

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 24<sup>th</sup> June 2020**

**Subject: Financial Health Monitoring 2020/21 – Month 1**

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 General Fund revenue budget and the Housing Revenue Account for the first quarter of the financial year.
- The Council to date has managed to achieve considerable savings since 2010 and the budget for 2020/21 requires the Council to deliver a further £28.4m 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 first budget monitoring report of the year, and Executive Board will recall that the 2020/21 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £28.4m of budget action plans by March 2021. At this early stage of the financial year, it is clear that COVID-19 has impacted on the delivery of some of these actions.

- In addition the Council continues to incur additional expenditure and to lose income across services as a consequence of COVID-19. As a result Directorate dashboards highlight a potential COVID-19 related overspend of £129m. This is offset by projected non-COVID net savings of £4.1m resulting in an overall overspend of £124.9m.
- The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected overspend of £193.5m at Month 1, £197.6m of which is COVID-19 related.
- This £197.6m COVID financial pressure is £3.4m lower than the £201.0m cost of COVID-19 reported to MHCLG in May, which contained a pre-COVID pressure of £2.5m within the Children and Families Directorate. The additional £0.85m variation relates to timing differences between the production of the MHCLG return and the Financial Health reports.
- To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £156.5m. It is currently assumed that Collection Fund income shortfalls of £60.9m would impact in 2021/22, leaving a COVID funding gap of £95.6m for 2020/21.
- At Month 1, the Housing Revenue Account is projecting a balanced budget position.

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

- The 2020/21 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

- The projected overspend largely relates to COVID-19 pressures of £197.6m. However, at Month 1 there are also projected underspends not relating to COVID-19 across a number of directorates totalling £4.1m. At Month 1 an overall overspend of £193.5m is projected against the approved 2020/21 budget.

## Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 1 and note the projected impact of COVID-19 on that position.
- b) Note the savings plan provided by the Director of Children and Families which identifies initial proposals to address pressures in Children Looked After budgets and a reduction in grant funding announced after the 2020/21 budget had been set.
- c) Note that, in line with principles laid out by government, the Council has continued to charge schools as normal for council services disrupted by COVID-19 for which they have a regular financial commitment.

## **1. Purpose of this report**

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 1.
- 1.2. Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first month of the year.

## **2. Background information**

- 2.1 Executive Board will recall that the net budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.5m. The 2020/21 budget assumes further use of £9.0m from this reserve during the current financial year. It is anticipated that general fund balances will be added to in year but in light of the potential impact of COVID-19 on capital receipts this position will be kept under review.
- 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.
- 2.4 Looking beyond 2020/21, a report providing more detail on the impact of COVID-19 on Council's general fund budget in the financial years 2020/21 and 2021/22 is also on this agenda. A full update of the Medium Term Financial Strategy is timetabled to be received by this Board in September 2020.

## **3. Main Issues**

- 3.1 At Month 1 an overspend of £193.5m is projected, of which £197.6m is COVID-19 related, as shown in Table 1 below.
- 3.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £156.5m. It is currently assumed that Collection Fund income shortfalls of £60.9m would impact in 2021/22, leaving a COVID funding gap of £95.6m for 2020/21.

Table 1

**Summary Position at Month 1 - Financial Year 2020/21**

Directorate	Director	(Under) / Over spend for the current period				Total related to COVID	Total Non-COVID related	Previous month's Position
		Staffing	Total Expenditure	Income	Total (under) /overspend			
		£000	£000	£000	£000	£000	£000	£000
Adults & Health	Cath Roff	583	7,596	1,134	8,730	8,730	0	0
Children and Families	Steve Walker	2,651	7,080	2,922	10,002	10,002	0	0
City Development	Martin Farrington	(4,550)	(4,550)	26,210	21,660	23,570	(1,910)	0
Resources & Housing	Neil Evans	2,560	13,764	18,602	32,366	32,615	(249)	0
Communities & Environment	James Rogers	2,256	4,948	19,232	24,180	26,126	(1,946)	0
Strategic	Victoria Bradshaw	(59)	27,934	25	27,959	27,993	(34)	0
<b>Total Current Month (Dashboards)</b>		<b>3,441</b>	<b>56,772</b>	<b>68,125</b>	<b>124,897</b>	<b>129,036</b>	<b>(4,139)</b>	<b>0</b>
Capitalised Staffing					7,662	7,662		0
Council Tax & Business Rates Losses					60,935	60,935		0
					<b>193,494</b>	<b>197,633</b>	<b>(4,139)</b>	<b>0</b>

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

3.3.1 **Adults & Health** – though very early in the financial year the directorate is projected to overspend its budget by £8.7m. However, it should be noted that this position is entirely related to COVID-19 related cost pressures.

The pressure is related to a number of actions taken by the directorate in light of the pandemic and the resultant impact of those changing priorities on delivering a number of budgeted savings plans. It is currently projected that £1.5m of savings plans will not be delivered this financial year; though it is assumed that once a return to 'normal' is achieved the work needed to deliver these plans will resumed, but there will be slippage in the delivery.

COVID related pressures that make up the remaining £7.2m pressure are the £0.6m of anticipated pressure of the additional pay award; additional care packages to meet the needs of people affected by day centre closures (£0.5m) and 'paying to plan' on home care (£0.5m). £4.5m has been committed to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market a 10% fee, based on historic payments, will be paid to providers in each of the first three months of the year. £0.4m has been incurred to fund PPE and equipment to facilitate early discharge. Income is also affected pressure caused by the cessation of face to face financial assessments and the delay in the commencement of the dementia beds scheme which was partly funded by the CCG has placed a £0.2m pressure on the Council.

It should be noted that there are potential non-COVID-19 pressures that have arisen in-year, notably slippage in CCG funding and the impact of the late detail and conditions surrounding the Public Health grant specifically relating to the Agenda for Change (AfC) programme. At this stage the directorate are working on verifying the pressures and delivering plans to meet these pressures and as such these are noted but not reflected in the figures above.

**3.3.2 Children and Families** – The Month 11 Financial Health Monitoring report to the April Executive Board meeting highlighted a potential pressure of £3.8m on the CLA budget for 2020/21 if the number and type of placements remained as they were. Children and Families were asked to bring an action plan to the June meeting of Executive Board detailing how they would mitigate this pressure. The details of this plan are provided at Appendix 2 and summarised below.

Since the Month 11 projections there has been a reduction in CLA numbers, particularly in relation to the more costly placements, which has reduced the projected CLA pressure down to £2.2m for 2020/21, excluding any impact attributable to COVID-19. This £2.2m pressure is due to the External Residential (ER) and Independent Fostering Agency (IFA) placements being higher than the budgeted assumptions. As at the end of Month 1, External Residential (ER) numbers were 67 compared to the budgeted number of 58 and IFA placements were 205 against the budgeted number of 183.

In addition to identifying savings to offset the £2.2m CLA pressure, the Directorate has also sought to address a further £324k pressure created by a reduction in grant funding which was announced after the 2020/21 budget had been set. In summary the Directorate's proposals to identify £2.524m of savings are:

- £1.14m from proposals relating to CLA costs. This would involve realigning internal resources to focus on reducing costs while maintaining outcomes, with a view to moving some external residential and Independent Fostering Agency placements to in-house or Leeds Foster Carer provision. In the time elapsed since the April Executive Board and in recognition of the significant workloads involved in response and recovery, the robustness of these proposals has not been tested to any great extent and should be considered as a statement of intent. Further work will determine the robustness of the assumptions.
- £0.65m from areas such as staffing, non-essential spend and transport.
- £0.734m from additional utilisation of grant funding.

As detailed on the appended dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £10m, all of which is attributable to COVID-19. This position includes both expenditure and loss of income directly attributable to COVID (£6.9m), as well as assumed budget actions that the Directorate is unable to address at this stage due to the current situation (£3.1m).

It is likely that there will be an increase in CLA numbers later in the year as a consequence of COVID-19, therefore it is estimated that there will be further CLA residential costs of £2.2m during 2020/21 due to COVID.

A further key impact of COVID on the Children and Families budget is on income, and in total a £2.9m pressure has been identified due to loss of income from children's centres, school trading and the secure residential unit. In line with principles laid out by Government, the Council has taken the approach that schools should be charged as normal for disrupted council services for which they have a regular financial commitment. However there is still some loss of income projected for ad hoc traded services to schools and those paid for through parental contributions, such as music.

The 2020/21 budget included savings of £1.63m to be delivered through budget action plans and it is currently anticipated that these will be achieved. However the budget also included some assumed savings relating to pay and income which are reported as £2.4m of pressures for month 1. It is currently assumed that these pressures will not be addressed due to COVID, however further work will be required to identify what savings can be delivered.

At the end of 2019/20 there was a deficit balance of £3.95m on the general Dedicated Schools Grant (DSG). At this early stage in the year a balanced position is currently forecast, however there are risks that the high needs block of the DSG could be overspent due to high levels of demand and increasing complexity of cases for pupils with special educational needs and disabilities. Further work will be carried out to assess these risks for month 2 reporting.

**3.3.3 City Development –** At Period 1 the Directorate is projecting an overspend of £21.6m. This includes an estimated impact of COVID 19 of £23.57m. The Directorate's financial position has been significantly affected by the current restrictions in place and the subsequent impact on the economy with the vast majority of the overspend resulting from reduced income across a number of services. The full extent of this will not be apparent until later in the year but the projections have been made based on current intelligence. There is still a great deal of uncertainty around some of the income projections and there is a risk that the financial position worsens. The impact on each service area will be regularly reviewed and updated during the year.

The most significant loss in income is in Active Leeds where all facilities are currently closed and the re-opening of facilities is expected to be later in the year on a staggered basis and with reduced capacity. The year-end financial position for Active Leeds is projected to be an overspend of just under £10m.

Other services also facing projected reductions in income include:

- Arts and Heritage - £1.88m following the closure of sites and cancellation of events and more limited scope to generate income for the rest of the year.
- Asset Management and Regeneration - £5.34m from expected reductions in rental and other commercial income
- Planning and Sustainable Development - £1.38m through an estimated reduction in planning and building fee income.
- Markets and City Centre - £1.49m from a reduction in rental and advertising income.
- Highways and Transportation - £2.1m through a reduction in chargeable fees and recovery of overheads mainly in the Highways DLO.

