

## Report of the Chief Officer Financial Services

### Report to Executive Board

**Date: 27<sup>th</sup> June 2018**

**Subject: Financial Performance - Outturn Financial year ended 31<sup>st</sup> March 2018**

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number		

### Summary of main issues

1. The purpose of this report is to inform members of the final outturn for the financial year 2017/18. The pre-audited accounts will be presented to the Corporate Governance and Audit Committee at its meeting on the 26th June 2018.
2. As set out below, the final position on the General Fund shows an underspend of £6.95m after the creation of a number of earmarked reserves. This is a reduction in the underspend of £0.9m when compared to the provisional outturn position received at Executive Board in April.
3. The Council received a payment of £7.3m from HMRC relating to overpaid output VAT in respect of admission charges at the Council's sporting facilities in 2017/18, of which £6m will transfer to the Council's general reserve, contributing significantly to this final underspend position. The 2017/18 budget assumed a contribution from the general reserve of £1.4m. However the final outturn underspend results in a net contribution to the general reserve of £5.6m, including this VAT refund.
4. The Housing Revenue Account outturn reflects a surplus of £1.4m.
5. As at April 2017 the level of General Reserve was £20.1m. As per table 3 at paragraph 5.1 the amount of General Reserve at 31<sup>st</sup> March 2018 is £25.6m.

## **Recommendations**

5. Members of the Executive Board are asked to;
  - a. Note the outturn position for 2017/18 and to agree the creation of earmarked reserves as detailed in paragraphs 3.16 and 5.3 and delegate their release to the Chief Officer Financial Services.
  - b. Note that the Chief Officer Financial Services will be responsible for the implementation of these actions following the 'call in' period.

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

- 1.1 This report sets out for the Board the Council's financial outturn position for 2017/18 for both revenue and capital. It also includes the Housing Revenue Account and expenditure on schools.
- 1.2 The report also highlights the position regarding other key financial health indicators including Council Tax and Business Rates collection statistics, sundry income, reserves and the prompt payment of creditors.
- 1.3 It should be noted that, in accordance with proper accounting practice, any significant event which occurs prior to the audit sign-off of the accounts in September 2018 could impact on the Council's final published outturn position and hence the level of reserves. This is known as a post balance sheet event and, should such an event occur, it will be reported back to this Board at the earliest opportunity.

### **2. Main Issues**

- 2.1 The 2017/18 general fund revenue outturn position, after the creation and transfer of a number of earmarked reserves as detailed in paragraph 5.3, is an underspend of £6.95m. The Council received a payment of £7.3m from HMRC relating to overpaid output VAT in respect of admission charges at the Council's sporting facilities in 2017/18, of which £6m will transfer to the Council's general reserve, contributing significantly to this final underspend position.

Table 1 - summary outturn position

Directorate	Director	Staffing	Total Expenditure	Income	Total (under) /overspend
		£000	£000	£000	£000
Adults & Health	Cath Roff	(637)	1,106	(1,106)	0
Children and Families	Steve Walker	(2)	1,793	(1,812)	(19)
City Development	Martin Farrington	(604)	5,659	(5,309)	351
Resources & Housing	Neil Evans	(4,278)	318	(375)	(57)
Communities & Environment	James Rogers	2,698	6,070	(6,095)	(25)
Strategic	Doug Meeson	(20)	(594)	(6,609)	(7,203)
<b>Total</b>		<b>(2,843)</b>	<b>14,353</b>	<b>(21,306)</b>	<b>(6,953)</b>

2.2 Full details of the directorate variations, budget action plans and risk areas for the year can be found in the financial dashboards attached at Appendix 1. The main directorate issues contributing toward the outturn position are as follows:-

2.3 **Adults and Health** - The directorate has achieved a balanced position at the financial year-end.

Variations in staffing across the directorate have delivered a £0.6m saving. This is primarily related to slippage in appointing to vacant posts.

There is a net £0.5m underspend on demand led budgets. Higher than budgeted care home and home care fees, the effect of the increase in the use of supported accommodation and slippage on savings plans have been more than offset by a combination of one-off savings within Learning Disability and lower than expected uptake of Direct Payments.

Income is £1.1m higher than budgeted for. This is as the result of a combination of betterment of income in Learning Disability which relates to several Ordinary Residence cases, additional income for Public Health and the Leeds Plan team which contribute towards offsetting lower than anticipated service user contributions.

The extent of one-off savings has provided an appropriate source of funding for expenditure incurred that would otherwise have been met through prudential borrowing, including the refurbishment of the 3 Recovery Hubs commissioned by the CCG. This not only reduces pressure on the capital programme, but also has the added benefit of delivering recurrent revenue savings to the Adults & Health budget in future years.

The directorate received the first year of a three year funding stream, referenced as the Spring Budget monies. Of the £14.7m received £5.6m has been carried forward within reserves; this sum is committed to specific schemes approved by the

Health and Wellbeing Board. Slippage in CCG funded Public Health schemes (i.e. not the Public Health Grant) and underspends within safeguarding have been carried forward within earmarked reserves.

£0.3m of reserves, for commissioning services related to drugs and the prison service, have been transferred into the directorate from the Resources and Housing directorate. The Health and Social Care reserve was increased by £0.8m to address anticipated pressures in respect of residential placements and increased cost pressures on commissioned care contracts. Other variations across the net £204.2m budget show a saving of £0.3m.

- 2.4 **Children and Families** – The directorate faced another challenging year in keeping spend within the approved budget. The main budget pressures were on both demand-led budgets, particularly Children Looked After (CLA), and the achievement of some income targets. The number of CLA increased over the year as a result of continuing demographic pressures. In recognition of this an increase of £4.1m to the CLA budget was approved during the year, funded from a number of different sources including reserves. An additional £1.95m of DfE innovation grant was also used to support the budget in advance of its planned use. The determination of the Council's updated Medium Term Financial Strategy, which is timetabled to be received at July's Executive Board, will need to recognise that this sum has been used in 2017/18.

At outturn, as a result of these actions, the directorate spent within the approved budget. Without these actions the directorate would have faced an overspend of just over £6m. The outturn position is an improvement against provisional outturn which projected an overspend of £0.4m. The main reason for the improved position is a reduction in the overall spend on transport and staffing.

After taking account of the revisions to the approved budget, detailed above, there was an overspend of £1m against the revised CLA budget. At the year-end there were 66 children in External Residential (ER) placements and 190 in Independent Fostering Agency (IFA) placements against the revised budgeted position of 54 and 182 respectively. The number of children in IFA placements fell gradually during the year whilst the number in ER placements increased from 55 at the start of the year to 66 at the end of the year. This was the main reason for the overspend on the CLA budget together with an overspend of £0.4m on adoption, Special Guardianship Orders and Residence Orders placements.

Spend against the home to school and home to college transport budget, which overspent by £1.3m in 2016/17, was slightly below budget in 2017/18. Spend on staffing was also within budget.

Other major variations included a shortfall on income from children centres, net of savings on staffing, of £1.1m. There was a shortfall in traded income of £0.6m although this was partly offset by additional income from the partnership agreement with Kirklees MC and additional income from the Dedicated Schools Grant (DSG).

It has previously been reported that there are significant pressures on the High Needs Budget (HNB) of the DSG. The directorate led a review of this budget, and following extensive consultation with partners, have developed a five year plan to

bring spend in line with funding and to repay the accumulated deficit balance on the DSG. The overall outturn deficit on the DSG is £2.9m, a reduction of £0.7m from the deficit brought forward from 2016/17. The deficit balance will be carried forward to 2018/19. This deficit is included within the total schools reserves shown in Table 2 below.

**2.5. City Development** – In overall terms the Directorate overspent by £0.35m.

Severe weather episodes in December and January followed by the arrival of the 'Beast from the East' in February 2018, culminated in a £0.8m overspend on the Directorate's £1.3m Highways winter maintenance budget.

Income pressures of £1.2m within Asset Management largely reflected slower than anticipated growth within the Directorate's commercial asset portfolio and shortfalls against the stretch target for advertising income.

These income pressures within Asset Management were, however, more than offset by the successful recovery of £1.2m of VAT for sport admissions and continued buoyancy within Planning and Building Control services which generated surplus income of approximately £0.7m.

Primarily through careful vacancy management, the Employment and Skills service delivered an underspend of £0.1m to assist in offsetting other Directorate pressures.

The Directorate's outturn position was supported by bringing approximately £0.7m of S106 balances into account from the balance sheet, recognising that specific obligations pertaining to historic agreements have been satisfied.

**2.6 Communities and Environment** - The overall outturn position for 2017/18 is an underspend of £25k. The main variations across the individual service areas are as follows:

Within Customer Access there has been an overspend of £0.7m, which is mainly in respect of staffing resources required for the delivery of the Community Hub programme and the additional cost of providing security arrangements at a number of Hub sites and the Central Library. This has been partially offset by additional income from the Interpreting and Translation team.

The main pressure within Welfare & Benefits during the year has been the level of income receivable from Housing Benefit (HB) overpayments which has been impacted upon by a reduction in the number and average value of HB overpayments. After providing for an appropriate level of bad and doubtful debts, there was a £1.9m shortfall against the budget of £8.4m, although this has been partially offset by HB expenditure/subsidy variations of £0.8m and savings of £0.4m in other areas, resulting in an overall overspend of £0.7m.

