

Report of the Chief Officer Financial Services

Report to Executive Board

Date: 17th July 2017

Subject: Financial Health Monitoring 2017/18 – Quarter 1

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 the Executive Board of the financial health of the authority in respect of both the revenue budget and the Housing Revenue Account for the first quarter of the financial year.
2. The 2017/18 financial year is the second year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. The Council to date has managed to achieve considerable savings since 2010 and the budget for 2017/18 requires the Council to deliver a further £64m of savings.
3. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
4. This is the second budget monitoring report of the year, and Executive Board will recall that the 2017/18 general fund revenue budget, as approved by Council provides for a variety of actions to reduce net spend through the delivery of £64m of budget action plans by March 2018. At this early stage of the financial year, it is clear that the majority of these actions are on track to be delivered, however this report highlights a potential overall overspend of £2.9m and measures will be required to be identified and implemented so that a balanced budget position can be delivered.

5. At quarter 1, the Housing Revenue Account is projecting a balanced budget position.

Recommendation

6. (i) Note the projected financial position of the authority as at quarter 1;

1. Purpose of this report

- 1.1 This report sets out for the Executive Board the Council's projected financial health position for 2017/18 at quarter 1.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first two months of the year.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2017/18 was set at £492.7m.
- 2.2 Following the closure of the 2016/17 accounts the Council's general fund reserve stands at at £20.7m. The budget does not assume any use of or contribution to this reserve during this financial year.
- 2.3 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

3. Main Issues

- 3.1 At quarter 1 an overspend of £2.9m is projected, as shown in Table 1 below.

Table 1

Summary Position - Financial Year 2017/18 Quarter 1

Directorate	Director	Projected Variation				Month 1 Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adult & Health	Cath Roff	(1,263)	5,456	(5,456)	0	0
Children and Families	Steve Walker	0	3,073	(173)	2,900	2,900
City Development	Martin Farrington	(1,274)	(48)	48	0	0
Resources & Housing	Neil Evans	(1,231)	(983)	983	0	0
Communities & Environment	James Rogers	16	(673)	673	0	0
Strategic	Doug Meeson	(94)	(1,270)	1,270	0	0
Total Current Month		(3,846)	5,555	(2,655)	2,900	2,900
Previous month (under)/over spend		(1,843)	9,077	(6,177)	2,900	

3.2 The major variations are outlined below with additional detail provided on the Directorate dashboards which are appended to this report;

3.2.1 Adults and Health are currently projecting a balanced budget position.

Members will be aware of the injection of £14.7m of additional grant (integrated into the Better Care fund) into this budget. This monitoring report assumes that the grant will be fully utilised in year. Members are asked to note that the grant conditions require that the council work with NHS colleagues to consider how the funding can be best spent. Once agreed, the spend proposals will be the subject of a separate, future Executive Board report.

The report assumes that £8.0m of the additional £14.7m additional grant will be used to offset an income target set against Health Partners. Post the budget setting it has become apparent that both local and national pressures within the Health Service mean that this target is no longer realistically achievable.

3.2.2 Children Services – overall at quarter 1 some significant pressures on the demand-led budgets means that Children's Services are projecting a £2.9m overspend. The main budget pressure is in the demand-led children looked after (CLA) budgets where a variation of £3.3m is projected after allowing for the release of £0.4m from the demand and demography reserve and actions that the directorate is undertaking to reduce External Residential (ER) and Independent Fostering Agencies (IFA) placements. Of this £1.6m relates to externally provided residential placements and £1.6m relates to placements with IFAs. Whilst the 2017/18 budget includes an increase of £3.3m to the CLA budget when compared to 2016/17 this increase reflected the position that CLA numbers reduced but not to the level that was assumed in the 2016/17 budget. The current projection is that CLA numbers will be higher than those assumed in the 2017/18 base budget. Meeting budgeted assumptions around numbers of CLA remains the most significant budget challenge

that the Directorate faces because numbers can fluctuate for a variety of reasons including demographic pressures and action remains ongoing to mitigate these pressures on the budget.

The Dedicated Schools Grant is also facing a number of budget pressures in 2017/18. As in 2016/17 these are mainly on the High Needs Block in relation to top-up payments and outside placements and some additional costs in relation to the new Social Emotional and Mental Health provision. Whilst a number of savings proposals have been actioned in the High Needs Block budget including transferring £2m of funding from the Schools Block to the High Needs Block it is currently forecast that there will be an overspend in 2017/18 of between £1m and £2m. The deficit reserve from 2016/17 of £3.6m has also been brought forward to 2017/18. The directorate is undertaking a review of the High Needs Block with the aim of identifying options to bring spend in line with the available resources and to repay the deficit balance over the next few years.

- 3.2.3 City Development – The directorate are projecting a balanced budget position at the year-end; however, there are income pressures totalling £0.6m within Asset Management and Economic Development that will be need to be managed out from savings elsewhere in the directorate.
- 3.2.4 Communities and Environment – no overall variation is currently projected. Within Waste Management projected overspends due to the non-implementation of inert building waste charges and slippage on the Refuse collection route efficiency programme are largely offset by business rates savings at the RERF. In addition, a staffing overspend of £0.3m is forecast within Customer Access due to the delivery of the Community Hub programme although the directorate will identify actions to bring the overall position back into balance.
- 3.2.5 Strategic and Central Accounts – Based on 16/17 savings from additional capitalisation and saving on the levy payment to the business rates pool will help to offset pressures on S278 (income from developers) and new homes bonus income.

