.2
Capital Receipts	0	0
MRA	0	0
HRA Self-Financing	53.1	50.7
Borrowing	131.5	122.5
Revenue Contributions \ Reserves	7.8	5.8
<b>Total Funding</b>	<b>256.8</b>	<b>234.2</b>

6.4.1 Capital receipts have not been utilised in 2012/13 as a funding source for General Fund expenditure. In line with existing accounting policy £11.6m of receipts have been used to fund PFI liabilities.

6.4.2 From April 2012, a new system of self-financing for HRA was introduced. HRA Strategic Landlord, ALMO's and BITMO have utilised £50.7m of self-financing funding, together with £4.5m of ALMO revenue contributions and £1.4m of other government grants and energy efficiency funding.

6.4.3 The net debt of the Council as at 31 March 2013 is £1,446m. Further details of this and the debt financing costs will be presented in the annual 2012/13 Treasury Management report to Executive Board in July 2013.

## 7. **ALMOs**

7.1 The three ALMOs generated a combined surplus of £0.5m which is due to a number of variations in running costs and additional income across all three organisations. This surplus has been included in the ALMOs carry forward reserves of £25m as at 31<sup>st</sup> March 2013, this excludes the combined pension deficit of £30m.

7.2 The above figures are subject to Board approval and external audit.

## 8 Other Financial Performance

### 8.1 Local Taxation

8.1.1 The performance statistics for the year in respect of the collection of local taxation are as follows:-

	<b>2009/10 Leeds Actual</b>	<b>2010/11 Leeds Actual</b>	<b>2011/12 Leeds Actual</b>	<b>2012/13 Leeds Actual</b>
Council Tax collection	96.5%	96.7%	96.6%	96.6%
Non Domestic Rates	97.8%	97.9%	97.5%	97.6%

8.1.2 The level of council tax collected at the end of March 2013 is 96.6% of the debit for the year of £263.1m, and this is marginally ahead of last year's final figure (96.63% compared with 96.58%), and one of the best performers of the Core cities. Furthermore the amount collectable increased by almost £1m during 2012/13 and resulted in an additional £2.1m of collected council tax in comparison to last year. A further £5.3m has additionally been collected against debts from earlier years.

8.1.3 The collection of non-domestic rates for the year is 97.6% of the current net debit of £357.4m. This represents an increase of 0.17% over 2011/12. The actual value of cash collected in respect of 2012/13 is an increase of £14.5m on the previous year.

### 8.2 Sundry Income

8.2.1 In terms of Sundry income, the collection rate of invoices more than 30 days old at the end of March 2013 is 96.5% of the amount due of £117.5m, and whilst this is marginally behind last year's performance, the figure is not truly comparable due to minor changes following the migration to a new system during 2012/13.

### 8.3 Prompt Payments

8.3.1 The prompt payment result at the year-end is 92.22% of undisputed invoices processed within 30 days against a target of 92%. During the year 465,637 invoices were paid, of which 36,243 were paid after 30 days. Overall 94.92% of invoices were paid within 40 days and as far as possible 100% of small suppliers are paid within 20 days. The outturn for the year was 92% (against a target of 92%) of undisputed invoices paid within 30 days, an increase in performance of 2% compared to 2011/12.

### 8.4 Local Authority Mortgage Scheme

8.4.1 Members will recall that in March 2012, Executive Board agreed to provide an indemnity of £2m through establishing a Local Authority Mortgage scheme for Leeds. Under the scheme the Council provides an indemnity for up to 20% of

the deposit for first time buyers purchasing their first house. The indemnity is cash backed by the Council depositing a sum of money with the lender for 5 years on which interest is earned. An agreement has been entered into with the Leeds Building Society to provide an initial £1m indemnity for the scheme and £1m was deposited with the Leeds Building Society in September 2012. The scheme was formally launched in September 2012 and at 31<sup>st</sup> March 2013, 25 enquiries had progressed to formal applications. Of these, 14 mortgages had completed, 6 had received a mortgage offer (but not yet completed) and 5 applications were in the early stages. Of the Council's £1m indemnity, £444k had been committed with a further £102k estimated to meet early stage applications. The scheme has gone well so far and recent publicity and the introduction of new mortgage products means it is well placed to attract more applications.