Within the Refuse Service, the delay in implementing the collection route efficiency programme has resulted in a pressure of £1m. However, this has been offset by a saving of £0.5m in respect of business rates at the Recycling and Energy Recovery Facility (RERF), savings of £0.6m in respect of disposal costs and recycling income

and further one-off savings of £0.5m identified within the service. Overall the Waste Management Service has underspent by £0.6m.

There has been an overall underspend of £0.5m within Car Parking Services, mainly reflecting staffing and expenditure savings. Overall, income was £0.1m higher than budgeted with shortfalls in on-street income of £0.4m and Bus Lane enforcement income of £0.1m being offset by additional income from off-street car parks (£0.1m), PCNs (£0.4m) and all other types of income (£0.1m).

There have been other net savings of £0.3m across the directorate including Community Safety and Environmental Health, which mainly reflects staffing savings in those areas.

**2.7 Resources and Housing** – The Directorate had a small underspend of £57k on a £73m net budget. (<1%)

Resources underspent by £1m, primarily arising from savings in Shared Services (£1.6m), Strategy and Improvement (£0.35m) and Legal and Democratic services of (£0.25m). These were offset by shortfalls in income in finance court fees of £0.4m, an overspend of £0.5m in Human Resources due to a combination of the non-achievement of the £0.3m savings assumed in the budget strategy relating to training budgets and the loss of school income. An additional £0.2m had to be incurred in the Digital Information Service relating to remedial work on the Council's network to ensure it qualifies for the Public Services network certificate. However, overall the Council's Support Services functions successfully delivered its budgeted saving target of £5m.

The Housing and Property division overspent by £0.2m. Spend on Corporate Property Maintenance was £0.5m in excess of the budget. The pressures in this service have been recognised in the 2018/19 revenue budget where an additional £0.5m has been provided for. Within the Sustainable Energy team £0.2m has been transferred to an earmarked reserve for use in 2018/19 to deliver work on air quality. There was an underspend of £0.5m in Strategic Housing Partnerships mainly arising from vacant posts and turnover.

Leeds Building Services had a budget surplus of £8.4m to deliver; an increase of £1.8m compared to the previous year's budget. In total a surplus of £7.8m has been achieved. Delays in the implementation of the Total Mobile system meant that not all of the efficiencies were delivered in year.

Civic Enterprise Leeds (CEL) had a small overspend of £0.1m. Pressures in catering, particularly around schools income and rising food costs, totalled £0.5m and were managed down by savings and additional income of £0.4m across other parts of CEL, namely Fleet Services, Cleaning and Security.

**2.8 Strategic and Central Accounts** - overall, the strategic & central budgets underspent by £7.2m. There are a number of key variations within this figure.

The Council has received a payment of £7.3m from HMRC relating to overpaid output VAT in respect of admission charges at the Council's sporting facilities. Of this sum £0.6m relates to the period April 2017 to September 2017 and this sum

has been incorporated into City Development's outturn position. It is proposed that a further £0.7m be transferred to a new earmarked 'Sport Maintenance Backlog Reserve' to contribute towards addressing backlog maintenance requirements at the Council's sports facilities. The balance of the HMRC repayment, £6m, will transfer to the Council's general reserve.

An underspend of £1.7m on costs associated with the Council's debt portfolio is largely due to accrued income on a deferred developer contribution and to capitalisation of interest costs relating to assets which were under construction at the year end.

There are income pressures of £2.1m on S278 (income from developers) due to lower levels of development activity and New Homes Bonus grant received is £1.8m below budget due to the impact of changes announced in the Budget. However, these are largely offset by additional S31 grant (business rates) of around £3.6m, of which £3.2m recompenses the Council for the reduction in business rate income resulting from reliefs announced after the Council's budget was set. In addition the levy payment to the Business Rates Pool is £0.6m below budget.

A small surplus of £0.3m, largely as a result of a review of the level of insurance provision required, has been taken to the General Insurance reserve.

Other variations include pressures of £0.3m on Prudential Borrowing recharges and a £0.4m shortfall in regard to PPPU income.

## **2.9 Early Leaver's Initiative**

The Council has operated a voluntary retirement and severance scheme since 2010/11 which has contributed to a reduction in the workforce and subsequent savings which have contributed towards the Council being able to deliver balanced budget positions. In 2017/18 approval has been given for 117.53 FTE's to leave the Authority through the Early Leaver's Initiative and this will generate savings of £12.2m over the five year period up to and including 2022/23.

The council set aside a reserve to fund the future up-front costs of the Early Leavers Initiative. However, due to new flexibility in the use of capital receipts subsequently introduced by the government, the council has been able to fund some of its in-year early leavers costs with capital receipts, enabling it to continue to carry forward this reserve for use in future years. Capital receipts totalling £1.8m have been utilised in 2017/18.

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

- 3.1 Following finalisation of the HRA, the outturn for the year is a surplus of £1.4m when compared against the 2017/18 budget.
- 3.2 Total income received was in line with budgeted expectations, although there are a number of variations to report. An increased level of Right to Buy sales (508 sales compared to the budget of 350 sales) resulted in lower rental income of £0.4m, but

this is partially offset by the additional sales generating one off fee income of £0.2m

- 3.3 Service charge income was £0.1m less than budgeted.
- 3.4 Additional income of £0.3m was received through arrangements with the Council's external maintenance contractors whereby the Council shares in the benefit of external contract costs being less than the initial target cost.
- 3.5 External funding contributions from activities such as catering, and charges for sundry items such as lost key fobs generated £0.1m more than budgeted. This additional income has offset reduced income on capitalised salaries due to vacant posts of £0.1m
- 3.6 The budget for disrepair was overspent by just under £1m. This was largely as a result of a combination of resolving an increased number of disrepair cases. The potential for a further overspend was mitigated by taking a more pro-active approach to avoid expensive claims in the future.
- 3.7 Against a budget of £43.5m, expenditure on maintaining and repairing the Council's housing stock was £1m underspent. £0.5m of this was due to successful renegotiation of contracts with external suppliers.
- 3.8 Savings of £1.2m on employees costs arose due to a combination of posts being held vacant awaiting the implementation of new structures and staff secondments to the Housing ICT project.
- 3.9 Premises costs were approximately £0.1m higher than budgeted for. This was principally due to an overspend on utility costs of £0.3m. However £0.2m of this has been offset by savings on Commercial Asset Management, solar panel maintenance and office running costs.
- 3.10 Net savings of £0.4m have been realised in relation to Supplies and Services. This is due to reduced bank transaction charges (£0.2m), a review of Printing requirements (£0.1m) and a range of other minor variations totalling (£0.1m).
- 3.11 An increase in Fire Prevention work has resulted in an overspend of £0.4m for charges for services commissioned from the Council. Increased internal legal costs, as a result of higher levels of Disrepair, have been offset by savings on other internal services from the Council
- 3.12 Following a review in the level of tenant arrears there was a reduction in the provision for doubtful debts of £0.6m, along with minor variations on remaining budget headings totalling £0.2m.
- 3.13 The Enhanced Income Team was budgeted to be funded through a contribution from an earmarked reserve. This has not been utilised in 2017/18 allowing the work of the team in helping tenants to maximise their income to extend into 2020/21 when the effect of Universal Credit may be more fully known. The impact of this is a £0.5m variation on the 17/18 appropriation account.
- 3.14 Additional capital spend of £1.7m expenditure on the Environmental Improvement Programme has been funded through the use of the balance on of the earmarked



reserve.

- 3.15 The Capital charges underspend of £0.6m is largely due to a revision to the timetable for the capital contribution from the Council to the contractor delivering the PFI contracts in Little London, Beeston Hill and Holbeck. This £0.6m is offset by adjustments within the PFI Unitary Charge of £0.2m.
- 3.16 The surplus on the Housing Revenue Account is £1.4m. It is recommended that earmarked reserves are created for;
- a) £0.4m to fund the extension of the Concierge service in Multi-Storey flats in order to reduce the impact that Anti-Social behaviour has on both the building, the residents and their visitors and improve levels of customer satisfaction.
  - b) £0.29m to replace furniture and carpets in sheltered housing schemes.
- 3.17 The balance of the in year surplus of £0.7m will be transferred to the HRA Capital Reserve to offset some of the pressure that the Sprinkler programme has imposed on the capital programme. This allows some of the projects which have been deferred because of it to proceed.

#### 4. Schools

- 4.1 The 2017/18 outturn position for schools is shown in table 2 below;

Table 2

<b>Outturn</b>	<b>£m</b>
<b>Schools Reserves</b>	
Balance Brought Forward	20.6
Net Contribution From Reserves	-2.6
Balance Carried Forward	18.0
<b>Extended Services &amp; Partnerships</b>	
Balance Brought Forward	9.0
Net Contribution From Reserves	-1.6
Balance Carried Forward	7.4
<b>Dedicated Schools Grant</b>	
Balance Brought Forward	-3.6
Net Contribution To Reserves	0.7
Balance Carried Forward	-2.9

- 4.2 As schools are funded from the Dedicated Schools Grant (DSG) their reserves are ring fenced and must be carried forward. At 31<sup>st</sup> March 2018, mainstream school reserves stand at £18.0m.