3.3 Other Financial Performance

3.3.1 Council Tax

The Council Tax in-year collection rate at the end of May was 19.35% which is in line with the performance in 2016/17. At this early stage the forecast is to achieve the 2017/18 in-year collection target of 96.1% collecting some £318m of income.

3.3.2 Business Rates

The business rates collection rate at the end of May was 22.77% which is 0.32% ahead of the performance in 2016/17. The forecast is to achieve the 2017/18 in-year collection target of 97.7% collecting some £384m of income.

The opening total rateable value of business properties in Leeds was £915.54m at 1st April. This grew by £0.64m to £916.18m in April, but has fallen by £0.31m to £915.87m at 31st May. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (46.6p in

the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (49%), West Yorkshire Fire Authority (1%) and Central Government (50%). Following deductions for the Business Rates tariff and to meet the business rates deficit brought forward, Leeds' actual business rates income is projected to be in the region of £141.5m, which remains broadly in line with budgeted expectations.

3.3.3 Business Rates Appeals

The opening appeals provisions for 2017/18 was £20.5m, made up of £18.5m relating to appeals received against the 2010 ratings list and £2m estimated costs in advance of appeals being received against the new 2017 ratings list. Under 50% Business Rates Retention, Leeds' budget is affected by 49% of any appeals provision.

On the 1st May 2017, there were 4,979 appeals outstanding. During May 322 appeals have been settled of which 172 have not resulted in changes to rateable values. 181 new appeals were received in May the high number received reflecting processing delays by the Valuation Office Agency at the 2016/17 year end. These new appeals are therefore all relating to the 2010 list and not the new 2017 list.

At 31st May there are 4,838 outstanding appeals in Leeds, with 30.5% of the city's total rateable value currently subject to at least one appeal.

Number of appeals as at: -	30-Apr-17	31-May-17
Appeals outstanding brought forward	5,337	4,979
New appeals received	2	181
Appeals resolved resulting in a reduction to RV	-51	-150
Appeals resolved resulting in no change to RV	-309	-172
Appeals outstanding carried forward	4,979	4,838

4. Housing Revenue Account (HRA)

- 4.1 At the end of quarter 1 the HRA is projecting a balanced position against the 2017/18 Budget.

5. Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1 This is a factual report and is not subject to consultation.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 The Council's revenue budget for 2017/18 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 22nd February 2017.

5.3 Council Policies and Best Council Plan

- 5.3.1 The 2017/18 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

5.4 Resources and Value for Money

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

5.5 Legal Implications, Access to Information and Call In

- 5.5.1 There are no legal implications arising from this report.

6. Recommendations

- 6.1 Executive Board are asked to

- (i) Note the projected financial position of the authority as at quarter 1;

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7. Background documents¹

- 7.1 None

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.

ADULTS AND HEALTH

Financial Dashboard - 2017/18 Financial Year

QUARTER 1

The directorate is projecting a balanced position for the year.

The position for Adults and Health has been adjusted to include the monies announced in the Spring Budget. It should be noted that detailed plans for the associated spend have not yet been determined or approved but for the purposes of this report they are provisionally shown against the budgets for the procurement of care and Health partnerships.

Being a ring-fenced budget the underspend within Public Health is assumed to be carried forward into future years.

At this early stage, budget action plans for demand based services are presumed to be on target to deliver.

The main variations at quarter 1 across the key expenditure types are as follows:

Staffing (-£1.3m – 2.5%)

Savings are evident across all services within Adults and Health, but are predominantly with Commissioning, Resources and Public Health.

Community care packages (+£6.5m – 3.3%)

The variance on the budget is primarily represented by the 'holding' of £6.7m of the new monies announced as a part of the Spring Budget.

Income (-£5.5m – 4.4%)

Service user contributions, related to Community Support services, are projected to be lower than budgeted. Investigations are under way to determine the cause of this and to identify potential remedies. The grant income from the Spring Budget is recorded here along with an assumption that there will be an offsetting reduction in the funding targeted from Health partners in 2017/18.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES										Total (under) / overspend	
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure		Income
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Health Partnerships	525	(260)	265	(50)	0	0	(2)	0	0	0	0	0	(52)	0	(52)
Access & Care Delivery	249,462	(41,857)	207,605	(115)	10	11	8	0	3,417	(219)	0	0	3,113	1,233	4,345
Commissioning Services	30,373	(35,228)	(4,855)	(671)	0	(26)	(6)	0	3,344	0	0	0	2,641	(6,638)	(3,997)
Resources and Strategy	5,273	(589)	4,684	(229)	0	(25)	9	0	0	0	0	0	(245)	(51)	(296)
Public Health (Grant Funded)	45,564	(45,537)	27	(199)	0	0	(4)	0	8	0	0	194	(1)	1	0
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	331,198	(123,472)	207,726	(1,263)	10	(40)	5	0	6,769	(219)	0	194	5,456	(5,456)	

