

Report of the Deputy Chief Executive

Report to Executive Board

Date: 17th September 2014

Subject: Financial Health Monitoring 2014/15 – Month 4

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to inform members of the financial health of the authority after four months of the financial year in respect of the revenue budget, and the Housing Revenue Account.
2. Members will recall that the 2014/15 general fund revenue budget, as approved by Council provides for a variety of actions to reduce spending by in excess of £47m. It is clear that action is taking place across all areas of the Council and it is clear that significant savings are being delivered in line with the budget.
3. At this stage of the financial year however an overall overspend of £5.4m is projected, an increase of £2.1m for the figure reported at month 3. This is largely due to two main issues; costs associated with the ‘deprivation of liberty’ legal judgement within Adult Social care and the decision to defer the implementation of proposed policy changes around discretionary post 16 SEN transport in Children’s Services. The overall position will continue to be managed with a view to reducing this projected overspend during the year.
4. After four months of the year the HRA is projecting a surplus of £1.2m.

Recommendations

5. Members of the Executive Board are asked to note the projected financial position of the authority after four months of 2014/15 and
 - approve the creation of an earmarked reserve using general fund reserves as detailed in paragraph 3.3.5.1 and delegate release of the reserve to the Deputy Chief Executive.
 - note the release of reserves as detailed in paragraph 3.3.5.2

1. Purpose of this report

- 1.1 This report sets out for the Board the Council's projected financial health position for 2014/15 after four months of the financial year.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after four months and comments on the key issues impacting on the overall achievement of the budget for the current year.

2. Background information

- 2.1 Members will recall that the net budget for the general fund was set at £565.8m, supported by the use of £3.5m of general fund reserves.
- 2.2 The provisional outturn was reported to Members at the June Board which showed an underspend of £2.3m. Following finalisation of the accounts, as reported to July's Corporate Governance and Audit Committee (CGAC), the position was improved by £0.4m. This was due to the following items:
- £0.7m saving on business rates transferred to the Leeds City Region Business Rates Pool due to the DCLG confirming the basis of the calculation.
 - £0.3m reduction in the amount of capitalisation of interest on assets under construction following the finalisation of the capital programme for the year.

General Fund Reserves at 31st March 2014 therefore amount to £26.1m.

The accounts are still subject to external audit and this figure could change if there is a significant post balance sheet event prior to the sign off of the accounts. Any change will be reported to CGAC in September and reported back to this Board as part of the half year financial health report.

3. Main Issues

- 3.1 After four months of the financial year an overspend of £5.4m is projected, as shown in the table below.

		(Under) / Over Spend for the current period					1st Quarter
Directorate	Director	Staffing	Other	Total	Total Under	(Under) /	
		£000	Spend	Expenditure	Income	Overspend	
				£000	£000	£000	
Adult Social Care	Sandie Keene	1,045	2,912	3,957	(1,961)	1,996	491
Children's Services	Nigel Richardson	209	4,237	4,446	(518)	3,928	1,924
City Development	Martin Farrington	536	1,285	1,821	(1,636)	185	432
Environment & Housing	Neil Evans	102	228	330	(330)	0	0
Strategy & Resources	Alan Gay	224	(146)	78	(116)	(38)	0
Public Health	Ian Cameron	(462)	360	(102)	(68)	(170)	(170)
Citizens & Communities	James Rogers	(125)	52	(73)	68	(5)	(1)
Civic Enterprise Leeds	Julie Meakin	(370)	18	(352)	754	402	450
Total		1,159	8,946	10,105	(3,807)	6,298	3,126
Corporate issues							
Debt Savings						(1,100)	0
Transfer of Public health to earmarked reserve						170	170
Total						5,368	3,296

- 3.2 This is an increase of £2.1m from the position reported at the end of the first quarter. However, the projection now includes £1.1m in respect of the anticipated costs associated with the 'deprivation of liberty' issue as reported in the first quarter report¹.

In addition, the projection now reflects the Executive Board decision to defer the implementation of proposed policy changes around discretionary post 16 SEN transport pending a further period of consultation, which together with demand pressures on the Children's transport budget amounts to £2.5m, although this is partly offset by additional income from utilising additional capital receipt income of £1.25m to part fund schools capital spend.

- 3.3 Other major variations are outlined below and further details can be found in the financial dashboards attached to this report.

3.3.1 Staffing

There is an overall projected overspend on staffing of £1.2m which is due to vacancies, primarily within Public Health, offset by the cost of staffing which is funded by capital or additional income within Adult Social Care and delays in implementing budget actions in City Development.

3.3.2 Other Spend

The main pressures relate to demand led community care budgets within Adult Social Care and Looked After Children placements. Home Care packages have seen a weekly increase of around 77 hours whilst the budget assumed there would be no increase. Externally provided residential placement numbers for children and young people are currently 11 above plan and those with Independent Fostering Agencies are 21 above.

3.3.3 Income

Within Adult Social Care £2.0m additional income mainly relates to health funding for intermediate care beds and information management initiatives is projected and within City Development, one off income has now been received in 14/15 following the conclusion of a mediation process to reimburse the Council for costs it incurred to rectify damage that had occurred to the Council's infrastructure. However, within Civic Enterprise Leeds, the decision to decrease the charge to primary schools for school meals, reflecting the competitive nature of the market, results in a pressure on the catering service of £0.25m.

3.3.4 Use of Earmarked reserves

The projection assumes the use of the following earmarked reserves brought forward from 2013/14:-

¹ The potential costs associated with a Supreme Court legal judgement in March 2014 brought against Cheshire West and Chester Council which clarified the meaning of 'deprivation of liberty' in the context of the Mental Capacity Act. This means that the number of people lacking mental capacity who require a Best Interest Assessment will increase significantly and this is already evident in activity levels. In addition to staffing costs, other costs relate to Court of Protection Orders and independent mental health advocacy.