## **9 Corporate Considerations**

**9.1 Consultation and Engagement** - This is a factual report and is not subject to consultation.

**9.1.1 Equality and Diversity / Cohesion and Integration** - 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.

**9.1.2 Council Policies and City Priorities** - The 2012/13 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget.

**9.1.3 Resources and Value for Money** - This is a financial report and as such all financial implications are detailed in the main body of the report.

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

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.

## **9.3 Risk Management**

**9.3.1** 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.

**9.3.2** At the start of the year, the budget risk register showed there were no very high risks and 6 high risks. The high risks were:

- Procurement savings within Adult Social Care
- Independent Fostering Agency Placements

- Budgeted income from NHS Leeds may not be fully achieved
- Capital receipts available to pay credit arrangements would be insufficient
- Efficiencies and savings to repay the Reserve funding from 2011/12 in respect to Supporting People would not be delivered in year
- Section 278 income – risk that due to the economic climate receipts may fall short of the budget.

All risks have been closely monitored throughout the year and have been managed within the overall resources available to the Council.

## **10 Recommendations**

- 10.1 Members of the Executive Board are asked to note the outturn position and to agree to the creation and delegated release of earmarked reserves as detailed in paragraph 2.5 above.

## **11. Background Documents<sup>2</sup>**

- 11.1 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.

## Reserves Statement 2012/13 Outturn

Appendix 1

	<i>Actual Balance 31st March 2012</i>	<i>Actual Transfers to Date</i>	<i>Balance carried forward</i>	<i>Reason for the Reserve</i>
	£k	£k	£k	
<b>General Fund</b>	<b>(25,440)</b>	<b>£2,343</b>	<b>(23,097)</b>	£738k is the LACSG refund
<b>Earmarked Reserves</b>				
Schools PFI & Building Schools for the Future	(11,075)	£9,900	(1,175)	} PFI Sinking Funds
Adult Social Care PFI	(151)	£0	(151)	
Health&Social Care Transformation reserve	(2,500)	£0	(2,500)	Money received later 11/12 from Health to help deliver the Health&Social Care Transformation agenda. Agreement made with Health to carry forward to 12/13
Capital contribution from Health for converting Harry Booth House to Care facility.	(685)	£618	(67)	Health contns towards the capital costs of covering Harry Booth House into an immediate Care facility which will incorporate health and social care services.
Capital reserve	(3,136)	(3,432)	(6,568)	Directorate contns towards borrowing costs of capital schemes. Contns received over life of asset and released back to revenue to cover debt costs over life of loan.
Financial Inclusion Reserve	(19)	£19	£0	Yorkshire Forward Financial Inclusion Grant
Schools fire insurance	(619)		(619)	School reserve to fund any related costs as a result of fires not covered by insurance.
Members club	(8)		(8)	Surplus on the members club.
Leeds Learning Network	(152)	(443)	(595)	Unspent school contributions used to develop learning platforms and maintain the quality and resilience of the network.
Broom Hill and Belle Isle Youth Offending Service	£0	(210)	(210)	
	(200)	(200)	(400)	Surpluses of partner contributions used for liabilities such as fixed term employment contracts and accommodation dilapidation costs.
Children's Homes Reconfiguration	£0	(200)	(200)	
Safeguarding (Children's)	£0	(105)	(105)	
Lord Mayor	(59)	(14)	(73)	Unspent mayoral allocation cfwd at year end due to the difference between the financial & mayoral years.
Energy efficiency reserve - LCC	(78)	£69	(9)	Energy efficiency reserves to fund invest to save energy efficiency initiatives.
Children's - IYSS reserve	(81)	£81	£0	Residual Connexions reserve to pay for the remaining staff on the Sub Regional Activity Agreement to enter workforce change when the project ends in 2011/12.
Economic, Social and environmental wellbeing fund	(352)	£189	(163)	Underspends on the wellbeing area committees.
Housing Needs	(439)	£439	£0	Pakistani Fire Receipt for Inner East
Mercury Abatement Reserve	(405)	(79)	(484)	Extra surcharge on top of cost of a cremation, to deal with the environmental impact of any release of mercury during a cremation
Mutual Municipal Insurance Reserve	(1,236)	£741	(495)	
General Insurance & Large Claims Reserve	(305)	£0	(305)	Premiums charged to directorates, used to fund in year insurance claims; Previous year balance includes £1.2m MMI potential claw back.
ELI Reserve	(4,564)	£2,835	(1,729)	Use of balance sheet items to fund Early Leavers Initiative in 2012/13
Bike to Work Surplus	(30)	£30	£0	Surplus generated on Bike to Work scheme - VAT reclaimed on bikes purchased but employees charged for gross cost of a bike.
YPEI Reserve	(342)	£342	£0	Provision of the Young People's Employability Initiative (YPEI), contract runs May 2011-December 2012.
Homeless Grant	(97)	(773)	(870)	
Welfare Reforms	(75)	£75	£0	
Changing the workplace	£0	(127)	(127)	
Business Transformation Reserve	(97)	£16	(81)	£34k surplus carry forward for Economic Intelligence Unit and £64k for Siebel review(system of customer facing, communication ect) - now will take place in 2012/13.
Financial Development - VAT claims	(100)		(100)	£100k set aside from £8.4m VAT claim refund received in 2010/11 to help fund legal costs for remaining VAT cases.
Tour de France Reserve	£0	(2,000)	(2,000)	LCC project costs
Highway maintenance reserve	£0	(1,000)	(1,000)	additional highway improvements
<b>Total Earmarked Reserves</b>	<b>(26,805)</b>	<b>£9,771</b>	<b>(20,034)</b>	
<b>Total non-Ring fenced Reserves</b>	<b>(52,245)</b>	<b>£12,114</b>	<b>(43,131)</b>	