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans					£m	£m
1.	Older people's residential and day support	D Ramskill	Ongoing Better Lives programme	G	0.4	0.0
2.	Assessment and care management practice	S McFarlane	Delivering the most cost effective service for new customers based on the strengths based approach	G	0.5	0.0
3.	Review of care packages - mental health	M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	G	0.8	0.0
4.	Review of care packages - physical impairment	J Bootle	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	G	0.5	0.0
5.	Review of care packages - learning disability	J Wright / M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	G	2.5	0.0
6.	Older people: reduction in the number of customers going into residential care	S McFarlane	Increased use of telecare, reablement and recovery service	G	1.3	0.0
7.	Legal Fees	S Hume	Reduction in in-house legal fees	G	0.3	0.0
8.	Vacancy management	Various	Mainly non-frontline services	G	0.6	0.0
9.	Fees and charges	S Hume	Improved income collection and income recovery from direct payment audit	G	0.7	0.0
10.	Review non-essential spend	Various	Review and top-slicing of non-essential spend	G	0.1	0.0
11.	Public health	I Cameron	Review of commissioned services, income from partners	G	0.0	0.0
12.	Community Support	D Ramskill	In-house community support service closure	G	0.9	0.0
B. Other Significant Variations						
1.	Staffing	Various	Ongoing tight vacancy management and reducing staff numbers in the Community Support Service			(1.3)
2.	Community care packages	J Bootle / M Naismith	Pressures experienced on residential & nursing placements and the learning disability pooled budget are continuing			6.5
3	Use of reserves	S Hume	Lower requirement for use of reserves			0.2
4	Income	Various	Mainly funding for staffing costs through the learning disability pooled budget, service user contributions and Resilience monies			(5.5)
				Adults and Health Directorate - Forecast Variation		
				0.0		

CHILDREN & FAMILIES 2017/18 FINANCIAL YEAR FINANCIAL DASHBOARD - QUARTER 1

Overall Summary - At quarter 1 the Directorate is reporting a projected overspend of £2.9m. This can be explained by £3.3m anticipated Children Looked After (CLA) demand pressures, £0.5m projected shortfall in Early Years income, £0.4m shortfall in the remodelling of social work savings and an expected shortfall of £0.4m against other budget actions. These overspends are partly offset by an anticipated additional £0.5m of Education Support Grant, £0.2m transport savings and £1m of other actions that the directorate is committed to taking to reduce the projected overspend.

Children Looked After - Meeting the budgeted assumptions around the numbers of CLA is the most significant budget challenge that the Directorate faces in 2017/18; it is also the most difficult budget to set because numbers can fluctuate for a variety of reasons including demographic pressures. The 2017/18 budget includes an increase to the CLA budget of £3.3m compared to 2016/17. The increase in the budget reflects the position that CLA numbers reduced in 2016/17 but not to the level that was assumed in the 2016/17 budget. This was the major reason for the Directorate's overspend in 2016/17. The number of External Residential (ER) placements reduced during the first 8 months of 2016/17 from 62 in June 2016 to 50 in November 2016 only to increase to 57 by May 2017. The 2017/18 budget provides for 42 ER placements and was set whilst numbers were still around 50 placements in the third quarter of 2016/17. The number of Independent Fostering Agency (IFA) placements also reduced during 2016/17 from a high of 232 in May 2016 to 190 in March 2017. The 2017/18 budget assumes 159 placements and the current number is 197. There are currently 1,270 CLA children, an increase of 73 from the budget and at quarter 1 the directorate is looking after an additional 53 children looked after in External Residential placements and Independent Fostering Agencies than the 2017/18 budget provides for. This is projected to result in a £4.98m pressure. The Directorate is taking a number of actions to reduce the number of ER and IFA placements during 2017/18, currently estimated to reduce the pressure by £1.68m (including £0.38m from the Demand and Demography Reserve). There is a risk that numbers continue to increase and the overspend is larger than currently projected. CLA numbers will be closely monitored throughout the year.

Staffing - At quarter 1 it is projected that staffing will be on budget although this assumes that the Directorate continues to closely manage vacancies and recruitment to achieve further savings to offset anticipated pressures in Safeguarding, Targeted and Specialist Services. There is a risk that these savings are not achieved.

Transport - At quarter 1 it is projected that spend will be £0.2m below budget. This reflects the lower overspend in 2016/17 than was expected and lower demand than assumed in the 2017/18 budget. The 2017/18 budget included an increase to the Transport budget of £2.8m reflecting anticipated demand pressures. There is a risk that demand increases during the year.

Trading and Commissioning - At this stage we are assuming that the £1.2m additional trading target and the £1.1m commissioned service savings are achieved. There is a risk that these will not be delivered.

Other Income - The new Innovations & Partners in Practise bid has now been approved and will provide additional funding to be spent over three years. A total of £7.3m was received in 2016/17 and all this funding has been carried forward to 2017/18. A shortfall in income in children's centres of £0.5m is forecast and is expected to be offset by anticipated additional Education Support Grant of £0.5m.