Adult Social Care - £1.4m to support service transformation and business change across the Directorate

Children's Services:-

Child Adolescent and Mental Health Service (CAMS)	£500k
Youth Offending Service	£275k
Health Innovations	£687k
Safeguarding (Children's)	£ 97k

3.3.5 Release of General Fund Reserves

3.3.5.1 Executive Board are requested to approve the creation of an earmarked reserve using £250k of general fund reserves, to support the costs in 2014/15 of developing and progressing master planning for the Southbank including HS2 planning. The 2011 Southbank Planning Framework will need to be updated and a growth strategy developed so that the city can maximise opportunities created by HS2.

In line with other earmarked reserves, it is proposed to delegate the release of the reserve to the Deputy Chief Executive.

3.3.5.2 The Better Care Fund will require significant investment to continue to develop a high quality and sustainable integrated health and social care system for the city. In 2015/16 £55m will be included in the Better Care Fund for Leeds and in June 2014 Executive Board approved the creation of an earmarked reserve of £5m to pump prime the Better Care Fund in 2014/15.

Release of this earmarked reserve is sought which, together with provision of £2.8m within the 2014/15 Adult Social Care revenue budget, will provide £7.8m in the current year to support service transformation across the health and social care economy.

3.4 Other Financial Performance

3.4.1 Council Tax and NNDR

The Council Tax target for the in-year collection for 2014/15 is unchanged from the previous years at 95.7%. The position at the end of July was 37.13% compared to 37.19% at the same point in 2013/14 and there are currently no concerns as to collection levels.

- Overall collection rate for those affected by Council Tax Support scheme - 26.8% (25.6% at this stage last year)
- Collection rate for those previously getting 100% Council Tax benefit – 25.2% (22.6% at this stage last year)

The collection rate for Business Rates at the end of July was 39.58% compared to 40.83% at the same time in 2013/14, a reduction of 1.25%. This is greater than the usual monthly fluctuations experienced by Business Rates due to the option for ratepayers to elect to pay over 12 rather than 10 instalments. A significant number of large ratepayers have chosen this option which has therefore skewed the payment profile towards the end of the year. It will not be possible to make an

accurate comparison until March 2015, however the situation will continue to be monitored on a monthly basis.

3.4.2 Procurement Report

Executive Board requested a quarterly update on procurement activity. Attached as Appendix 2, is a report which provides information in relation to the first quarter of the current financial year in respect to procurement.

4.0 Housing Revenue Account (HRA)

- 4.1 At the end of Period 4 the HRA is projecting a surplus of £1.2m.
- 4.2 Additional income of £1.0m is projected from dwelling rents. This is due to the actual level of voids being less than budgeted. Unbudgeted income of £0.5m has become due in respect of contract related performance payments, offset by a projected loss of £0.2m of budgeted income from the capitalisation of salaries.
- 4.3 Savings are projected in relation to Council Tax on empty properties (£0.3m) and repairs to dwellings (£0.1m) both of which are related to the reduction in the number of voids. There are anticipated savings against the budgeted contribution to the Bad Debt Provision of £0.5m based on trends in 2013/14, and a saving on Capital Charges is anticipated at £0.3m due to low interest rates.
- 4.4 These favourable variances are offset by an additional £0.8m of costs in relation to Disrepair claims against the council. This is due to claims firms targeting the city which has resulted in a 284% increase in cases from 2012/13 levels. The Disrepair service is being proactively managed with regular meetings with internal and external teams responsible for completing the works monitoring progress, identifying blockages in the system and amending processes. The team is also engaging with both the Repairs Teams and Housing Management to introduce measures to stem the growth in caseload.
- 4.5 Overall, arrears for current tenants are £5.8m at the end of July compared to £4.8m at the end of 2013/14, an increase of £1.0m. Of this £0.9m is simply due to in-year timing differences between when the weekly rent is due and when payments are actually received from tenants who pay monthly by standing order and direct debt. Arrears in connection with under-occupancy were £0.7m at the end of June, this has not changed since the end of 2013/14.
- 4.6 Collection rates to the end of June were 97.7% for dwelling rents, compared to 97.9% at the end of 2013/14.

5.0 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 2014/15 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26th February 2014.

5.3 Council Policies and City Priorities

5.3.1 The 2014/15 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget.

5.4 Resources and Value for Money

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

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications arising from this report. In accordance with part 4 (f) of the Council's Constitution (Budget and Policy Framework Procedure Rules) Executive Board shall be entitled to vire across budget headings subject to value limits set out in the Financial Procedure Rules. There are no requests this month.

5.6 Risk Management

5.6.1 The Council's financial risk register details the risk and consequences, existing controls to mitigate against the risk, the value in monetary terms of the risk, review dates and progress towards managing the risk within existing resources. The register is prepared before the start of each financial year and is monitored on a regular basis. The scoring matrix is as follows:

Probability		Impact	
Score	Description	Score	Description
1	Rare	1	Insignificant £0-£499k
2	Unlikely	2	Minor £500-£999k
3	Possible	3	Moderate £1000-£1499k
4	Probable	4	Major £1500-£1999k
5	Almost Certain	5	Highly Significant Over £2m

Corporate Rating

P	I	Total Score	Corporate Rating
1	1	1	Low
1	2	2	Low
2	1	2	Low
3	1	3	Low
2	2	4	Low
4	1	4	Low
5	1	5	Low
1	3	3	Medium
2	3	6	Medium
3	2	6	Medium
4	2	8	Medium
5	2	10	Medium
2	4	8	High
1	4	4	High
1	5	5	High
2	5	10	High
3	3	9	High
3	4	12	High
4	3	12	High
5	3	15	High
3	5	15	Very High
4	4	16	Very High
4	5	20	Very High
5	4	20	Very High
5	5	25	Very High

