

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 18<sup>th</sup> September 2019**

**Subject: Financial Health Monitoring 2019/20 – Month 4**

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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**

**1. Main issues**

- 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 four months of the financial year.
- The 2019/20 financial year is the fourth and final 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 2019/20 requires the Council to deliver a further £22.6m of savings.
- 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.
- This is the second budget monitoring report of the year, and Executive Board will recall that the 2019/20 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £22.6m of budget action plans by March 2020. At this 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 £0.87m and measures will be required to be identified and implemented so that a balanced budget position can be delivered. Members will be aware that the updated Medium Term Financial Strategy, received at July's Executive Board, assumes a balanced budget in 2019/20. Any variation to this assumption, will have implications for the level of general reserve available to the Council.

- This report includes details of the proposals brought forward by the Director of Children and Families to address the overspend projected in the Quarter 1 Financial Health report received by Executive Board in July.
- At Month 4, the Housing Revenue Account is projecting a balanced budget position.
- In addition this report seeks approval for release of £1m from the general fund reserve to take advantage of record low interest rates, creating savings for the Medium Term Financial Strategy.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The 2019/20 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

## **3. Resource Implications**

- At Month 4 an overall overspend of £0.87m is projected against the approved 2019/20 budget. This projected overspend largely relates to pressures in the Children and Families directorate as discussed below. It was recommended that the Director of Children and Families identify proposals to address the overspend projected in the Quarter 1 Financial Health report received by the Board in July and the current position reflects these proposals. It should be noted that these identified savings are largely offset by additional pressures as detailed later in this report.

## **Recommendations**

- a) Executive Board are asked to note the projected financial position of the authority as at Month 4.
- b) Executive Board are asked to note the proposals identified by the Director of Children and Families to address the projected overspend reported to the Board in July.
- c) Executive Board are asked to approve the release of £1m from the general reserve to take advantage of record low interest rates, creating savings for the Medium Term Financial Strategy. The officer responsible for the implementation of this recommendation is the Chief Officer - Financial Services. The release from reserves will be actioned before the next reporting period.

## 1. Purpose of this report

- 1.1 This report sets out for the Executive Board the Council's projected financial health position for 2019/20 at Month 4.
- 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 four months of the year.

## 2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2019/20 was set at £516.7m.
- 2.2 Following the closure of the 2018/19 accounts, the Council's general fund reserve stands at £28.0m. The 2019/20 budget assumes a further contribution of £4.5m to this reserve during the current financial year, which will contribute towards ensuring that the Council continues to be financially resilient and sustainable. This budgeted contribution includes repayment of £1.7m which was released from the reserve to Children & Families in 2018/19 to address the income pressure arising within the Directorate as a consequence of the re-profiling of the final payment of the Partners in Practice Project by the DfE.
- 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 Month 4 an overspend of £0.87m is projected, as shown in Table 1 below.

Table 1

### Summary Position - Financial Year 2019/20 Month 4

Directorate	Director	(Under) / Over spend for the current period				Previous Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(1,258)	249	(249)	0	(175)
Children and Families	Steve Walker	(400)	1,575	(750)	825	950
City Development	Martin Farrington	(1,349)	(618)	618	0	0
Resources & Housing	Neil Evans	642	1,780	(1,780)	0	0
Communities & Environment	James Rogers	1,543	2,726	(2,726)	0	0
Strategic	Victoria Bradshaw	(9)	212	(171)	41	173
<b>Total Current Month</b>		<b>(831)</b>	<b>5,924</b>	<b>(5,058)</b>	<b>866</b>	<b>948</b>
<b>Previous reported (under)/over spend</b>		<b>136</b>	<b>2,714</b>	<b>(1,766)</b>	<b>948</b>	

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 & Health** - the Directorate is projected to deliver a balanced budget. Of the £13.1m savings target 76.1% is effectively delivered. At this early stage it is assumed that all plans will be delivered. Key variances include a projected staffing underspend of £1.4m; though there are pressures within Provider Services overall underspends within the rest of the directorate - particularly Service Transformation, Resources and Commissioning - more than mitigate these pressures. Community care packages are projected to overspend by £1.6m. Demand is lower than projected within residential and nursing placements and Direct Payments, but overspends are currently projected on home care, supported living and learning disability services.

3.2.2 **Children and Families** – The 2019/20 budget for Children and Families addressed the underlying key budget pressures experienced in 2018/19 including an additional £2m for the Children Looked After and financially supported Non-CLA budgets and £0.8m for the passenger transport expenditure budget, the loss of £4m of grant funding and increases to the external legal and One Adoption West Yorkshire budgets of £0.5m and £0.35m respectively. At Period 4 it is projected that the directorate will have a year-end overspend of £0.83m. This represents 0.3% of the gross expenditure budget and is a reduction of £0.1m from the projected position for Quarter 1.

At Quarter 1 the projected year end overspend was £0.95m and the July Financial Health Monitoring 2019/20 Executive Board report recommended that the Director of Children and Families identifies proposals to address the projected overspend and that these proposals are incorporated into this Financial Health Monitoring report. The Directorate has provided a detailed update on the Children and Families budget and the proposed action plan savings in **Appendix 1**, attached. This highlights the considerable success the Directorate has had in implementing the ‘turning the curve strategy’ and making substantial and invaluable progress in reducing demand for care at a time when demand has been rising in other authorities and has effectively meant that the authority has avoided an estimated £14m of additional costs over the period. The reductions in CLA have been achieved in the context of significant demographic growth in Leeds, particularly in the more deprived areas of the city. As well as demographic pressures there has also been a notable increase in costs, especially in externally commissioned residential placements. **Appendix 1** also provides various benchmarking information, with some key data summarised here:

#### **Children Looked After Rate per 10,000 (RPTT)**

	2014 RPTT	2015 RPTT	2016 RPTT	2017 RPTT	2018 RPTT
<b>Leeds</b>	<b>86</b>	<b>78</b>	<b>76</b>	<b>76</b>	<b>76</b>
England	60	60	60	62	64
Yorkshire and Humber	65	64	63	67	71
Birmingham	64	70	64	64	67
Bristol	76	76	73	73	69
Liverpool	111	110	114	122	127
Manchester	122	114	107	97	104

Newcastle	100	89	88	94	98
Nottingham	91	89	90	93	91
Sheffield	47	46	46	50	54

### **Spend Per Capita (Children) – Total Children’s and Young People Services 2017/18 Outturn**

	£
<b>Leeds</b>	<b>695</b>
England	682
West Yorkshire	686
Birmingham	698
Bristol	755
Liverpool	798
Manchester	674
Newcastle	791
Nottingham	937
Sheffield	539

### **Spend Per Capita (Children) – Total Safeguarding Children and Young People 2017/28 Outturn**

	£
<b>Leeds</b>	<b>227</b>
England	187
West Yorkshire	176
Birmingham	218
Bristol	159
Liverpool	169
Manchester	139
Newcastle	171
Nottingham	183
Sheffield	144

### **Looked After Children – 2017/18 Actual weekly unit cost**

	£
<b>Leeds</b>	<b>980</b>
England	1,140
Yorkshire and Humber	1,015
Statistical Neighbours	1,067

As outlined in **Appendix 1**, the Directorate has put forward an action plan to address the projected overspend. This includes potential actions of £1.8m which would more than offset the anticipated overspend at Quarter 1. However, as detailed on the dashboard and below, the projected costs of Children Looked After (CLA) and financially supported Non-CLA has been increased by £1.7m since Quarter 1. Taking into account this additional pressure, the Period 4 position is a reduction of £0.1m in the projected year-end overspend. The proposed savings of £1.8m are as follows:

- £0.5m from the resource available for Children and Families in the strategic budget.
- £0.4m staff savings to be delivered by ongoing strict control of vacant posts
- £0.35m from additional grant following confirmation that the School Improvement and Brokerage Grant will be extended for the full financial year. The 2019/20 budget assumed that the grant would cease at the end of 2019 academic year.
- £0.3m from slippage on spend on externally funded schemes.
- £0.2m from a review of income and maximising external contributions.
- £0.05m from savings on uncommitted supplies and services budgets.

There are risks that the level of planned savings are not achieved but with the exception of the staffing savings the actions should be relatively low risk.

The main area of overspends is forecast to be on CLA and the passenger transport budget. During the second half of 2018/19 there was a notable increase in the numbers of children requiring transport arrangements. In the final quarter of the year the full extent of increases in external contract prices also emerged. Whilst the overall gross transport budget of £13.9m for children with Special Education Needs and Disability and social care arrangements was increased by just under £0.8m it is now apparent that this increase will not be sufficient to meet the full extent of demand and cost increases in 2019/20. The Directorate is working with the Passenger Transport Service on an action plan to mitigate these pressures, but even after these actions an overspend of £0.6m is currently projected. There is a risk that the proposed actions do not deliver the expected level of savings and the overspend increases.

The External Residential (ER) and Independent Fostering Agency (IFA) placements are both currently higher than the budgeted assumptions although the variance is much lower than in previous years. The Directorate is undertaking a number of actions including reviewing ER placements in order to ensure that placements are still appropriate. The latest position is that External Residential (ER) numbers stood at 66 compared to the budgeted number of 58 and IFA placements are currently 215 against the budgeted number of 184. There has been a small reduction in numbers between July and August but these numbers are an increase on the first quarter of the year. The projected overspend on CLA has therefore been increased by £1.7m to £1.9m since Quarter 1 to reflect the increase in CLA numbers. It is anticipated that numbers will reduce over the remainder of the year due to the various actions being pursued by the directorate with ER assumed to reduce by 6 over the next 4 months and IFA by 15. There remains a risk that overall CLA numbers remain above these assumptions.

Other significant variations include an overspend of £0.4m on Learning for Life. This comprises a projected shortfall in fee income in Children Centres of £1.0m offset by savings within Family Services and Early help. There is a risk that the income position worsens and the autumn term nursery numbers will be key to determining the outturn position. The service is working on a number of actions to mitigate the income shortfall.

The 2019/20 budget included savings of £1.8m. All the actions are being implemented and are expected to deliver the required level of savings.

On the 17th April 2019 the Department for Education confirmed that Leeds was successful in the Strengthening Families Protecting Children Programme bid worth £8.3m over five years, with 2019/20 the first year and potential spend of up to £1.5m. Leeds is committed to work with up to six local authorities over the next five years to help them improve practice and outcomes based on the innovative practice already established in Leeds. The Directorate has already commenced initial work and is currently establishing the revised staffing structures required to deliver the programme, which will be confirmed in a future Delegated Decision Notice and report.

At the end of 2018/19 there was a surplus balance of £1.1m on general Dedicated Schools Grant (DSG). It is currently projected that there will be an overall overspend of £0.6m on general DSG in 2019/20 leaving a surplus of £0.1m at the end of 2019/20, after allowing for the use of reserves of £0.4m to supplement the Growth Fund in 2019/20. As in previous years there are significant pressures on spend in the High Needs Block (HNB) with an overspend of £2.1m projected for the year. This is expected to be partly offset by an underspend of £1.5m on the Early Years Block. There is a risk that the overspend on the HNB increases during the year due to increases in outside placements and top-up payments.