Dedicated Schools Grant - There are a number of pressures on the DSG in 2017/18 which will mean that despite a number of savings proposals that have been actioned it is likely that there will be an overspend in 2017/18. Whilst it is early in the financial year, this could be in the region of £1m to £2m.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Demand Led Budgets:															
External and other Residential Placements	8,930	0	8,930	0	0	0	0	0	1,963	0	0	(380)	1,583	0	1,583
Independent Fostering Agencies	6,649	0	6,649	0	0	0	0	0	1,597	0	0	0	1,597	0	1,597
In House Fostering, Adoption, SGO and RO	24,516	(2,810)	21,706	0	0	0	0	0	222	0	0	0	222	(178)	44
SEN Outside Placements	4,857	(4,857)	0	0	0	0	0	0	437	0	0	0	437	(437)	0
Leaving Care	6,339	(1,469)	4,870	0	26	0	0	24	129	(185)	0	0	(6)	(2)	(8)
Transport	12,176	0	12,176	0	0	0	(200)	0	0	0	0	0	(200)	0	(200)
Sub total Demand Led Budgets	63,467	(9,136)	54,331	0	26	0	(200)	24	4,348	-185	0	(380)	3,633	(617)	3,016
Partner Funding															
Partner Funding of Family Services		(367)	(367)										0	0	0
Sub total Partner Funding	0	(367)	(367)	0	0	0	0	0	0	0	0	0	0	0	0
Other Budgets															
Partnerships	24,237	(9,594)	14,643	29	0	(322)	(11)	0	0	0	0	0	(304)	(16)	(320)
Learning, Skills & Universal Services	71,055	(67,957)	3,098	(9)	0	(320)	0	0	0	0	0	0	(329)	7	(322)
Safeguarding, Targeted & Specialist Services	101,657	(59,925)	41,732	179	(26)	26	0	0	93	0	0	0	272	953	1,225
Central Overheads	9,554	(7,735)	1,819	(199)	0	0	0	0	0	0	0	0	(199)	(500)	(699)
Sub total Other Budgets	206,503	(145,211)	61,292	0	(26)	(616)	(11)	0	93	0	0	0	(560)	444	(116)
Total	269,970	(154,714)	115,256	0	0	(616)	(211)	24	4,441	(185)	0	(380)	3,073	(173)	2,900

Key Budget Action Plans and Budget Variations:		Lead Officer	Additional Comments		Action Plan Value	Forecast Variation
A. Significant Variations				RAG	£m	£m
	Children Looked After	Steve Walker	Pressure on CLA demand led budgets (External Residential placements and Independent Fostering Agencies). This is based on the latest CLA numbers which are higher than the budgeted figures and assumes that the current numbers remain as they are for the rest of the year. A number of actions are being implemented that should lead to a reduction in ER and IFA numbers and these are shown in the contingency plans. There is a risk that numbers continue to increase due to demographic pressures.	R		4.98
	Passenger Transport	Sue Rumbold	Anticipated savings against the transport budget based on the outturn position in 16/17 and projected demand in 2017/18. There is a risk that demand increases in 2017/18 and the saving isn't realised.	G		-0.20
	Income - ESG	CSLT	Latest Indicative allocations indicate an increase in Education Support Grant against budgeted income.	G		-0.50
B. Key Budget Action plans (BAP's)						
E1	Remodel Social Work Practice	Sal Tariq	Reduced agency spend in Children's Social work service, and also reduce non-front line staffing in Children's Social work. A shortfall of £0.4m is currently projected against the saving target.	A	0.93	0.40
E2	Other staffing savings	CSLT	Net staff savings from ELI and through the management of vacant posts.	G	0.98	0.00
C2	ESG funded activities	Andrew Eastwood, Sue Rumbold	Proposed savings include running cost savings in information management & technology, learning improvement and information management, and staff savings across a number of services.	G	0.97	0.00
C3	Commissioned services	CSLT	Commissioned Services - A shortfall of £0.2m is currently projected against the budgeted savings.	A	0.65	0.20
A7	Increase traded income and reduced level of subsidy	CSLT	Additional resources have been committed to provide the capacity to develop a strategy and implement the proposals. Additional traded income has been included in the 17/18 budget for activity centres, complex needs, early years improvement, attendance strategy and a range of other services provided to schools. At this stage in the year it is projected that the budget should be achieved although there is a risk that not all the additional income is secured.	A	1.25	0.00
C1	Children's Centre Family Services & Childcare	Andrea Richardson	Reshape of family services which will include a review of the core offer and additional services currently funded by partners.	G	0.60	0.00
A4	Additional DfE Innovations funding	Sal Tariq	New Innovations bid approved and £7.3m received in 2016/17. It is anticipated that £4m will be spent in 2017/18.	G	2.50	0.00
A2	Children's Centre Income	Andrea Richardson	Increases in Fees from January 2017 and September 2017 and additional income from the new Free Early Educational Entitlement (FEEE) hourly rates. A shortfall of £0.5m against the overall income target is projected reflecting a reduction in nursery places taken up.	R	0.30	0.50
A3	Additional income from top slice Free Early Education Entitlement (FEEE) payments.	Sue Rumbold	New ability to top slice 5% from FEEE payments to nursery providers. Schools Forum approval received.	G	1.00	0.00
	Various other budget savings (8)	CSLT	Including short breaks contract savings, additional income from Adel Beck and Children's Centre fees, additional public health and CCG funding, additional DCLG funding for troubled families, running cost savings etc.	A	2.85	0.20
C. Contingency Plans						
	Additional staff savings across the Directorate		Review vacant posts and agency and overtime time spend across the directorate	A		(0.50)
	Running cost savings/additional income		Review running costs and income across the directorate	G		(0.50)
	Actions to reduce CLA numbers in year		Resources employed to target ER and IFA placements	A		(1.68)
Children and Families Directorate - Forecast Variation						2.90

CITY DEVELOPMENT 2017/18 BUDGET FINANCIAL DASHBOARD - QUARTER 1

Overall -

City Development is projecting a breakeven position, however a number of pressures have been identified and work is ongoing to identify positive actions to mitigate these with a view to delivering a balanced position.

In Planning an on-going pressure on Planning Appeals is anticipated due to the increase in planning appeal activity seen throughout 2016/17, however this is currently offset by an projected underspend on staffing costs. Planning budgets are currently being reviewed in light of the 20% increase in Planning Fees from July 2017.

In Economic Development the main pressure is due to a 20% rent discount for 6 months being given to all Kirkgate Market traders to allow them to invest in their businesses and help contribute to the market's long term viability.