5.6.2 The register shows that after four months there is one very high risk and three high risks as follows:

Risk	Key Budget Impacted	P	I	Corporate Rating	Service area
Deprivation of Liberty: Number of Best Interest Assessments expected to increase significantly	Access and Care	4	5	Very high	Adult Social Care
Community Care packages may exceed the budgeted numbers and/or cost	Access and Care	3	4	High	Adult Social Care
Learning Disability Pooled Budget care packages	Access and Care	4	3	High	Adult Social Care
Externally Provided Residential & Fostering Placements exceed the budgeted numbers	Safeguarding, Targeted and Specialist	3	4	High	Children's Services

6. Recommendations

6.1 Members of the Executive Board are asked to note the projected financial position of the authority after four months of 2014/15 and

- approve the creation of an earmarked reserve using general fund reserves as detailed in paragraph 3.3.5.1 and delegate release of the reserve to the Deputy Chief Executive.
- note the release of reserves as detailed in paragraph 3.3.5.2

7. Background documents²

7.1 None

² 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.

ADULT SOCIAL CARE
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4 - (July 2014)

Overall narrative

The directorate is currently projecting an overspend of £0.9m relating to its general activities, with a further £1.1m arising from the Supreme Court legal judgement in March 2014 that clarified the meaning of 'deprivation of liberty' in the context of the Mental Capacity Act. The costs relating to this legal judgement were not previously included in the projections pending a more detailed analysis of the likely costs in 2014/15. The Supreme Court legal judgement means that the number of people lacking mental capacity who require a Best Interest Assessment will increase significantly and this is already evident in activity levels. In addition to staffing costs, other costs relate to Court of Protection Orders and independent mental health advocacy.

Including the costs arising from the legal judgement accounts for the majority of the £1.5m increase in the projection since Period 3, but there have also been increases on demand-led community care packages. The directorate continues to experience high levels of demand for care packages, particularly home care, and despite the rigorous actions taken to manage demand the level of spend is not currently reducing.

There are some risks associated with this projection, the main ones being that the level of activity within the home care budget increases during the year and the savings to be delivered in the remainder of the year included within the current projection are not achieved. Significant contingency actions have been identified, including utilising the earmarked reserve for service transformation in full, which restricts the capacity for future transformation. Senior managers are continuing to make every effort to contain overall expenditure within the budget and are working on further actions that can be taken to reduce the potential overspend further.

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

Staffing (+1.0m – 1.3%)

Staffing funded by capital or additional income accounts for £0.3m of this variation and the costs associated with the Supreme Court legal judgement are £0.4m. The remainder mainly reflects staffing savings being released in homes for older people more slowly than budgeted for those homes not closing immediately and additional costs in the South Leeds Intermediate Care Centre.

Transport (+£0.6m – 13.0%)

Expenditure on transport is generally reducing year on year, but the budgeted level of savings are not yet being delivered. Plans are in place to achieve these savings and although delivery is currently slower than expected work continues to identify how spend can be brought back into line with the budget by the year end.

Community care packages (+£3.4m – 2.3%)

The main pressure continues to affect the home care budget. The budget assumed that there would be no net weekly increase in the hours of care provided, but currently the weekly increase is around 77 hours. There are also some pressures on the learning disability pooled budget. These are partly offset by savings on direct payments as fewer people than budgeted are currently choosing to receive a cash payment to arrange their own care package.

Other expenditure (+£0.4m – 1.0%)

This includes legal and advocacy costs associated with the Supreme Court judgement, partly offset by savings on other budget heads.

Income (-£2.0m – 2.8%)

This mainly relates to additional health funding for intermediate care beds and for information and knowledge management initiatives ongoing from 2013/14.

Use of Earmarked Reserve (-£1.4m)

This is being utilised to support joint working with health partners, including addressing demand led pressures on the community care packages budget.

CHILDREN'S SERVICES
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
MONTH 4 (APRIL TO JULY)

Overall,

the month 4 forecast variation for the Children's Services Directorate is an overspend of £3.9m or 3% against the net managed budget of £128m. This forecast position represents an increase of £2m from the quarter 1 position which is around the decision to defer the policy changes around post 16 transport and slippage across a number of budget action plans. These pressures are offset by additional income from utilising additional capital receipt income of £1.25m to part-fund schools capital spend.

Looked After Children

the 2014/15 budget strategy continues to recognise the strategic obsession around reducing the need for children to be in care with further budget action plans totally some £5.8m around safely reducing placement numbers and changing the mix of placement provision. At this stage in the financial year, the forecast is that these significant budget savings will largely be achieved, but with some potential slippage. In terms of placement numbers, at the end of July, there were 52 children & young people in externally provided residential placements [+11 compared to the financial model] and 235 children & young people in placements with Independent Fostering Agencies [+21 compared with the financial model]. Overall, these placement numbers translate into a potential pressure of £1.6m, although work is continuing around permanency and transitional planning. The month 4 projections also recognise some emerging demand pressures unaccompanied asylum seeking children (£0.2m), special guardianship orders [£0.1m], assisted adoptions [£0.25m], and in-house fostering (£0.15m).

Staffing

Overall, at month 4 the staffing budgets are forecast to overspend (£0.2m) across the general fund, grant/income funded and central schools budget functions. These projections recognise the continuing number of vacant posts across the Directorate, the impact of the predominantly internal recruitment market and the links to grant funding and income budgets. The forecast spend on overtime is £1m and the forecast spend on agency staffing is £4.6m.

Transport

The 2014/15 budget strategy included £4.6m of budget action plan savings around policy and provision changes in respect of home to school/college transport. At month 4, the projection is for slippage of around £2.5m, primarily around discretionary post 16 SEN transport.