**3.2.3 City Development –** At Month 4 the Directorate are projecting a balanced budget position at the year-end despite significant pressures in relation to Kirkgate Market and to the Strategic Investment Fund.

The Markets Service faces another challenging year for a number of reasons including continuation of the ongoing adverse retail climate and uncertain future for retail on the high street, growth in e-commerce and changing consumer spending preferences.

There are also 2 major building projects at the Market, one to build a hotel (2 year build) and the other to refurbish unlettable historic units and replace the roof in the 1875 block shops. The vacant units required for this work equate to £0.45m in lost revenue and the level of disruption to tenants has led to an increase in demand for rent concessions. The current 20% rent concession (April 2019 to September 2019) equates to a further pressure on income of £0.2m.

The market is promoted both locally and nationally with a strong events calendar to attract footfall. The Jurassic Trail event which is due to end on 1<sup>st</sup> September has been a success, footfall at the market for the first 2 weeks of the Jurassic Trail were 150k and 141k, up by 6.0% and 4.4% respectively on the year.

The Directorate's Strategic Investment Fund requires further acquisitions in order to achieve the net budgeted return of £3.36m. The current shortfall is circa £0.7m. Further viable investment opportunities with the right risk profile continue to be sought and financially appraised.

Street lighting electricity costs are also a key risk as any delays within the LED conversion programme may result in planned savings in electricity not being achieved. The programme however remains on target for a September start.

Other risks include Active Leeds income and planning fees which may be affected by the general economic climate and will continue to be closely monitored.

**3.2.4 Resources & Housing** – At Month 4 the Directorate is projecting a balanced budget at year end. There are cost pressures totalling around £0.7m primarily in Corporate Property Management of around £0.39m, Financial Services staffing of a net £0.15m and slippage in the e-invoicing project within Shared Services of £0.15m. However, there are projected savings within DIS of £0.32m relating to Microsoft costs, leaving around £0.37m to be found to achieve a balanced budget by year end.

The original increase in the Microsoft budget was to adopt a level of licensing based on their assessment of our requirements. DIS have been working with Microsoft to ensure that the Council purchases the optimum, best value subscriptions. From the discovery work carried out to date, DIS feel that around 70% of our employees require the functionality proposed by Microsoft with the remaining 30% covered with cheaper license combinations that will still meet their needs. This 70/30 split will allow the Council to achieve its strategic goals, meet employee needs, provide best value for the required software and deliver savings of around £320k against the original allocated budget for 2019/20.

**3.2.5 Communities & Environment** – the Directorate is projecting a balanced budget at this stage in the financial year. Within the Waste Management service there are a number of pressures mainly in respect of the ongoing Refuse review which is progressing well, combined with additional costs relating to recovery. However these pressures are anticipated to be offset by waste disposal contract savings and the service is forecasting a balanced position by the year end. Within Customer Access there are pressures of £0.2m due to additional staffing costs associated with the improvement in call answer rates at the Contact Centre and additional security costs at Hub sites. Partially offsetting these pressures is a forecast net saving of £0.1m within Car Parking services, mainly due to staffing and other expenditure variations. The Directorate will work towards identifying appropriate actions of £0.1m to achieve an overall balanced budget by the year end.

**3.2.6 Strategic & Central Accounts** - At Month 4, the Strategic & Central budgets are projecting a small overspend of £0.04m. The key variations are a projected shortfall of £0.5m in New Homes Bonus which is offset by S31 grant income for small business rates relief projected to exceed budget by £0.4m.

However it should also be noted that there is a projected additional use of £1m from the Insurance reserve as a result of a small number of high value claims. This is a volatile budget and continues to be closely monitored.

### **3.3 Other Financial Performance**

#### **3.3.1 Council Tax**

The Council Tax in-year collection rate at the end of July was 36.89% which is slightly behind performance in 2018/19. At this early stage the forecast is to achieve the 2019/20 in-year collection target of 96.1% collecting some £361m of income.



### **3.3.2 Business Rates**

The business rates collection rate at the end of July was 39.03% which is 1.11% behind performance in 2018/19. The forecast is to achieve the 2019/20 in-year collection target of 97.7%, collecting some £386m of income.

The total rateable value of business properties in Leeds has increased from £930.2m at 1<sup>st</sup> April to £936.5m at the end of July, an increase of £6.3m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (49.1p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (74%), Central Government (25%) and West Yorkshire Fire Authority (1%). Following deductions for the Business Rates tariff and to meet the business rates deficit brought forward, Leeds' actual business rates income is currently projected to be in the region of £200.4m, which is £0.6m above budgeted expectations.

### **3.3.3 Business Rates Appeals**

The opening appeals provisions for 2019/20 are £17.7m, made up of £12.9m relating to appeals received against the 2010 ratings list and £4.7m estimated costs in relation to the 2017 ratings list. Under the 75% Business Rates Retention pilot, Leeds' budget is affected by 74% of any appeals provision made in this year but provisions brought forward from 2018/19 were made at 99%.

On the 1<sup>st</sup> June 2019, there were 1,403 appeals outstanding against the 2010 ratings list. During June and July 216 appeals have been settled, of which 100 have not resulted in changes to rateable values. 20 new appeals were received in June and July, this low number received reflecting that appeals are no longer accepted against the 2010 list except in very specific circumstances. At 31<sup>st</sup> July there are 1,207 outstanding appeals in Leeds, with 13.8% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

No appeals have been received to date against the 2017 list, with only 1.5% of the city's total number of hereditaments in the 2017 list currently subject to either a 'check' or a 'challenge', the pre-appeal stages of the new appeals process introduced in 2017.

## **4. Housing Revenue Account (HRA)**

- 4.1 At the end of Month 4 the HRA is projecting a balanced position against the 2019/20 Budget.

## **5. Release from General Fund Reserve**

- 5.1 The recent falls in the bond markets have created an opportunity for the Council to convert some of its short term borrowing into longer term borrowing at record low interest rates. By locking in this opportunity the Council will de-risk its exposure to higher rates in the future. Whilst there will be an additional cost in the current year, this will be offset by multi-year savings in the following years.

5.2 Consequently, Executive Board are asked to approve the release of £1m from the general reserve. This will create savings for the Medium Term Financial Strategy and the £1m utilised from the reserve will be repaid in 2020/21 from the savings generated in that year. The officer responsible for the implementation of this recommendation is the Chief Officer - Financial Services and, subject to the Board's approval, the release from reserves will be actioned before the next reporting period.

## **6. Corporate Considerations**

### **6.1 Consultation and engagement**

6.1.1 This is a factual report and is not subject to consultation.

### **6.2 Equality and diversity / cohesion and integration**

6.2.1 The Council's revenue budget for 2019/20 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 27<sup>th</sup> February 2019.

### **6.3 Council policies and the Best Council Plan**

6.3.1 The 2019/20 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.

### **6.4 Climate Emergency**

6.4.1 Since this is a factual report detailing the Council's financial position for 2019/20 there are no specific climate implications.

### **6.5 Resources, procurement and value for money**

6.5.1 This is a revenue financial report and as such all resources, procurement and value for money implications are detailed in the main body of the report.

### **6.6 Legal implications, access to information, and call-in**

6.6.1 There are no legal implications arising from this report.

### **6.7 Risk management**

6.7.1 Budget management and monitoring is 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 such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget actions plans is in place for 2019/20.

## **7. Conclusions**

- 7.1 This report informs the Executive Board of the Month 4 position for the Authority in respect of the revenue budget which currently projects an overspend of £0.87m. The Housing Revenue Account is projecting a balanced budget position.
- 7.2 In addition, the report seeks approval for release of £1m from the general fund reserve to take advantage of record low interest rates, delivering debt savings to the Medium Term Financial Strategy.

## **8. Recommendations**

- 8.1 Executive Board are asked to note the projected financial position of the authority as at Month 4.
- 8.2 Executive Board are asked to note the proposals identified by the Director of Children and Families to address the projected overspend reported to the Board in July.
- 8.3 Executive Board are asked to approve the release of £1m from the general reserve to take advantage of record low interest rates, creating savings for the Medium Term Financial Strategy. The officer responsible for the implementation of this recommendation is the Chief Officer - Financial Services. The release from reserves will be actioned before the next reporting period.

## **9. Background documents<sup>1</sup>**

- 9.1 None.

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<sup>1</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.

# ADULTS AND HEALTH

## Financial Dashboard - 2019/20 Financial Year

### Month 4 (July 2019)

The Directorate is projected to deliver a balanced position.

Budget Action Plans are required to deliver £13.1m of savings. At Period 4, 76% are effectively delivered and it is assumed that most plans will be delivered by the end of the year with some slippage in the demand and partner income BAPS.

The main variations at Period 4 across the key expenditure types are as follows:

#### Staffing (-£1.4m)

There are pressures within Provider Services but overall underspends within the rest of the directorate particularly Service Transformation, Resources and Commissioning more than mitigate these. It is noted that these underspends are expected to reduce as posts are recruited to.

#### Community Care Packages (£1.6m)

Pressures are expected within Learning Disability, Home Care and Supported Accommodation. Underspends are projected within residential and nursing care and Direct Payment numbers continue to fall.

#### General Running Costs (-£0.3m)

Due to early repayment £0.277m of debt will not be paid this year.

#### Appropriation Accounts (£0.2m):

a) Leeds Adults Safeguarding Board- LASB (£0.061m) - an underspend due to staff savings within Leeds Adult Safeguarding is projected and, in line with the Board's ring-fenced status, it is planned to be carried forward into the next financial year.

b) Winter Pressures Funding (£0.200m) - Winter pressures funding of £200k required to fund the Community Care Beds.

c) recognising the pressures facing the authority and the directorate in 2020/21 it is intended that the £277k saving from the early repayment of debt will be carried forward in reserves to be utilised in the next financial year.

d) Public Health Appropriation (-£0.287m) - the Public Health grant underspend from last year of £185k will be used to cover any fluctuations arising from prescribing and dispensing costs for drug treatment following the introduction of a new tariff for the drug buprenorphine in April 2018. £102k will be used for children's bereavement programmes.

#### Income (-£0.2m)

There are additional client contributions and additional income from the CCG re client transport.

#### Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend
				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	
Health Partnerships	1,535	(994)	541	(73)	0	0	0	0	0	0	0	0	(73)	57	(16)
Access & Care Delivery	272,769	(47,428)	225,341	(185)	0	1	0	(198)	2,585	(981)	0	61	1,283	(367)	917
Service Transformation Team	1,508	(15)	1,493	(292)	0	0	0	0	0	0	0	0	(292)	0	(292)
Commissioning Services	28,660	(54,764)	(26,104)	(477)	0	0	0	0	0	0	0	0	(477)	60	(417)
Resources and Strategy	5,707	(841)	4,866	(191)	0	0	0	(79)	0	0	0	79	(191)	0	(191)
Public Health (Grant Funded)	43,928	(43,542)	386	(40)	0	0	0	0	326	0	0	(287)	(1)	1	0
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>354,106</b>	<b>(147,583)</b>	<b>206,523</b>	<b>(1,258)</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>(277)</b>	<b>2,911</b>	<b>(981)</b>	<b>0</b>	<b>(147)</b>	<b>249</b>	<b>(249)</b>	<b>(0)</b>

**Key Budget Action Plans and Budget Variations:**

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
<b>A. Key Budget Action Plans</b>						
1.	Additional funding	S Hume	iBCF, Spring Budget, Advonet Grant, Social Care Grant	B	7.3	0.0
2.	Demand Based Savings - Ld	S McFarlane		G	0.3	0.0
3.	Demand Based Savings - Mental Health	S McFarlane		G	0.1	0.0
4.	Demand Based Savings - Telecare	S McFarlane		R	0.1	0.1
5.	Demand Based Savings - Reablement	S McFarlane		R	0.1	0.1
6.	Demand Based Savings - Chc / 117	S McFarlane		G	0.3	0.0
7.	Prudential Borrowing - Recovery Hubs	S McFarlane		B	0.2	0.0
8.	Ld - Funded Nursing Care Paid By Lcc On Chc Funded People	S McFarlane		G	0.1	0.0
9.	Premises Running Cost Savings	S McFarlane		G	0.1	0.0
10.	Demand Based Savings - Demand Mgt	S McFarlane		A	0.3	0.0
11.	Demand Based Savings - Further Options	S McFarlane		A	0.3	0.0
12.	Managing Budget Reductions	S Hume		G	0.1	0.0
13.	Demand Budgets (Commissioning)	S Hume		G	0.2	0.0
14.	Staffing	Various	primarily use of vacancy factors	B	0.8	0.0
15.	Income	Various	better collection of assessed income and recovery of monies from partners	A	1.9	(0.3)
16.	Public Health	I Cameron	review of commissioned services and use of reserves	B	1.0	0.0
<b>B. Other Significant Variations</b>						
1.	Staffing	All	relating to staffing turnover and slippage in employing new staff			(1.3)
2.	Community care packages	Various	anticipated variation			1.7
3.	General running costs	All	primarily non-spend of debt related budgets			(0.3)
4.	Use of reserves	All	net contribution to reserves (Leeds Adults Safeguarding Board and debt savings offset by transfers from reserves for Community Beds and Public Health)			(0.1)
5.	Income	S. McFarlane	client contributions and CCG contribution to CHC transport costs			0.1
					<b>Adults and Health Directorate - Forecast Variation</b>	
					<b>0.0</b>	

## CHILDREN & FAMILIES 2019/20 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 4

**Overall Summary** - The 19-20 budget for C&F addressed the underlying 18-19 key budget pressures, with the following additional resources reflected in the 19-20 C&F budget; £4m pay, £4m fallout of grant (DfE PIP Innovation 2016-18, School Improvement and Brokerage and Special Education Needs grant), £2m Children Looked After (CLA) demand, £0.7m Passenger Transport costs. At period 4 the directorate is projecting an overspend of **£0.825m** against a gross expenditure budget of £293m which equates to an overspend of 0.3%. This is a positive movement of £0.125m from the reported position to Exec Board for Q1 19-20. In line with the recommendation in the Q1 Financial Health report the Directorate has already committed to a number of actions in order to reduce the projected overspend. The actions identified to date total £1.8m and would enable the Directorate to more than offset the projected overspend. However, as detailed below the projected spend on CLA has now been increased by £1.7m as overall numbers continue to be above budgeted assumptions. As a result, the revised projected overspend is £0.8m. The Directorate will continue to identify potential options to manage this overspend. Pressures at P4 are £1.90m CLA Demand pressures around ER and IFA placements, £0.625m Passenger Transport and £0.4m Learning for Life (Lfl) net pressure principally due to Children Centre fee income. These pressures are expected to be partly offset by additional grant income, (UASC grant income of £0.3m, School Improvement and Brokerage Grant £0.35m and DfE Innovation (SFPC) grant £0.3m), an underspend on staffing of £0.40m, release from Strategic Contingency for Children Service £0.5m, Other planned service action plans £0.2m and savings on Supplies & Services £0.05m. There is a risk that the projected overspend worsens, with action being required to contain the CLA, Lfl Nursery fee income, savings target for Staffing and Passenger Transport pressures at this reported position.

**Children Looked After (CLA):** - The Children Looked After budget (CLA) was increased by £1.5m to £42.4m in the 2019/20 budget. The budget took into account the level of supported children in the autumn of 2018, 1,284 and at the end of July'19 there were 1,303; increase of 19 (+1.5%), reflecting a gradual increase in CLA numbers from April'19 onwards. This has resulted in significant pressures on the 19-20 External Residential (ER) and Independent Fostering Agencies (IFA) budgets. Current ER numbers are 67 compared to the budgeted number of 58, whilst the number of Independent Fostering Agencies (IFA) is 216 compared to the budgeted number of 184. It is anticipated that there will be a small reduction in numbers over the remainder of the year to achieve this projected position of a **£1.90m** pressure. The reconfiguring of the LCC run children homes and their current limited capacity continues to impact on the CLA demand budgets, along with barriers in education provision within the city preventing CLA children being placed back into Leeds. There is still a risk that there will be further budget pressure increases in 2019-20.

**Non CLA Financially supported:** - The non-CLA financially supported budget was increased by £0.5m to £12.9m in the 2019/20 budget. Budgeted 19-20 numbers are 867 placements; current numbers are 871. At this stage of the year it is assumed that spend will be in budget.

**Staffing:** - The staffing budget for 19-20 is £87.4m. At P4 the Directorate have made a commitment to deliver savings of **£0.40m** on the pay budget. This reflects some one-off funding from the carry forward of DfE PIP monies and Troubled Families Earned Autonomy. The directorate will need to strictly control all post releases and DDN requests to achieve this position and mitigate any potential pay pressures. Also need to continue to review and control the use of Overtime and Agency staff.

**Transport** : - The overall budget for Passenger Transport is £14.7m; an increase of £0.65m from 18-19. The budget for CEL Passenger Transport has increased by £0.95m and the budget for WYCA reduced by £0.3m; net £0.65m. There has been a notable increase in the number of children requiring transport during 18-19 and a significant increase in contract prices over the increase allowed for in the 2019/20 budget. The actual increase in demand will be clearer at the start of the autumn'19 academic term but at this stage an increase in costs for CEL Passenger Transport of **£0.625m** are projected. This assumes that a number of actions are progressed to reduce costs and the Directorate is working with CEL to mitigate the demand and cost pressures, for example; route rationalisation, Independent travel Training and switch from Private Hire to In-House fleet transportation. There is a risk that demand continues to increase and unit costs increase further during the year.

**Trading and Commissioning** : - Although the Trading areas of the directorate collectively underachieved their income targets in 2018/19, action plans have been developed for the areas where income was below budget in 2018/19. An action plan has been developed to look at maximising income from Learning for Life, but a shortfall of **£0.4m** against net managed budget is now projected; £1m shortfall on Children Centres FEE income offset by other savings within Lfl Services. Again there is a significant risk that the projected level of nursery fee income is not achieved. Occupancy levels within the Little Owls nurseries at September'19 (start of the new academic year) will be crucial to determining the financial projection for 19-20 financial year.

**Supplies & Services:** - The S&S budget for C&F directorate is £61.4m, of which £52.8m relates to Pfl payments and £1.0m for food costs for LCC run homes and nurseries. A savings target of **£0.05m** is now reflected. Controls will need to be put in place to ensure only essential expenditure on controllable S&S is committed for the remainder of the year.

**Other Income / Projects:** - On the 17th April 2019 the DfE announced that the authority was successful in its bid, Strengthening Families Protecting Children (SFPC) bid. The award is for £8.24m over 5 years, with £1.58m being awarded for 2019/20 financial year. Plans are being developed to deliver the outcomes of the grant and deliver further **£0.3m** contribution to current costs. Delivery of the Troubled Families - Earned Autonomy Project continues to be implemented. The impact of the realignment of grant funding within Early Help service continues to be reviewed to ensure no overall financial impact of delivering the programme. UASC Home Office announcement re introduction of new flat rate of £114 per day for each eligible UASC child; impact additional **£0.3m** Home Office grant income. **£0.35m** School Brokerage Grant contribution to current costs; covers the first 2 terms of the 19-20 academic year, The Government had previously indicated that funding would cease at the end of August 2019.

	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		
<b>Demand Led Budgets:</b>																
In House placed CLA	20,352	(3,648)	16,704	0	0	0	0	0	(250)	0	0	0	(250)	0	0	(250)
Independent Fostering Agency	7,546		7,546	0	0	0	0	0	1,250	0	0	0	1,250	0	0	1,250
External Residential	11,913		11,913	0	0	0	0	0	900	0	0	0	900	0	0	900
Other Externally placed CLA	2,566		2,566	0	0	0	0	0	0	0	0	0	0	0	0	0
Non CLA Financially Supported	12,883	(3,514)	9,369	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	15,062	(617)	14,445	0	0	0	625	0	0	0	0	0	625	0	0	625
<b>Sub total Demand Led Budgets</b>	<b>70,322</b>	<b>(7,779)</b>	<b>62,542</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>0</b>	<b>1,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,525</b>	<b>0</b>	<b>0</b>	<b>2,525</b>
<b>Other Budgets</b>																
Partnerships & Health	5,150	(1,342)	3,808	(50)	0	0	0	0	0	0	0	0	(50)	(200)	0	(250)
Learning	31,600	(26,706)	4,894	(100)	0	0	0	0	0	0	0	0	(100)	(350)	0	(450)
Social Care	120,881	(75,324)	45,557	(200)	0	(50)	0	0	0	0	0	(500)	(750)	(200)	0	(950)
Resources and Strategy	65,206	(60,259)	4,947	(50)	0	0	0	0	0	0	0	0	(50)	0	0	(50)
<b>Sub total Other Budgets</b>	<b>222,838</b>	<b>(163,631)</b>	<b>59,207</b>	<b>(400)</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(500)</b>	<b>(950)</b>	<b>(750)</b>	<b>0</b>	<b>(1,700)</b>
<b>Total</b>	<b>293,159</b>	<b>(171,410)</b>	<b>121,749</b>	<b>(400)</b>	<b>0</b>	<b>(50)</b>	<b>625</b>	<b>0</b>	<b>1,900</b>	<b>0</b>	<b>0</b>	<b>(500)</b>	<b>1,575</b>	<b>(750)</b>	<b>0</b>	<b>825</b>