Within Asset Management the Advertising Income budget continues to be a challenging target and has a current projected shortfall of £246k. This assumes all current sites will be fully utilised but does not include any assumptions on acquiring further sites. However work is ongoing to identify additional locations.

Highways and Transportation are currently projecting a small underspend and are expected to come in on budget, however currently show large variations on staffing and supplies and services reflecting the current use of strategic partners Mouchels rather than in-house colleagues to deliver current works.

Within Sport and Active Lifestyles an overspend of £175k is projected reflecting reductions in Public Health Funding, the impact of the failure of the moveable floor at JCCS, and the net impact of the part closure and refurbishment at Aireborough Leisure Centre.

However, in line with the Directorates Budget Strategy to deliver a balanced budget further work is ongoing to identify mitigating actions and an action plan saving of £655k is included to reflect this.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	8,691	(6,282)	2,409	(98)	0	0	0	100	0	0	0	0	2	0	2
Economic Development	5,297	(4,727)	570	11	2	1	0	0	0	0	0	0	14	244	258
Asset Management & Regeneration	13,792	(15,370)	(1,578)	25	4	2	0	0	0	0	0	0	31	266	297
Employment & Skills	3,957	(2,208)	1,749	(1)	0	0	0	0	0	0	0	0	(1)	(4)	(5)
Highways & Transportation	57,192	(41,314)	15,878	(1,136)	19	1,110	0	0	0	0	0	0	(7)	(70)	(77)
Arts & Heritage	15,964	(6,459)	9,505	(25)	(19)	4	0	0	23	0	0	0	(17)	17	0
Sport & Active Lifestyles	24,359	(18,984)	5,375	(55)	(20)	(1)	0	1	0	0	0	0	(75)	250	175
Resources & Strategy	1,126	(5)	1,121	5	0	0	0	0	0	0	0	0	5	(655)	(650)
Total	130,378	(95,349)	35,029	(1,274)	(14)	1,116	0	101	23	0	0	0	(48)	48	0

Key Budget Action Plans and Budget Variations:				RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£'000	£'000
A. Budget Action Plans						
		Lead Officer	Additional Comments			
1.	Planning and Sustainable Development	Tim Hill	Reduction in the net cost of service via increased income generation.	G	562	
2.	Economic Development	Tom Bridges	Increased income and running cost savings	G	295	0
3.	Asset Management & Regeneration	Tom Bridges	Strategic Investment Income and additional fee income.	G	2,827	0
4.	Highways and Transportation	Gary Bartlett	Addition fee income and income from developers	G	1,396	(77)
5.	Arts and Heritage	Cluny MacPherson	Savings via increased income opportunities, not hosting the Tour de Yorkshire in 2017, and a staffing restructure.	G	810	0
6.	Employment and Skills	Sue Wynne	Staffing and Commissioning Savings	G	240	0
7.	Sport and Active Lifestyles	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation.	G	652	0
8.	Resources and Strategy	Ed Mylan	Directorate wide additional savings requirement	G	158	0
Total Budget Action Plan Savings					6,940	
B. Other Significant Variations						
1.	Asset Management	Tom Bridges	Shortfall in Advertising income			246
2.	Economic Development	Tom Bridges	6 Month 20% Rent Discount at Kirkgate Market			224
3.	Sport and Active Lifestyles	Cluny Macpherson	Income pressures from reduced Public Health Funding, JCCS Pool and Airborough refurbishment			175
4.	City Development	All	Other minor variations across services			87
5.	City Development	All	Mitigating in year actions			(655)
City Development Directorate - Forecast Variation						0

COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

FINANCIAL DASHBOARD - 2017/18 FINANCIAL YEAR

Quarter 1

Overall Position (nil variance)

Communities (nil variance)

The service is projecting a nil variance, although there are significant variations within Migration Services. The budget was based on an expected influx of Syrian refugees but the migrants expected in June are not now due to arrive until September. As a consequence of this the forecast spend will slip into the 2018/19 financial year as will the grant funding.

Customer Access (+£264k over budget)

The main area of potential overspend is staffing in Community Hubs where current staff in post are projected to exceed the budget by £530k. This is largely due to delivery of the Community Hub programme which has required additional resource and management/supervision to be put in place. However, the service is anticipating that a number of staff will leave under the ELI scheme and this is expected to reduce the staffing overspend to around £280k. The branch libraries, transferred during 2014/15, are still in need of maintenance works - no budget provision was transferred when the service moved across and and it is expected that a further £50k will be spent in year. This pressure along with an expected shortfall in libraries income of £50k, are offset by additional income of £100k generated by the Interpreting and Translation Team from providing translation services to the NHS.

Elections, Licensing and Registration (+£8k over budget)

A small projected overspend of £8k mainly reflects additional staffing costs within Registration of Births, Deaths and Marriages and Registration of Electors. It has been assumed that the cost of the general election will be met in full by government grant.

Welfare & Benefits (nil variance)

A balanced position is currently projected. Staffing savings due to vacant posts are anticipated to be offset by the cost of additional off-site processing and a small shortfall in budgeted Localised Council Tax Support administration grant (£32k). It is anticipated that other budgeted grants totalling £830k will be achieved by the year end. The main area of risk is around the achievement of the budgeted level of overpayment income (£8.8m) - a clearer indication of this will be possible after assessment of the first quarter's position.

Parks & Countryside (nil variance)

The service is projecting an overall variance at Cafe /Retail and Attractions of +£77k, which at this early stage of the year includes a projected shortfall in income at both Lotherton Hall and Tropical World. This will be closely monitored each month to determine any trends. In addition there is a projected reduction in income from Golf of £59k. These variances are offset by other savings within the service, mainly income from land searches within PROW (Public Rights Of Way).