Income

The forecast £0.5m favourable variation across the income budgets recognises the utilisation of the additional capital receipts to fund the schools capital spend and also a forecast slippage of income across the Children's Centre budgets in respect of nursery fees and childcare/early education for 2-year olds, the latter being funded via the dedicated schools grant. The projection also recognises the additional transitional implementation grant funding for the implementation of the Children and Families Act in respect of children and young people with Special Educational Needs and Disabilities.

City Development
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

Overall Narrative The projected outturn position at Period 4 is an overspend of £185k. This assumes that the Directorate achieves further savings or additional income of £600k. This is currently shown against Resources and Strategy but as in previous years is likely to be achieved across the Directorate. The Directorate has recently received additional one off income following the conclusion of a mediation process to reimburse the Council for costs it incurred to rectify damage caused to the Council's property. It is proposed to use this income to offset pressures in specific services as detailed below.

Planning and Sustainable Development is forecast to have an overspend of £96k. Staffing is forecast to be £150k over budget as the budgeted vacancy factor is unlikely now to be fully met although the service is currently considering some ELI business cases. Expenditure is forecast to be £64k overspent as a result of anticipated additional spend on the Core Strategy including legal costs. Income from planning and building fees for Period 4 is in line with the phased budget with actual income of £1,539k against the phased budget of £1,533k. There is a risk that income does not achieve the budget during the year. The Period 4 projection assumes that external income will be on budget for the year but also includes an additional £100k of income from the one-off income received in the Directorate this year

Economic Development is forecast to spend within budget. This position includes an overspend on staffing of £40k, mainly additional staffing costs in Markets, and a shortfall in income, mainly from Kirkgate Market, of £114k offset by some assumed savings on expenditure and additional one off income of £71k. The main budget risk for the Service is that income from Kirkgate Market is lower than budgeted.

Asset Management and Regeneration Services is forecast to spend within budget.

Employment and Skills and Highways and Transportation are projected to be within budget, this assumes that the efficiency targets are met. In Highways and Transportation there has been a need to progress work around masterplanning for the South Bank and related work around HS2. The costs of this are estimated at £250k in 2014/15. It is proposed that these costs are funded by a release from reserves and a request for funding in 14/15 is included in the main report. The Service is also projected to have additional expenditure on supplies and services which will be offset by additional income. This is as a result of more work being awarded externally than was originally budgeted for

Sport and Active Recreation is also forecast to be in budget. The main risk is that income levels fall short of the budget although the budget was reduced in 2014/15 reflecting the trends in 2012/13 and 2013/14. At Period 4 cumulative income to date is £4,671k against the phased budget of £4,895k, a shortfall of £224k. The projection assumes that income will be in line with the budget for the year.

Libraries, Arts and Heritage is forecast to be £44k above budget. This is mainly because there will be a delay in achieving staff savings in Libraries as the review of opening hours will take longer to implement than was originally envisaged. A new structure is also due to be implemented in Heritage Services. These pressures have been mostly offset by an additional £350k in off income that has been allocated to Libraries.

Resources and Strategy is forecast to have a small overspend of £44k. although this includes a Directorate savings target of £600k on staffing and other savings with options to achieve this to be discussed and agreed with the other services. There is also a target saving of approximately £100k from the Business Management review and it is assumed that this target will be achieved during the year as this work stream progresses. As in previous years the Directorate will continue to closely manage staffing levels, vacancies, overtime and agency spend to ensure that these savings can be realised.

ENVIRONMENT & HOUSING DIRECTORATE SUMMARY
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Period 4 (July 2014)

Overall Position

The Directorate is currently projecting a balanced position at period 4.

Community Safety (£0k balanced)

Staffing is expected to be generally in line with budget. This is primarily due to a projected staffing underspend on CCTV/Security (£176k) and Signpost (£29k) offset by a projected pressure against the staffing efficiency target for ASBU (£105k) and Partnership/General Efficiency Targets (98k). The additional income targets for the service that were built into the 14/15 budget are projected to be achieved. The £60k balance from the 2013/14 Community Safety Fund allocation will be drawn down from reserves and utilised in 2014/15.

Parks & Countryside (£0k balanced)

Parks & Countryside is expected to come in on budget. The recent judicial review ruling on allotments will cost £95k which can be partially offset by allotment service savings of £27k. Income from golf and sports pitches is expected to be £137k below the budgeted level and a similar pressure of £141k is expected for Bereavement Services. Income from parks projects is expected to exceed the budget by £180k. A pressure of £110k has arisen within Estates primarily due to Lotherton entry admission income and works at Temple Newsam lake, however the net income position for cafe's is expected to be £94k better than budgeted with a further £49k surplus generated from retail activities. Grounds Maintenance costs are expected to be £70k under budget and workshop spares are projected to be under budget by £100k. Other net pressures total £37k.

Strategic Housing and General Fund Support (£118k underspend)

An underspend is anticipated on Supporting People contracts (£140k) after achieving efficiencies of £1,254 between 13/14 and 14/15. The underspend is primarily due to additional Police and Crime Commissioner funding that can be applied to alcohol related contracts. The amounts borrowed from the reserves in 11/12 is now deemed to have been repaid.

The restructure of the Sustainable Energy and Climate Change team is projected to give a one-off staffing pressure of £22k in 14/15 due to staff in Managing Workforce Change. £120k of homelessness prevention funding was set aside from 2013/14 in a reserve alongside £48k of homelessness grant income. These will be drawn down from reserves and utilised in 2014/15.

The Strategic Housing £220k staffing efficiency target is expected to be achieved over the year, and it has been projected that the £30k pressure from Bond Retrieval and £37k pressure from the Cross Green facelift scheme will be managed within the overall budget provision.