Whilst the impact of COVID 19 on City Development is mostly on income some additional costs are also being incurred. A sum of £0.5m for the year is currently projected across the Directorate. The additional cost of the proposed higher pay award is estimated at £0.37m.

The projected position includes anticipated staff savings of £0.75m on non-chargeable vacant posts net of the additional costs of the higher pay offer. Savings of £0.5m have also been included for reduced spend on general running costs and travel and subsistence.

3.3.4 **Resources & Housing** – Based on the indicative impact of COVID19 in the directorate, an overspend of £32.4m is initially forecast. The projections are based on a number of assumptions around the estimated impact on services when lockdown is released and undoubtedly these forecasts will change as more intelligence is gathered.

Of the £32.4m projection, £32.6m is COVID related. The COVID pressures can be broadly summarised into the following areas:-

• Reduction in income in LBS	£15.2m
• Additional PPE (LCC wide)	£8.3m
• Homelessness accommodation	£3.2m
• Catering income & emergency meals	£1.9m
• Other income reductions (capital/court fees)	£2.3m
• Delays to budget action plans	£0.5m
• Non-realisation of savings to fund additional pay award	£1.2m

All other pressures and running cost savings net to -£0.2m

3.3.5 **Communities & Environment** - the overall position for the directorate at this early stage of the year is a projected overspend of £24.2m.

Of this, £26.1m relates to the estimated impact of COVID-19 although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. In particular, there is a great deal of uncertainty around income projections in a number of service areas and these will be kept under review throughout the year.

The main areas of variation in respect of COVID-19 are currently estimated as follows:

- Loss of car parking and enforcement income £6.2m
- Loss of Parks & Countryside income £9m. This includes income from visitor attractions, bereavement services, chargeable works within Parks Operations and Forestry teams and the cancellation of planned events.
- Loss of Electoral and Regulatory Services income £1.6m. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire and Environmental Health activities, partially offset by savings resulting from the cancelled May 2020 local elections.
- Waste Management - additional expenditure £5.1m. This includes the cost of providing additional crews and vehicles to deal with increased volumes of waste, the cost of disposing of the additional waste and the cost of providing staffing cover and PPE equipment across the service as well as income losses at Household Waste sites.
- Welfare & Benefits – additional expenditure £1.2m. This includes the estimated net cost of Housing Benefit claims for rough sleepers and an anticipated additional call on the Local Welfare Support scheme.
- Cost to LCC of providing a temporary mortuary facility £1m - created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield.

- Cost of the local government pay offer £0.7m. This represents an additional 0.75% over the amount budgeted and the COVID-19 situation will impact on the ability to deliver the savings required to mitigate this additional cost.
- Other areas of income loss/additional expenditure across the directorate £1.3m. This includes estimated income losses from community centres, bulky waste collections and from environmental enforcement and the additional cost of providing software and equipment to support home working and other PPE/Social distancing/cleaning equipment. It also includes the cost of providing for city wide mailout and other staffing related costs in support of the Council's response to the crisis.

The overall position for the directorate also includes assumptions around other expenditure savings totalling £1.9m, based on an initial assessment at this early stage of the year. These include estimated savings both from the implementation of tighter controls on recruitment (£0.8m) and on other expenditure budget headings across the directorate (£1.1m).

3.3.6 **Strategic & Central Accounts** - At Month 1, the Strategic & Central accounts projection recognises the potential for an overspend of £28.0m in MRP, as a result of a reduced level of capital receipts being available to repay debt as a consequence of the impact of COVID-19. This position will continue to be reviewed and updated. No other significant variances have been identified at this stage, although as a result of the economic shutdown there are significant risks around business rates retained income and S278 developer contributions.

### 3.3.7 Impact of COVID-19

Directorate/Service	Savings	Expenditure	Income	TOTAL
	£m			
Adult Social Care	2.1	6.6		8.7
Children & Families	2.4	4.7	2.9	10.0
City Development	0.9		22.7	23.6
Communities & Environment	0.1	7.8	18.2	26.1
Resources & Housing		29.8	2.8	32.6
Strategic & Central		28.0		28.0
<b>Projected Impact 20/21 - directorate dashboards</b>	<b>5.4</b>	<b>77.0</b>	<b>46.7</b>	<b>129.0</b>
<b>Corporate pressures:</b>				
Capitalised Staffing		7.7		7.7
Council Tax/Business Rates Income Losses			60.9	60.9
<b>Projected Total GF Impact 20/21</b>	<b>5.4</b>	<b>84.6</b>	<b>107.6</b>	<b>197.6</b>

Directorate dashboards highlight a projected overall overspend of £124.9m of which £129.0m is COVID-19 related. The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected overspend of £193.5m of which £197.6m is COVID-19 related.

3.3.8 The reported £197.6m COVID financial pressure is £3.4m lower than the £201.0m cost of COVID-19 reported to MHCLG in May, which contained a pre-COVID pressure of £2.5m within the Children and Families Directorate. The additional



£0.85m variation relates to timing differences between the production of the MHCLG return and the Financial Health reports.

- 3.3.9 The split between expenditure and income shown above is presentationally different to the split shown on directorate dashboards and summarised in Table 1. This arises as a consequence of differences in the classification of COVID impacts as set out by MHCLG when compared with the Council's own internal reporting, for example treatment of internal income losses.
- 3.3.10 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £156.5m. It is currently assumed that Collection Fund income shortfalls of £60.9m would impact in 2021/22, leaving a COVID funding gap of £95.6m for 2020/21.
- 3.3.11 If the Chief Officer – Financial Services, in undertaking their statutory S151 role, considers that in their professional opinion it is clear that the Council cannot deliver a balanced budget position in 2020/21 then it is incumbent on them under the Local Government Finance Act 1988, Section 114 (3) to “make a report under this section if it appears....that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.
- 3.3.12 A Section 114 report would be issued after consultation with the Senior Management Team, this Executive Board and External Audit. Under S115 of the Local Government Finance Act 1988 Councillors would then have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting and before the consideration of an emergency budget.
- 3.3.13 More detail regarding the Section 114 process and options to address the financial impact of COVID-19 can be found in the report “Impact of Coronavirus COVID-19 upon Leeds City Council's 2020/21 Financial position and update on the forecast budget position for 2021/22”, also on this agenda.

## 3.4 Other Financial Performance

### 3.4.1 Council Tax

The Council Tax in-year collection rate at the end of April is 9.82% which is 0.31% lower than performance for the same period last year. This lower collection rate will in part reflect agreed payment deferrals, currently to the end of June. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast is achieved this would collect some £378.8m of income. However, in light of the potential impact of COVID-19, the collection rate will continue to be closely monitored.

### 3.4.2 Business Rates

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £363.2m of business rates income billed at 1<sup>st</sup> April. However, the Board will be aware that in response to the COVID-19 pandemic

Government awarded significant additional business rates reliefs, reducing the income to be collected from business to £241.2m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the authority regarding non-collection of business rates income, the business rates collection rate at the end of April was 9.37%, which is 1.35% lower than performance in 2019/20. As with Council Tax, this lower collection rate will in part reflect agreement to defer payments.

The total rateable value (RV) of business properties in Leeds at the start of the year was £935.3m. In light of the current situation we expect to see losses of business rates income through non-payment and reduction in rateable value where businesses may cease to trade or revise their business model to reduce business rates and other costs. Business rates income continues to be closely monitored and reported to the Board in these monthly financial health reports.

### **3.4.3 Business Rates Appeals**

The opening appeals provisions for 2020/21, subject to completion of the 2019/20 NNDR3 forms, are £22.6m, made up of £16.3m relating to appeals received against the 2010 ratings list and £6.3m estimated costs in relation to the 2017 ratings list. Under 50% Business Rates Retention Leeds' budget is affected by 49% of any appeals provisions required to be made during this year.

In March 2020 there were 1,116 appeals outstanding against the 2010 ratings list. No appeals have been received to date against the 2017 list, with only 1.0% 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. We will continue to monitor the level of appeals provisions as we go forward.

### **3.4.4 Impact of COVID-19**

It is still very early in the year to estimate the ultimate impact of COVID-19 on council tax and business rates income. The Council has, however reported to MHCLG projected losses of £60.9m in total: £38.1m in council tax and £22.8 in business rates. These initial estimates will continue to be refined as more data becomes available. The report "Impact of Coronavirus COVID-19", also on today's agenda, provides more detail on options to deal with this projected loss of income.

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

### **4.1 At the end of Month 1 the HRA is projecting a balanced position against the 2020/21 budget.**

There is a forecast reduction in total income of £3m. This is arising from a temporary increase in the number of void properties due to COVID-19, the impact of lower staff charges to capital from the reduced capital programme and a small reduction in commercial rent income.

Additionally, and as a consequence of an increase in tenant arrears in April 2020, it is prudent to project an increase in the provision for doubtful debts of £0.5m. This position will be updated each month with the latest available data.

With respect to the repairs budget, responsive repairs has been delivering 'Essential Services' only during lockdown, however the demand for repairs has not gone away. As such, there is a significant backlog of repairs with an estimated value of c.£3.9m. Currently the only restriction on spend will be our ability to complete all new and backlog repairs within the financial year. This is under continuous review but is not yet anticipated to yield significant in-year savings. Due to COVID, the HRA capital programme for 2020/21 has been revised from £80m to circa £62m based on the ability to deliver the full programme. As a result, the revenue contribution (RCCO) that funds most of the HRA capital programme will not be required at the original budgeted level.

This reduction in RCCO is to be flexed each month to allow the HRA to maintain a balanced position in year despite forecast pressures on income and costs outlined above. Should the RCCO be higher than the capital programme actually requires this year, then it is proposed that this will be transferred to the Major Repairs Reserve for use in future years capital programmes.

## **5. Corporate Considerations**

### **5.1 Consultation and engagement**

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

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

5.2.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26<sup>th</sup> February 2020.