<b>Key Budget Action Plans and Budget Variations:</b>		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>RAG</b>	<b>Action Plan Value £m</b>	<b>Forecast Variation £m</b>
<b>A. Significant Variations</b>				<b>RAG</b>	<b>£m</b>	<b>£m</b>
	Children Looked After	Steve Walker / Sal Tariq	The budget supports an average of 58 ER and 184 IFA Placements. Currently at 67 ER and 216 IFA Placements. Partly impacted due to reduced capacity in LCC run homes; currently at 17 against potential 28 when 7 mainstream homes operational.	R		1.90
	Staffing Related Costs	C&F Leadership Team	£0.8m High Level Action Plan target savings (£0.4m Social Care, £0.1m Learning and £0.3m Attendance), Close control of recruitment & post releases and potential impact of any DDN's need to be monitored and actioned to deliver the projected savings of £0.45m. Also control use of Agency and Overtime costs.	G		(0.40)
	Learning For Life - Early Start & Youth Services	Sal Tariq / Andrea Richardson	Net pressure of £0.4m explained by £1m shortfall in Children Centres income, offset by savings within Family Services, Early Help and Youth services. Impact of numbers on roll at the start of the new academic year will be crucial for determining the level of nursery fee income for 19-20.	R		0.40
	Passenger Transport	Sue Rumbold	Continuation of increasing demand within LCC run Passenger Transport. Whilst the strategy provided £0.7m additional funding, there is a further pressure of £0.625m due to increasing demand and prices via commissioning. Impact of new demand and tenders for private hire arising from the commencement of the academic year will be crucial.	R		0.63
	Income (Incl. Grants)	C&F Leadership Team	£0.3m Home Office announcement re new funding formulae for councils looking after asylum seeking children (UASC) and implementation of a flat standard rate of £114 per day. £0.35m School Brokerage grant income for the autumn and spring terms of the 19-20 academic year and £0.3m DfE PIP SFPC grant.	G		(0.95)
	Supplies & Services	C&F Leadership Team	£0.05m savings target from S&S budget. To put in place controls to reduce overall spend.	A		(0.05)
<b>B. Key Budget Action plans (BAP's)</b>						
Transport	Pasenger Transport - Other Transport savings	Sue Rumbold	Savings from WYCA and additional schools swimming income	G	(0.30)	0.00
Social Care	Achieve running cost savings from former Partner in Practice funded activities	Sal Tariq	review non-staffing expenditure previously funded through the PIP grant	G	(0.15)	0.00
Social Care	Make savings on Independent Support workers within CHAD.	RuthTerry	Based on 2018/19 spend this should be achievable	G	(0.05)	0.00
Social Care	Achieve running cost savings in Learning for Life	Andrea Richardson	cease commissioned service with ASHA - saving £50k	G	(0.05)	0.00
Resources & Stratgey	Reduction in Prudential borrowing charges	Tim Pouncey	Savings achieved - borrowing repaid	G	(0.05)	0.00
Social Care	Achieve increased charges at Adel Beck	Sal Tariq	Increases in charges agreed, overall position will depend on the placements.	G	(0.20)	0.00
Social Care	Achieve other additional income targets	All COs	Includes £0.2m secured from Housing capital for the capitalisation of part of the costs of the CHAD team	G	(0.40)	0.00
Social Care/Transport	Additional income from moving towards full the recovery of appropriate costs from the Dedicated Schools Grant	Tim Pouncey	Should be achievable depending on the total costs incurred	G	(0.60)	0.00
<b>C. Contingency Plans</b>						
	Use of strategic contingency fro Children Services.	Steve Walker	Request release from strategic contingency to support the directorates financial position			(0.50)
	Further service action plans	Steve Walker & Leadership Team	To identify additional income or further savings on expenditure.			(0.20)
<b>Children and Families Directorate - Forecast Variation</b>						<b>0.825</b>

# CHILDREN & FAMILIES 2019/20 FINANCIAL YEAR

## DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 4

**Overall Summary** - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block.

At month 4 there is a projected overspend of £554k on general DSG and no overall variance on de-delegated services although there is a risk that this position could deteriorate in the second half of the year once more detailed information is available on top up payments and outside placements. This position includes the impact of the additional funding for the high needs block announced by the Secretary of State for Education on the 17th December 2018.

**Schools Block** - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). These budgets are currently projected to be on budget overall. The Growth Fund budget remains part of this block and is currently projected to be on budget as £400k of the DSG surplus brought forward from 2018/19 has been earmarked for this purpose.

### Central School Services Block

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). There are no overall variances currently projected on these services.

**Early Years Block** - This element is concerned with provision to pre-school children. The final grant amount received is largely based on the January 2020 census and so will not be confirmed until the 2020/21 financial year. Following the significant underspend in the past 2 years, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. However, it is still expected that there will be an underspend of approximately £1,500k. This is due to an expected difference between the number of places funded and the number of places paid to providers.

**High Needs Block** - This element is used to support provision for pupils and students with special educational needs and disabilities. This block is currently experiencing increasing costs due to high levels of demand and increasing complexity of cases. The main variances in this block are:-

- a lack of suitable places in Leeds is expected to result in an overspend on outside placements of £1,526k
- an overspend of £520k is projected on place and top up funding due to an increase in the number of specialist provision places from September 2019.

**Reserves** - There is a surplus reserve brought forward from 2018/19 of £1,097k and a de-delegated reserve of £587k. However £400k of the surplus has been earmarked for use on the growth fund in 2019/20 and the in-year overspend of £554k means that there is a projected surplus on general DSG carried forward to 2020/21 of £143k.

### Budget Management - net variations against the approved budget

	Budget	Projection	Variance
	£'000	£'000	£'000
<b>Schools Block</b>			
DSG Income	(301,877)	(300,219)	1,658
Individual Schools Budgets	295,939	294,281	(1,658)
De-delegated budgets	4,438	4,438	0
Growth Fund	2,900	2,900	0
Contribution to /from reserves	(1,400)	(1,400)	0
	0	0	0
<b>Central School Services Block</b>			
DSG Income	(4,725)	(4,725)	0
CSSB Expenditure	4,725	4,725	0
	0	0	0
<b>Early Years Block</b>			
DSG Income	(55,877)	(55,877)	0
FEEE 3 and 4 year olds	45,709	44,209	(1,500)
FEEE 2 year olds	7,312	7,312	0
Other early years provision	2,856	2,856	0
	0	(1,500)	(1,500)
<b>High Needs Block</b>			
DSG Income	(66,389)	(66,389)	0
Funding passported to institutions	59,524	61,585	2,061
Commissioned services	1,702	1,695	(7)
In house provision	4,605	4,605	0
Prudential borrowing	558	558	0
	0	2,054	2,054
<b>Total</b>	<b>0</b>	<b>554</b>	<b>554</b>

### DSG Grant Reserves

	General	De-delegated	Total
	£'000	£'000	£'000
<b>Latest Estimate</b>			
Balance b/fwd from 2018/19	(1,097)	(587)	(1,684)
Net contribution to/from balances	400	0	400
<b>Balance c/fwd to 2020/21</b>	<b>(697)</b>	<b>(587)</b>	<b>(1,284)</b>
<b>Projected Outturn</b>			
Balance b/fwd from 2018/19	(1,097)	(587)	(1,684)
Projected in year variance	0	0	0
Net contribution to/from balances	400	0	400
<b>Balance c/fwd to 2020/21</b>	<b>(697)</b>	<b>(587)</b>	<b>(1,284)</b>





## CITY DEVELOPMENT 2019/20 BUDGET FINANCIAL DASHBOARD - MONTH 4 (APRIL - JULY)

At period 4 the Directorate is forecasting to deliver a balanced position despite two significant pressures in relation to Kirkgate Market and the Strategic Investment Fund.

At Kirkgate Market traders have been granted a 20% rent discount for 6 months as footfall continues to be an issue in the market, which comprises £200k of the forecast £650k shortfall in income, the rest is due to the vacant units within the market.

The Strategic Investment Fund requires further acquisitions to be made in order to achieve the net income target of £3.36m, the current shortfall is circa £690k. Further investment opportunities continue to be sought and financially appraised.

Street lighting electricity costs are a key risk as any delays in the LED conversion programme may result in planned electricity savings not being achieved, however an early works agreement has been signed and the programme remains on track for a September 2019 start.

Other risks include Active Leeds income and planning fee income which may be affected by the general economic climate and will continue to be closely monitored.

The Directorate will seek to contain and mitigate these pressures via one off income receipts and expenditure savings.

### 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	9,436	(7,490)	1,946	(101)	0	0	0	0	0	0	0	0	(101)	101	0
Economic Development	2,212	(556)	1,656	26	1	(92)	0	8	0	0	0	0	(57)	60	3
Markets & City Centre	3,410	(3,702)	(292)	(1)	0	0	0	0	0	0	0	0	(1)	663	662
Asset Management & Regeneration	16,681	(19,923)	(3,242)	(127)	0	0	0	0	0	0	0	0	(127)	689	562
Employment & Skills	6,210	(4,515)	1,695	0	0	0	0	0	0	0	0	0	0	0	0
Highways & Transportation	65,238	(48,123)	17,115	(1,292)	3	913	(31)	63	0	0	0	0	(344)	347	3
Arts & Heritage	19,287	(8,438)	10,849	72	(3)	(17)	0	0	0	0	0	0	52	15	67
Active Leeds	25,547	(20,409)	5,138	124	(53)	(52)	0	0	0	0	0	0	20	25	45
Resources & Strategy	1,026	0	1,026	(50)	0	(10)	0	0	0	0	0	0	(60)	(1,282)	(1,342)
<b>Total</b>	<b>149,047</b>	<b>(113,156)</b>	<b>35,891</b>	<b>(1,349)</b>	<b>(52)</b>	<b>742</b>	<b>(31)</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(618)</b>	<b>618</b>	<b>(0)</b>

**Key Budget Action Plans and Budget Variations:**

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
<b>A. Budget Action Plans</b>		Lead Officer	Additional Comments		£'000	£'000
1.	Asset Management & Regeneration	Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(1,000)	562
2.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation	G	(250)	0
5.	Highways and Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(700)	0
6.	Highways and Transportation	Gary Bartlett	Fees Capitalisation	G	(400)	0
8.	Sport and Active Lifestyles	Cluny MacPherson	Sport Income	G	(220)	25
.9.	Sport and Active Lifestyles	Cluny MacPherson	Sport Efficiencies	G	(150)	20
<b>Total Budget Action Plan Savings</b>					<b>(2,720)</b>	<b>607</b>
<b>B. Other Significant Variations</b>						
1.	Markets & City Centre		Markets Rental Income re 20% Reduction and loss of income due to vacant units			650
2.	Arts and Heritage	Cluny MacPherson	Staffing			72
3.	All	All	Other minor variations			(47)
2.	Resources & Strategy	Ed Mylan	Action Plans to mitigate net budget pressures. Work ongoing to identify further savings and quantify potential impact of robust management of vacancies and staff turnover			(1,282)
<b>City Development Directorate - Forecast Variation</b>						<b>0</b>

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2019/20 FINANCIAL YEAR

### PERIOD 4

#### Overall

The Directorate is projecting a balanced position at this early stage in the financial year albeit with an action plan to contain the underlying financial risks facing some services. The month 4 position reflects a requirement to deliver action plan reductions of £389k (down from £735k at month 3) to mitigate the collective pressures identified. Budget pressures remain within Corporate Property Management (CPM) and challenging staffing target savings across a range of Resources services.

#### Resources

The budget requires the delivery of over £3.2m of savings in this area of which approximately £2m are staffing savings. After a number of years of reductions in support services, this figure is becoming increasingly challenging to achieve without fundamental changes to the way some of these services are provided. There may be a timing issue to deliver all the savings as planned. Early indications are that there are likely to be overall pressures in Shared Services of £0.15m and Finance £0.15m. A review of the finance function has commenced. There are forecastsavings within Digital and Information Services relating to expenditure on Microsoft licences of £320k.