In accordance with previous decisions, the development costs of School PFI and BSF funded schemes are initially met by borrowing from the overall level of school reserves which is then repaid over a period of time and at the close of the year

£0.3m was still outstanding. In addition, there is outstanding borrowing against school reserves for school VER costs totalling £0.7m together with a further £4.0m to support early intervention and preventative services in Children's Services in 2013/14.

After netting the above items from the £18.0m, the net mainstream schools reserves position totalled £13.0m as at 31<sup>st</sup> March 2018. There is also a further ring-fenced school reserve of £2.3m specifically relating to the carry forward of in year PFI scheme balances, giving overall school reserves of £15.3m as at 31<sup>st</sup> March 2018.

- 4.3 Extended Services & Partnerships reserves amount to £7.4m as at 31<sup>st</sup> March 2018. These include balances held by Area Inclusion Partnerships and Clusters.
- 4.4 At the start of 2017/18 the ring fenced DSG reserve was a deficit of £3.6m. During 2017/18 there has been an overall underspend on DSG services of £0.7m, which is as a result of an underspend on the Schools Block (£0.7m) and the Early Years Block (£2.4m) partly offset by an overspend on the high needs block (£2.4m) In total a deficit balance of £2.9m will be carried forward to 2018/19. This position will be reported to Schools Forum in June. The Children and Families Directorate completed a review of the High Needs Block during 2017/18 to address the pressures and the deficit DSG balance. The deficit balance on general DSG is £3.4m, this is partly offset by a surplus balance of £0.4m on the de-delegated DSG.

## 5. Reserves

- 5.1 A full statement of all Council reserves can be found at Appendix 2. A summary of the reserves is shown in table 3 below;

Table 3

Reserves	Balance at 31.3.16 £m	Transfer to/(from) £m	Balance at 31.3.17 £m
<b>General Fund:</b>			
General reserve	20.1	5.6	25.6
Earmarked reserves	18.0	7.9	25.9
Ring-fenced & grant reserves	11.0	(5.9)	5.1
<b>Total</b>	<b>49.1</b>	<b>7.5</b>	<b>56.6</b>
<b>Schools:</b>			
Ring-fenced reserves	22.5	(2.9)	19.6
<b>Housing Revenue Account:</b>			
General reserve	6.6	(0.1)	6.5
Earmarked reserves	52.0	(2.9)	49.0
<b>Total</b>	<b>58.6</b>	<b>(3.1)</b>	<b>55.5</b>
<b>Total Reserves</b>	<b>130.2</b>	<b>1.6</b>	<b>131.8</b>

## General Reserve

5.2 Table 4 below provides an explanation of the movement in the General Reserve;

Table 4

General Fund Reserve	£m
<b>Opening Balance 1<sup>st</sup> April 2017</b>	<b>20.1</b>
Budgeted usage	(1.4)
In-year underspend	6.9
<b>Closing Balance 31<sup>st</sup> March 2018</b>	<b>25.6</b>

## 5.3 Creation of New Earmarked Reserves

It is recommended that the following are created;

- A Prisons Reserve **£0.2m** to carry forward CCG funding for social work in prisons
- A Drugs Reserve **£0.13m** to carry forward external income earmarked for drug and alcohol priorities
- A Transforming Care Reserve **£1.7m** to mitigate against costs associated with the NHS England led transfer of care packages to a community setting, in accordance with the 2017/18 budget report
- A Social Care Development Reserve **£0.6m** to meet costs associated with development of social care models, for example the Recovery Model, in accordance with the 2017/18 budget report
- A Resilience Reserve **£1m** to mitigate against unforeseen demand pressures in Adult Social Care such as the impact of cold winters or flu outbreaks, in accordance with the 2017/18 budget report
- A Spring Budget Reserve **£5.6m** to carry forward Spring Budget monies from MHCLG
- A Skills for Care Reserve **£0.2m** to provide funding for training of Care Workers
- A Winter Monies Reserve **£0.6m** funding received from the Leeds CCG to reduce delays in transferring people out of hospitals into community based care

- A Sport Maintenance Backlog Reserve **£0.7m** to contribute towards addressing backlog maintenance requirements at the Council's sports facilities
- A Sustainable Energy & Air Quality Reserve **£0.2m** to deliver work on air quality.

## 6. Capital Programme

- 6.1 The actual capital expenditure for General Fund and HRA in 2017/18 is £318.0m, an underspend of £25.3m or a 7.4% variation against the February 2018 Capital Programme projected outturn.

### General Fund

- 6.2 The following table shows the in-year actual General Fund capital expenditure against the estimated level of capital expenditure:

General Fund	Feb 18 Estimate	Apr 18 Outturn	Variation	
	£m	£m	£m	%
Adults & Health	4.3	1.6	(2.7)	(62.8%)
Strategic and Central	36.7	31.3	(5.4)	(14.7%)
City Development	82.6	80.1	(2.5)	(3.1%)
Children & Families	89.6	80.7	(8.9)	(9.9%)
Resources & Housing	32.5	26.1	(6.4)	(19.7%)
Communities & Environment	13.3	12.4	(0.9)	(6.8%)
<b>Total Spend</b>	<b>259.0</b>	<b>232.2</b>	<b>(26.8)</b>	<b>(10.4%)</b>
<b>Financed by</b>				
General Fund Borrowing	132.5	121.0	(11.5)	(8.7%)
General Fund Capital Receipts	3.1	1.7	(1.4)	(45.2%)
General Fund Specific Grants and Contributions	123.4	109.5	(13.9)	(11.3%)
<b>Total Funding</b>	<b>259.0</b>	<b>232.2</b>	<b>(26.8)</b>	<b>(10.4%)</b>

- 6.3 A full breakdown of the net variations is detailed in Appendix 3. Comments are also provided for schemes that have a material variation of greater than +/-£250k.
- 6.4 The general fund borrowing variation is £11.5m or 8.7% of the expected spend on borrowing. The treasury outturn position is presented as a separate report to this Executive Board.
- 6.5 The General Fund capital programme delivered £232.2m of expenditure including major works on our Annual maintenance programmes, Highways planned maintenance to our roads and streets network, Flood Alleviation, City Cycle Connect, East Leeds Orbital Road, Leeds Public Transport Investment Programme, Strategic Investment Fund, Change in the Workplace, Learning Places programme, the Social Emotional Mental Health programme, Schools

Capital maintenance, provision of Adaptations grants, District Heating Network and vehicle replacement programme underpinning the council's emissions reduction programme and the essential services technology and customer access programmes.

## Housing Revenue Account

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

HRA	Feb 18 Estimate	Apr 18 Outturn	Variation	
	£m	£m	£m	%
Council Housing Growth Programme	13.4	14.6	1.2	9.1%
Housing Leeds Council House Programme	69.0	69.3	0.3	0.4%
BITMO Council House Programme	1.9	1.9	0.0	0%
<b>Total Spend</b>	<b>84.3</b>	<b>85.8</b>	<b>1.5</b>	<b>1.8%</b>
<b>Financed by</b>				
HRA Self-Financing	70.4	70.7	0.3	0%
HRA Capital Receipts RTBs	11.2	11.4	0.2	2%
HRA Specific Grants and Contributions	2.7	3.7	1.0	35%
<b>Total Funding</b>	<b>84.3</b>	<b>85.8</b>	<b>1.5</b>	<b>1.7%</b>

- 6.7 The HRA capital programme delivered £85.8m of expenditure including £14.6m on our Council Housing Growth Programme and £71.2m on the refurbishment of our council house properties.

## Capital Programme Resources

- 6.8 The following table details the overall capital financing position for the Council:

	Feb 18 Estimate £m	Apr 18 Outturn £m	Variation £m	
<b>Net Capital Spend</b>	<b>343.3</b>	<b>318</b>	<b>(25.3)</b>	<b>(7.4%)</b>
<b>Financed by</b>				
General Fund Borrowing	132.5	121.0	(11.5)	(8.7%)
General Fund Specific Grants and Contributions	123.4	109.5	(13.9)	(11.3%)
General Fund Capital Receipts	3.1	1.7	(1.4)	0%
HRA Self-Financing	70.4	70.7	0.3	0%
HRA Capital Receipts RTBs	11.2	11.4	0.2	2%
HRA Specific Grants and Contributions	2.7	3.7	1.0	37%
<b>Total Funding</b>	<b>343.3</b>	<b>318.0</b>	<b>(25.3)</b>	<b>(7.4%)</b>

- 6.9 Capital receipts of £1.75m have been utilised in 2017/18 to fund expenditure capitalised under the government's temporary flexibility for funding transformational change via capital receipts. In line with existing accounting policy £3.6m of receipts have been utilised to fund PFI liabilities and £8.2m have been used to repay debt,

and borrowing of £2.9m has been undertaken in lieu of section 278 contributions.

- 6.10 HRA Council Housing Growth Programme, Housing Leeds and BITMO have utilised £70.7m of self-financing funding, £3.7m of external contributions and have utilised £11.4m of Right to Buy receipts.
- 6.11 The net borrowing of the Council as at 31<sup>st</sup> March 2018 is £1954.0m. Further details of this and the debt financing costs will be presented in the 2017/18 Outturn Treasury Management report to this Executive Board.