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

5.3.1 The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

### **5.4 Climate Emergency**

5.4.1 Since this is a factual report detailing the Council's financial position for 2020/21 there are no specific climate implications.

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

5.5.1 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.

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

5.6.1 There are no legal implications arising from this report.

## 5.7 Risk management

- 5.7.1 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 2020/21.

## 6. Conclusions

- 6.1 This report informs the Executive Board of the Month 1 position for the Authority in respect of the revenue budget which currently projects an overspend of £193.5m, of which £197.6m relates to the impact of COVID-19. Options to address the impact of COVID-19 are discussed in the report "Impact of Coronavirus COVID-19", also on today's agenda.
- 6.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £156.5m. It is currently assumed that Collection Fund income shortfalls of £60.9m would impact in 2021/22, leaving a COVID funding gap of £95.6m for 2020/21.
- 6.3 The Housing Revenue Account is projecting a balanced budget position.

## 7. Recommendations

- 7.1 Executive Board are asked to:
- a) Note the projected financial position of the authority as at Month 1 and note the projected impact of COVID-19 on that position.
  - b) Note the savings plan provided by the Director of Children and Families which identifies initial proposals to address pressures in Children Looked After budgets and a reduction in grant funding announced after the 2020/21 budget had been set.
  - c) Note that, in line with principles laid out by government, the Council has continued to charge schools as normal for council services disrupted by COVID-19 for which they have a regular financial commitment.

## 8. Background documents<sup>1</sup>

- 8.1 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 - 2020/21 Financial Year

### Month 1 (April 2020)

Though very early in the financial year the directorate is projected to overspend its budget by £8.7m. However, it should be noted that this position is entirely related to C-19 related cost pressures.

The pressure is related to a number of actions taken by the directorate and the impact of the changing priorities on delivering a number of savings plans, to such a degree that it is assumed that £1.5m of these plans will not be delivered in year.

It should be noted that there are several non-C19 pressures that have surfaced already, notably the likely additional pay award to that budgeted, slippage in CCG funding and the impact of the late detail surrounding the Public Health grant specifically relating to the Agenda for Change (AfC) programme. At this stage the directorate are working on delivering plans to meet these pressures and as such these pressures are noted but not reflected in the figures below.

This report is very high level and only highlights known variances. Detailed reporting is likely to commence at Period 3.

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

#### Staffing (0.6m)

The impact of the proposed pay award which is above the budgeted assumptions is shown as C19 pressure as the urgent and necessary reaction to the pandemic has meant that plans to recover this pressure have had to be deferred.

#### Community Care Packages (£2.0m)

These pressures are C-19 related and include the cost of additional care packages to meet the needs of people affected by day centre closure (£0.5m), paying to plan on home care (£0.5m) and slippage in a number of savings plans because staff required to deliver these have been redirected to deal with the crisis.

#### Commissioning (£4.8m)

The pressure is C-19 related and includes £4.5m to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market a 10% fee, based on historic payments, will be paid to providers in each of the first three months of the year. The payments are subject to validation. The directorate has funded 33 organisations with £5k grants to help support their communities. £90k of PPE has been purchased.

#### General Running Costs (£0.3m)

£0.3m of equipment to facilitate early discharge has been incurred. It is possible this may be recoverable from the NHS funding for early discharge.

#### Income (£1.1m)

Income is affected by the C-19 pandemic and has impacted upon savings plans for the recovery of income within client contributions and staffing costs. Because of the C-19 pandemic the CCG has delayed the commencement of the dementia beds scheme, as this was jointly funded and the costs are in place this has placed a £0.2m pressure on the Council.

**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	
Health Partnerships	1,496	(964)	532	0	0	0	0	0	0	0	0	0	0	0	0
Social Work & Social Care Services	286,474	(50,294)	236,181	573	0	300	0	0	1,950	0	0	0	2,823	1,084	3,907
Service Transformation	2,360	(369)	1,991	10	0	0	0	0	0	0	0	0	10	0	10
Commissioning Services	23,372	(66,192)	(42,820)	0	0	0	0	0	4,755	0	0	0	4,755	50	4,805
Resources and Strategy	6,005	(992)	5,013	0	0	0	0	0	0	0	0	0	0	0	0
Public Health (Grant Funded)	45,293	(44,949)	344	0	0	8	0	0	0	0	0	0	8	0	8
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>365,001</b>	<b>(163,759)</b>	<b>201,241</b>	<b>583</b>	<b>0</b>	<b>308</b>	<b>0</b>	<b>0</b>	<b>6,705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,596</b>	<b>1,134</b>	<b>8,730</b>

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

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans					£m	£m
1.	Demand based savings - LD	S McFarlane	slippage on review due to social work priorities being C19 related	R	1.0	0.5
2.	Demand based savings - reablement	S McFarlane	slippage on review due to social work priorities being C19 related	R	0.5	0.3
3.	Demand based savings - home care	S McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
4.	Demand based savings - PI	S McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
5.	Demand based savings - assistive technology	S McFarlane	slippage on review due to social work priorities being C19 related	R	0.2	0.1
6.	Staff recovery LDPB	C Baria	slippage on review due to social work priorities being C19 related	R	0.1	0.1
7.	Income	Various	slippage on review due to social work priorities being C19 related	R	1.0	0.5
B. Other Significant Variations						
1.	Staffing	All	additional pay award less savings			0.6
2.	Community care packages	Various	anticipated variation			1.0
3.	General running costs	All	Savings relating to non-spend of debt budget and non essential spend offset by increased other running costs such as transport, catering and cleaning			0.3
4.	Other C19	C Baria	support to the care market, PPE and grants			4.8
5.	Public Health	Victoria Eaton	pressures associated with Agenda for Change - late announcement of grant usage and implied additional funding			0.0
6.	Income	S. McFarlane	pressures re non-face to face financial assessments and delay in the dementia beds facility			0.6
<b>Adults and Health Directorate - Forecast Variation</b>					<b>8.7</b>	

## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 1

**Overall Summary** - At P1 the directorate is reporting a pressure of £10.002m, all of which is attributable to Covid-19. This includes both expenditure and loss of income directly attributable to Covid, as well as assumed budget actions that the Directorate is currently unable to address due to the ongoing situation.

**Children Looked After (CLA):** - The budget for 20-21 is £43.8m, an increase of £1.45m from 19-20. The budget supports 1,346 CLA placements; 58 External Residential (ER) and 183 Independent Fostering Agency (IFA). At P11 19-20 an early pressure of £3.8m was identified for 20-21, however due to reductions in ER placements and proposals by the service for savings on both CLA and non-CLA budgets this pressure is projected to be addressed. CLA numbers as at 3rd May were 1,338 of which 67 are ER and 205 are IFA. There are however expected to be additional pressures from Covid-19 during the year and these are detailed in the Other Significant Variations section below.

**Non CLA Financially supported:** - The non-CLA financially supported budget was increased by £1.0m to £13.9m in the 2020/21 budget. Budgeted 20-21 numbers are 913 placements (+46 20-21 -v- 19-20); current numbers are 935 (+22) creating a pressure of £0.386m. There is also a further £0.25m of costs for an increase in the rate of the care leavers allowance due to Covid.

**Staffing:** - Pay pressures of £2.713m have currently been identified. This is comprised of £2.0m existing pressures in Early Help and Social Care Management, additional pay costs directly attributable to Covid, a £0.68m impact of the additional 0.75% pay award offer, offset by £0.25m savings from vacancy control and £0.1m savings on severance/retirement costs for former teachers.

**Transport:** - The Passenger Transport expenditure budget has increased compared to 19-20 by £0.465m to £15.2m. At P1 we are assuming a small saving of £0.05m due to the plan to bring in-house the Independent Travel Training contract. However there is a risk that costs on the transport budget may increase later in the year due to Covid as a result of distancing requirements.

**Trading and Commissioning:** - There is a Children Centres fee income pressure of £0.4m due to assumed budget actions that the directorate is unable to address due to Covid, in addition to losses of income due to Covid for both Children's Centres and trading with schools.

**Supplies & Services & Internal Charges:-** £0.1m savings in Travel & Subsistence costs have been identified and are reflective of the current home-working arrangements during Q1 20-21.

**Other Income / Projects:** The projections include a pressure of £0.324m due to the reduction in 20-21 of the Troubled Families Earned Autonomy Grant, which was notified after the budget had been set. In response to the CLA pressures noted above, current income projections assume utilisation of £0.734m of grant funding.

### 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	
<b>Demand Led Budgets:</b>															
In House placed CLA	21,079	0	21,079	0	0	0	0	0	(204)	0	0	0	(204)	0	(204)
Independent Fostering Agency	7,681	0	7,681	0	0	0	0	0	900	0	0	0	900	0	900
External Residential	12,096	(3,995)	8,101	0	0	0	0	0	2,245	0	0	0	2,245	0	2,245
Other Externally placed CLA	2,967	0	2,967	0	0	0	0	0	(76)	0	0	0	(76)	0	(76)
Non CLA Financially Supported	13,872	(5,610)	8,262	0	0	0	0	0	636	0	0	0	636	0	636
Transport	15,586	(897)	14,689	0	0	(50)	0	0	0	0	0	0	(50)	0	(50)
<b>Sub total Demand Led Budgets</b>	<b>73,282</b>	<b>(10,502)</b>	<b>62,780</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>3,501</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,451</b>	<b>0</b>	<b>3,451</b>
<b>Other Budgets</b>															
Partnerships & Health	5,101	(1,319)	3,782	0	0	0	0	0	0	0	0	0	0	0	0
Learning	35,565	(30,165)	5,400	0	0	0	0	0	0	0	0	0	0	1,310	1,310
Social Care	137,289	(92,316)	44,973	2,751	0	500	(100)	0	578	0	0	0	3,729	1,612	5,341
Resources and Strategy	66,885	(61,449)	5,437	(100)	0	0	0	0	0	0	0	0	(100)	0	(100)
<b>Sub total Other Budgets</b>	<b>244,841</b>	<b>(185,250)</b>	<b>59,592</b>	<b>2,651</b>	<b>0</b>	<b>500</b>	<b>(100)</b>	<b>0</b>	<b>578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,629</b>	<b>2,922</b>	<b>6,551</b>
<b>Total</b>	<b>318,123</b>	<b>(195,752)</b>	<b>122,371</b>	<b>2,651</b>	<b>0</b>	<b>450</b>	<b>(100)</b>	<b>0</b>	<b>4,079</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,080</b>	<b>2,922</b>	<b>10,002</b>