	<b>Actual Balance 31st March 2012</b>	<b>Actual Transfers to Date</b>	<b>Balance carried forward</b>	<b>Reason for the Reserve</b>
	£k	£k	£k	
<b>General Fund Ring fenced Reserves</b>				
Taxi & Private Hire licensing surplus	(341)	£1	(340)	Ring fenced reserve for taxi and private hire licensing service.
Schools Balances	(15,116)	(1,991)	(17,107)	Schools Balances net of VER borrowings and BSF PFI borrowing.
Extended schools balances	(5,900)	(1,212)	(7,112)	Surpluses on extended school activities carried forward;
Central schools block - DSG	(7,120)	£1,320	(5,800)	Cfwd of ring fenced DSG for centrally managed pupil orientated services
Energy efficiency reserve - Salix	(214)	£205	(9)	Energy efficiency reserves to fund invest to save energy efficiency initiatives.
Revenue grants	(4,806)	(374)	(5,180)	Revenue grants carried forward as per IFRS requirements (See note 1)
<b>Total General Fund Ring fenced Reserves</b>	<b>(33,497)</b>	<b>(2,051)</b>	<b>(35,548)</b>	
<b>HRA Ring fenced Reserves</b>				
HRA General Reserve	(5,877)	(1,201)	(7,078)	
HRA Self financing reserve	(3,000)	£969	(2,031)	
Affordable Social Housing	(185)	£7	(178)	Contribution to fund decanting and demolition costs
Underoccupancy	(98)	£98	£0	To fund the downsizing of lone tenants to widen the pool of suitable properties available for families
Workforce Change (Property Management Services)	(429)	£94	(335)	Fund to support the Early Leavers' Initiative
Holdsworth Place - land purchase	(64)		(64)	To fund the purchase of land at Holdsworth Place
Swarcliffe Access Refusals	(517)	£242	(275)	Tenants in the Swarcliffe area have the right to refuse contractors access to carry out improvement works. Reserve set up to fund improvement works once these tenants have vacated these properties
Swarcliffe Environmentals	(150)	£25	(125)	To fund environmental works in the Swarcliffe PFI area
Welfare Reform	(2,165)	(1,000)	(3,165)	
Insurance Claims to be incurred	(335)	£125	(210)	
Swarcliffe PFI	(12,465)	(257)	(12,722)	PFI Sinking Fund
<b>Total Other HRA Reserves</b>	<b>(25,285)</b>	<b>(898)</b>	<b>(26,183)</b>	
<b>Total Ring fenced Reserves</b>	<b>(58,782)</b>	<b>(2,949)</b>	<b>(61,731)</b>	
<b>Total Reserves</b>	<b>(111,027)</b>	<b>£9,165</b>	<b>(104,862)</b>	
<b>Note 1</b>				
<b>Revenue Grants - Analysis</b>				
Adult Social Care	(720)	£720	£0	
City Development	(1,345)	(978)	(2,323)	
Environments & Neighbourhoods	(1,564)	£1,555	(9)	
Children's Services	(1,108)	(1,731)	(2,839)	
Central & Corporate Functions	(69)	£60	(9)	
<b>Total Revenue Grants</b>	<b>(4,806)</b>	<b>(374)</b>	<b>(5,180)</b>	