#### Leeds Building Services

The budget assumes delivery of an £11m surplus with a turnover of just under £70m. At Period 4 no variation is forecast. However, there are a significant number of front line vacant posts which will affect the overall recovery position. It is assumed that work will be sub contracted to deliver the total business plan.

#### Housing and Property Services

There are continuing pressures within the CPM function which are estimated at around £0.4m. At this stage there are no variations to report within the remainder of the Housing General Fund and Supporting People services.

#### Civic Enterprise Leeds (CEL)

A balanced position is projected at period 4 but 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	98,361	(31,125)	67,236	1,423	4	(932)	0	0	0	0	0	74	569	(594)	(25)
LBS	58,336	(69,345)	(11,009)	(737)	0	869	0	(132)	0	0	0	0	0	0	0
Housing & Property	25,665	(12,320)	13,345	41	794	(19)	28	0	0	0	0	0	844	(450)	394
CEL	80,407	(67,783)	12,624	184	20	(50)	581	1	0	0	0	0	736	(736)	0
Directorate Action Plan				(269)		(100)							(369)		(369)
<b>Total</b>	<b>262,769</b>	<b>(180,573)</b>	<b>82,196</b>	<b>642</b>	<b>818</b>	<b>(232)</b>	<b>609</b>	<b>(131)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74</b>	<b>1,780</b>	<b>(1,780)</b>	<b>0</b>

**Key Budget Action Plans and Budget Variations:**

Service	Budget Action	Lead Officer	Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
<b>HOUSING</b>						
Leeds Building Services	To deliver an improved surplus of £1.4m from additional turnover; efficiencies and productivity.	Simon Costigan	New rates agreed ahead of 2019/20. Meetings held with business unit managers regarding turnover assumptions.	G	(1.40)	
Housing	Review of housing general fund staffing costs	Jill Wildman	To be controlled through effective management of vacancies; No issues currently anticipated	G	(0.10)	
<b>CEL</b>						
Cleaning /Catering	Additional income	Sarah Martin	Awarded window cleaning contract for Barnsley Council & headquarter clearance of Harrogate Council. Plans to expand Civic Flavour.	G	(0.07)	
Facilities Management	Review of Entry systems at Civic Hall	Sarah Martin	Quotes obtained for installation of speedgates from LBS, awaiting a slot from LBS for the work to be done. This will enable a review of staffing levels.	G	(0.04)	
Facilities Management	Energy savings	Sarah Martin	More timely meter readings, use of energy efficient lighting & movement sensors & better use of Trend system to remotely control heating systems.	G	(0.03)	
Facilities Management	In-sourcing of Waste and Voids contracts	Sarah Martin	Proposals to vire budgets have been submitted to HoF. Virement codes received and virement to be completed.	G	(0.06)	
CEL Management	Staffing restructure	Sarah Martin	ELI case has been completed which will partially deliver savings	G	(0.08)	
Fleet Services	Operational Savings	Sarah Martin	Plans being developed and implemented to use capital funding to reduce spend on hire.	G	(0.05)	
<b>RESOURCES</b>						
DIS	Procurement efficiencies targeted to deliver £0.5m of contract savings	Dylan Roberts	£346k secured and savings realised; £180k under review; £20k pressure re HYDRA to be found	G	(0.55)	
DIS	Staffing reductions	Dylan Roberts	£245k savings completed; Remaining £75k relates to review of App Support team	G	(0.32)	
DIS	Secure net additional income from charges to Capital and external income	Dylan Roberts	External income has been completed; Capital programme reflects these proposals - staff have been recruited to PM roles. Ongoing review of activity	G	(0.40)	
Financial Services	Deliver £0.3m staffing savings to balance the 19/20 budget	Victoria Bradshaw	Total staffing pressure circa £500k; Some savings from maternities and leavers since budget. £330k to find, but additional income around £160k leaving £145k pressure ; Further ELI expressions have been received. Service reviews scheduled	A	(0.30)	0.15
HR	Deliver £0.09m staffing savings to balance the 19/20 budget	Gemma Taskas	Budget should be delivered through management of releases	G	(0.09)	
HR	Development of ULEV scheme	Gemma Taskas (Alex Watson)	Initial Communications and promotion has gone out; No sign up as at 31.5.19	A	(0.06)	
HR	Secure £150k of income chargeable to the Apprentice Levy	Gemma Taskas (Alex Watson)	Meetings with E&S set up; Indications are that this is double count and won't be achievable. HR will need to identify suitable alternative savings	A	(0.15)	
Legal Services	To identify £206k of external legal costs that can be brought in house	Catherine Witham (Nicole Walker)	Analysis of 18/19 LCC wide spend on external costs that could now be brought in house when structure filled.	A	(0.21)	
Shared Services	Deliver £0.79m staffing savings to balance the 19/20 budget	Helena Phillips	Requires around 8% VF to deliver; Current staffing levels indicate £720k pressure after offsetting additional income for funded posts; Careful management of turnover required.	A	(0.79)	
Shared Services	Electronic Processing of Invoices	Helena Phillips	Unlikely to deliver project this Financial Year.	A	(0.15)	0.15
Strategy and Improvement	Deliver £0.255m staffing savings to balance the 19/20 budget	Mariana Pexton	Potential to use some new one off external funding to help offset pressures - circa £80k; Balance to be delivered through management of vacancies.	G	(0.26)	
<b>B. Other Significant Variations</b>						
1	CPM	Simon Costigan	Pressures on the maintenance budget (net of £0.4m additional capitalisation)	R		0.39
2	Finance -Court Fees	Victoria Bradshaw	Budget reduced to £2m in 19/20. No significant variation at Month 3	G		0.00
3	Resources - Schools Income	All	No variation assumed from traded income with schools	G		0.00
4	All Other Variations	All	£320k savings from DIS relating to Microsoft; To review and instigate Directorate action plan as appropriate (£0.37m)	G		(0.69)

**Resources and Housing Directorate - Outturn Variation (0.00)**

## COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

### FINANCIAL DASHBOARD - 2019/20 FINANCIAL YEAR

#### Period 4 (July 2019)

**Overall Position (Nil variance)**

**Communities (Nil variance)**  
The service is projecting a nil variance.

**Customer Access (£238k Overspend)**  
The service is currently projecting an overspend of £238k which is attributable to additional staffing costs within the Contact Centre (£450k) due to recruitment to improve call answer rates. This has been partially offset by funding of £300k secured from Housing Leeds in respect of Housing enquiries. Additional security costs incurred at the Hubs have also resulted in a further pressure of £88k.

**Electoral and Regulatory Services (£29k Under budget)**

**Elections, Licensing and Registrars (Nil variance)**  
The service is projecting a nil variance

**Environmental Health (£29k Under budget)**  
The Environmental Health service is projecting a saving of £29k due to staffing savings across the service.

**Welfare and Benefits (Nil variance)**  
A balanced position is currently projected. This position includes a projected staffing overspend of £150k across the service although it is anticipated that this will be offset by other savings within the service. An ongoing area of risk is around the achievement of the budgeted level of overpayment income.

**Parks and Countryside (Nil variance)**  
The service is projecting a balanced position. Although there is currently a net pressure across Attractions and the Arium of £0.3m, it is anticipated that these shortfalls will be offset by expenditure savings and additional income in other areas of the service.

**Car Parking (£125k Under budget)**  
The service is currently projecting a saving of £125k. This saving is mainly due to staffing and other expenditure variations. In addition, based on current trends, there is a projected shortfall against budget on the levels of 'on street' parking income (+£196k), although this is offset by additional income including 'off street' parking income and PCNs

**Cleaner Neighbourhoods Teams (£12k Under Budget)**  
The service is projecting a net saving of £12k which is due to projected staffing savings, partially offset by additional vehicle costs.

**City Centre (Nil variance)**  
The service is projecting a nil variance.

**Waste Management (Nil variance):**  
Pressures within the Refuse service relating to the ongoing Refuse review combined with additional costs of recovery are anticipated to be offset by waste disposal contract savings. Other staffing pressures, mainly within Waste Operations, are assumed to be offset by other savings across the service.  
The SORT disposal contract remains an area of risk due to the continued decline in market prices for recycled materials and this will be monitored closely during the year.

**Community Safety (Nil variance)**  
The service is currently projecting as a nil variance

**Directorate Wide (Action plan savings £72k)**  
The directorate will work towards identifying appropriate savings to balance the overall projected overspend of £72k.

#### Budget Management - net variations against the approved budget;

##### Summary By Service

				Period 4 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		
Communities	17,530	(12,174)	5,356	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Access	24,293	(4,281)	20,012	450	101	14	(15)	0	0	0	0	0	550	(312)	238	
Electoral & Regulatory Services (including Environmental Health)	8,327	(5,913)	2,414	(110)	0	38	(6)	0	0	0	0	56	(22)	(7)	(29)	
Welfare And Benefits	265,394	(260,867)	4,527	43	0	60	0	76	0	0	0	0	179	(179)	0	
Car Parking Services	4,874	(13,155)	(8,281)	(80)	3	(65)	10	6	0	0	0	0	(126)	1	(125)	
Community Safety	8,965	(6,572)	2,393	(135)	1	(6)	7	107	0	0	0	0	(26)	26	0	
Waste Management	42,737	(7,693)	35,044	1,568	31	(270)	222	(210)	0	0	0	0	1,341	(1,341)	0	
Parks And Countryside	33,164	(25,896)	7,268	(35)	215	718	(24)	(17)	0	0	0	0	857	(857)	0	
Environmental Action (City Centre)	2,079	(427)	1,652	(9)	1	11	(3)	0	0	0	0	0	0	0	0	
Cleaner Neighbourhood Teams	12,722	(4,536)	8,186	(149)	0	(193)	315	0	0	0	0	0	(27)	15	(12)	
Directorate wide	0	0	0	0	0	0	0	0	0	0	0	0	0	(72)	(72)	
<b>Total</b>	<b>420,085</b>	<b>(341,514)</b>	<b>78,571</b>	<b>1,543</b>	<b>352</b>	<b>307</b>	<b>506</b>	<b>(38)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>2,726</b>	<b>(2,726)</b>	<b>0</b>	