<b>Key Budget Action Plans and Budget Variations:</b>		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>Action Plan Value</b>	<b>Forecast Variation against plan/budget</b>	
				<b>RAG</b>	<b>£m</b>	<b>£m</b>
<b>A. Key Budget Action plans</b>						
Transport	Passenger Transport	Sue Rumbold / CEL Group	20-21 budget assumes savings on Passenger Transport costs via re-commissioning routes, reviewing occupancy levels on routes, route rationalisation and Independent travel Training.	G	(0.44)	0.0
Transport	Passenger Transport	Tim Pouncey	Full cost recovery of Personal Travel Allowances from Schools DSG funding.	G	(0.35)	0.0
Social Care	Children Looked After & Financially Support Non-CLA Demand Budgets.	Tim Pouncey	Recovery of Education costs of External Residential placements from Schools DSG funding.	G	(0.15)	0.0
Children & Families Directorate	Increased income target	C&F Leadership	Review and identify additional income, via additional trading, fee paying, grants, etc.	G	(0.21)	0.0
Children & Families Directorate	Increased income target from Schools Trading and Youth Justice Board.	C&F Leadership	£0.1m additional income from schools trading and £0.1m from Youth Justice Board source.	G	(0.20)	0.0
Children & Families Directorate	Running cost savings	C&F Leadership	Identify running cost savings via controls on internal spend and commissioning.	G	(0.28)	0.0
<b>B. Other Significant Variations</b>						
	Children Looked After & Financially Support Non-CLA Demand Budgets.	Sal Tariq / Julie Longworth	The CLA budget supports 1,346 CLA children of which 58 is for ER and 183 for IFA placements. Current numbers are 67 (+9) ER and 205 (+22) IFA. Projection reflects new £1m in-year action plan savings target plus £140k ER placements moving in house.			<b>1.060</b>
	Staffing Related Costs	C&F Leadership Team	The 20-21 pay budget includes 2 significant pressures that need to be addressed; the staffing structure within Early Help to reflect transition from the Troubled Families programme delivery to the Earned Autonomy model (£1.2m); secondly, residual staffing action plans within Social Care - Safeguarding Management account (£0.8m). This is offset by £0.25m of savings through planned vacancy control and a £0.1m planned reduction in agency/overtime.			<b>1.650</b>
	Learning For Life - Early Start (Little Owls income)	Sal Tariq / Andrea Richardson	Shortfall in income due to fewer 2,3 and 4 year olds and impact of free 30 hours per week free provision.			<b>0.400</b>
	Non-Pay savings	C&F Leadership Team	£0.1m savings on retirement costs for former teachers, £0.05m from the planned insourcing of Independent Travel Trainer contract and £0.1m savings on travel & subsistence due to restrictions during Q1.			<b>(0.249)</b>
	Income (Incl. Grants)	C&F Leadership Team	£0.324m reduction in Troubled Families - Earned Autonomy funding announced after the 20-21 budget set. Offset by £0.05m additional use of CLA Pupil Premium & £0.684m use of DfE Partners in Practice 20-21 award.			<b>(0.410)</b>
	Covid related expenditure and loss of income	C&F Leadership Team	Specific budget pressures relating to Covid-19 are: £0.42m Workforce pressures, predominantly around the LCC run homes; £2.19m impact on residential care costs; £0.25m impact of care leavers service; £0.578m impact on s17 payments and IT costs; £0.5m PPE equipment and £2.932m loss of income (£1.17m school traded income, £1.42m children centre fee income, £0.2m Adel Beck income and £0.14m School Attendance). Also includes £0.68m pay pressure from additional 0.75% pay offer.			<b>7.551</b>
<b>Children and Families Directorate - Forecast Variation</b>						<b>10.002</b>



## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 1

**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 this early point in the year no overall variance is projected on DSG, however there are risks that the high needs block could be overspent in 2020/21 and that actions will need to be identified to mitigate this. At this stage, no specific costs associated with covid 19 measures have been identified.

**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. Since the budget was set, there have been a number of academy conversions which reduces the grant received and the school funding paid out. 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.

**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 2021 census and so will not be confirmed until the 2021/22 financial year. In line with the increase in the unit rate received, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. At the moment no variance is expected, though an underspend in line with previous years could be expected.

**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. Although there has been a significant increase in high needs funding, there is a risk that this block could be overspent in 2020/21.

**Reserves** - There is an overall deficit brought forward from 2019/20 on general DSG of £3,955k and a de-delegated surplus of £722k.

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

**DSG Grant Reserves**

	Budget £'000	Projection £'000	Variance £'000
<b>Schools Block</b>			
DSG Income	(314,877)	(307,636)	7,241
Individual Schools Budgets	307,309	300,068	(7,241)
De-delegated budgets	4,568	4,568	0
Growth Fund	3,000	3,000	0
	0	0	0
<b>Central School Services Block</b>			
DSG Income	(4,867)	(4,867)	0
CSSB Expenditure	4,867	4,867	0
	0	0	0
<b>Early Years Block</b>			
DSG Income	(64,216)	(64,216)	0
FEEE 3 and 4 year olds	53,002	53,002	0
FEEE 2 year olds	7,933	7,933	0
Other early years provision	3,281	3,281	0
	0	0	0
<b>High Needs Block</b>			
DSG Income	(79,831)	(79,831)	0
Funding passported to institutions	72,329	72,329	0
Commissioned services	1,821	1,821	0
In house provision	5,123	5,123	0
Prudential borrowing	558	558	0
	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Latest Estimate**  
Balance b/fwd from 2019/20  
Net contribution to/from balances  
**Balance c/fwd to 2021/22**

**Projected Outcome**  
Balance b/fwd from 2019/20  
Net contribution to/from balances  
**Balance c/fwd to 2021/22**

General £'000	De-delegated £'000	Total £'000
3,955	(722)	3,233
<b>3,955</b>	<b>(722)</b>	<b>3,233</b>
3,955	(722)	3,233
<b>3,955</b>	<b>#REF!</b>	<b>#REF!</b>

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

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
<b>A. Key Budget Action Plans</b>					
Transfer funding to High Needs Block		Transfer of £2.65m from the schools block and £350k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2020.	B	3.00	0.00
<b>B. Significant Variations</b>					
Schools Block		No variance projected to date			0.00
Early Years Block		No variance projected to date			0.00
High Needs Block		No variance projected to date			0.00
Central School Services Block		No variance projected to date			0.00

**Dedicated Schools Grant - Forecast Variation** **0.00**

## CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 1 (APRIL)

**Directorate Summary** - At Period 1 it is projected that there will be a year end overspend of over just over £21.6m, this takes account of the projected impact of Covid 19 of £23.57m which includes the additional cost of the proposed higher pay offer. The Directorate's financial position has been significantly affected by the current restrictions in place as a result of Covid 19 and by the severe impact on the economy. There is a direct impact in Active Leeds and Arts and Heritage from the loss in income from the closure of all sites. In other service areas the anticipated economic downturn is expected to impact on income from the commercial property portfolio, Markets, advertising, planning and building fees and in Highways from reduced fee recovery as a result of some of the workforce self-isolating and other staff absences. The extent of the impact will not be fully apparent until later in the year but forecasts for the year have been made based on current intelligence. There is a great deal of uncertainty around some of the income projections, and assumptions will be updated and reviewed regularly.

**Staffing** - Based on current vacancy levels and assuming limited external recruitment for the foreseeable future, staffing is projected to be under budget by £4.6m based on current vacancy levels. In Highways and Transportation most staff costs are chargeable and any vacancies will lead to reduced income or additional contractor costs. Some staff in Asset Management and Regeneration are also chargeable. Allowing for this it is estimated that staff savings will contribute a net saving of £750k. This also allows for additional costs from a higher pay award than budgeted for estimated at £375k although some of this cost will be charged out.

**Other running cost savings** - Where cost savings directly relate to closure of facilities and events then these have been accounted for in the net income loss figures. It is estimated that there could be additional savings in supplies and services and travel costs of around £500k across the Directorate and an initial assessment of projected savings is shown under each service area but will be kept under review.

**Additional Covid 19 spend** - Whilst the impact of Covid 19 on City Development is mostly on income, some additional costs are being incurred. A sum of £500k is currently projected across the Directorate and is expected to include additional highways works.

**Planning and Sustainable Development** - In April there has been a notable reduction in planning and building fee income compared to the phased base budget and compared to the trend in the last few years. Actual income received in April is around 50% lower than the phased budget for both planning and building fees. In addition, the planned implementation of revised pre-application charges has been postponed for the time being. The 2020/21 budget included additional income of £250k for these charges and a shortfall of £150k is projected assuming implementation in the autumn. Overall the shortfall in income is forecast to be £1.5m and is based on a reduction in total fee income of 20% for the year. Large planning applications are still being received but there has been a notable drop off in householder applications.

**Economic Development** - The service is forecasting a reduction of income and additional costs of £110k for the year, mainly reduced income from Conference Leeds and reduced recovery of staff costs where staff are now working on Covid 19 related work.

**Asset Management and Regeneration** - The year end forecast anticipates a shortfall in income from the Commercial Property Portfolio from the non-achievement of budget actions which were based on generating additional rental income from the purchase of additional commercial assets during the year. It is likely that there will be a delay in new acquisitions due to the economic uncertainties arising from COVID-19. It is also anticipated that there will be a reduction in overall rental income as some businesses continue to struggle financially. Whilst in early days in the economic impact of the pandemic, the service is currently developing a strategy around rental income, in particular how to respond to requests from businesses seeking support. The current projection assumes a 30% shortfall in rental income over the non-prime commercial property portfolio. In addition, there may be specific sectors which are particularly badly hit where there is a higher risk that rental income may not be achieved. There is a risk that this may be an overly optimistic position but this will be kept under review.