Car Parking (£420k underspend)

Savings from vacant posts that are in the process of being recruited to will save £57k. However, this is offset by expenditure increases of £86k associated with additional charges for Cash collection and credit card /bank charges.

Parking income is projected to be £449k higher than the budget.

On Street income is projected to generate additional income £268k. After 4 months all sites appear to show good levels of income.

Off street parking up £144k offset by reductions in PCN offences £259k, though BLE income projected up £133k. (Phase 1 down £225k)

Woodhouse Lane - continues to be busy during week days, projected increase of +£82k (incl price increase to £5.50).

Currently managing the former Quarry Hill site for a monthly fee. Projection assumes 6 months (£47k). Other income +£34k

Waste Management (£525k over)

The budget assumes the delivery of £2.5m of savings, predominately in waste disposal resulting from the full year effects of last years roll out of Alternate Week Collection (AWC) and the roll out of the service to a further 106,000 households during 14-15.

Refuse Collection is forecast to be £114k overspent. The pay budget remains a challenging area with a projected overspend of £180k arising from the use of back up and additional cost of sickness. There is a strong focus in the service with regard to tackling attendance issues to improve on the 13/14 position.

Repairs to vehicles, which were a significant pressure in 13/14 are in line with budget so far this year. Other transport costs, mainly fuel, are projected to save £125k and additional income of £90k is forecast.

Delayed implementation of AWC results in disposal savings of £302k not being realised, however this is partially offset by projected savings of £220k from a recent mini-tendering on kerbside black bin waste disposal costs. Other disposal costs are forecast to rise by £238k, of which 172k is recycling. Minor variations are £38k.

Delayed closure of Kirkstall Road waste site is projected to cost £53k.

Environmental Action +£14k overspend

There are no significant variations to report, although the delayed restructure is projected to not fully achieve the budgeted efficiency.

ENVIRONMENT & HOUSING DIRECTORATE SUMMARY
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Period 4 (July 2014)

Budget Management - net variations against the approved budget;

Summary By Expenditure Type

Latest Estimate	Projected Variations							Total Expenditure	Income	Total (under) / overspend	
	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Quarter 1	73,272	75	137	(58)	(6)	37	(20)	0	165	(165)	0
Month 4	73,272	102	(154)	596	(145)	71	(140)	0	330	(330)	0

Summary By Service

Latest Estimate	Projected Variations	
	Quarter 1	Period 4
£'000	£'000	£'000
Community Safety	0	0
Strategic Housing & GFSS	0	(118)
Parks & Countryside	0	0
Waste Strategy and Disposal	0	357
Waste Operations	0	53
Refuse Collection	0	114
Environmental Action	56	14
Car Parking	(56)	(420)
Total	0	0

STRATEGY AND RESOURCES
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

Overall Position

The projected outturn for Strategy and Resources as at month 4 is a balanced position. All the professional support services are projected to be on target, although a challenge still exists to achieve some of savings targets built into budgets.

Strategy and Improvement

Strategy and Improvement are projecting to balance to budget at Period 3. Staffing is £154k over budget as current staffing levels mean the service are not fully achieving the vacancy factor allocated. This is partly being covered by £6k of savings on training budgets and £96k Supplies and services savings. Slippage in implementing the Transactional Web Service project means some costs will now be incurred in 2015/16. This has also had an impact on prudential borrowing, saving £24k in charges. Income is expected to be £52k better than budget due to income received by Relationship Management for activities they are involved in and TDF secondments. The overall split between internal and external income has altered from initial budgets as Regional Economic Intelligence Unit undertake more external work for City Regions.

Finance

The main challenge for this service is to meet the current shortfall based on staff in post to date and known recruitment and leavers through to year end. The service is pro-actively pursuing further options to achieve savings of approx. £238k so that a balanced position is achieved by year end. In addition, a virement is in progress to input a budget of £542k to reflect the transfer of former ALMO staff into Finance.

Human Resources

HR are expecting to meet the £236k pay savings incorporated into the budget, through freezing recruitment and the use of the Early Leavers Initiative. The projection assumes that further savings will be made and that a balanced position will be achieved by year end. In addition, a virement is in progress to input a budget of £492k to reflect the transfer of former ALMO staff into Human Resources.

Technology

ICT are projecting to balance to the budget at Period 4. ICT are currently operating with a high number of vacancies and are seeking to recruit to these over the coming months. Additional spending is being incurred on external contractors, though these are being funded by charges to the capital programme. Additional charges will be incurred from PPPU for a Project Manager to lead on the Managed Print Project - which will be funded from the saving generated from the new printing contract. This investment will bring long term savings to the council in the region of £250k and will be received from the sale of the existing printing estate to the new supplier (Cannon). One off in year savings have been made on support and maintenance contracts (McAfee Security and SCC Hardware Support) and these savings are being used to fund one off pressures and initiatives.

PPPU and Procurement

Certain risks exist around the income assumptions and projections for the year, partly as a result of recently merging in project teams from other sections. In addition, as in 2013/14, it is likely that some work will not be chargeable or charged at reduced rates, thus causing a pressure on income. A review of income is currently in progress and at this stage in the year a balanced position is forecast.

Regional Policy

The expansion of the Leeds City Region role and its associated increase in funding has allowed the group to recruit, so that the additional workload can be covered. This has led to the staffing budget overspending by £193k. This is fully recovered by additional income that the service is set to receive.

Legal Services

All on line and expecting to balance to budget.

Democratic Services

The budget for 2014/15 included additional income of £75k in relation to charges for school appeals. Latest information on this is that actual income is expected to be about £23k less. Fortunately, this is offset by savings on staffing as a member of staff has left under the Early Leavers Initiative. Additional savings are arising through changes in conditions for elected members who are no longer allowed to join the LGPS.