## 7. Other Financial Performance.

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

	<b>2010/11 Leeds Actual</b>	<b>2011/12 Leeds Actual</b>	<b>2012/13 Leeds Actual</b>	<b>2013/14 Leeds Actual</b>	<b>2014/15 Leeds Actual</b>	<b>2015/16 Leeds Actual</b>	<b>2016/17 Leeds Actual</b>	<b>2017/18 Leeds Actual</b>
Council tax	96.7%	96.6%	96.6%	95.7%	95.7%	95.9%	96.1%	96.1%
Business Rates	97.9%	97.5%	97.6%	97.1%	97.3%	97.8%	97.5%	98.0%

- 7.2 Following the introduction of the Council Tax support scheme in 2013/14 a 19% contribution scheme was implemented for working age claimants and this was increased to 26% for 2014/15 but has then been set at 25% for the years between 2015/16 and 2017/18. The collection position at the end of March was as follows:

- Council tax in-year collection rate – 96.1% (also 96.1% last year). The in-year collection rate target for 2017/18 year was 96.1%. £32.7m has been collected in respect of 2017/18 bills, an increase of £18.9m compared to the previous year.
- Collection rate for those affected by Council Tax Support scheme – 74.4% (73.9% last year)
- Collection rate for those previously getting 100% Council Tax benefit – 64.7% (64.3% last year)
- The collection of non-domestic rates for the year is 97.99% of the current net debit of £380.0m. This represents an increase of 0.45% in comparison to 2016/17.
- Discretionary Business Rate Relief Scheme – against a budget of £350k in 2017/18 some £586k of local discounts were approved under the scheme to support the creation of employment and economic growth and to increase the business rates base.

## **Prompt Payment of Creditors**

- 7.3 The prompt payment result at the year-end was 87.96% of undisputed invoices processed within 30 days. This was against a target of 92%. The prompt payment performance for this year has been adversely affected by a significantly large number of late invoices being received from directorates, coupled with staff turnover within the Accounts Payable team. Both issues have now been addressed and current performance is running at 95.45%.

## **8. Corporate Considerations**

- 8.1 Consultation and Engagement - This is a factual report and is not subject to consultation.
- 8.2 Equality and Diversity / Cohesion and Integration - The Council's revenue budget for 2017/18 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 22nd February 2017.
- 8.3 Council Policies and Best Council Plan - The 2017/18 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget in support of our Best Council ambition to be an efficient and enterprising organisation.
- 8.4 Resources and Value for Money- This is a financial report and all financial implications are detailed in the main body of the report.

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

There are no legal implications arising from this report.

### **8.6 Risk Management**

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, for example 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 was put in place for 2017/18.

## **9. Recommendations**

- 9.1 Members of the Executive Board are asked to;
- a. Note the outturn position for 2017/18 and to agree the creation of earmarked reserves as detailed in paragraphs 3.16 and 5.3 and delegate their release to the Chief Officer Financial Services.

- b. Note that the Chief Officer Financial Services will be responsible for the implementation of these actions following the 'call in' period.

## **10. Background Documents<sup>1</sup>**

- 10.1 There are no background documents relating to this report.

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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.



## Appendix 1

### CITY DEVELOPMENT 2017/18 BUDGET FINANCIAL DASHBOARD - OUTTURN

The Outturn Financial Dashboard contains a number of significant budget pressures and mitigating actions. Overall the Directorate is projecting a £351k overspend mainly due to increased costs of £747k from due to the pressure on the Highways winter maintenance budget. This was recognised as a key risk within the Council's risk-based reserves strategy which includes £300k provision against a potential worst case budget pressure of £600k.

Planning and Sustainable Development are projecting a £343k pressure on expenditure due to Inspection and Planning Appeals legal costs. This is offset by the £692k additional projected income from Planning Fees and Building Control Fees and Charges, resulting in a £349k saving to support the overall Directorate position.

In Economic Development the overspend of £688k is due to income and expenditure pressures of £734k at Kirkgate Market. In addition to a £276k pressure from granting a 7 month (01/07/17) - 01/01/18) 20% discount on rental charges to all Kirkgate Market traders (allowing them to invest in their businesses and, therefore, contribute to the market's long term viability), income pressures of £163k, £146k and £56k relate to the indoor market, the new Covered Daily Market (CDM) and the new Events Space respectively. These are new target income streams following completion of the major capital refurbishment scheme. Whilst some of this is due to the lead in times required for developing and delivering new trading and events, it is acknowledged that some of the budgeted income targets need to be revised down to reflect current trading and operating conditions. The 2018/19 budget strategy therefore includes proposals to address this. These pressures are partially offset by a £178k saving on borrowing costs.

In the last 18 months Asset Management have acquired a number of significant investment properties to add to the authority's portfolio and deliver new income streams. However a £1m pressure on net income (gross rental income - prudential borrowing annuity) against the budget action plan target has crystallised. The investment policy requires that any investment and acquisition should contribute to and support the Council's ambitions and values, and be financially robust. Market activity and contractual lead times indicate that it is unlikely any further significant investments will be completed in 2017/18. The £386k pressure on Advertising income, which assumes all current sites will be fully utilised, remains unchanged. Options are currently being evaluated to address this pressure in 2018/19.

Predominantly via careful vacancy management, Employment and Skills are projecting an underspend of £101k to assist in offsetting other Directorate pressures.

The winter maintenance pressure of £747k Highways and Transportation resulted in an overspend of £572k however the £676k of Section 106 balances brought in at year end and the £200k income for Bridgewater Place reduces this to an underspend of £304k.

Sport and Active Lifestyles have pressures of £217k due to Public Health funding reductions, the failure of the Aquatics Centre moveable pool floor, and the net impact of part closure, refurbishment, and contractor delays at Aireborough Leisure Centre. A further pressure of £199k is due to the notable downturn in income at John Smeaton Leisure Centre due to 2 new budget gyms opening in close proximity. Savings of £118k have been identified at from across the service to mitigate this budget pressure. The EU ruling on VAT for sports admissions has not been challenged by HMRC which means that £1.2m of VAT is estimated to be recovered in this financial year which will assist in mitigating Directorate pressures.

In Arts and Heritage the £445k overspend reflects the shortfall in income in respect of the Town Hall and Lotherton Hall Estate and the £160k Carnival and Reggae overspend.

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

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	8,698	(6,322)	2,376	(16)	(89)	(137)	(11)	394	0	0	0	0	141	(560)	(419)
Economic Development	5,319	(4,666)	653	1	189	1,089	(10)	(255)	0	(142)	0	0	872	(184)	688
Asset Management & Regeneration	13,506	(15,441)	(1,935)	(42)	265	(155)	(4)	(288)	0	4	0	0	(219)	1,239	1,020
Employment & Skills	4,127	(2,378)	1,749	(103)	0	250	(2)	105	0	0	0	0	250	(351)	(101)
Highways & Transportation	58,836	(41,779)	17,057	(398)	1,334	1,304	1,153	144	0	0	0	0	3,537	(3,841)	(304)
Arts & Heritage	18,600	(9,050)	9,550	48	(77)	1,132	60	93	22	(115)	49	0	1,212	(767)	445
Sport & Active Lifestyles	24,506	(19,132)	5,374	(33)	(6)	(148)	7	70	(34)	45	0	39	(60)	(842)	(902)
Resources & Strategy	1,022	(628)	394	(61)	1	16	(1)	(28)	0	0	0	0	(73)	(2)	(75)
<b>Total</b>	<b>134,614</b>	<b>(99,396)</b>	<b>35,218</b>	<b>(604)</b>	<b>1,617</b>	<b>3,350</b>	<b>1,192</b>	<b>236</b>	<b>(13)</b>	<b>(207)</b>	<b>49</b>	<b>39</b>	<b>5,659</b>	<b>(5,309)</b>	<b>351</b>

## Appendix 1

Key Budget Action Plans and Budget Variations:				RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£'000	£'000
<b>A. Budget Action Plans</b>						
1.	Planning and Sustainable Development	Tim Hill	Reduction in the net cost of service via increased income generation.	G	562	(419)
2.	Economic Development		Increased income and running cost savings	G	295	(46)
3.	Asset Management and Regeneration	Angela Barnicle	Strategic Investment Income and additional fee income.	R	2,827	436
4.	Highways and Transportation	Gary Bartlett	Additional income from fees and developers.	G	1,396	(233)
5.	Arts and Heritage	Cluny MacPherson	Savings via increased income opportunities, not hosting the Tour de Yorkshire in 2017, and minor restructure.	R	810	285
6.	Employment and Skills	Sue Wynne	Staffing and commissioning savings.	G	240	(101)
7.	Sport and Active Lifestyles	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation.	A	652	81
8.	Resources and Strategy	Ed Mylan	Directorate wide additional savings requirement.	G	158	0
<b>Total Budget Action Plan Savings</b>					6,940	
<b>B. Other Significant Variations</b>						
1.	Asset Management	Angela Barnicle	Shortfall in Advertising income.			386
2.	Economic Development		Kirkgate Market income pressures - 7 month 20% rent discount for all traders and then phasing out over 3 months (£276k), vacant units in the Indoor Market (£163k), Covered Daily Market (£146k), George Street shops (£59k), and Event Space (£56k), Open/Outdoor Market (£93k) , partially offset by a saving of £178k on borrowing costs.			734
3.	Sport and Active Lifestyles	Cluny Macpherson	Income pressures from reduced Public Health funding, JCCS pool floor failure, and Aireborough refurbishment.			217
4.	Arts and Venues	Cluny Macpherson	Carnival and Reggae overspend			160
5.	Sport and Active Lifestyles	Cluny Macpherson	Sport VAT ruling			(1,200)
6.	City Development	All	Use of Section 106 balances to mitigate pressures			(676)
7.	Asset Management	Angela Barnicle	Changing the Workplace/Merrion House			198
8.	Highways and Transportation	Gary Bartlett	Winter Maintenance - impact of the Beast from the East and the Pest from the West			747
9.	Highways and Transportation	Gary Bartlett	Bridgewater Place - increase in income accrual to reflect number of road closures			(200)
10.	Resources and Strategy	Ed Mylan	General savings across the Service.			(18)
<b>City Development Directorate - Outturn Variation</b>						351