**Employment and Skills** - No significant variations are currently projected. The major grant schemes that the service manages are currently expected to be delivered. There is a risk that not all grant income will be received but this will be kept under review.

**Highways and Transportation** - The major variation is forecast to be on the amount of highways maintenance work that the DLO is able to complete due to a reduced available workforce. This will result in reduced chargeable works which will lead to a reduction in income and the recovery of overheads. The current projection is for a shortfall in income of £1,500k. There is a risk that this is higher. Other areas of the service are still working but restrictions could mean that there is a shortfall in income in some areas, a £500k shortfall has been projected. Staffing is also below the budgeted structure and further delays in recruitment mean that there will be a need for more work to be allocated to external contractors.

**Arts and Heritage** - As all facilities are currently closed the service is forecasting a significant shortfall in income. Ongoing restrictions on being able to fully re-open facilities and the likelihood that many of the planned events for the year will have to be cancelled will also have an impact on income for the year. The current projection assumes very limited income for the first three quarters of the year. There will be some cost savings as a result and these have been netted of the income shortfall projections where they can be identified. Some staff have now been reallocated to work in other essential service areas although this will not result in savings for Arts and Heritage.

**Active Leeds** - All sport facilities are closed with the monthly loss in income at £1.3m. It is projected that even if some facilities are allowed to re-open at some point during the year that income will remain well below budgeted levels due to social distancing requirements and a very slow building back of the customer base to pre-Covid 19 levels. The loss of income has been netted down by some cost savings but these are fairly small. Some staff have now been reallocated to work in other essential service areas although this will not result in savings to Active Leeds.

**Resources and Strategy** - No significant variations are anticipated although the additional costs being incurred as a result of Covid 19 are being recorded in the Resources and Strategy budget.

**Markets and City Centre** - Open Market traders are currently not being billed for rent at a monthly loss of £40k. Indoor Market traders are still being billed. Whilst most indoor traders are eligible for support through the Government business support scheme it is anticipated that there will be an increase in voids in the Market and the current projection is that there will be a 30% shortfall in income. There is also expected to be a reduction in advertising income, the year end projection is for a £700k shortfall against the budget including the £200k additional income assumed in the 2020/21 budget.

### 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	9,560	(7,877)	1,683	(170)		(50)							(220)	1,530	1,310
Economic Development	2,327	(566)	1,761	(80)		(30)							(110)	120	10
Asset Management & Regeneration	17,557	(21,749)	(4,192)	(740)	300	(50)							(490)	5,650	5,160
Employment & Skills	7,437	(5,724)	1,713	(20)									(20)	0	(20)
Highways & Transportation	68,126	(50,217)	17,909	(3,750)		(100)							(3,850)	5,600	1,750
Arts & Heritage	21,425	(9,043)	12,382	50		(370)							(320)	1,880	1,560
Active Leeds	26,640	(20,468)	6,172	130		(100)							30	9,930	9,960
Resources & Strategy	1,045	(413)	632	(60)		400							340		340
Markets & City Centre	3,463	(3,702)	(239)	90									90	1,500	1,590
<b>Total</b>	<b>157,580</b>	<b>(119,759)</b>	<b>37,821</b>	<b>(4,550)</b>	<b>300</b>	<b>(300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,550)</b>	<b>26,210</b>	<b>21,660</b>

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

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Budget Action Plans</b>						
1.	Planning & Sustainable Development	David Feeney	Pre-Application fee income in Planning - delayed implementation	A	(0.25)	0.15
2.	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	(0.75)	0.75
3.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation	R	(0.20)	0.20
4.	Highways & Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(0.43)	0.00
5.	Highways & Transportation	Gary Bartlett	Site Development	G	(0.25)	0.00
	Highways & Transportation	Gary Bartlett	Utility Permits	A	(0.20)	0.10
6.	Markets & City Centre Management	Phil Evans	Advertising Income	R	(0.20)	0.20
7.	Resources & Strategy	Phil Evans	Use of Balances/One Off Income	G	(0.50)	0.00
<b>Total Budget Action Plan Savings</b>					<b>(2.78)</b>	<b>1.40</b>
<b>B. Other Significant Variations</b>						
1.	Planning & Sustainable Development	David Feeney	Planning Application and Building Control Fees			1.4
2.	Economic Development	Eve Roodhouse	Loss of income and additional costs related to Covid 19.			0.1
3.	Asset Management & Regeneration	Angela Barnicle	Commercial Rental Income			4.7
4.	Highways & Transportation	Gary Bartlett	Highways Maintenance			1.5
5.	Highways & Transportation	Gary Bartlett	Transport Planning			0.5
6.	Arts & Heritage	Cluny Macpherson	Net loss of income due to closure of venues			1.9
7.	Arts & Heritage	Cluny Macpherson	Postponement of Tour de Yorkshire and the Triathlon			(0.3)
8.	Active Leeds	Cluny Macpherson	Loss of income due to closure of Leisure Centres and reduced income once they re-open.			9.9
9.	Markets & City Centre Management	Phil Evans	Markets, advertising and Licences income			1.3
10.	All Services	All	Staffing Vacancies (excluding income funded posts)			(0.8)
11.	All Services	All	Savings on supplies and services across the Directorate			(0.5)
12.	All Services	All	Additional spend as a result of Covid 19			0.5
<b>City Development Directorate - Forecast Variation</b>						<b>21.7</b>

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### PERIOD 1

#### Overall

The Directorate has a projected overspend at month 1 of £32.4m against its £84.9m net managed budget. Of this projected overspend £32.6m is attributable to the COVID pandemic and a net £0.2m of savings have been delivered against the budget.

#### Resources

There is a projected overspend of just over £4m across the Resources group of services, £3.3m of this is due to the adverse impact of COVID. The most significant items are a projected loss of court fees in Finance/Legal of £1.1m, £0.8m estimated cost of operating and providing meals from the Food Warehouse, £0.7m reduction in income to capital projects and other charges. Delays to the implementation of Budget Actions Plans and other COVID pressures in Shared Services are around £0.4m; there is also the impact of non-delivery of savings plans to deliver the increased pay award. Non COVID related pressures include assumptions that turnover factors may not be achieved this year, particularly in Shared Services.

#### Housing Services

An overspend of £3.1m is forecast for Housing mainly due to the Covid-19 impact, consisting of £2.25m additional hotel accommodation and £0.75m for security costs relating to both hotel and supported accommodation. Work is underway to assess the level of housing benefit that can be claimed against the accommodation cost, which will reduce the burden of costs.

#### Civic Enterprise Leeds (CEL)

The division is projected to overspend by £25.2m with all but £0.2m attributable to COVID. Of the £25.2m COVID pressures, around £15.4m is forecast in LBS due to a reduction in income as a consequence of reviewing what services can currently be delivered safely, front line staff self isolating and staff working elsewhere to support COVID related activity. Furthermore an estimate has been made on the impact on efficiency for those operatives working but having to do so in a safe distancing manner.

A sum of £8.2m is projected for the costs of PPE across the Council. So far over £3m has been spent / committed.

In addition, school closures, closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children will cost around £1m in Catering. The pandemic has also caused a delay in implementation budget action plan savings of £300k within Fleet Services. However, as some civic buildings have closed with increased working from home, overall savings of £48k have been built into the projections within Facilities Management.

#### 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	101,933	(32,557)	69,376	3,048	(54)	546	(43)	20	0	0	0	0	3,517	495	4,012
Housing	20,837	(13,345)	7,492	(283)	0	3,162	0	0	0	0	0	0	2,879	237	3,116
CEL	147,324	(139,323)	8,001	(205)	(57)	7,480	150	0	0	0	0	0	7,368	17,870	25,238
Directorate Action Plan				0		0							0		0
<b>Total</b>	<b>270,094</b>	<b>(185,225)</b>	<b>84,869</b>	<b>2,560</b>	<b>(111)</b>	<b>11,188</b>	<b>107</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,764</b>	<b>18,602</b>	<b>32,366</b>