STRATEGY AND RESOURCES
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

BUDGET MANAGEMENT - NET VARIATIONS AGAINST THE APPROVED BUDGET

	Latest Estimate £'000	Projected Variations									Total (under) / overspend £'000
		Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Total Expenditure £'000	Income £'000	
Quarter 1	40,561	(346)	1	(2)	(3)	76	0	0	(276)	276	0
Month 4	40,561	224	2	(205)	5	52	0	0	78	(116)	(38)

	Latest Estimate £'000	Quarter 1	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Outturn £'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Strategy and Improvement	4,896	0	0									
Finance	9,935	0	0									
Human Resources	6,493	0	0									
Technology	14,991	0	0									
Public Private Partnership Unit & Procurement	271	0	0									
Regional Policy	116	0	0									
Legal Services	(1,428)	0	0									
Democratic Services	5,287	0	(38)									
Total	40,561	0	(38)	0								

PUBLIC HEALTH
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

Overall

2014/15 is the second year of the Public Health function being carried out by Leeds City Council. The first year allocation of government funding was £36.9m and at the end of 2013/14 there was an overall in year underspend of 947k of the ring fenced grant. This amount has been carried forward to 2014/15 in accordance with the grant conditions. Of this amount, £655k is being used to fund expenditure which was committed in 2013/14, but did not take place by the end of the year. Added to the 2014/15 allocation of £40.5m, the total amount available for the ring fenced Public Health function in 2014/15 is £41.49m. As with last year, funding is ring-fenced to Public Health activities and any underspend would be carried forward into the next year.

For 2014/15 the Supporting People Service, Staff and Drugs Commissioning budgets have transferred to the Public Health directorate.

Staffing

A number of new posts were added to the structure for 2014/15. A further review of the essential new posts has taken place. Several posts have become vacant and whilst these posts are being filled there have been some further delays which has resulted in the projected staffing underspend increasing to be £-468k, though this may increase further as the recruitment process is followed.

Commissioned and Programmed Services

This is the main area of spend with a budget of £35.9m. Public Health commissions and funds services directly and with other parts of the authority. Almost all the contracts are fixed price with payments made on a monthly or quarterly basis so there is minimal risk of over (or under) spend. However there are some contracts which are based on payment by activity. There are risks of under or over trading on these contracts and these are being monitored closely to minimise any impact on the budget. This includes:

- * Sexual Health treatment and testing by Leeds Teaching Hospitals Trust and out of area testing for Leeds patients
- * Pharmacy supervised consumption (methadone), nicotine replacement therapy (NRT) and enhanced sexual health services
- * GP NHS Health check, smoking cessation and sexual health services
- * Drug misuse prescribing, dispensing and diagnostic tests

The Public Health ring-fenced grant for 2014/15 is funding other council Public Health activity. In total, nearly £2m has been allocated across a range of Public Health services:- Care and Repair (£194k), Luncheon Clubs (£185k), Active Lifestyles services (£369k), Family Outreach workers/Children's centres (£777k), Leeds Directory (£132k), Leeds Irish Health and Homes (£33k) and Black Health Agency Sexual Health skyline project (£289k).

In addition to the increase in grant allocation, there is £947k unused grant from 2013/14 brought forward for use in 2014/15. The majority of this has already been committed to specific projects where the tendering process has already taken place. A further £153k will be used to fund 2013/14 Sexual Health treatment and testing activity due to Leeds Teaching Hospitals Trust reporting incorrect data at year end (2013/14).

£123k has been projected as an over spend on Public Health running costs. At present, LCC is in discussion with the Department of Health regarding inherited balanced from the PCT which could result in a new unfunded burden. In order to ensure the Public Health ring-fenced grant can fund this new unfunded burden (should it be required) this budget at present has been reflected as overspend.

Supporting People

The Supporting People service commissions services to support people in need. An agreed plan is in place to meet the required staffing efficiencies and so a balanced budget position is projected. Following a re-grading process, there are increased staffing costs of £8k, which is funded by income.

Drugs Commissioning

The Police Crime Commissioner has only guaranteed funding for the first 6 months of 2014/15. In order to respond to this, a number of contracts have been issued for 6 months. Should funding be received for the remaining half of the year, these contracts will be extended. These contracts are paid monthly or quarterly and are substantiated by provider returns. At this stage, no variance is projected against this budget.

Contribution to the cost of the 'Corporate and Democratic Core'

A charge of £120k is now reflected in Public Health and this is a contribution to the corporate and democratic costs incurred by the Council, for example member and committee services.

**PUBLIC HEALTH
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4**

BUDGET MANAGEMENT - NET VARIATIONS AGAINST THE APPROVED BUDGET

	Latest Estimate £'000	Projected Variations									Income £'000	Appropriation £'000
		Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Total Expenditure £'000			
Quarter 1	490	(400)	0	0	0	0	230	0	(170)	0	170	
Month 4	490	(462)	0	72	0	171	117	0	(102)	(68)	170	

	Latest Estimate £'000	Quarter 1	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Outturn £'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Public Health grant	(41,487)	0	0									
PH staffing and general running costs	5,622	(400)	(330)									
Commissioned and Programmed Services:												
General Public Health	509	200	0									
Health Protection & Population Healthcare	1,813	0	0									
Healthy Living and PH Intelligence	16,214	30	30									
Older People and Long Term Conditions	2,350	0	0									
Child and Maternal Health	5,635	0	2									
Mental Wellbeing	9,344	0	128									
Transfer to reserves	0	170	170									
Supporting People	558	0	1									
Drugs Commissioning	(68)	0	0									

CITIZENS AND COMMUNITIES
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

Overall

The directorate is projected to achieve a largely balanced budget by the end of the year, though within this, there are a number of variations.