Environmental Action (+£5k over budget overall):

Car Parking (nil variance)

Staffing is projected to be in line with the budget, with vacant posts anticipated to offset the vacancy factor of £152k. Although overall income levels after 2 months are below phased budgets with shortfalls in both on street Income and Bus Lane offences throughout the city, at this early stage of the year a nil variance is projected. This will be closely monitored each month to determine any trends.

Cleaner Neighbourhoods Teams (+£22k over budget)

The projected variance is due to the ongoing usage of overtime whilst recruitment is ongoing to fill the recently approved structure.

City Centre (+£28k over budget)

The projected variance is mainly due to the ongoing usage of overtime whilst recruitment is ongoing to fill the recently approved structure.

Environmental Health (-£45k below budget)

The projected variance is due to savings from delayed recruitment. These positions are projected to be all filled by October.

Waste Management (+£100k variance)

Following the determination of the rateable value of the Recycling and Energy Recovery Facility (REF) in March 2017, there will be a saving of £470k from the 2017/18 budget. However, this will be partially offset by the deferral of the planned introduction of inert building waste charges at Household Waste sites in light of the Government's recently announced litter strategy, resulting in a loss of budgeted income of £140k. In addition, within the Refuse Service it is currently anticipated that there will be slippage of 4 months in respect of the planned collection route efficiency programme, as the staff consultation process continues, and this is forecast to result in a pressure of £430k.

Community Safety (-£48k below budget)

The projected underspend mainly reflects staffing savings of £51k due to vacant posts within CCTV and LABST (partially offset by reduced recharges to Housing Leeds).

Directorate Wide (action plan savings -£329k)

The directorate will identify appropriate actions in accordance with the directorate's budget contingency plan.

Budget Management - net variations against the approved budget;

Summary By Service

	Period 2 Projected variances														Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	15,347	(10,122)	5,225	(34)		(499)	2	(32)					(563)	563	0
Customer Access	22,572	(3,342)	19,230	342	34	54	(11)	(5)					414	(150)	264
Elections, Licensing And Registration	4,676	(4,926)	(250)	(10)	4	6	0						0	8	8
Welfare And Benefits	286,921	(284,851)	2,070	(154)		128							(26)	26	0
Car Parking Services	4,895	(13,368)	(8,473)	0									0	0	0
Community Safety	7,857	(6,418)	1,439	(148)									(148)	100	(48)
Waste Management - Refuse	40,379	(7,365)	33,014	344		(468)	82	2					(40)	140	100
Parks And Countryside	29,376	(22,792)	6,584	0	14								14	(14)	0
Environmental Action (City Centre)	2,807	(461)	2,346	28									28		28
Environmental Health	2,107	(565)	1,542	(45)									(45)		(45)
Cleaner Neighbourhood Teams	12,328	(4,517)	7,811	22									22		22
Directorate Action Plan				(329)									(329)		(329)
Total	429,265	(358,727)	70,538	16	52	(779)	73	(35)	0	0	0	0	(673)	673	

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
1.	Re-design Refuse collection rounds	Tom Smith	Net saving of £1.6m budgeted (£1.38m in the directorate, £0.25m in strategic debt budget)	A	(1.38)	0.43
2.	Implement charging for replacement wheeled bins	Andrew Lingham	Implementation date May 2017	G	(0.24)	0.00
3.	Implement charging for inert building waste	Andrew Lingham	Implementation deferred for 2017/18		(0.14)	0.14
4.	Environmental Action staffing savings	Helen Freeman	Restructure now agreed	G	(0.71)	0.00
5.	Implement charging for Bulky Waste	Helen Freeman	Implementation date May 2017	G	(0.15)	0.00
6.	Car Parking - review of tariffs	Helen Freeman	includes on street, Sun/Eve, Bank Holiday and Woodhouse Lane	G	(0.50)	0.00
7.	Undertake works for Housing Leeds, assumed to be within enviromental action	All COs	Not restricted to environmental action, works may be undertaken by other services	G	(0.30)	0.00
8.	Reduce front line horticultural staff	Sean Flesher	Service to identify posts to be held vacant	G	(0.40)	0.00
9.	Development of visitor attractions/increase admission prices	Sean Flesher	1st phase of Tropical World complete, DCRs required for other sites	G	(0.33)	0.00
10.	Increase Bereavement charges to eliminate subsidy	Sean Flesher	To be increased by 2% above inflation.	G	(0.12)	0.00
11.	Stretched income target across Parks & Countryside	Sean Flesher	To be achieved across all income generating areas	G	(0.16)	0.10
12.	Reduction in Community Safety area co-ordinators	Sam Millar	Achieved through redeployment	G	(0.18)	0.00
13.	Generate CCTV/Security income of £2.1m	Sam Millar	Estimated £200k of unsecured income	G	(0.20)	0.00
14.	Community Safety - secure £1.1m income from WYPCC	Sam Millar	WYPCC agreed to fund PCSOs in Leeds	G	(1.10)	0.00
15.	Communities Teams savings	Shaid Mahmood	Review Management & Leadership, review grants & contributions to 3rd sector	G	(0.20)	0.00
16.	Communities Well Being	Shaid Mahmood	Futher reductions to Community Cttees	G	(0.18)	0.00
17.	Community Centres - restrict free lets	Shaid Mahmood	Target to restrict to 75% of present level	G	(0.08)	0.00
18.	Contact Centre staffing savings	Lee Hemsworth	Includes channel shift savings, reducing service failure and reviewing out of hours service	G	(0.53)	0.00
19.	Customer Services Business Support staffing savings	Lee Hemsworth	Includes reducing helpdesk function and merging support and development functions	G	(0.25)	0.00
20.	Libraries efficiencies	Lee Hemsworth	Savings from staffing/running costs/income	G	(0.40)	0.00
21.	Reprovision of mobile library service	Lee Hemsworth	Subject to Executive Board report	G	(0.12)	0.00
22.	Welfare and Benefits - reduction in off-site processing	Andy Cameron	Introduction of e-claims	G	(0.20)	0.00
23.	Local Welfare Support Scheme	Andy Cameron	Reduce scheme by 30%	G	(0.30)	0.00
24.	Welfare and Benefits - additional grant income	Andy Cameron	FERIS, New Burdens. Additional £540k budgeted for in 17/18 on top of £200k in base	G	(0.54)	0.00
25.	Registrars	Steve Coupe	Charging /income proposals	G	(0.08)	0.00
B. Other Significant Variations						
1.	Waste Disposal Costs	Andrew Lingham	Net Budget £15.8m incl. £10.7m RERF. Projected saving reflects Business Rates saving at RERF	G		(0.47)
2.	Community Hubs	Lee Hemsworth	Staffing overspend projected - see comments above	A		0.28
3.	All other variations, mainly staffing					(0.15)
4.	Directorate Action Plan		Actions to be identified to bring directorate into balance			(0.33)
Communities & Environment - Forecast Variation						0.0