## CAPITAL PROGRAMME - 2012/13 GENERAL FUND OUTTURN VARIATIONS

The following table highlights main scheme variances between the estimates in February 2013 and the final 2012/13 outturn position for General Fund:  
The variances are based on those programmes/schemes over/under £100k.

DIRECTORATE	SCHEME	2012/13 Actual £000s	Under (-)/ Overspend £000s	Reason
ADULT SOCIAL CARE	Adult Social Care (ASC) Management System	459	-1,020	ASC are still undertaking the due diligence on the requirement for certain additional software and hardware components and had factored this money in for the end of 2012/13. This did not happen. Some external costs were paid from the revenue grant received at year end resulting in a saving to the programme. Delays in decisions for the technology needed with regard to Electronic Document Recording Management system and the recruitment of key operational staff has led to delays in elements of planned spending. However, the scheme is still on target to be completed within the reported timescale and within budget.
	Telecare & Care Ring	-	-750	ASC utilised a revenue grant at year end but still have delivered the 2012/13 Telecare programme. This has allowed us to cashflow the programme to future years.
	Learning Disabilities	550	-336	There are 15 schemes which make up the £336k variance. £50k was funded from the revenue grant received at the year end. All other remaining scheme variances are less than £100k.
	ASC equipment	-	-174	ASC utilised a revenue grant at year end and have met the capital spend from this resulting in a saving to the 2012/13 programme.
	Other ASC schemes	2,150	-184	All other remaining scheme variances are less than £100k.
CHILDREN'S SERVICES	Basic Need Programme	14,558	-1,374	1) Roundhay £700k - expected contractor delays have extended to 10-12 weeks; protracted discussions with the contractor in relation to time and costs have prevented progress as quickly as planned. Spend on furniture, fittings & equipment has not been as quickly as anticipated as this is being mainly managed by the school. Consultation on proposed highways alterations delayed due to change of staff resulting in site works not commencing on time. Delays in completion of school external works also had a consequential effect on commencement of highways works. 2) Carr Manor £200k - costs relating to external works have not progressed as quickly as planned (ground works and planting scheme), and agreement has not been reached on the payment of an outstanding claim in relation to land contamination, which have delayed construction payments. Additional furniture, fittings and equipment budgets have not yet been spent. 3) Other Basic Need issues £474k - variances to schemes include a delay in a local diocese requesting reimbursement of Voluntary Aided school costs of £100k, a reduction in the capitalisation of programme management costs of £100k, outstanding final account issues on early Basic Need schemes remain unresolved and the settlement of outstanding consultant design fees of £200k.
	Children's Social Care Management system	1,107	-1,157	Estimates for this programme were made prior to contracts being signed off with suppliers. More detailed plans have resulted in a number of developments being reprofiled with delivery now being slipped to 2013/14. In most areas of delivery the work is still on schedule however capacity issues within ICT have resulted in the need for additional resources to be brought in 2013/14 to ensure the work programme can be completed in shorter timescales than first envisaged. The programme remains within the original funding envelope.
	Building schools for the future	24,376	-1,063	The £1.063m of slippage has been against ICT schemes primarily as a result of: 1. Leeds East Academy - delayed handover of the project has resulted in a delay to the ICT contract payment for second stage acceptance. 2. Mount St Marys - spend against the continual investment budget was delayed until problems with wireless network points were resolved. 3. RM Contract Negotiations - a number of schools had indicated that they wanted to remove themselves from the RM (the BSF ICT strategic partner) managed service contract and had indicated that they would fully spend their continual investment budgets. A number of alternative options have since been presented to these schools resulting in them deciding to delay committing these budgets until they have considered all options.
	Capital Maintenance and Health and safety	7,397	-941	1. Devolved Schools Funding £503k - The spend profile was based on previous years between January and March but actual spend has been 50% less than this. 2. Capital Maintenance Schemes £178 - Some commissioned work on schemes up to design freeze have not taken place. Some final accounts for the 2011/12 projects were expected to be paid - not all these have been received. 3. Health and Safety £100k - Final accounts on old year fire safety projects were expected to be paid but these have not been received. Budget was set aside for feasibility to be carried out for future years projects, these have yet to be carried out.
	Primary Capital Programme	6,924	-520	Final Account discussions with the Local Education Partnership for four of the six schemes were not completed within the financial year; contracts were therefore 'underspent' in 12/13. Analysis of final accounts has revealed that some asbestos works had been over accounted for. For Richmond Hill £226k, various contract change control issues have not yet been resolved, including access control, new electricity meter, barriers, and rugby pitch dugouts. Highways works have yet to complete, and cost applications for other external works have not yet been submitted.
	Other Children's schemes	1,998	-262	All other remaining scheme variances are less than £100k.
CITY DEVELOPMENT	Corporate Property Management	3,665	-939	There are 54 schemes which have contributed to the variance. 28 of the schemes valued at £797k have slipped due to adverse weather conditions in February and March, issues with procuring the works and changes in service priorities. 26 of the schemes valued at £141k have either been resourced from alternative funding sources or were underspent on completion. This will allow the redirection of funding to 2013/14 priority schemes.
	Highways Maintenance LCC funded programme	6,623	-617	Underspend variance in 2012/13 is due to unexpected snow/ice in February and March which reduced the amount of Highways Maintenance work completed.
	Urban Traffic Management Control. Enhancement and relocation scheme.	1,176	-605	Specialist communications work not carried out as planned by 31st March 2013 due to contractor and technical problems, work to complete and costs to be incurred in 2013/14.
	Section 278 and Section 106	3,335	-521	Various unexpected contractual and operational problems with private developers who request and pay for this type of new Highway Construction work. None of the 54 schemes have a variance of over £100k.
	Inner Ring Road Tunnel programme	2,365	-476	Woodhouse Tunnel early contractor involvement costs have been lower than estimated. New York Road tunnel works have one element that was delayed and is still ongoing, the final contract payment for this element will be in 2013/14. Lovell Park Bridge is complete, the tendered price was lower than estimated and some contingency works were not required, the final contract payment is being processed and will be paid early in 2013/14.