Communities

The Community Centres budgets have a savings target of £-110k. Currently it is expected that they will achieve £-30k of this through savings on Facilities Management charges (£-10k) and income (£-20k). This leaves a shortfall of £80k which will need to be achieved by a combination of rationalisation of existing centres and further efficiencies in Facilities Management charges. Small amounts of additional income have been received resulting in an overall projected underspend of £-4k.

Customer Access

There is a one off investment required as part of the Community Hub developments. £100k was set aside from savings delivered in the 2013/14 budget and these will be used to fund the additional spend in 2014/15.

Licensing and Registration

The main problems in 2013/14 were in relation to legal costs in Entertainment Licensing and it is expected that this was a one off. The entertainment licensing income budget was increased in 2013/14 in expectation of legislative changes that have still not materialised. As a result of this there is a risk of shortfall in income of potentially £100k which should be offset by £80k savings in staffing cost and £20k savings in running costs. The position will be monitored the position closely during the year.

Benefits, Welfare and Poverty

Benefits Welfare and Poverty is reporting a balanced position at period 4. Vacancies on the section as a result of turnover have created a staffing saving of £45k. In particular the service are expecting the Investigations Unit to transfer to the DWP from January 2015 saving £119k. Supplies and Services budgets are expected to overspend by £55k as high spend is projected on print and postage costs and work has been outsourced to Liberata and Capita, though this is mostly funded by staff savings. A virement has been completed to reflect additional costs associated with welfare reform changes which has been funded by additional DWP grants. Income budgets are £29k better than anticipated due to a range of small sources, but mainly MacMillan providing income to support work in the Welfare Rights section.

BUDGET MANAGEMENT - NET VARIATIONS AGAINST THE APPROVED BUDGET:

	Latest Estimate £'000	Projected Variations										Total (under) / overspend £'000
		Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Total Expenditure £'000	Income £'000		
Quarter 1	19,235	(98)	0	255	25	0	0	0	182	(183)	(1)	
Month 4	19,432	(125)	2	34	30	(14)	0	0	(73)	68	(5)	
	Latest Estimate £'000	Quarter 1 £'000	Month 4 £'000	Month 5 £'000	Month 6 £'000	Month 7 £'000	Month 8 £'000	Month 9 £'000	Month 10 £'000	Month 11 £'000	Month 12 £'000	Outturn £'000
Communities	5,876	(1)	(4)									
Customer Access	11,326	0	(2)									
Licensing & Registration	630	0	1									
Benefits, Welfare and Poverty	1,600	0	0									
Total	19,432	(1)	(5)	0	0	0	0	0	0	0	0	0

CIVIC ENTERPRISE LEEDS
FINANCIAL DASHBOARD - 2014/15 FINANCIAL YEAR
Month 4

Overall position

The CEL budget includes savings and efficiencies amounting to £1.4m. Given the early stage in the financial year, it is assumed that all areas are on track apart from two specific pressures within Commercial Trading which amount to £550k. A £100k adverse movement from P3 statement.

Business Support Centre

Currently on target.

Facilities Management

No significant risk areas identified to date and the projection assumes that any pressures will be managed throughout the year.

Commercial Services

There are 2 budget pressures to report; firstly the decision to decrease the price of a paid primary school meal from the budget assumption of £2.50 per KS2 meal to £2.30 on commercial grounds, results in a financial pressure for Catering of £250k.

Secondly, for Property Maintenance a budget assumption was that the service would deliver £2m turnover, generating £200k profit. It is now very unlikely that the necessary turnover will be achieved. An additional £100k pressure for Lift installation schemes. Service will no longer deliver this type of work due to the majority being sub-contracted. Reflects lost profit.

To counter the above, whilst it is still relatively early in the year, demand for work in other areas in Property Maintenance is strong, so an estimate of additional surplus of £150k has been reflected in the year end projection.

Corporate Property Management

On target

	Latest Estimate £'000	Projected Variations										Total (under) / overspend £'000
		Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Total Expenditure £'000	Income £'000		
Quarter 1	12,834	(185)	35	(30)	0	5	0	0	(175)	625	450	
Month 4	12,834	(370)	8	(2,895)	9	1	0	0	(3,247)	3,649	402	

	Latest Estimate £'000	Quarter 1	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Outturn £'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Business Support Centre	3,847	0	0									
Commercial Services	(4,760)	450	551									
Facilities Management	7,462	0	1									
Corporate Property Management	6,285	0	0									
Total	12,834	450	552	0								

1. Quarter 1 2014-15 Procurement Report

1.1 This report provides information in relation to the first quarter of the 2014/15 financial year in respect to procurement.

2. Procurement Savings

2.1 The high level actual and forecast savings in relation to the first quarter are detailed below:

Updated Aug 2014	2014/15 £000's
Savings on contracts secured to date	(2,708)
Forecast savings on contracts to be let (in pipeline)	(5,595)
Total Anticipated Savings	(8,304)

2.2 These savings are in addition to the £6.423m recorded for 2013/14

2.3 In addition to the cashable savings identified above the savings report also identifies cost avoidance or 'non cashable savings', for example whereby having implemented good procurement controls, or contract management, a price increase has been avoided or where the re-procurement of a contract has resulted in 'more for less'. By definition it is difficult to prove these savings as they are not usually quantifiable from a budget perspective. Nevertheless they do demonstrate the value added by effective procurement intervention and add value to the process.

2.4 These 'non cashable' benefits will be reported in the future to the proposed Category Management Board with the aim of agreeing a way in which they can be monitored, reported and reviewed.

3. Orders placed

3.1 The following financial information is sourced from an analysis of all orders recorded in the council's main financial system, FMS. On the payments system, each creditor (a body or person to which a payment is made by the council) has an indicator on their record which allocates them to a category. Such categories include private companies, commercial individuals (sole traders), other public sector bodies, and the third sector. The classification of organisations is carried out by colleagues in corporate finance with typically several hundred new creditor organisations allocated to a category each month.