<b>Key Budget Action Plans and Budget Variations:</b>						
		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>RAG</b>	<b>Action Plan Value (£000s)</b>	<b>Forecast Variation against Plan/Budget</b>
<b>Communities</b>						
<b>Communities team</b>	Achievement of staffing efficiencies	Shaïd Mahmood	£40k of this to be delivered by the saving of 2 posts through ELI.	<b>G</b>	<b>(75)</b>	0
<b>Community Centres</b>	Asset transfer savings and general efficiencies within the service	Shaïd Mahmood	Asset transfers should generate £70k. Delivery of additional savings targets are to be considered by Facilities Management.	<b>G</b>	<b>(100)</b>	0
<b>Community Centres</b>	Achievement of base income pressure	Shaïd Mahmood	The actual pressure at outturn 18/19 was £40k, options remain to review and increase prices. This will be reviewed alongside the Facilities Management savings.	<b>G</b>	<b>(100)</b>	0
<b>Third Sector Infrastructure Fund</b>	10% saving on Third Sector Infrastructure Fund	Shaïd Mahmood	Agreed to taper the relief over the year with Voluntary Action Leeds.	<b>G</b>	<b>(30)</b>	0
<b>Communities</b>	Achievement of base budget vacancy factor	Shaïd Mahmood	Service to review current staffing arrangements and look at where they can offset existing staffing costs against grant income. Service may also consider holding some posts vacant.	<b>G</b>	<b>(175)</b>	0
<b>Customer Access</b>						
<b>Libraries</b>	Staffing efficiencies achieved through the planned restructure of the Libraries and Information service	Lee Hemsworth	Structure to be agreed with the Unions. Currently have a significant number of vacant posts.	<b>G</b>	<b>(200)</b>	0
<b>Libraries</b>	Review and reduce the provision of publications in Libraries	Lee Hemsworth	Awaiting outcome of review regarding what publications should be available at Library sites. Any shortfall in savings will be delivered from elsewhere within the budget.	<b>G</b>	<b>(40)</b>	0
<b>Libraries</b>	Retender Library management system contract as single contract (18/19 saving)	Lee Hemsworth	Retender process has now taken place and forecast savings will be delivered in year. A data Migration process is required to facilitate the new support contract, this should be funded out of savings delivered but may also need some capital resource..	<b>G</b>	<b>(50)</b>	0
<b>Customer Access</b>	Achievement of base budget vacancy factor	Lee Hemsworth	Most of this has already been delivered but there is some concern about achievability in Hubs.	<b>G</b>	<b>(646)</b>	0
<b>Customer Access</b>	Achievement of base budget efficiencies (18/19 channel shift saving)	Lee Hemsworth	Agreed additional funding with HRA of £300k to improve performance. May potentially overspend by £150k.	<b>R</b>	<b>(310)</b>	150
<b>Welfare &amp; Benefits</b>						
<b>Welfare and Benefits</b>	Achievement of staffing efficiencies	Lee Hemsworth	The pending restructure of the benefits team which is still subject to approval may impact on the delivery of this efficiency. To be monitored.	<b>A</b>	<b>(150)</b>	0
<b>Welfare and Benefits</b>	Local Welfare Support Scheme - passport the costs of carpets / flooring	Lee Hemsworth	On target to deliver	<b>G</b>	<b>(100)</b>	0
<b>Welfare and Benefits</b>	Achievement of base budget vacancy factor	Lee Hemsworth	On target to deliver but will be affected by a restructure.	<b>G</b>	<b>(47)</b>	0
<b>Elections, Licensing, Regulatory Services (incl Environmental Health)</b>						
<b>Registrars</b>	Implement fee review in respect of non-statutory charges	John Mulcahy	Fee review implemented - to be monitored in year.	<b>G</b>	<b>(100)</b>	0
<b>Elections</b>	Shared cost of local elections in 19/20	John Mulcahy	To be delivered.	<b>G</b>	<b>(100)</b>	0
<b>All</b>	Achievement of base budget vacancy factor (including Environmental	John Mulcahy	To be delivered.	<b>G</b>	<b>(100)</b>	0
<b>Waste Management</b>						
<b>Refuse</b>	Progress route review to deliver £1.1m savings in the base budget	Helen Freeman	Route review ongoing, anticipated to be offset by other savings across the service.	<b>A</b>	<b>(1,100)</b>	0
<b>Waste Management - all services</b>	Achievement of base budget vacancy factor	Helen Freeman	Progress to be monitored in year.	<b>G</b>	<b>(83)</b>	0

<b>Environmental Action Services (incl Parking)</b>						
<b>Car Parking</b>	Increase charges at Woodhouse Lane car park by 50p for a full day	Helen Freeman	Increase has been implemented mid April 19. Need to monitor income levels during the year.	<b>G</b>	(110)	0
<b>Car Parking</b>	Increase Sunday / Evening charges by 10%	Helen Freeman	Price increases including Sunday / evening charges are currently under review.	<b>G</b>	(60)	0
<b>Environmental Action Services (incl Parking and Countryside)</b>	Achievement of vacancy factor (Car parks £145k, CC £23k, CNT £139k)	Helen Freeman	Progress to be monitored in year.	<b>G</b>	(310)	0
<b>Parks and Countryside</b>				<b>G</b>		0
<b>Parks and Countryside</b>	Maximise further commercial income generating opportunities	Sean Flesher	Progress to be monitored in year.	<b>G</b>	(50)	0
<b>Parks and Countryside</b>	Review and standardise leedscard discounts at Attractions	Sean Flesher	Following initial review and implementation the decision to standardise the leedscard discounts has now been reversed pending further review.	<b>R</b>	(30)	30
<b>Parks and Countryside</b>	Identify appropriate staffing costs to charge to Capital	Sean Flesher	Progress to be monitored in year.	<b>G</b>	(65)	0
<b>Parks and Countryside</b>	Staffing savings - achievement of vacancy factor (5% all services, 9% Parks Operations)	Sean Flesher	Progress to be monitored in year.	<b>G</b>	(1,181)	0
<b>Community Safety</b>						
<b>Community Safety</b>	Identify efficiencies in use of external funding (£50k 18/19 + £60k 19/20)	Paul Money	Use of external funding has identified £80k to contribute to savings, further work to identify the remaining £30k is on going.	<b>G</b>	(110)	
<b>Community Safety</b>	Replacement of CCTV infrastructure	Paul Money	Delays in the project.	<b>R</b>	(50)	50
<b>Community Safety</b>	PCSO staffing savings - achievement of vacancy factor above base	Paul Money	Will be based on actuals once quarterly invoices are received	<b>G</b>	(10)	0
<b>Community Safety</b>	Achievement of base vacancy factor	Paul Money	Progress to be monitored in year	<b>G</b>	(312)	
<b>Directorate Wide</b>						0
<b>Other Significant Variations</b>						
All services			Other expenditure variations			(230)
<b>Communities &amp; Environment - Forecast Variation</b>						<b>0</b>



**STRATEGIC & CENTRAL ACCOUNTS - 2019/20 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 4 DRAFT**

**Overall :**

At month 4 Strategic & Central Accounts are on track to achieve the budget

- There is a projected shortfall in the New Homes Bonus grant of £0.49m
- The current projection for Section 31 grant income is £0.44m higher than budget
- The debt budget is currently forecast to have no significant variation
- It should also be noted that there are risks associated with both the general and schools capitalisation budgets.
- It is anticipated that the procurement exercise for insurance cover will generate savings of £0.6m to partially offset an £2.0m overspend on insurance claims. The net overspend of £1m on insurance will result in a call of £0.4m on the Insurance Reserve, in comparison to the budgeted £0.6m contribution.

**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	(3,748)	(18,698)	(22,446)										0		0
Debt	20,859	(17,376)	3,483			27							27	(37)	(10)
Govt Grants	6,001	(36,209)	(30,208)										0	50	50
Joint Committees	35,902	(7)	35,895										0		0
Miscellaneous	5,836	(833)	5,003	(9)									(9)	10	1
Insurance	10,543	(10,543)	0			2,020		(734)				(1,092)	194	(194)	0
<b>Total</b>	<b>75,393</b>	<b>(83,666)</b>	<b>(8,273)</b>	<b>(9)</b>	<b>0</b>	<b>2,047</b>	<b>0</b>	<b>(734)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,092)</b>	<b>212</b>	<b>(171)</b>	<b>41</b>

## STRATEGIC & CENTRAL ACCOUNTS - 2019/20 FINANCIAL YEAR

### Key Budget Action Plans and Budget Variations:

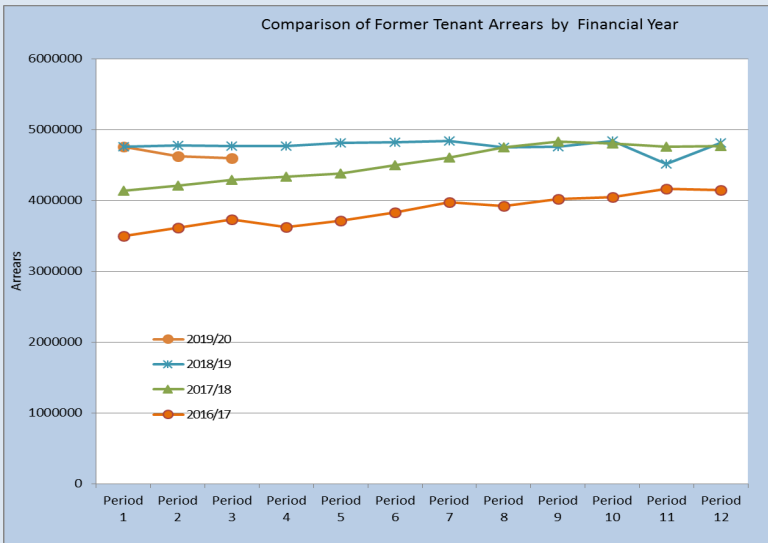
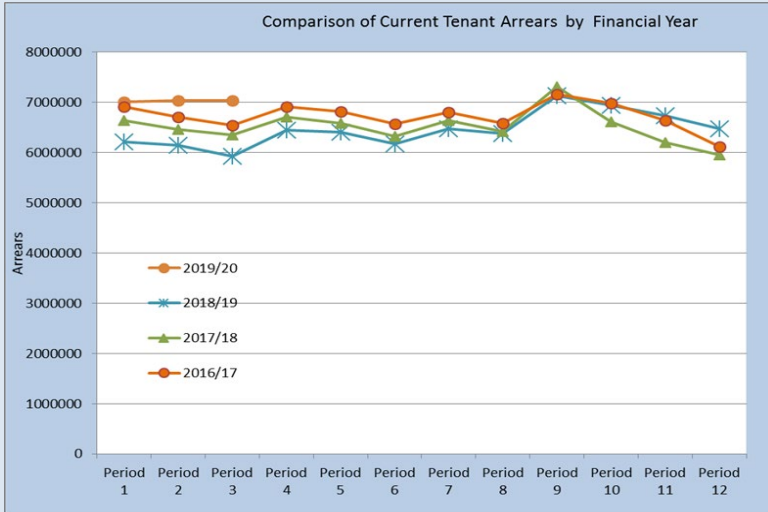
				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Major Budget Issues</b>						
1.	Debt Costs and External Income	Victoria Bradshaw	Minor variation anticipated at Period 4	G	18.6	0.0
2.	Minimum Revenue Provision	Victoria Bradshaw	No variation anticipated at Period 4	G	1.0	0.0
3.	New Homes Bonus	Victoria Bradshaw	Expected to be £492k less than budgeted	R	(9.9)	0.5
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	Expected to be £442k more than budgeted	G	(26.0)	(0.5)
5.	S278 Contributions	Victoria Bradshaw	A couple of new £m schemes due to start soon so expect to achieve budget.	G	(3.5)	0.0
6.	General capitalisation target	Victoria Bradshaw	Capitalisation of eligible spend in directorate/service revenue budgets. Based on 2018/19 outturn there is a risk that this target may not be met.	A	(4.1)	0.0
7.	Schools capitalisation target	Victoria Bradshaw	Capitalisation of eligible spend in school revenue budgets. Based on 2018/19 outturn there is a risk that this will not be met.	A	(4.0)	0.0
8.	Joint Committees	Victoria Bradshaw	No variation anticipated at Period 4	G	35.9	0.0
<b>B. Other Significant Budgets</b>						
1.	Insurance	Victoria Bradshaw	6 new large claims with an estimated cost of £1,615k plus cost of general insurance claims partially offset by lower external premiums and higher schools income and will require £1,092k from the insurance reserve to cover shortfall	A	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Current forecast of slightly above budget (£22k)	G	(16.1)	0.0
3.	Miscellaneous	Victoria Bradshaw	No variation anticipated at Period 4	G	5.0	0.0
<b>Strategic &amp; Central Accounts - Forecast Variation</b>						0.0