RESOURCES AND HOUSING

FINANCIAL DASHBOARD - 2017/18 FINANCIAL YEAR

QUARTER 1

Overall

An overall balanced position is projected at quarter 1 although there are risks around the timely implementation of some of the savings incorporated as part of the 2017/18 budget strategy.

Resources

it is assumed that the all support services will achieve the almost £5m savings which formed part of the Support Services review. However, there is a risk for those services that need to reduce staffing costs whilst at the same time meeting the income targets for the year. These areas will be closely monitored throughout the financial year. The £1.1m savings in staffing are mainly due to vacant posts within PPPU and are partially offset by under recovery against the income budget. The projections assume that the £300k workforce development savings currently held within HR will be allocated out once the review team have firmed up proposals. A £205k DIS pressure has recently emerged following the recent cyber attacks on the NHS; this spend is to enable remedial work to be undertaken to mobile devices, the network, patch and configuration and to strengthen access control so that the Council can qualify for the Public Services Network certificate.

Leeds Building Services

A balanced position is projected for LBS. With the current projection in relation to the delivery of the planned £1.8m savings, required in the budget strategy, indicating a shortfall of £600k . The shortfall relates to slippage in the implementation of both the revised staffing structure and the IT infrastructure. The shortfall has been offset by the identification of the additional cost recovery in relation to the costing/incurrence of overtime and the planned recruitment of operatives to the budgeted levels.

Housing and Property Services

Housing and Property Services are expected to achieve the £700k of budgeted savings in this financial year. The government has replaced Temporary Accommodation Management Fee (TAMF) with Flexible Homelessness Support Grant (FHSG) from April 2017. TAMF was a £60 per week management fee for temporary accommodation placements made through the private sector. Leeds would have received £23k in TAMF if the funding arrangements had been maintained in 2017/18. FHSG has been calculated on the basis of homeless prevention outcomes and, as Leeds has achieved a high level of preventions, the allocation for Leeds in 2017/18 has been set at £1.636m and at £1.794m in 2018/19. Housing Support and Partnerships have additional posts vacant over and above those required to meet efficiency targets resulting in £104k savings offset by reduced income in recharges to HRA and overspend on supplies and services.

Civic Enterprise Leeds

At this stage in the financial year a balanced position is projected for CEL although we will continue to closely monitor some of the significant income generating services within the group.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	97,653	(38,002)	59,651	(1,108)	0	205	0	0	0	0	0	0	(903)	903	0
LBS	44,201	(52,580)	(8,379)	(19)	0	19	0	0	0	0	0	0	0	0	0
Housing & Property	23,914	(9,903)	14,011	(104)	0	24	0	0	0	0	0	0	(80)	80	0

CEL	70,406	(62,807)	7,599	0								0	0	0
Total	236,174	(163,292)	72,882	(1,231)	0	248	0	0	0	0	0	(983)	983	0