DIRECTORATE	SCHEME	2012/13 Actual £000s	Under (-)/ Overspend £000s	Reason
	Logic Leeds Spine Road	40	-460	Logic Leeds £0.5m - Funding is being provided in the Enterprise Zone to deliver a new road linking the zone with communities in East Leeds. Payments for the design works for the road which could have been claimed by the developer in the old year have only just been requested and will be paid in the new year. This does not change the overall costs of the scheme.
	Balm Road Bridge	-	-354	Network Rail no longer have Balm Bridge in their 5 year programme, discussions are on-going to establish the current position. Anticipated implementation in 2013/14.
	Transport Package Programme	3,165	-336	Various unexpected "objections to planned work by members of the public", which delayed this type of Highway traffic management work to be done. In addition, unexpected operational and technical difficulties, and the snow and ice in February and March delayed work. None of the 95 individual schemes which make up this underspend are over £100k.
	Chapeltown Townscape heritage Initiative scheme.	418	-257	Approvals for grants to be paid to contractors were not released due to works not being complete in 2012/13.
	<b>Bridges &amp; Structures other</b>	<b>2,301</b>	<b>-237</b>	<b>Other movements in the 97 remaining Bridges and structures programme</b>
	Combined Heat and Power Plant Yarn Street	46	-217	Retention expected in 12/13 but not received in year.
	South Leeds Demolition	-	-204	Awaiting approval to demolish following decision on the future of the building.
	Derelict and nuisance sites	-	-200	There has been no call on this funding in 12/13 as works that have been completed have been paid for by third party contributions.
	Fire Risk and Asbestos programme	-	-185	This parent scheme was kept in the 12/13 programme as a provision on the assumption that it would spend. No spend resulted and the scheme will be cashflowed in 13/14s programme.
	Northern Ballet	164	164	Provision was made in 12/13 to fund this scheme from contingency at year end.
	Redhall Relocation, Farnley Hall Coach House refurbishment	180	-160	Design stage for the relocation of Parks staff to Farnley Hall has commenced later than expected and the works will complete in 2013/14.
	A65 Quality Bus Initiative	3,972	-132	Retention due to be paid in 2013/14.
	Leeds Bridge	369	-128	Contingencies within the Leeds Bridge scheme were not fully realised due to delays from high water level periods being less than anticipated.
	Refit Pilot	783	-114	Some property work will now complete in 2013/14
	Brunswick Terrace	100	-107	These works were not required as early as expected so there is slippage of 4 weeks on offsite and paving works as the Arena operator, SMG, commenced internal fit out of the Arena.
	Libraries Arts & Heritage	800	100	Additional capitalisation at year end. The interest to fund the additional departmental borrowing has been funded from revenue.
	<b>Other City Development schemes</b>	<b>50,092</b>	<b>-1,914</b>	<b>None of the remaining schemes within City Development which contributed to this variance are above/below £100k. There are 110 schemes within Asset Management, 33 schemes within Planning &amp; Sustainable Development, 25 Regeneration schemes, 14 Economic Development schemes and 13 Recreation schemes.</b>