## COMMUNITIES &amp; ENVIRONMENT DIRECTORATE SUMMARY

## FINANCIAL DASHBOARD - 2017/18 FINANCIAL YEAR

## Outturn position

## Overall Position (-£25k below budget)

## Communities (+£167k over budget)

The variation mainly reflects an in-year wellbeing expenditure variation of +£125k which would normally be funded from the earmarked reserve generated from previous years' underspends. However, as the directorate overall has budget savings, the variation has been contained within the directorate's annual revenue budget.

## Customer Access (+£717k over budget)

The main area of overspend is staffing in Community Hubs where staff in post exceeded the budget by £690k. This is largely due to delivery of the Community Hub programme which has required additional resource and management/supervision to be put in place. The cost of providing static guards at a number of sites, including the Central Library, due to safety concerns, was an additional £271k. These pressures have been largely offset by additional income (net £279k) in the Interpreting and Translation Team from the provision of translation services to the NHS.

## Elections, Licensing and Registration (+£46k over budget)

The service has an overall overspend of +£46k, mainly due to costs of £229k incurred in preparation of the 18/19 local elections and a minor net shortfall within births, deaths and marriages of £7k. These have been partially offset by the improved net position of Entertainment Licensing which achieved a surplus of (£120k) and Local Land Charges (£35k).

## Welfare &amp; Benefits (+£669k over budget)

The main pressure during the year was the level of income from Housing Benefit overpayments. HB overpayment income, before providing for a level of bad debts, was £9.3m, compared to the budget of £8.4m. However, after providing a bad debts provision of £2.8m, there was a net £1.9m shortfall. This has been offset by HB expenditure/subsidy variations of £0.8m and savings of £0.4m in other areas including additional grant income and staffing/expenditure variations.

## Parks &amp; Countryside (-£11k below budget)

There was an overall variance at Cafe/Retail and Attractions of +£288k, which includes a significant shortfall in income at both Lotherton Hall and Tropical World. In addition there has been a reduction in income from Golf of £39k. Other savings, mainly within bereavement services and income from Public Rights Of Way, have offset these variations.

## Environmental Action:

## Car Parking (-£504k below budget)

Staffing was under budget by (£167k) due to delays in recruitment. Overall income was £75k higher than budgeted. Significant shortfalls in both on-street income +£414k and Bus Lane offences throughout the city +£91k were offset by additional off-street (£77k), PCN income (£433k) and all other income types (£70k). Other savings across all expenditure headings totalled (£259k).

## Cleaner Neighbourhoods Teams (-£59k below budget)

The outturn underspend reflects staffing savings from delayed recruitment to the new structure, partially offset by additional costs of overtime and hired sweepers.

## City Centre (£1k below budget)

The minor variance at outturn is due to in-year staffing savings whilst recruitment was ongoing to fill the new structure, offset by the ongoing usage of overtime and costs of covering City Centre events.

## Environmental Health (-£216k below budget)

The outturn variance is mainly due to savings from delayed recruitment (£143k). Variations in Pest control expenditure and income were +£54k, offset by other expenditure/income variations across the service of (£127k).

## Waste Management:

## Refuse (+£1,076k over budget)

Within the Refuse Service, the delay in implementing the collection route efficiency programme resulted in a pressure of +£1,033k. Additional staffing expenditure in relation to backup, sickness cover and union support to the route collection programme was largely offset by other staffing and one-off savings within the service.

## HWSS &amp; Infrastructure (+£9k over budget)

Additional net expenditure of £18k was incurred in respect of HWSS overtime/sickness cover and HWSS Plant Operator training, partially offset by savings in respect of transport and prudential borrowing. A shortfall in budgeted income of £115k due to the delayed introduction of inert building waste charges at Household Waste sites was offset by additional weighbridge income of £124k.

## Waste Strategy &amp; Disposal (-£1,670k below budget)

The year end underspend reflects a saving of £470k in respect of business rates at the Recycling and Energy Recovery Facility (RERF), net disposal savings of £526k (mainly Household Waste Sites), £203k additional income (mainly scrap metal, textiles) and other one-off savings of £471k identified within the service.

## Community Safety (-£249k below budget)

The underspend mainly reflects staffing savings of £279k due to vacant posts within CCTV, LABST and delays in recruiting to the new Domestic Violence structure, partially offset by a shortfall in CCTV income of £39k and additional expenditure/income variations of (£9k).

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

## Summary By Service

				Outturn variances											Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	16,758	(11,413)	5,345	25	(18)	(838)	15	342	416			117	263	(96)	167
Customer Access	22,751	(3,672)	19,079	1,476	169	440	19	100		(17)			2,187	(1,470)	717
Elections, Licensing And Registration	4,700	(5,004)	(304)	459	327	794	(2)	4				(23)	1,559	(1,513)	46
Welfare And Benefits	268,094	(268,616)	1,478	80	3	608	1	28		1,304		(317)	1,707	(1,038)	669
Car Parking Services	4,895	(13,392)	(8,497)	(190)	(22)	(226)	(12)	22					(428)	(78)	(504)
Community Safety	7,645	(6,251)	1,394	(320)	12	(173)	(8)	(59)	157	100			(288)	39	(249)
Waste Management	40,576	(7,388)	33,188	1,436	(54)	(1,178)	(33)	(124)					47	(631)	(584)
Parks And Countryside	29,552	(23,728)	5,824	253	(138)	1,010	(69)	261			66	(58)	1,325	(1,336)	(11)
Environmental Action (City Centre)	1,999	(463)	1,536	(37)	(4)	88	(13)	18					52	(53)	(1)
Environmental Health	2,107	(566)	1,541	(152)	(5)	(29)	(11)	(4)					(201)	(15)	(216)
Cleaner Neighbourhood Teams	12,282	(4,253)	8,029	(332)	12	(30)	201	(4)					(153)	94	(59)
Other variations													0		0
Total	411,359	(342,746)	68,613	2,698	284	668	88	587	573	1,387	66	(281)	6,070	(6,095)	(25)

## Appendix 1

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Variation against Plan/Budget £m
<b>A. Key Budget Action Plans</b>						
1.	Re-design Refuse collection rounds	Tom Smith	Net saving of £1.6m budgeted (£1.38m in the directorate, £0.25m in strategic debt budget)	R	(1.38)	1.03
2.	Implement charging for replacement wheeled bins	Andrew Lingham	Implemented May 2017	G	(0.24)	0.05
3.	Implement charging for inert building waste	Andrew Lingham	Implemented February 2018	A	(0.14)	0.12
4.	Environmental Action staffing savings	Helen Freeman	Restructure now agreed	G	(0.71)	0.00
5.	Implement charging for Bulky Waste	Helen Freeman	Implemented May 2017	G	(0.15)	0.00
6.	Car Parking - review of tariffs	Helen Freeman	includes on street, Sun/Eve, Bank Holiday and Woodhouse Lane	G	(0.50)	0.00
7.	Undertake works for Housing Leeds, assumed to be within environmental action	All COs	Not restricted to environmental action, works may be undertaken by other services	G	(0.30)	0.00
8.	Reduce front line horticultural staff	Sean Flesher	Service to identify posts to be held vacant	G	(0.40)	0.00
9.	Development of visitor attractions/increase admission prices	Sean Flesher	1st phase of Tropical World complete, DCRs required for other sites	G	(0.33)	0.00
10.	Increase Bereavement charges to eliminate subsidy	Sean Flesher	To be increased by 2% above inflation.	G	(0.12)	0.00
11.	Stretched income target across Parks & Countryside	Sean Flesher	To be achieved across all income generating areas	G	(0.16)	0.00
12.	Reduction in Community Safety area co-ordinators	Sam Millar	Achieved through redeployment	G	(0.18)	0.00
13.	Generate CCTV/Security income of £2.1m	Sam Millar	Estimated £200k of unsecured income	G	(0.20)	0.04
14.	Community Safety - secure £1.1m income from WYPCC	Sam Millar	WYPCC agreed to fund PCSOs in Leeds	G	(1.10)	0.00
15.	Communities Teams savings	Shaid Mahmood	Review Management & Leadership, review grants & contributions to 3rd sector	G	(0.20)	0.00
16.	Communities Well Being	Shaid Mahmood	Further reductions to Community Cttees	G	(0.18)	0.00
17.	Community Centres - restrict free lets	Shaid Mahmood	Target to restrict to 75% of present level	G	(0.08)	0.00
18.	Contact Centre staffing savings	Lee Hemsworth	Includes channel shift savings, reducing service failure and reviewing out of hours service	A	(0.53)	0.13
19.	Customer Services Business Support staffing savings	Lee Hemsworth	Includes reducing helpdesk function and merging support and development functions	G	(0.25)	0.00
20.	Libraries efficiencies	Lee Hemsworth	Savings from staffing/running costs/income	G	(0.40)	0.00
21.	Reprovision of mobile library service	Lee Hemsworth	Subject to Executive Board report	A	(0.12)	0.09
22.	Welfare and Benefits - reduction in off-site processing	Andy Cameron	Introduction of e-claims	G	(0.20)	0.00
23.	Local Welfare Support Scheme	Andy Cameron	Reduce scheme by 30%	G	(0.30)	0.00
24.	Welfare and Benefits - additional grant income	Andy Cameron	FERIS, New Burdens. Additional £540k budgeted for in 17/18 on top of £290k in base	G	(0.54)	(0.12)
25.	Registrars	Steve Coupe	Charging /income proposals	G	(0.08)	0.00
<b>B. Other Significant Variations</b>						
1.	Waste Disposal Costs	Andrew Lingham	Saving includes Business Rates saving at RERF, disposal savings and one off income	G		(1.67)
2.	Community Hubs	Lee Hemsworth	Staffing overspend projected - see comments above	A		0.69
3.	Housing Benefits	Lee Hemsworth	Shortfall in overpayments income, net of HB expenditure/subsidy variations	R		1.10
4.	All other services		All other variations	G		(1.48)
					<b>Communities &amp; Environment - Variation</b>	
					<b>(0.03)</b>	