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
Efficiencies						
1	Specialist Admin	Helena Phillips	Further efficiencies by consolidating "specialist" admin staff under one professional lead	G	1.00	0.00
2	ICT, IM &T & Intelligence	Dylan Roberts	Introduce a new operating model for digital and intelligence service.	G	0.90	0.00
3	ICT, IM &T & Intelligence	Mariana Pexton	Introduce a new operating model for digital and intelligence service.	G	0.20	0.00
4	Workforce Development	Lorraine Hallam	Consolidation of training budgets.	G	0.30	0.00
5	PPPU	David Outram	Identify savings through a portfolio approach including development of prioritisation model	G	0.30	0.00
6	Financial Services	Doug Messon	Implement new operating model from Sept 2017 based on a centralised approach in one physical location.	G	0.90	0.00
7	Human Resources	Lorraine Hallam	Staff savings through continuing to implement new ways of working.	G	0.30	0.00
8	Strategy & Improvement	Marianna Pexton	Further staff savings and efficiencies within Communications, Marketing and Emergency Planning.	G	0.10	0.00
9	Financial Services	Doug Messon	Additional traded income.	G	0.20	0.00
10	Legal & Democratic Services	Catherine Witham	Staffing efficiencies to fund cost of pay award.	G	0.10	0.00
11	LBS - Consolidation of Construction/Property Maintenance	Simon Costigan	Savings through staffing, both management and support functions and a targeted reduction in running costs. Roll out of Total Mobile software will deliver efficiencies which will result in the reduction in use of sub contractors.	G	1.80	0.00
12	Strategic Housing - integration of functions	Jill Wildman	Closer working arrangements within the different functions will facilitate a reduction in the number of budgeted posts.	G	0.10	0.00
13	Housing related support - reduction in contract payments	Jill Wildman	Savings to be realised through ongoing review and retendering of contracts.	G	0.40	0.00
14	Strategic Housing - review of charging arrangements	Jill Wildman	Adaptations review charges to both the capital programme and Housing Leeds.	G	0.20	0.00
15	Cleaning Savings	Sarah Martin	Efficiencies to be realised through expanding mobile cleaning, changing times and frequency of cleaning resulting in a reduction of the number of staff required.	G	0.50	0.00
16	Management Staff reductions	Julie Meakin	Reduction in level of JNC management support, delivered through a reconfiguration of roles and responsibilities.	G	0.20	0.00
17	Facilities Management Savings	Sarah Martin	Planned realignment of the service to be delivered through a restructure.	G	0.10	0.00
18	Fleet	Sarah Martin	Combination of maximising existing external income streams whilst developing new ones together with the aim of reducing costs.	G	0.10	0.00
19	Commercial Catering	Julie Meakin	Based on internalising commercial catering for some of the services within the Civic Quarter and expanding retail offer.	G	0.10	0.00

B. Other Significant Variations

Net effect of all other variations	0.00
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Strategy and Resources Directorate - Forecast Variation 0.00

STRATEGIC & CENTRAL ACCOUNTS - 2017/18 FINANCIAL YEAR
FINANCIAL DASHBOARD - QUARTER 1

Overall :

At quarter 1, the strategic & central budgets are projected to be balanced.

The key variations are;

- Section 278 income - a potential £1.0m risk due to lower levels of development activity.
- Savings of £0.9m on the levy contribution to the business rates pool
- Reduction in New Homes Bonus of £1.7m
- Additional £1.1m of S31 grant income for business rates reliefs, announced after the budget was set.
- Additional capitalisation of £0.6m based on the 2016/17 outturn
- Projected additional cost of the financing of debt £0.3m

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES										Total (under) / overspend £'000	
	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(11,392)	(36,641)	(48,033)								(642)		(642)	600	(42)
Debt	20,135	(920)	19,215								300		300		300
Govt Grants	1,739	(23,899)	(22,160)							(939)			(939)	585	(354)
Joint Committees	37,100	0	37,100							105			105		105
Miscellaneous	6,243	(1,088)	5,155	(94)									(94)	85	(9)
Insurance	9,438	(9,438)	0										0		0
Total	63,263	(71,986)	(8,723)	(94)	0	0	0	0	0	(834)	(342)	0	(1,270)	1,270	0

STRATEGIC & CENTRAL ACCOUNTS - 2017/18 FINANCIAL YEAR

Key Budget Action Plans and Budget Variations:

				RAG	Budget	Forecast Variation against Budget
					£m	£m
A. Major Budget Issues						
1.	Debt Costs and External Income	Doug Meeson	No significant variations at month 2	G	18.2	0.3
2.	Minimum Revenue Provision	Doug Meeson	No variation is anticipated for 2017/18	G	1.0	0.0
3.	New Homes Bonus	Doug Meeson	Reduced income following new calculation methodology	G	(13.3)	1.6
4.	Business Rates (S31 Grants, Tariff adjustment & EZ)	Doug Meeson	Additional S31 grants projected from Discretionary Rate relief scheme	G	(9.6)	(1.1)
5.	S278 Contributions	Doug Meeson	Projected shortfall on receipts	A	(4.9)	1.0
6.	General capitalisation target	Doug Meeson	Capitalisation of eligible spend in directorate/service revenue budgets.	G	(4.0)	(0.6)
7.	Schools capitalisation target	Doug Meeson	Capitalisation of eligible spend in school revenue budgets.	G	(3.5)	0.0
8.	PFI Procurement savings	Doug Meeson	Use of £1m income from 2016/17 Street Lighting PFI negotiated settlement	G	(1.0)	0.0
9.	Joint Committee - Coroners Services	Doug Meeson	Potential for minor overspend based on 2016/17 performance. 2017/18 budget not yet received from Wakefield.	G	1.3	0.1
B. Other Significant Budgets						
1.	Insurance	Doug Meeson	No significant variation anticipated at this stage.	G	0.0	0.0
2.	Business Rates Levy	Doug Meeson	Projections indicate a potential reduction in the levy due.	G	1.7	(0.9)
3.	Prudential Borrowing Recharges	Doug Meeson	Projections suggest a slight increase in recharge income	G	(14.7)	(0.4)
4	Earmarked Reserves	Doug Meeson	Use of capital and other earmarked reserves.	G	(2.4)	0.0
5	Miscellaneous	Doug Meeson	No significant variation anticipated at this stage.	G	5.2	0.0
6	Apprenticeship levy	Doug Meeson	To be allocated to directorates as training credits are used.	G	(0.3)	0.0
7						
Strategic & Central Accounts - Forecast Variation						0.0