<b>ENVIRONMENTS AND NEIGHBOURHOODS</b>	Regional Housing Board - main programme and recycling empties programme.	228	-412	3 Compulsory Purchase Orders not finalised at setting of the programme: £292k slipped. There are also residual amounts within the Regional Housing Programme for Group Repair retentions and some demolitions to clear sites which have now been slipped to 2013/14.
	Adaptations - Disabled Facilities Grant	6,670	125	Additional Care and Repair fee payment taken into capital from revenue. Funded from additional Housing Association contributions.
	Burmantofts Street Furniture Improvements	-	-120	Set up for the 2012 programme scheme yet to come forward. This should have been rescheduled during the 2013 budget process.
	Middleton Sports centre improvements	1,137	-153	Inclement weather delayed the start of the scheme and the contractor has not yet submitted invoice for payment for the sports hub part of the scheme.
	Whinmoor Cemetery Extension	193	-101	Weather conditions on the site caused work to be suspended. Continuation of the planned work would have caused severe damage to the site.
	<b>Other E&amp;N schemes</b>	<b>9,125</b>	<b>-691</b>	<b>All other remaining scheme variances are less than £100k. There are 57 Parks and countryside schemes, 20 Streetscene schemes, 10 Strategy and Commissioning and 10 Environmental Health Schemes.</b>
<b>STRATEGY AND RESOURCES</b>	2012/13 General Capitalisations	5,475	1,075	Expenditure incurred in revenue which is capital in nature will be funded by borrowing in 12/13. For 2013/14 this will be looked at quarterly.
	Changing the workplace	3,819	-909	Mainly down to the delays encountered in reaching sign-off on the agreement for lease of Merrion House which has been complex involving 19 separate elements of agreement. The Executive Board report in July 2012 stated that until the lease agreement had been signed, no further spend beyond those projects already agreed on new ways of working to move staff from merrion, would come forward. This has resulted in anticipated spend in 12/13 being delayed.
	Information Communications Technology - Parent Schemes	5,750	-718	The £400k Provision left in 12/13 was not needed and has slipped to 13/14. The rollout of the Essential Services Programme was contained mainly within the normal working day and this provision along with some Hardware/Software ESP has also been slipped.
	Electronic Documents and Records Management systems and records management	1,038	-731	The scheme has not progressed and the technical solution has been delayed due to contractor going out of business. These delays were not taken into account at the setting of the 13/14 programme. A business case for the preferred option is being prepared and will be presented to Executive Board early in the new financial year.
	New Generation Transport	20	-630	This programme didn't spend per the cashflow in year provision. Metro have paid for all 2012/13 expenditure and this has allowed the LCC element to slip to 2013/14.
	Employee managers self service ICT	42	-375	Delays due to resourcing capacity issues within ICT.
	Area Committee Wellbeing (ACW) Programme	167	-237	57 residual ACW schemes awaiting spend. Schemes are committed at Area Committee but there is no timeline on when they will be completed. None of the 57 are individually over £100k
	Lowfields Road Acquisition	70	-220	Scheme completed with savings.
	LCC Contingency Programme	-	-160	This parent scheme was kept in 12/13 until the outturn position was known in case this had to be utilised in year.
		177,628	-20,488	