## RESOURCES AND HOUSING

### FINANCIAL DASHBOARD - 2017/18 FINANCIAL YEAR

#### OUTTURN

#### Overall

The directorate achieved a small underspend of £57k at the year end. There were a number of pressures within CEL, Leeds Building Services being offset in by savings in Resources (Support Services) and parts of Housing services to deliver this position.

#### Resources

The budget had assumed Support Services savings of £5m and by underspending at £1m, a total of £6m has been achieved. Shared Services underspent by £1,641k primarily as a result of savings against the staffing budget due to vacant posts. Strategy and Improvement and Legal and Democratic both achieved savings against of £350k and £252k respectively. The HR budget overspent by £446k due to a combination of the non achievement of the £300k savings assumed in the budget strategy through the authority wide consolidation of training budgets and the loss of school income partially offset by savings against the staffing budget. There was an overspend of £138k against the PPPU budget (savings against staffing more than offset by a shortfall in income) and a £466k overspend in Finance mainly due to a £365k shortfall against court fees income. DIS were £212k overspent mainly due to the £205k expenditure to enable remedial work to be undertaken to mobile devices, the network, patch and configuration and to strengthen access control so that the Council can qualify for the Public Services Network certificate.

#### Leeds Building Services

LBS realised a surplus of £7.8m compared to the budgeted assumption of £8.4m. Delays in the full implementation of the new Total Mobile system meant that not all of the efficiencies this would realise were delivered in year (£1.2m). These pressures were partially offset by savings in overhead costs, over provision of 16/17 accruals and also due to the return additional in year turnover (£1.9m turnover above budget).

#### Housing and Property Services

Housing and Property Services had an overspend of £150k mainly explained by a £541k overspend in Corporate Property Maintenance predominantly due to overspend against the responsive repairs budget partially offset by a £97k income surplus for a Refit scheme and £51k savings against staffing. Within the Sustainable Energy team, £200k has been transferred to an earmarked reserve for low carbon/ air quality work in which is a key priority for the Council in 2018/19.

The Supporting People contracts budgeted savings target of £350k was achieved through the renegotiation and reprocurement of 3 sets of contracts. In addition to this, the revision of smaller contracts achieved a further saving of £91k. There was an underspend of £0.5m in Strategic Housing Partnerships mainly arising from vacant posts and turnover.

#### Civic Enterprise Leeds

Civic Enterprise Leeds were £142k overspent for the year mainly due to Primary School catering achieving £1.6m of the £2.1m budgeted surplus. This shortfall in the surplus is as a result of the marginal financial impact of the reduced number of school feeding days in the 2017/18 calendar, the effect of snow days experienced in March 2018 and inflationary pressure on food costs. The shortfall in Catering was partially offset by savings in Cleaning and Security of £0.2m mainly as a result of over achievement against the income budget, Fleet Services were £157k underspent and Facilities Management achieved a £118k underspend.

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

	PROJECTED VARIANCES														Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resources	99,138	(39,289)	59,849	(3,418)	(22)	412	(27)	(235)	0	0	0	(391)	(3,681)	2,699	(982)
LBS	46,989	(55,369)	(8,380)	(593)	(15)	3,407	(137)	(97)	0	0	0	0	2,565	(1,932)	633
Housing & Property	26,230	(12,428)	13,802	(752)	768	(507)	48	(883)	21	0	0	1,028	(277)	427	150
CEL	71,505	(63,811)	7,694	485	407	853	(103)	65	0	0	4	0	1,711	(1,569)	142
<b>Total</b>	<b>243,862</b>	<b>(170,897)</b>	<b>72,965</b>	<b>(4,278)</b>	<b>1,138</b>	<b>4,165</b>	<b>(219)</b>	<b>(1,150)</b>	<b>21</b>	<b>0</b>	<b>4</b>	<b>637</b>	<b>318</b>	<b>(375)</b>	<b>(57)</b>

## Appendix 1

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
	Efficiencies					
1	Specialist Admin	Helena Phillips	Further efficiencies by consolidating "specialist" admin staff under one professional lead	G	(1.00)	(1.64)
2	ICT, IM & T & Intelligence	Dylan Roberts	Introduce a new operating model to deliver staffing efficiencies.	G	(0.90)	0.00
3	ICT, IM & T & Intelligence	Mariana Pexton	Introduce a new operating model to deliver staffing efficiencies.	G	(0.20)	0.00
4	Workforce Development	Lorraine Hallam	Consolidation of training budgets.	A	(0.30)	0.30
5	PPPU	David Outram	Identify savings through a portfolio approach including development of prioritisation model	A	(0.30)	0.14
6	Financial Services	Doug Messon	Savings to be delivered through staffing efficiencies.	G	(0.90)	0.10
7	Human Resources	Lorraine Hallam	Staff savings through continuing to implement new ways of working.	G	(0.30)	0.47
8	Strategy & Improvement	Marianna Pexton	Further staff savings and efficiencies within Communications, Marketing and Emergency Planning.	G	(0.10)	(0.35)
9	Financial Services	Doug Messon	Additional traded income.	G	(0.20)	0.00
10	Legal & Democratic Services	Catherine Witham	Staffing efficiencies to fund cost of pay award.	G	(0.10)	(0.25)
11	LBS - Consolidation of Construction/Property Maintenance	Simon Costigan	Savings through staffing, both management and support functions and a targeted reduction in running costs. Roll out of Total Mobile software will deliver efficiencies which will result in the reduction in use of sub contractors.	A	(1.80)	0.60
12	Strategic Housing - integration of functions	Jill Wildman	Closer working arrangements within the different functions will facilitate a reduction in the number of budgeted posts.	G	(0.10)	0.00
13	Housing related support - reduction in contract payments	Jill Wildman	Savings to be realised through ongoing review and retendering of contracts.	G	(0.40)	(0.09)
14	Strategic Housing - review of charging arrangements	Jill Wildman	Adaptations review charges to both the capital programme and Housing Leeds.	G	(0.20)	0.00
15	Cleaning Savings	Sarah Martin	Efficiencies to be realised through expanding mobile cleaning, changing times and frequency of cleaning resulting in a reduction of the number of staff required.	G	(0.50)	(0.19)
16	Management Staff reductions	Sarah Martin	Reduction in level of JNC management support, delivered through a reconfiguration of roles and responsibilities.	G	(0.20)	0.00
17	Facilities Management Savings	Sarah Martin	Planned realignment of the service to be delivered through a restructure.	G	(0.10)	(0.12)
18	Fleet	Sarah Martin	Combination of maximising existing external income streams whilst developing new ones together with the aim of reducing costs.	G	(0.10)	(0.16)
19	Commercial Catering	Sarah Martin	Based on internalising commercial catering for some of the services within the Civic Quarter and expanding retail offer.	G	(0.10)	0.00
B. Other Significant Variations						
1	Financial Services	Doug Meeson	Shortfall against court fees income.	A		0.37
2	CEL	Sarah Martin	Net shortfall against Catering income, offset by savings in FM & Cleaning	A		0.56
3	DIS	Dylan Roberts	DIS pressure to secure Public Service Network certificate	A		0.21
4	CPM	Simon Costigan	Pressure against repairs budget	A		0.54
5	Strategic Housing	Jill Wildman	Savings in staffing and other costs; net of c/f grant	A		(0.50)
6	Human Resources	Lorraine Hallam	Schools income	A		0.14
7	All other variations	Dir Wide	Review of other spend / income not covered in items above.	G		(0.19)
Resources and Housing Directorate - Forecast Variation						(0.06)