3.2 These figures do not include orders placed through feeder systems, such as Orchard³, purchasing cards, or payment requisitions where BACS or cheque

³ Orchard is used by various council functions for dealing with the financial aspects of council owed property, for example to pay contractors for undertaking repairs to the housing stock.

payments are made through FMS without the Business Support Centre processing an invoice and where therefore there is no associated order.

3.3 The table below shows all orders placed in FMS in quarter 1 of 2014/15 - the final column shows the data from quarter 4 of 2013/14 as a comparator.

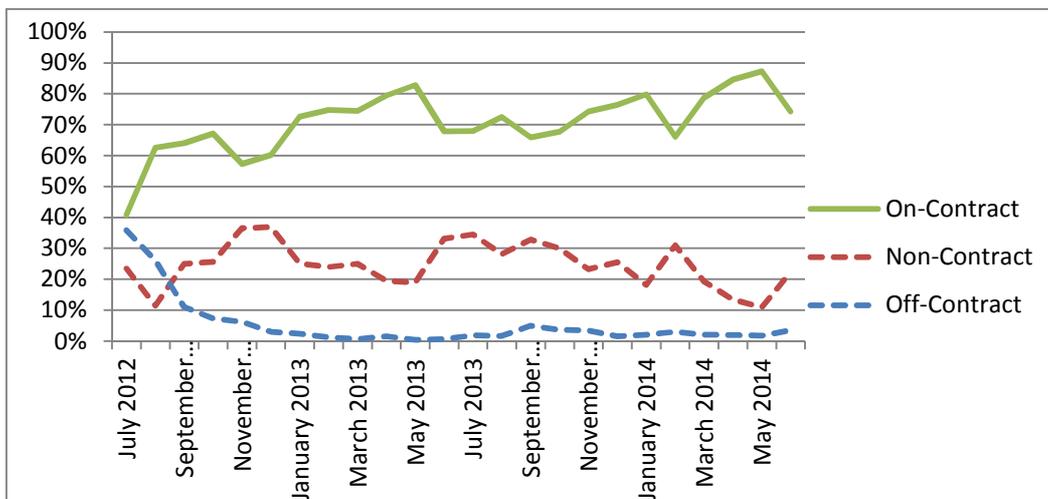
Classification	Total Value Q1	Number s of Orders Q1	% of Total Value Q1	Quarter 4 2013/14
On Contract	£69,188,910	2092	80.12%	73.16%
Non-Contract	£9,910,645	1960	11.48%	16.65%
On Contract - Quasi	£3,330,850	232	3.86%	4.10%
On Contract - Waiver	£532,547	9	0.62%	1.26%
Off-Contract	£1,714,691	748	1.99%	2.17%
Non-Contract - One off	£1,677,527	77	1.94%	2.66%
Grand Total	£86,355,170	5118	100.00%	100.00%

3.4 Definitions

- a) On contract is an order placed with a contracted supplier.
- b) Non-contract is an order placed where no contract exists for the goods or service.
- c) Off contract is an order placed where there is a contracted supplier but the order raiser uses a different supplier.
- d) Waivers are required where the relevant Chief Officer is able to justify a genuine exception to the requirements for competition under Contract Procedure Rules.
- e) Quasi contracts are virtual contracts put in place to aggregate spend with a view to evaluating the requirements of a contract.

3.5 The Procurement Unit have been monitoring and challenging off contract spend since July 2012 and as a result off contract spend has been reducing each quarter.

3.6 The graph below shows the % of on, off and non-contract orders placed on FMS from July 2012 to June 2014.



4. Local Suppliers

4.1 Orders placed with local suppliers in quarter 1 of 2014/15 are detailed below. The final column shows the data from quarter 4 of 2013/14 as a comparator.

Local / Non Local	Total Value Q1	Number of Orders Q1	% by Value Q1	Quarter 4 2013/14
Local Spend	£44,637,339	2282	51.69%	43.52%
Non-Local Spend	£41,717,831	2836	48.31%	56.48%
Grand Total	£86,355,170	5118	100.00%	100.00%

4.2 Definitions

4.2.1 Suppliers with a Leeds metropolitan area postcode have been included in this data. These are postcodes LS1 to LS29 plus BD3, BD4, BD10, BD11, WF2, WF3, WF10, WF12, WF17.

Third sector

5.1 Orders placed with third sector suppliers in quarter 1 of 2014/15 are detailed below. The final column shows the data from quarter 4 of 2013/14 as a comparator

Supplier	Total Value Q1	Number of Orders Q1	% by Value Q1	Quarter 4 2013/14
Third sector	£19,440,669	635	22.51%	13.40%
Non Third sector	£66,914,501	4483	77.49%	86.60%
Grand Total	£86,355,170	5118	100.00%	100.00%

5.2 Definitions

- a) The Local Government Association defines this sector as “non-governmental organisations” (NGO’s) that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives.
- b) Third sector includes charities, community groups, churches and faith groups, sports and recreational clubs, social enterprises and partnerships and trade unions and associations.

6. SMEs

6.1 Orders placed with small and medium enterprises (SMEs) in quarter 1 of 2014/15 are detailed below. The final column shows the data from quarter 4 of 2013/14 as a comparator.

Supplier	Total Value Q1	Number of Orders Q1	% by Value Q1	Quarter 4 2013/14
Not an SME	£47,468,226	1933	54.97%	52.73%
SME	£38,886,944	3185	45.03%	47.27%
Grand Total	£86,355,170	5118	100.00%	100.00%

6.2 Definitions

6.2.1 SMEs are defined as having a turnover of less than £25.9 million and fewer than 250 employees.

6.2.2 This data was collated by using the categorisation selected by the supplier upon registration on Yortender (the council's electronic tendering site) and then verified where possible against data from the Department of Business Innovation and Skills.