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

Service	Budget Action	Lead Officer	Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
<b>HOUSING</b>						
Housing	Additional Charges to DFG	Jill Wildman	New structure in Health and Housing in place. No issues expected, but need to keep under review re level of capital spend to justify charges to scheme	G	(0.21)	
<b>CEL</b>						
Leeds Building Services	To ensure the delivery of the targeted return (£10.655m) and ensure service developments and effective productivity improvements.	Sarah Martin	Significant risk turnover won't be delivered with impact of pandemic; Currently £500k/week under recovery	R	0.00	15.40
CPM	Additional charges to capital (staffing)	Sarah Martin	New structure in place during 19/20. No issues anticipated	G	(0.04)	
Facilities Management	Insourcing of Office waste and Voids	Sarah Martin	Insourcing of general waste contract completed, insourcing of voids slipped.	G	(0.08)	
Facilities Management	Review of servicing offer at Merrion Hosue	Sarah Martin	Savings to come from fewer meetings etc as a result of WFH.	G	(0.06)	
Fleet Services	Electric Vehicle replacement and reduction in hire	Sarah Martin	EV vehicle replacement on track and service working to reduce hire. Assue slippage 6 months re COVID	A	(0.33)	0.19
Fleet Services	Generate additional external income from maintenance of	Sarah Martin	Covid-19 epidemic has delayed savings and income	A	(0.21)	0.13
Catering	Generate net additional income from expanding commercial offer	Sarah Martin	Aireborough leisure centre completed but affected by closures	R	(0.03)	
Catering	Target saving from reduced reliance on meat based dishes	Sarah Martin	School closures could affect ability to deliver this	R	(0.04)	
<b>RESOURCES</b>						
DIS / Shared Services	Mail and Print Review - Printer rationalisation	Dylan Roberts	This has been done printers required will be in place for end of March and paid from ESP budget 2019/20;	G	(0.25)	
DIS / Shared Services	Mail and Print Review - Reductions in the volume of printing (Colour)	Dylan Roberts	Work in progress to get volumes down – given that the vast majority of staff are wfh there will be significant reductions in printing. Assuming WFH continues into 2020/21 will bring reduced printing costs in the new year.	G	(0.15)	
DIS / Shared Services	cost reduction on external spend	Sonya McDonald	Project on hold	R	(0.14)	0.07
DIS	DIS Breakfix - reduced external spend	Dylan Roberts	This is done - past six months trends show a reduction in costs – no reasons this wouldn't continue.	G	(0.06)	
DIS	Staffing Reduction - DIS Service Desk	Dylan Roberts	Not actioned – given the current demand/volume of calls cannot reduce staffing levels in the service desk in the near future or maybe at all. Need to identify alternative actions to offset	G	(0.05)	
DIS	DIS - Health and City Partnerships	Dylan Roberts	Done and agreed – signed 12 months contracts with health partners	G	(0.25)	
HR	Staffing reductions	Andrew Dodman	ELI Business case approved. Staff leaving between Mar and Oct; Savings net of ELI costs	G	(0.13)	
HR	Income HR	Andrew Dodman	Charges to academies. Agreed	G	(0.02)	
HR	Ultra Low Emission Vehicles (ULEV)	Andrew Dodman	Anticipate around £10k LCC wide on existing ULEV take up	A	(0.05)	
HR	Apprenticeship Levy (Rolled over 19/20)	Andrew Dodman	This income will not be received. (Will need to identify alternative savings in year & remove from base budget)	R	(0.15)	
Shared Services	E Invoices	Sonya MCDonald	Given current situation, unlikely to deliver. Assume 6 moth slippge	R	(0.15)	0.08
Shared Services	Servicing of meeting savings	Louise Snowden	£200k initial savings; £60k been identified elsewhere. £140k potential issue	R	(0.20)	0.07
<b>DIRECTORATE WIDE</b>						
Directorate Wide	Line by Line Reductions	Various COs	HR £44k (Staff shop, Serv Devt); Legal £100k; Pru Borrowing £60k; S&I £50k; IN year monitoring of spend	G	(0.31)	
Directorate Wide	Staffing reductions	Various COs	Passengers £87k ELI done; Housing Options £90k (split GF/ HRA)	G	(0.13)	
Directorate Wide	Impact of Covid-19		Additional expenditure/loss of income as a result of pandemic	R		7.28
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		8.20
<b>B. Other Significant Variations</b>						
1	All Other variations		Mainly staffing and additional 0.75% pay award	R		0.95
					(3.04)	

**Resources and Housing Directorate - P1 Variation**
**32.36**

## COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

### FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

#### Period 1 (April 2020)

The overall position is a projected overspend of £24,180k. Of this, £26,126k relates to the estimated impact of Covid-19, although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. The overall position also includes assumptions around tighter recruitment and expenditure controls and an initial assessment at this early stage indicates that potential savings of £1,946k may be achievable.

#### Communities (£286k overspend)

Covid-19 related costs total £289k which includes £195k loss of Community Centre income, £66k delays to planned savings from Community Centres and £28k cost of the additional 0.75% pay offer. Other variations reflect £3k expenditure savings.

#### Customer Access (£1,431k overspend)

Covid-19 costs are estimated at £800k which includes the cost of software and equipment to support home working £174k, PPE/Social distancing measures and additional cleaning at Hub sites of £240k together with projected income losses of £221k across the service and the additional cost of the pay offer of £165k. Other variations include a projected staffing overspend of +£530k, additional security of £120k at Hubs and £19k other net expenditure savings.

#### Electoral and Regulatory Services (£1,032k overspend)

#### Elections, Licensing and Registrars (£798k overspend)

The majority of fee earning activities have ceased or reduced significantly. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on income is estimated at £1,572k, with a further £16k relating to the pay offer, although these will be partially offset by net savings of £330k from the cancelled May elections. Further net savings of £460k are anticipated reflecting projected staffing and other expenditure variations and utilisation of the TPHL earmarked reserve to partially offset the in-year income shortfall.

#### Environmental Health (£234k overspend)

The projected position reflects income losses of £306k from a reduction in activities across the service and pay offer of £10k, partially offset by £82k net savings in respect of staffing and other expenditure.

#### Welfare and Benefits (£1,232k over budget)

The projected overspend mainly reflects Covid-19 related expenditure in respect of the net cost of Housing Benefit claims for rough sleepers (£578k), an anticipated additional call on the Local Welfare Support budget (estimated c£600k) and the estimated cost of the pay offer (£45k). Other non-Covid forecast variations include additional staffing costs of £99k, partially offset by other identified expenditure savings of £90k.

#### Parks and Countryside (£8,060k overspend)

The impact of Covid-19 on income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arium, Cafes, Golf courses, Bowling Greens and concessions in parks, is currently estimated at £4,976k. In addition, shortfalls in income from the cessation of chargeable works activities within Parks Operations and the Forestry service are estimated at £2,670k and losses of income resulting from restrictions within bereavement services are estimated at £1,459k (including the impact of non-implementation of the planned inflationary fee increase). A further £250k of income is estimated to be lost as a result of the cancellation of all events held in parks to the end of June although savings of £350k from the cancellation of the West Indian Carnival will offset this. The cost of the pay offer is estimated at £129k, with other staffing savings of £714k for the year forecast at this stage, together with other operating expenditure savings of £354k.

#### Car Parking (£5,772k overspend)

Covid-19 related income losses of £6,161k across the service are currently estimated which reflects the Council's decision to suspend all car parking charges and enforcement activity. Net staffing savings of £137k (including the pay offer at +£23k) and other expenditure savings of £252k are currently anticipated to partially offset this.

#### Community Safety (£48k overspend)

The projected overspend mainly reflects the anticipated cost of the pay offer. A small amount of other expenditure (£6k) has been incurred in respect of Covid-19 but this is largely offset by forecast expenditure savings elsewhere in the service.

#### Waste Management (£5,101k overspend):

Within the Refuse service, additional expenditure of £2,213k is currently forecast which reflects the cost of providing additional crews and vehicles to deal with increased volumes of waste and to provide necessary staffing cover and PPE equipment. Additional costs of waste disposal are difficult to accurately forecast at this stage but additional volumes of waste are currently forecast to be £2,361k to the end of the year. Additional costs of £544k are forecast at Household Waste Sites for the cost of providing PPE equipment, staffing cover and security at the sites as well as net income losses from the weighbridges, inert waste charges and from the Revive shops. The pay offer is estimated at £155k although this is offset by other forecast savings of £172k mainly relating to prudential borrowing savings.

#### Cleaner Neighbourhoods Teams (£146k under budget)

Covid-19 related costs of £239k reflect the loss of income from bulky waste collections and from street cleansing penalty enforcement as well as the additional costs of litter bin stickers, PPE equipment and the estimated cost of the pay offer. However, these are anticipated to be offset by net staffing savings of £323k and operating expenditure savings of £62k.

#### City Centre (£138k overspend)

Covid-19 related costs of £143k include the projected loss of environmental enforcement income, costs of staff cover and the pay offer. Staffing and expenditure savings of £5k are anticipated to partially offset these costs.

#### Directorate Wide (£1,226k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,221k. £990k of this is in respect of a temporary mortuary facility created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield. In addition, a city wide mailout in respect of accessing support is projected to cost £132k, overtime costs of £49k are anticipated for the co-ordination of the city wide use of volunteers, and approximately £50k is anticipated to be incurred for a temporary senior officer in support of the Council's response to the Covid situation.

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

#### Summary By Service

				Period 1 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	16,566	(11,714)	4,852	28		66	(3)						91	195	286
Customer Access	25,106	(4,560)	20,546	695	120	395							1,210	221	1,431
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(75)	(181)	(344)							(600)	1,632	1,032
Welfare And Benefits	196,901	(191,795)	5,106	144		510				578			1,232		1,232
Car Parking Services	4,867	(12,252)	(7,385)	(137)		(252)							(389)	6,161	5,772
Community Safety	8,842	(6,504)	2,338	45		2							47		47
Waste Management	44,279	(9,766)	34,513	2,319		2,405	231	(140)					4,815	286	5,101
Parks And Countryside	33,914	(26,147)	7,767	(585)		(2,280)							(2,865)	10,925	8,060
Environmental Action (City Centre)	2,119	(427)	1,692	9		50							59	79	138
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(252)		(51)							(303)	158	(145)
Directorate wide	0	(1)	(1)	65		1,586							1,651	(425)	1,226
<b>Total</b>	<b>353,652</b>	<b>(273,966)</b>	<b>79,686</b>	<b>2,256</b>	<b>(61)</b>	<b>2,087</b>	<b>228</b>	<b>(140)</b>	<b>0</b>	<b>578</b>	<b>0</b>	<b>0</b>	<b>4,948</b>	<b>19,232</b>	<b>24,180</b>