## Housing Revenue Account - Period 4 Financial Dashboard - 2019/20 Financial Year

### Summary of projected over / (under) spends (Housing Revenue Account)

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(209,496)	(209,122)	375	19/20 budgeted RtB sales were 530. 18/19 Outturned 615 and assuming 645 19/20. the low void rate increased in P4.	204
Service Charges	(7,976)	(8,051)	(75)	£125k Sheltered budget assumed uplift but 18/19 charges applied. [£-60k] increased Multi Storey Flats income and [£-140k] Leaseholder rents (moved from other income).	(95)
Other Income	(34,083)	(34,026)	57	£125k Loss of capitalisation due to staffing savings, [£-69k] from projected RtB sales and other small variances.	63
<b>Total Income</b>	<b>(251,556)</b>	<b>(251,199)</b>	<b>357</b>		<b>172</b>
<b>Expenditure</b>					
Disrepair Provision	1,400	2,170	770	Projected overspend based on 18/19 Outturn.	770
Repairs to Dwellings	44,791	45,201	410	£330k based on 18/19 Outturn. £80k for Mears overhead.	410
Council Tax on Voids	680	595	(85)	Assumed saving based on 18/19 Outturn.	(85)
Employees	30,806	29,990	(815)	£53k Technical, [£-513k] Housing Management, [-£211k] Property and Contracts, [£-143k] Housing Growth team netted off above by reduced capitalisation.	(490)
Premises	8,716	8,786	70	£70k Additional utilities cost.	70
Supplies & Services	4,100	4,151	51	£50k Household energy use - data analysis work.	50
Internal Services	41,451	41,844	393	£300k Contact Centre staffing , £200k Legal Costs related to Disrepair, £100k Impact of living wage on Parks Contract, [£-136k] Insurance and [£-70k] general savings based on 18/19 outturn. Other small variances.	364
Capital Programme	62,441	61,080	(1,361)	Use of additional usable capital receipts from RtB sales.	(1,210)
Unitary Charge PFI	9,685	9,685	-		-
Capital Charges	44,776	44,985	209	Additional interest payments to GF as per period 3 Treasury report.	70
Other Expenditure	6,192	6,192	0		-
<b>Total Expenditure</b>	<b>255,037</b>	<b>254,679</b>	<b>(357)</b>		<b>(51)</b>
<b>Net Position</b>	<b>3,481</b>	<b>3,481</b>	<b>(0)</b>		<b>121</b>
Appropriation: Sinking funds	(2,345)	(2,345)	-		-
Appropriation: Reserves	(1,137)	(1,137)	(0)	Removed [£-121k] of additional Welfare Reserve for Enhanced Income Team staffing as required in next financial year.	(121)
<b>(Surplus)/Deficit</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>		<b>(0)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
<b>Total Current Month</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>		<b>(0)</b>

## Housing Revenue Account - Period 4 Financial Dashboard - 2019/20 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(530)	(645)
Right of First Refusals/ Buybacks	0	56
New Build (Council House Growth)	0	0
<b>Total</b>	<b>(530)</b>	<b>(589)</b>

Right to Buy Receipts	2018/19 Actual	2019/20 Projection
Total Value of sales (£000s)	32,969	35,814
Average Selling Price per unit (£000s)	53.6	55.5
Number of Sales*	615	645
Number of Live Applications	1,428	1,456

Arrears	2018/19	2019/20	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2018/19 Week 13</b>	<b>2019/20 Week 13</b>	
Current dwellings (HMA1)	5,196	6,831	1,635
Current other	737	203	(533)
Former Tenants	4,772	4,596	(176)
	<u>10,705</u>	<u>11,631</u>	<u>926</u>
<b>Under occupation</b>	<b>2018/19 Week 52</b>	<b>2019/20 Week 13</b>	
Volume of Accounts	3,650	3,506	(144)
Volume in Arrears	1,316	1,445	129
% in Arrears	36.1%	41.2%	5.2%
Value of Arrears	295	256	(38)
<b>Collection Rates</b>	<b>2018/19 Week 52</b>	<b>2019/20 Week 13</b>	
Dwelling rents	97.27%	95.17%	-2.1%
Target	97.50%	97.50%	0.0%
Variance to Target	-0.23%	-2.33%	-2.1%

## Housing Revenue Account - Period 4 Financial Dashboard - 2019/20 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
<b>HRA General Reserve</b>	<b>(6,495)</b>			<b>(6,495)</b>
<b>Earmarked Reserves</b>				
Welfare Change	(1,372)	697		(675)
Housing Advisory Panels	(410)			(410)
Sheltered Housing	(2,921)			(2,921)
Holdsworth Place - land purchase	(64)	64		0
Early Leavers' Initiative	(408)			(408)
Wharefedale View	(15)			(15)
Changing the Workplace	(235)			(235)
ERDMS	(262)			(262)
	<b>(5,687)</b>	<b>761</b>	<b>0</b>	<b>(4,926)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(5,092)	3,902		(1,190)
LLBH&H PFI Sinking Fund	(4,617)		(1,557)	(6,174)
	<b>(9,709)</b>	<b>3,902</b>	<b>(1,557)</b>	<b>(7,364)</b>
<b>Capital Reserve</b>				
MRR (General)	(19,920)	376		(19,544)
MRR (New Build)	(4,072)			(4,072)
	<b>(23,992)</b>	<b>376</b>	<b>0</b>	<b>(23,616)</b>
<b>Total</b>	<b>(45,883)</b>	<b>5,039</b>	<b>(1,557)</b>	<b>(42,401)</b>

## **Children and Families – Action Plan to Address the Projected Overspend in 2019/20**

### **Report of the Director of Children and Families**

Executive Board on 24<sup>th</sup> July resolved that the Director of Children and Families be requested to identify proposals to address the projected overspend in the directorate, with such proposals being incorporated into the next Financial Health Monitoring report to be submitted to Executive Board in September 2019.

Recent budgets have provided additional resources for the Children & Families to fund the significant budget pressures on demand-led budgets, notably around transport, Children Looked After (CLA) and financially supported non-CLA. In terms of CLA the Directorate has had considerable success in implementing the ‘turning the curve strategy’ and has made substantial and invaluable progress in reducing demand for care at a time when demand has been rising in other authorities. The CLA rate per 10,000 in Leeds has continued to reduce year on year and is now below the core city average and on a par with our statistical neighbours even though the rate has remained constant for the last two years. The reductions in CLA have been achieved in the context of significant demographic growth in Leeds, particularly in the more deprived areas of the city. As well as demographic pressures there has also been a notable increase in costs, especially in externally commissioned residential placements.

The budget is calculated based on assumptions about not just the number of CLA but the numbers in each type of provision. Indeed, as we shall see later, it also matters where in the city the population increases are felt as there is a direct relationship between poverty and the propensity for a child to enter care. As costs vary widely between the cost of a placement in in-house fostering at an average of £441 per week to an average cost of £3,939 per week in external residential placements, the budget is sensitive to very small variations in both the absolute number of CLA and the placement type. The 2019/20 budget is based on 1,284 CLA and takes into account the projected growth in the 0-19 population. The budget was increased by £1.2m and now provides for 901 children and young people in in-house at a cost of £20.4m and 383 children and young people in external provision at a cost of £22.0m.

The Quarter 1 2019/20 financial dashboard projected an overspend on Children’s and Families of £950k (or 0.3% of gross expenditure), predominantly due to forecast overspends on demand-led budgets for transport (£625k) and children looked after placement costs, specifically payments to independent fostering agencies (£125k) and external residential providers (£100k). The number of IFA and ER places provided for in the 2019/20 budget was 184 and 58 respectively.

However, Leeds has been successful in changing the pattern of placements. Only 7% of the CLA population are in residential care. This compares to 13% nationally. If Leeds had the same population of CLA in residential care as the national average there would be an additional 79 children in residential care. Based on the average weekly unit cost of £3,950 for external residential care and £440 for in-house fostering, this means that Leeds is saving £14.2m every year by having such a low

percentage of CLA in residential care compared to the national average. In addition, the latest figures indicate that 82% of CLA placement in Leeds are in fostering arrangements (including kinship care and family placements) and this compares to a national figure of 77%.

At the time of the July 2019 Executive Board report the numbers of children and young people in IFA was 204 and there were 63 in ER placements. Since that date the numbers of children looked after has continued to grow such that the projected overspend has increased to £1.9m with 216 children and young people in IFA placements and 67 in external residential placements. In order to set this in context, the following provides some commentary on the number of young people from the ONS 2012-2017 mid-year estimates.

- In 2012, Leeds was the single tier authority with the second largest number of 0 to 17 year-olds (behind Birmingham, excludes counties). This remained the same in 2017.
- The population of 0 to 17 year-olds in Leeds was estimated to have increased by 9,443 (six per cent) between 2012 and 2017 (156,825 to 166,268). This is the fourth largest increase behind Birmingham, Tower Hamlets, and Manchester.
- Among the core cities, only Manchester and Nottingham have a greater percentage increase. Among statistical neighbours, Leeds had the greatest percentage increase.
- Leeds had the highest numeric increase in the 0 to 17 year-old population living within the three per cent most deprived LSOAs - at 3,198. A 15 per cent increase, accounting for one-third of the total increase in the Leeds 0 to 17 population.
- Leeds had the second highest numeric increase in the 10 per cent most deprived LSOAs - at 5,104 (an 11.3 per cent increase), accounting for 54 per cent of the total increase in the Leeds 0 to 17 population.

When you factor into the equation that a child in the most deprived ward in the city is eleven times more likely to be taken into care than a child in the least deprived ward in the city, the increase in numbers of children and young people and the disproportionate increase in the most deprived LSOAs, holding the rate per ten thousand children looked after is a remarkable achievement.

At period 4, the total projected overspend on demand-led budgets had increased to £2.525m (£1.9m on children looked after and £0.625m on transport costs).

The directorate takes its responsibility for monitoring and managing the budget seriously and regularly considers the financial dashboard at the senior leadership team. The team have, since the quarter 1 dashboard, considered the latest projections on three separate occasions with a view of offsetting the projected overspend by reducing controllable expenditure. Actions that have been agreed since the quarter 1 report.