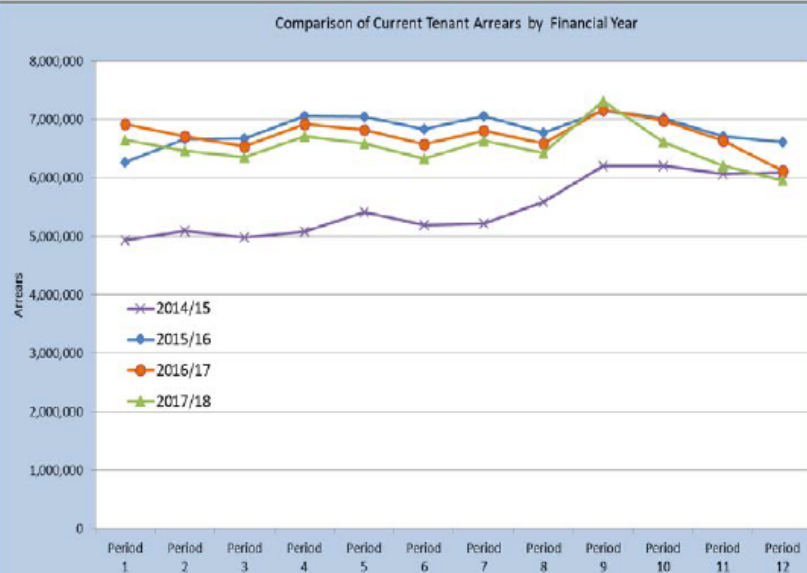
## Housing Revenue Account - Outturn Financial Dashboard - 2017/18 Financial Year

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

Directorate	Current Budget	Actual Spend	Variance to budget	Comments	Period 11 variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(215,352)	(214,907)	445	Rent lower than budget due to lower stock numbers from increased RTB sales. The void level is at 0.98% which is above the 2017/18 target	400
Service Charges	(6,968)	(6,898)	70	Community Links furniture offset by saving in supplies and services.	134
Other Income	(30,409)	(30,922)	(513)	Increased fee income from projected RTB sales (£205k), KPI income (£88k), Wharfedale View catering income (£34k) (offset by an increase in internal charges), PFI income streams: interest, PTC, key fob contribution (£88k). Court income (£37k), Capitalised salary costs £87k, Tenant insurance £37k (offset by savings in Supplies and Services), Mears and insurance refunds (£174k), Other various (£11k).	(176)
<b>Total Income</b>	<b>(252,728)</b>	<b>(252,726)</b>	<b>2</b>		<b>358</b>
<b>Expenditure</b>					
Disrepair Provision	1,000	1,996	996	Disrepair compensation and fees	896
Repairs to Dwellings	43,548	42,509	(1,039)	Savings on external contracts and internal supplier	(123)
Council Tax on Voids	754	713	(41)	Reflects spend in year	(40)
Employees	26,314	25,085	(1,229)	Savings due to vacant posts and temporary staff secondments (£1,498k). This saving is offset by Disrepair agency staff £247k, Severance and pension costs to date £50k. Other smaller savings identified following a review of budgets (£27k).	(1,204)
Premises	7,362	7,432	70	Utilities following resolution of billing issues £262k, Commercial Asset Management repairs savings (£121k), Saving on solar panel maintenance (£17k), Office savings (£42k), Other various savings (£12k)	(120)
Supplies & Services	4,377	3,993	(384)	Community Links furniture savings balanced by reduction in service charge income (£91k), Savings following a review of printing/leaflet requirements (£93k), Bank Charges (£178k), Tenant incentive mobility scheme (£63k), Tenant Insurance (£38k), Other savings following review of budgets (including housing office project budgets) (£166k), Savings used to offset Sheltered furniture £160k, Tenancy Agreement review £57k and other small variances £8k. Changing the Workplace £20k funded through appropriations	(387)
Internal Services	40,604	40,893	290	Additional Fire Safety work £323k, Additional out of hours and concierge service £61k, Disrepair legal costs £294k and increased costs of RTB due to higher number of sales £69k. Underspend on PFI project management (£27k), PPU reduction in charge following structure changes (£315k), and savings on other internal charges (£115k).	12
Capital Programme	72,001	73,709	1,708	Transfer from reserves to fund Environmental Programme £1,707k (balanced by appropriation entry)	-
Unitary Charge PFI	8,860	9,065	205	PFI Scheme Adjustments: Unitary Charge (£210k), Insurance refund (£247k), Pass Through Costs £150k, PFI year-end accounting adjustment £484k, Other adjustments £28k.	(284)
Capital Charges	45,106	44,548	(558)	PFI accounting adjustment (£484k), Other savings on interest payable to general fund (£71k).	55
Other Expenditure	6,976	6,091	(885)	Bad debt provision following review of requirements (£587k), LTF saving (£21k), Transport savings (£30k), Community Payback £95k, BITMO management fee £18k, HAPs underspend (£300k) balanced by reduction in use of reserves, DHP saving (£40k).	(678)
<b>Total Expenditure</b>	<b>256,901</b>	<b>256,034</b>	<b>(867)</b>		<b>(1,873)</b>

## Housing Revenue Account - Outturn Financial Dashboard - 2017/18 Financial Year

<b>Net Position</b>	<b>4,173</b>	<b>3,308</b>	<b>(865)</b>			<b>(1,515)</b>
Appropriation: Sinking funds	(3,139)	(2,739)	400	Unitary Charge on PFI funded by sinking fund		402
Appropriation: Reserves	(1,034)	(1,973)	(940)	Use of reserves to fund: Transfers to capital programme (£1,707k), Changing the workplace (£20k) and Community payback (£95k). Transfer to reserves: Wharfedale View sinking fund £10k Not utilised reserves for: Income Team £474k, HAPs £300k, Local Initiatives £100k.		1,113
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(1,405)</b>	<b>(1,405)</b>	Proposed reserves for: Concierge Programme £400k and Sheltered Housing Furniture and Carpets £280k.		0
Proposed New Reserves		680	680	Transfer year end surplus to capital reserve		-
Transfer to Capital Reserve		725	725			-
<b>Total Current Month</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>



Change in Stock	Budget	Actual
Right to Buy sales*	350	508
New Build (PFI)	0	0
New Build (Council House Growth)	(101)	(101)
<b>Total</b>	<b>249</b>	<b>407</b>

\* actual sales as at the end of Period 12: 508

Right to Buy Receipts	2016/17 Actual	2017/18 Actual
Total Value of sales (£000s)	25,983	26,356
Average Selling Price per unit (£000s)	50.4	51.9
Number of Sales*	516	508
Number of Live Applications	1,165	1,417



## Housing Revenue Account - Outturn Financial Dashboard - 2017/18 Financial Year



Arrears	2016/17	2017/18	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2017/18 Week 52</b>		
Dwelling Rents (HMA1 Figure)	5,585	5,341	(244)
Non dwelling rents/charges (garages/Court costs)	538	617	79
Total Current Tenants	6,123	5,958	
Former Tenants	4,144	4,764	620
	10,266	10,721	455
<b>Under occupation</b>	<b>2017/18 Week 52</b>		
Volume of Accounts	4,655	4,357	(298)
Volume in Arrears	2,155	1,873	(282)
% in Arrears	46.3%	43.0%	-3.3%
Value of Arrears	576	502	(74)
<b>Collection Rates</b>	<b>2017/18 Week 52</b>		
Dwelling rents	97.43%	97.44%	0.0%
Target	97.50%	97.50%	
Variance to Target	-0.07%	-0.06%	

## Housing Revenue Account - Outturn

### Financial Dashboard - 2017/18 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
HRA General Reserve	(6,631)	136	0	(6,495)
<b>Earmarked Reserves</b>				
Environmental Works	(1,668)	1,668		0
Insurance - large claims	(137)			(137)
Welfare Change	(1,782)			(1,782)
Housing Advisory Panels	(699)	459	(300)	(540)
Sheltered Housing (Committed in capital programme)	(3,238)			(3,238)
Holdsworth Place - land purchase	(64)			(64)
Early Leavers' Initiative	(408)			(408)
Changing the Workplace	(353)	21		(332)
eFiles Box-It Project	(262)			(262)
<b>Proposed Earmarked Reserves</b>				
Wharfedale View Sinking Fund	0		(10)	(10)
Concierge Pilot	0		(400)	(400)
Sheltered Housing Furniture and Carpets	0		(280)	(280)
	<b>(8,610)</b>	<b>2,148</b>	<b>(990)</b>	<b>(7,452)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(10,343)	2,933	0	(7,410)
LLBH&H PFI Sinking Fund	(2,515)	0	(195)	(2,710)
	<b>(12,858)</b>	<b>2,933</b>	<b>(195)</b>	<b>(10,120)</b>
<b>Capital Reserve</b>				
MRR (General)	(14,960)	62,475	(71,000)	(23,485)
MRR (New Build)	(12,540)	8,282	0	(4,258)
MRR (HRA RCCOs)	(3,003)		(725)	(3,728)
	<b>(30,502)</b>	<b>70,757</b>	<b>(71,725)</b>	<b>(31,470)</b>
<b>Total</b>	<b>(58,601)</b>	<b>75,974</b>	<b>(72,910)</b>	<b>(55,538)</b>