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

		Lead Officer	Additional Comments	RAG	Action Plan Value (£ms)	Forecast Variation against Plan/Budget (£m)
<b>Communities</b>						
<b>Communities Team</b>	Communities Team - achievement of staffing efficiencies	Shaid Mahmood		G	(0.08)	
<b>Community Centres</b>	Community Centres - asset transfer savings and general efficiencies within the service	Shaid Mahmood	Delays anticipated due to Covid-19	A	(0.10)	0.07
<b>Communities</b>	Achievement of base budget vacancy factor	Shaid Mahmood		G	(0.17)	
<b>Customer Access</b>						
<b>Contact Centre</b>	Secure invest to save funding to partly offset additional staffing	Lee Hemsworth	Business case to be drafted	G	(0.15)	
<b>Customer Access</b>	Achievement of base budget vacancy factor	Lee Hemsworth	Potential overspend based on period 1 staffing	R	(0.65)	0.53
<b>Welfare &amp; Benefits</b>						
<b>Housing Benefits</b>	Achievement of staffing reductions	Lee Hemsworth	Potential overspend based on period 1 staffing	A	(0.20)	0.10
<b>Welfare and Benefits</b>	Achievement of base budget vacancy factor	Lee Hemsworth		G	(0.19)	
<b>Electoral and Regulatory Services (incl Environmental Health)</b>						
<b>Elections</b>	Charge PCC for share of elections	John Mulcahy	Elections deferred until May 21 due to Covid-19 meaning further savings in 20/21	G	(0.40)	(0.33)
<b>All</b>	Achievement of base budget vacancy factor	John Mulcahy		G	(0.18)	
<b>Car Parking</b>						
<b>Car Parking</b>	Increase charges at Woodhouse Lane car park by 50p for a full day	John Mulcahy	Car parks currently free of charge - price increase not implemented	R	(0.10)	0.10
<b>Car Parking</b>	Achievement of base budget vacancy factor	John Mulcahy		G	(0.15)	
<b>Waste Management</b>						
<b>Refuse</b>	Secure agreement from DEFRA re revision to waste contract	John Woolmer	Confirmation now received	G	(2.20)	
<b>Waste Management - all</b>	Achievement of staffing savings	John Woolmer		G	(0.05)	
<b>Waste Management - all</b>	Achievement of base budget vacancy factor	John Woolmer		G	(0.29)	
<b>Parks and Countryside</b>						
<b>Parks and Countryside</b>	Additional funding from Childrens Funeral Fund	Sean Flesher		G	(0.12)	
<b>Parks and Countryside</b>	Staffing savings - achievement of vacancy factor	Sean Flesher		G	(1.40)	
<b>Community Safety</b>						
<b>Community Safety</b>	Maximisation of external funding	Paul Money		G	(0.18)	
<b>Community Safety</b>	Achievement of staffing efficiencies	Paul Money		G	(0.02)	
<b>Community Safety</b>	Achievement of base vacancy factor	Paul Money		G	(0.34)	
<b>Directorate Wide</b>						
<b>Other Significant Variations</b>						
<b>All</b>	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above			26.29
<b>All</b>	Staffing	All	Staffing savings based on straightline projection of staff in post at period 1			(1.45)
<b>All</b>	Operating expenditure	All	Expenditure savings identified at period 1 - running costs etc			(1.02)
<b>ELR</b>	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve			(0.25)
<b>All</b>	Other	All	All other variations			0.14
<b>Communities &amp; Environment - Forecast Variation</b>						<b>24.180</b>

**STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 1 DRAFT**

**Overall :**

The month 1 dashboard for Strategic & Central Accounts recognises the potential for a shortfall of £28.0m in capital receipts as a result of the shutdown in the economy due to the Covid 19 lockdown, which would require a corresponding increase in the level of MRP chargeable to revenue. However current forecasts suggest that a lower shortfall of around £13.5m in comparison to the budget may be achievable.

No other significant variations have been identified in the Strategic & Central Accounts budget. However, given the slowdown in economic activity as a result of the coronavirus lockdown, there are risks attached to the following budgets:

- Income relating to business rates, including S31 grants and income from the Business Rates Pool
- S278 income from developers

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

	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	PROJECTED VARIANCES										Total (under) / overspend £'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	(13,311)	(20,089)	(33,400)											0		0
Debt	35,747	(17,881)	17,866									27,993		27,993		27,993
Govt Grants	2,161	(27,581)	(25,420)											0		0
Joint Committees	35,201	0	35,201											0		0
Miscellaneous	5,746	(794)	4,952	(59)										(59)	25	(34)
Insurance	9,167	(9,167)	0											0		0
<b>Total</b>	<b>74,710</b>	<b>(75,512)</b>	<b>(802)</b>	<b>(59)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,993</b>	<b>0</b>	<b>27,934</b>	<b>25</b>	<b>27,959</b>



## STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR

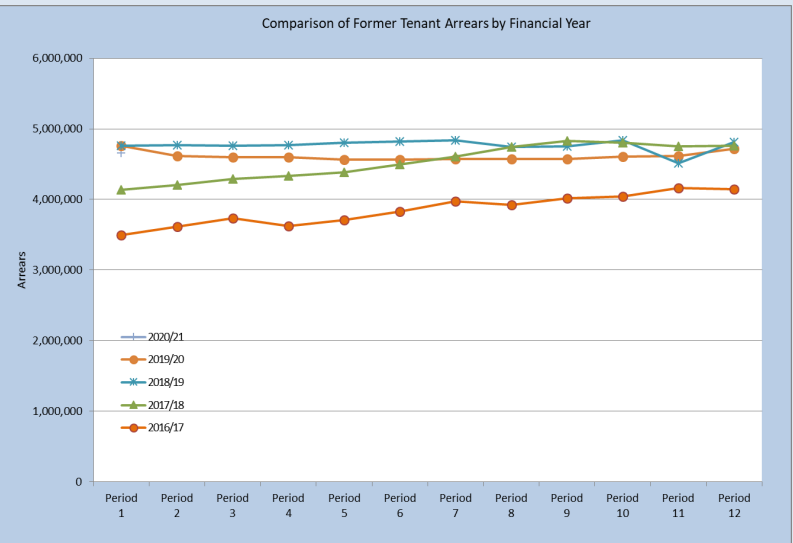
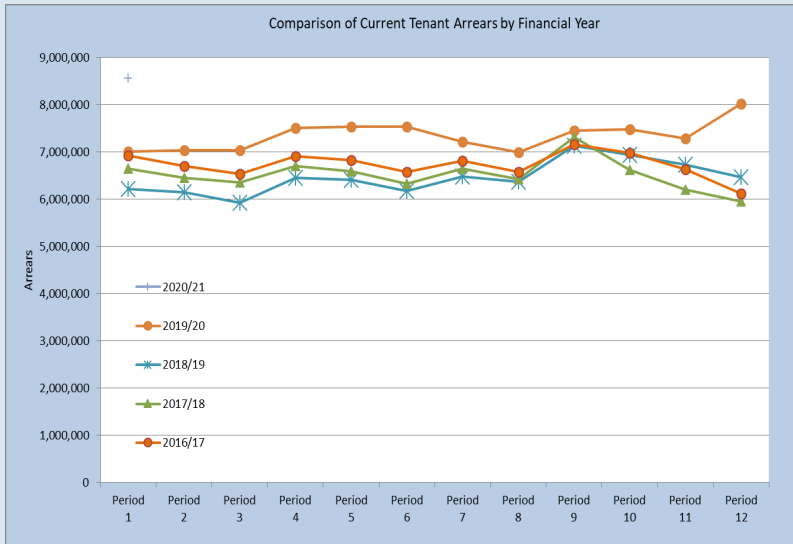
<b>Key Budget Action Plans and Budget Variations:</b>				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Major Budget Issues</b>						
1.	Debt Costs and External Income	Victoria Bradshaw	Current forecast is as budget	G	20.2	0.0
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital receipts to repay some debt. Due to the slowdown in economic activity, there is a risk that sufficient capital receipts may not be realised, requiring additional MRP from revenue. The current projection is for a shortfall of £13.5m.	A	14.2	28.0
3.	New Homes Bonus	Victoria Bradshaw	Current forecast is as budget	G	(4.7)	0.0
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	Current forecast is as budget	A	(22.7)	0.0
5.	S278 Contributions	Victoria Bradshaw	No variation is anticipated at this stage, however there is a risk of a shortfall depending on the rate of economic recovery.	A	(4.6)	0.0
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget	G	(3.8)	0.0
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget	G	(3.7)	0.0
8.	Joint Committees	Victoria Bradshaw	Current forecast is as budget	G	35.2	0.0
<b>B. Other Significant Budgets</b>						
1.	Insurance	Victoria Bradshaw	Current forecast is as budget	G	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Current forecast is as budget	G	(16.6)	0.0
3.	Miscellaneous	Victoria Bradshaw	Current forecast is for minor variations	G	4.9	(0.1)
<b>Strategic &amp; Central Accounts - Forecast Variation</b>						27.9

## Housing Revenue Account - Period 1 Financial Dashboard - 2020/21 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	(212,138)	(211,076)	1,062	<p>£581k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £65k Net impact of reduction in RtBs sales offset by ROFR delays. £51k Covid 19 loss of commercial rent.</p> <p>Leeds Pipes</p> <p>£115k RtB admin income due to Covid 19. £423k Civica project team not charged to capital. £1,260k staff not working on capital schemes due to Covid 19. £67k Hsg growth posts vacant - offset in emp costs. NB - Probable Pressure from LEEDS PIPES income not yet included. Greater analysis required, but likley installation levels will be delayed/</p>	
Service Charges	(8,484)	(8,444)	40		
Other Income	(33,772)	(31,907)	1,865		
<b>Total Income</b>	<b>(254,394)</b>	<b>(251,427)</b>	<b>2,967</b>		
<b>Expenditure</b>					
Disrepair Provision	1,400	1,400	-	<p>Assume hold vacant posts vacant for 3 mnth and addtl 0.75% pay award.</p> <p>Naviagtion House Delapidation work.</p>	
Repairs to Dwellings	45,081	45,081	-		
Council Tax on Voids	778	778	-	<p>Civica DIS staff not charged to capital. NB Possible additional pressure of LEEDS PIPES costs not yet reflected. Greater analysis required.</p> <p>RtB loss of capital receipts from reduced sales (88 assumed less sales - NB This assumes the impact will be for 4 months. <i>The pressure will be greater if longer than this</i> ). Overall Pressure of £5.850m balanced through reduction of RCCO on this line.</p>	
Employees	31,402	31,198	(204)		
Premises	8,200	8,342	142		
Supplies & Services	3,826	3,826	-	<p>Provision for bad debt figure increased to reflect the projected £1.79m increase in rent arrears.</p>	
Internal Services	44,064	44,639	575		
Capital Programme	60,926	56,336	(4,590)		
Unitary Charge PFI	10,417	10,417	-		
Capital Charges	44,334	44,334	-	<p>Budget assumed using £600k of reserves to fund staffing pressures; Don't do this and don't have to pay it all back in fuure years</p>	
Other Expenditure	5,748	6,248	500		
<b>Total Expenditure</b>	<b>256,174</b>	<b>252,597</b>	<b>(3,577)</b>		
<b>Net Position</b>	<b>1,780</b>	<b>1,170</b>	<b>(610)</b>		
Appropriation: Sinking funds	(216)	394	610		
Appropriation: Reserves	(1,564)	(1,564)	-		
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>		
Proposed New Reserves			-		
Transfer to Capital Reserve			-		
<b>Total Current Month</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>		