It is important to see the proposals put forward in the context of the wider strategy that has been taken forward by the Directorate since it was established in 2010. At

that time Children's Social Care had been found inadequate in two Ofsted inspections (2009 and 2010) and formally placed in Intervention by the Secretary of State for Education. There were also concerns about the performance of Education Leeds, which delivered education services on behalf of the local authority and the council took the decision to terminate its contract and bring education services back in house.

The Directorate faced a number of challenges: the reorganisation alone was the largest ever undertaken by Leeds City Council; relationships between schools and social care were poor and children were falling through the gaps between the services resulting in a number of Ombudsman's judgements against the local authority; the number and rate of looked after children was the second highest in the country and the Children's Social Work Service was unable to recruit or retain social workers. Over twenty percent of social work posts were filled by agency staff at a cost of £5.5m a year. The instability in the workforce resulted in poor practice, drift and delay in carrying out care plans and poor outcomes for children and young people in the city.

The strategy developed by Children and Families with partners was implemented through the Children and Young Plan. The Plan identified five outcomes for all children in the City; 14 (now 11) priorities and 3 obsessions.

The plan was a focus on practice underpinned by a relational approach that focused on working with families to address problems. This model was based on a belief that if you get the practice right you get the outcomes right. If you get the outcomes right the money will follow by avoiding lengthy and expensive interventions. To support this social work teams were re-structured in 2011 into a locality model to support early intervention through clusters. A School Improvement service was retained to help to drive improvement but also rebuild relationships with schools. As a result, in addition to the improvement in the number of good and outstanding schools in the city and in outcomes for children; schools retain a strong identity as Leeds schools and part of a Leeds community. Despite changes in the local authority's ability to 'top slice' the Dedicated Schools Grant with the approval of Schools Forum, schools in Leeds contribute £4.5 million through clusters to support early intervention and the sense of being part of a Leeds school community has resulted in a strong traded offer with schools who trust the Children and Families Leeds for Learning brand and brings in over £5.5 million a year.

To improve social work practice a workforce development strategy was established. This was not focused not on financial incentives, which had failed nationally and regionally, but on providing an environment in which social workers could deliver best practice. In addition to improvements in ICT and working environments, caseloads were reduced from an average of 29, at the time of the failed inspection, to an average caseload of 18 for experienced practitioners and 15 for newly qualified social workers. This has now been achieved. It should be noted that there is no national guidance for the number of cases a social worker should hold. The strategy had a focus on retaining newly qualified workers. A career development pathway was put in place, which received national recognition in 2018, and Advanced Practitioners were created to mentor recently qualified staff. By December 2013



Children and Families had few locum staff but only 52% of social workers had more than two years post qualifying experience. By the time of the full Ofsted inspection in 2015 this had risen to over 80% and it remains at this level. Leeds, despite its size and complexity, has the second best recruitment and retention of social workers in the country saving £5m a year in agency costs. Nationally and regionally, agency use is an average of 11%. If Children and Families had this level of agency use it would cost approximately £1.9m.

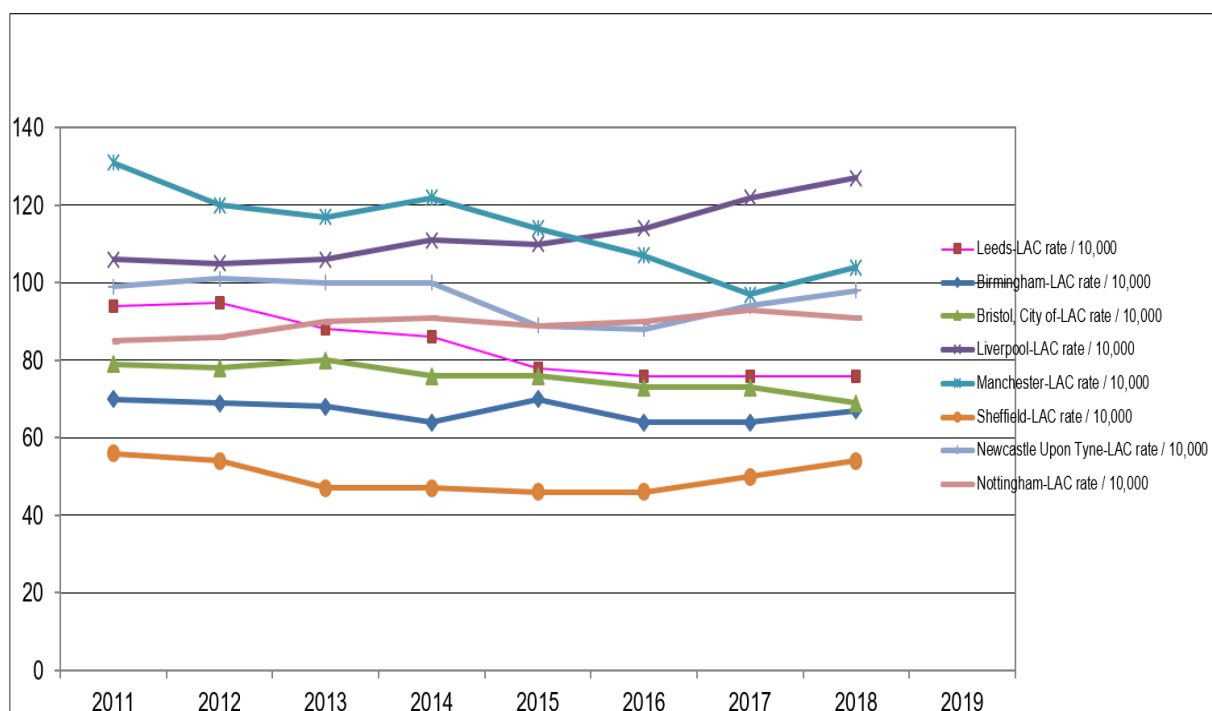
A key result of the focus on practice was the success in reducing both the number of looked after children and the number placed in external placements; both residential and foster care.

The number of looked after children in Leeds has reduced from 1475 in 2011/12 to 1,307. This is a reduction in the rate per ten thousand from 94 to 76.

Had the number of children looked after simply remained stable at 1,475 then Leeds would be spending an additional £14.6m additional per annum in placement costs alone.

However, the reduction in children looked after in Leeds is in stark contrast to the picture across the country. Regional and statistical neighbours, core cities and national have all seen increases in the rate of children looked after of 6 per ten thousand. If the number of looked after children in Leeds risen in accordance with this trend it would have resulted in a further 97 looked after children at an additional cost of £3.3 million a year on top of the £14.6 million saved.

Core Cities; Number of Children Looked After, rate per ten thousand of child population



It is within this context that an action plan to offset the projected overspend has been developed; a plan that seeks to, as far as possible, protect what we have so that costs do not escalate to the levels described above.

At quarter one, staffing budgets were projected to balance. More stringent vacancy release procedures have been implemented to effectively slow down the release of vacant posts. Total employee costs are budgeted to cost £95m but many of these posts are supported by income streams from the Dedicated Schools Grant, other government grants and income generated from trading with schools and from fee paying parents and carers that use the Little Owls nursery provision.

The DfE summary of social work workforce annual publication clearly indicates some reasons why the Council has been successful in delivering outcomes for children and young people and therefore the outstanding Ofsted assessment. Key among those is the low level of turnover of social workers. Turnover in Leeds is 7.3%. This compares very favourably to the rates for England, 15.2%, Yorkshire and the Humber, 11.5% and statistical neighbours, 12.2%. This then equates to a small number of vacancies, 0.5% of posts compared to an England wide vacancy rate of 15.4%. Within this context and average caseloads per social worker we have implemented a plan that aims to underspend staffing budgets by £400k by the year end. Recruiting managers have been written to to explain the revised approach and to plan for a likely gap between a post becoming vacant and the post being filled. Clearly there will need to be exceptional cases in which a post needs to be filled quickly. The post by post approach in the vacancy release plan would allow for exceptional cases to be filled more quickly. These may include posts that generate income, for example in Little Owl nurseries to maintain staff to child ratios, posts that are funded by DSG income and posts in our residential provision, including Adel Beck.

Children and Families have a significant budget of £61m for supplies and services. However, many of those budgets are uncontrollable in the short to medium term. Within that figure is the £57m budget for PFI charges for schools which is covered by contributions from the DSG. Also included in the £61m total budget is contributions to Resources and Housing for catering in Little Owls nurseries, provisions costs in our residential children's homes estate and ICT systems costs. However, given the projected overspend we have initiated a line by line analysis of supplies and services expenditure and expect to deliver savings of £50k in the remaining months of the year and, importantly, £100k in a full year.

The budget strategy for 2019/20 funded Children's and Families £400k for the potential fall out of the school improvement and brokerage grant from September 2019. After the budget was approved, it was announced that the grant regime would continue until the end of March 2020. Clearly, having been funded for the potential fall out of grant that didn't transpire, the directorate would propose that the estimated grant receivable of £350k should not be available to fund expenditure and be used to support the bottom line and reduce the projected overspend.

In addition to these actions we have planned to rephase expenditure from other grant regimes and defer the use of contingency funds included within the Strategic

budget for Children's and Families pressures and priorities. This will offset the projected overspend on demand-led budgets by £850k.

The action plan also includes a renewed emphasis on transport savings. The projected overspend of £0.625m takes into account a range of actions being undertaken within the directorate but specifically with the co-operation and assistance from colleagues in Passenger Transport in the Resources and Housing directorate. Without the following mitigating actions it is likely that the projected overspend would be in the region of £1.3m. Actions include:

- Route review looking at logistics and occupancy,
- Review of policies on escorts,
- Reviewing the number of vehicles off road- currently due to numbers of VOR's due to accidents which means we require high number of spare vehicles- utilising better use of vehicle data and fleet safety team expertise,
- Taxi/Private Hire Challenge- Review of contracts,
- Insourcing current high cost private hire routes- utilising dual roles and vehicles from other sections of CEL in multi roles,
- Attendance, controlling absence levels so that staffing costs are controlled,
- Address down time and address contractual issues that are effecting this and
- Better use of technology, replacement ICT system.

Children and Families currently operate 10 children's homes in Leeds: one offering a national resource to highly vulnerable children in need of secure accommodation; one providing short breaks/respice for children and families where the child has disabilities; one providing permanent homes for children with disabilities; two providing a specialist therapeutic program focused on re-engaging children back within their families through 'multi systemic therapy' and five 'mainstream' children's homes that work with children to support them to get ready for family life.

Over the past two years at any one time two homes have been closed as part of rolling programme of improvement to the residential estate. This followed feedback from Ofsted following two inspections. It is planned that these two homes will reopen in the near future, one before Christmas 2019 and the other early in 2020. This will bring our in-house provision back to full capacity of 28. We have determined in Leeds that our residential services will provide specific interventions with the ultimate aim of supporting children return to their own families or realise a childhood in a family setting where that is not possible. With that aim in mind we have designed our children's residential homes statements of purpose to work towards this end.

A review of other expenditure budgets, including provisions and reserves, plus possible contributions and income is planned to yield another £200k of savings.

The overall impact of these action plan proposals is to reduce the projected overspend by £1.8m.