## Housing Revenue Account - Period 1 Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(612)	(557)
Right of First Refusals/ Buybacks	45	38
New Build (Council House Growth)	4	65
<b>Total</b>	<b>(563)</b>	<b>(454)</b>

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	35,613
Average Selling Price per unit (£000s)	55.4	63.9
Number of Sales*	612	557
Number of Live Applications	1,333	1,258

Arrears	2019/20	2020/21	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2019/20 Week 5</b>	<b>2020/21 Week 4</b>	
Current Dwellings	6,230	7,677	1,447
Current Other	785	892	107
Former Tenants	4,757	4,659	(98)
	11,772	13,228	1,456
<b>Under occupation</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 4</b>	
Volume of Accounts	3,051	3,008	(43)
Volume in Arrears	1,198	1,108	(90)
% in Arrears	39.3%	36.8%	-2.4%
Value of Arrears	197	194	(3)
<b>Collection Rates</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 4</b>	
Dwelling rents	96.43%	93.44%	-3.0%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-4.06%	-3.0%

## Housing Revenue Account - Period 1 Financial Dashboard - 2020/21 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	(807)	780	0	(27)
Housing Advisory Panels	(507)	0	0	(507)
Sheltered Housing	(2,777)	0	0	(2,777)
Holdsworth Place - land purchase	0	0	0	0
Early Leavers' Initiative	(408)	408	0	0
Wharefedale View	(23)	0	0	(23)
Changing the Workplace	(151)	0	0	(151)
ERDMS	(257)	0	0	(257)
	<b>(4,930)</b>	<b>1,188</b>	<b>0</b>	<b>(3,742)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(1,474)	0	(1,426)	(2,900)
LLBH&H PFI Sinking Fund	(6,025)	1,030	0	(4,995)
	<b>(7,499)</b>	<b>1,030</b>	<b>(1,426)</b>	<b>(7,895)</b>
<b>Capital Reserve</b>				
MRR (General)	(8,278)	0	0	(8,278)
MRR (New Build)	(1,105)	0	0	(1,105)
	<b>(9,383)</b>	<b>0</b>	<b>0</b>	<b>(9,383)</b>
<b>Total</b>	<b>(28,307)</b>	<b>2,218</b>	<b>(1,426)</b>	<b>(27,515)</b>

**Children and Families Directorate; initial proposal for discussion in respect of the £3.8m savings plan required by Executive Board 22<sup>nd</sup> April 2020**

**Background Information**

Executive Board on 22<sup>nd</sup> April 2020 considered a report on the 2019/20 outturn position and resolved that, 'noting the Children and Families directorate projects a variance of £3.8m against the Children Looked After (CLA) budget for 2020/21 based on projections of CLA numbers, the Director of Children and Families be requested to identify proposals to address the projected overspend and that these proposals be incorporated into the next Financial Health Monitoring report to be received at Executive Board'. At the time of the outturn report, if the number and type of CLA placements remain at that level then it was estimated that this would result in an overspend of £3.8m against the CLA budget in 2020/21. External residential placements at that time were 73, compared to a budgeted assumption of 58 placements and independent fostering agency (IFA) placements were 204 compared to a budgeted assumption of 184 for the 2019/20 year. The Directorate reviews all ER placements on a regular placement to assess if they remain appropriate and whether any actions can be taken to return children to Leeds or to avoid placements being made with external providers.

The 2020/21 budget for Children Looked After (CLA) is £43.8m of which £12.1m is in respect of a budgeted number of 58 external residential placements and £7.7m for a budgeted number of 183 independent fostering agency placements.

Identifying proposals to address the projected overspend is difficult in the context of the current COVID-19 pandemic and the additional financial pressures being faced by the Council. At the time of writing, the latest return to the Ministry of Housing, Communities and Local Government estimates that Children and Families will have a projected increase in costs of £12.4m directly associated with the pandemic as well as other budget action plan assumptions built into the 2020/21 budget at risk. It is also worth acknowledging that, in a joint report, the charities Barnardo's, the Children's Society, Action for Children, the NSPCC and the National Children's Bureau have said the Government must help councils invest in early intervention programmes to stop families reaching crisis point after coronavirus. They say demand for children's services is expected to rise significantly, and as available funding for the sector has fallen by £2.2bn over the last decade, local authorities in England had been unable to pay for early intervention service which help families before problems escalate.

The Director of Children and Families proposes the following to address the projected overspend.

**Refresh of the £3.8m projected overspend**

Since the April 2020 Executive Board report there has been some movement in the numbers of CLA due to both trends and the continual review of numbers and placements. ER numbers have reduced to 64 (from the 73 that was used to calculate the £3.8m projected overspend) and IFA numbers have reduced to 203 (noting that IFA numbers initially increased higher than the 204 upon which the projection was based, peaking at 211). In addition, the numbers of CLA in kinship care continues to grow, to currently 354, which is positive from an outcomes perspective and the financial perspective. In addition, at the end of March, there were 10 young people in secure welfare placements and this has now reduced to 3. Accordingly, based on these numbers, the projected overspend of £3.8m as at 22<sup>nd</sup> April 2020 has now reduced to £2.2m. Whereas the CLA numbers are still relatively high, the placement mix is beginning to change and transition to in-house placements at the expense of costlier external ones. In summary, although there is still a projected overspend of £2.2m, current CLA numbers are 1,335 against a budget for 1,346; we are slightly under budget on numbers, but still over in financial terms because of the higher numbers of external placements.

In addition to the current reduction the directorate has identified a further four placements that can be utilised to return children to in house placements over the coming eight to twelve weeks. All other things being equal this would reduce the number of external residential placements to 60 and reduce the projected overspend by a further £140k in the remainder of the year. In a full year, the reduced cost will be approximately £250k.

### **Further proposal to offset other budget pressures**

The Directorate has considered a range of other proposals to address the projected overspend, whether derived from CLA numbers or as a result of the coronavirus crisis. These are set out below.

At this stage, it is worth acknowledging that there will be challenges around Earned Autonomy because of the £324k reduction in the grant announcement after the Council had set its budget. The shortfall in grant has been added to the projected overspend based on CLA numbers and the following proposals seek to address both budget pressure.

- As described above, CLA budgets are projected to overspend by £2.2m. To build on the progress made it is planned to realign resources within 'capacity and change' to provide new impetus to the drive to reduce costs while maintaining outcomes. Further work with the fostering teams with a view to recruit more Leeds Foster Carers we will reduce the number of children placed with more expensive IFA Foster Carers, reduce the number of children placed in residential care, improve the quality of matching children with Fostering Placement. By increasing the number of placements within Leeds we will improve outcomes for children, allowing children to continue to attend their existing school, continue to take part in leisure and social activities and retain links with their wider family and community networks. These proposals will save money as a result of reducing our need to source placements in either the residential or private Fostering sector. Further time is required to develop these proposals and to generate the new Leeds Foster Carers but could generate additional savings of £1m in the cost of CLA.
- During 2019/20, the directorate implemented enhanced vacancy controls to help reduce the projected overspend and will maintain such controls in 2020/21. This will deliver at least £250k against the staffing budget.
- We would also seek to reduce agency spend where appropriate (Childrens centres, Adel Beck and a small number of social workers) and eliminate as far as possible overtime payments. Clearly with a proposal of this nature, additional work needs to be done to assess the likely impact.
- Savings of £100k can be achieved from the schools premature retirement costs budget in 2020/21.
- With significant numbers of staff working from home and some social care practice being curtailed as face to face, it is envisaged that savings of approximately £100k can be made in 2020/21 from transport allowances.
- Utilisation of additional CLA Pupil Premium funding such that relevant Virtual Head costs that can be offset by funding. Savings of £50k may be generated in 2020/21.
- Changes to the delivery model for independent travel training could generate savings of £50k in a full year, some of which may fall in 2020/21.
- Review of non-essential spend; at this stage it is difficult to be precise about the savings that could be generated but this can be reflected in the monthly Executive Board financial dashboard.
- Utilisation of grant funding to support projected levels of expenditure.

In the time elapsed since the April Executive Board and in recognition of the significant workloads involved in response and recovery, the robustness of these proposals around capacity and change and foster carers has not been tested to any great extent and should be considered as a statement of intent. Further work will determine the robustness of the assumptions.

### **Conclusion**

In the current condition of uncertainty, it is difficult to be precise about the revised projections and further work is required on the implications of the coronavirus crisis on CLA numbers and on the direct impact of the focus on recruiting foster carers. However, these proposals would, subject to a degree of risk around CLA numbers, eliminate the £3.8m overspend that was projected on the basis of the 2019/20 outturn figures. At the time of writing, CLA numbers are 1,329, down by 15 from the start of March and open social work cases and Children in Need numbers are the lowest they have been for some time. However, the full impact of the current crisis on these numbers is likely to be felt in the coming weeks and months.

The impact will need to be closely monitored throughout the year and viewed in the light of further proposals that will need to be considered in light of the budget shortfall as a result of the coronavirus crisis. The proposals are summarised in the table below.

	£m	£m cumulative
Overspend outturn projection CLA (as per Executive Board 22 <sup>nd</sup> April 2020)	3.800	3.800
Earned Autonomy grant reduction	0.324	4.124
Revised down based on current number of CLA	-1.600	2.524
Residential focus	-0.140	2.384
Capacity & Change/Foster carers – CLA savings	-1.000	1.384
Staffing savings	-0.250	1.134
Agency/Overtime	-0.100	1.034
Schools Premature Retirement Costs	-0.100	0.934
Transport allowance	-0.100	0.834
Pupil premium costs	-0.050	0.784
Independent Travel Training	-0.050	0.734
Non-essential spend	-0.050	0.684
Grant allocation re RES teams	-0.684	0