## Appendix 2

Directorate	Description of Reserve	Balance 1st April 2017	Actual Transfers To & From Reserve	Balance at Outturn 2017/18	Reason for the Reserve
		£k	£k	£k	
	<b>GENERAL FUND</b>	<b>(20,070)</b>	<b>(5,564)</b>	<b>(25,634)</b>	
Adults & Health	S256 funding for health inequalities	(3,615)	674	(2,941)	Specific funding from Leeds South and East CCG for tackling health inequalities.
Adults & Health	Health and Social Care (CCG)	(1,991)	(758)	(2,749)	To fund Health and Social Care priorities
Adults & Health	Safeguarding (Adults)	(94)	(120)	(214)	Independent Safeguarding Board - carry forward of partner contributions.
Adults & Health	Prisons Reserve	0	(205)	(205)	CCG funding for social work in prisons
Adults & Health	Drugs Reserve	0	(133)	(133)	Carry forward of external income for drug and alcohol priorities
Adults & Health	Transforming Care	0	(1,700)	(1,700)	Provision to mitigate against costs associated with the NHS England led transfer of care packages to a community setting, in accordance with 2017/18 budget report
Adults & Health	Social Care Development Reserve	0	(600)	(600)	Provision to meet costs associated with development of social care models e.g. Recovery Model in accordance with 2017/18 budget report
Adults & Health	Resilience Reserve	0	(1,000)	(1,000)	Provision to mitigate against unforeseen demand pressures e.g. caused by hot summers, cold winters flu outbreaks etc., in accordance with 2017/18 budget report
Adults & Health	Spring Budget	0	(5,602)	(5,602)	Carry forward of Spring Budget monies from DCLG.
Adults & Health	Skills for Care	0	(196)	(196)	To provide funding for training of Care Workers
Adults & Health	Winter Monies	0	(600)	(600)	Funding received from Leeds CCG to reduce delays in transferring people out of hospitals back into community based care
Children & Families	Health Innovations	(1,248)	(429)	(1,677)	Monies given by Health Service for a number of joint initiatives around commissioning & children's centres
Children & Families	Safeguarding (Children's)	(201)	32	(169)	Independent Safeguarding Board - carry forward of partner contributions to fund serious case reviews
City Development	HS2	(156)	0	(156)	To support the costs of developing and progressing master planning for the Southbank; including HS2 planning.
City Development	Sport Maintenance Backlog Reserve	0	(700)	(700)	Contribution towards addressing the backlog of maintenance requirements at the council's sports facilities.
Communities & Environment	Casino License	(435)	258	(177)	Reserve for creation of Social Inclusion Fund as per licence bid and to fund LCC inclusion team.
Communities & Environment	Economic, Social and Environmental Wellbeing fund	(349)	0	(349)	Carry forward balances on the wellbeing budgets of Community Committee.
Communities & Environment	Parks Special Project - Temple Newsam	(81)	58	(23)	To cover cost of repairing fire damage at Temple Newsam Home farm.
Communities & Environment	Communities Innovation Fund	(80)	33	(47)	To fund work with the 3rd Sector to develop future financial sustainability in the sector.
Communities & Environment	Immigration Advice	(60)	60	0	Fund to assist Chapeltown Citizens Advice Bureau to provide immigration advice to clients
Resources & Housing	Homelessness Prevention Fund	(120)	(689)	(809)	To fund Homelessness prevention
Resources & Housing	Business Transformation	(48)	48	0	Siebel review (system of customer facing communication etc)
Resources & Housing	Lord Mayor	(35)	(13)	(48)	Balance of budget carried forward.
Resources & Housing	Armed Forces Day	(30)	24	(6)	Funding for Armed Forces Days 2017/18
Resources & Housing	Members club	(8)	0	(8)	Surplus on the Members Club.
Resources & Housing	Sustainable Energy & Air Quality	0	(200)	(200)	To support delivery of work on Air Quality
Strategic	Capital reserve	(3,372)	3,372	0	Directorate contributions towards borrowing costs of capital schemes. Contributions received over life of asset and released back to revenue to cover debt costs over life of loan. Reserve now exhausted.
Strategic	General Insurance	(2,659)	(273)	(2,932)	To help fund cost of future insurance claims
Strategic	Mutual Municipal Insurance	(11)	0	(11)	Reserve to fund potential claw backs of past insurance receipts from MMI.
Strategic	ELI Reserve	(2,000)	0	(2,000)	Reserve carried forward to support 18/19 base: ELI severance now funded by capital receipts in line with Council agreed policy.
Strategic	Invest to Save	(1,000)	392	(608)	Fund to get projects off the ground to generate future revenue savings.
Strategic	Demographic and Demand	(380)	380	0	Reserve to help fund future demographic demands.
Strategic	Legal Cost of VAT claims	(63)	0	(63)	Funds set aside from £8.4m VAT claim refund received in 10/11 (originally £100k) to help fund legal costs for remaining VAT cases
Strategic	Energy Efficiency Reserve - LCC	(4)	0	(4)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
	Sub-total Earmarked Reserves	(18,040)	(7,887)	(25,927)	
	<b>Total non-ring fenced Reserves</b>	<b>(38,110)</b>	<b>(13,451)</b>	<b>(51,561)</b>	

## Appendix 2

Directorate	Description of Reserve	Balance 1st April 2017	Actual Transfers To & From Reserve	Balance at Outturn 2017/18	Reason for the Reserve
		£k	£k	£k	
Schools	Extended Schools Balances	(9,017)	1,639	(7,378)	Surpluses on extended school activities carried forward
Schools	School Balances	(17,159)	1,935	(15,224)	Schools balances net of VER, Children's Services and BSF PFI borrowing
Schools	Dedicated Schools Grant	3,633	(678)	2,955	Carry forward of ring fenced DSG funding.
Resources & Housing	Taxi & Private Hire Licensing Surplus	(314)	301	(13)	Ring fenced reserve for taxi and private hire licensing service.
Strategic	Energy Efficiency Reserve - Salix	(158)	(109)	(267)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
Strategic	Revenue grants	(10,497)	5,726	(4,771)	Revenue grants carried forward as per IFRS requirements ( <b>see note 1 below</b> )
	Sub-total GF ring fenced reserves	(33,512)	8,814	(24,698)	
<b>Note 1: Revenue Grants</b>					
	Adult Social Care	0	(122)	(122)	Public Health grant carried forward
	Children & Families (Partners in Education (Re- Imagining Children Services for the 21st Century))	(7,318)	6,051	(1,267)	£7.318m DfE Partners In Practise funding received in 16/17 to be used in 17/18 and 18/19.
	Children & Families (Other)	(274)	(1,423)	(1,697)	Revenue grants carried forward
	City Development	(1,378)	19	(1,359)	Revenue grants carried forward
	Communities & Environment	(44)	(83)	(127)	Revenue grants carried forward
	Resources & Housing	0	(99)	(99)	Revenue grants carried forward
	Strategic Accounts (Flood)	(1,483)	1,383	(100)	Flood relief scheme for businesses
	Sub-total Revenue Grants	(10,497)	5,726	(4,771)	
<b>HRA RING FENCED RESERVES</b>					
	HRA General Reserve	(6,631)	136	(6,495)	
	Environmental Works	(1,668)	1,668	0	To fund environmental works in the Swarcliffe PFI area
	Insurance (Large Claims)	(137)	0	(137)	To fund the cost of insurance claims
	Welfare Change	(1,782)	0	(1,782)	To fund pressures arising from welfare reform.
	Housing Advisory Panels (HAPs) Reserve	(699)	158	(541)	To fund projects identified by Housing Advisory Panels which benefit the tenants and residents in the community they represent.
	Sheltered Housing	(3,238)	0	(3,238)	To fund investment in sheltered housing schemes which will contain shared bathing facilities and fund improved access for people with mobility issues.
	Holdsforth Place (Land Purchase)	(64)	0	(64)	To fund the purchase of land at Holdsforth Place
	Early Leavers' Initiative	(408)	0	(408)	To fund the cost of approved severance payments
	Changing the Workplace	(353)	21	(332)	To fund the cost of 'new ways of working' for staff in Housing Leeds as office moves are completed.
	eFiles Box It Project	(262)	0	(262)	Principally to fund the scanning of Housing Management paper files to electronic files - to assist the Housing Service in the preparation for moving to Community Hubs.
	Wharfedale View SF	0	(10)	(10)	Contribution from shared owners towards future costs of replacing furniture and carpets at Wharfedale View Extra Care facility
	Concierge Service to Multi Storey Flats	0	(400)	(400)	To fund the extension of the Concierge service in Multi-Storey flat areas in order to reduce the impact of Anti-Social behaviour
	Sheltered Housing Furniture & Carpets	0	(280)	(280)	To replace furniture and carpets in sheltered housing schemes
	Swarcliffe PFI	(10,343)	2,933	(7,410)	PFI Sinking Fund
	LLBH&H PFI Sinking fund	(2,515)	(195)	(2,710)	PFI Sinking Fund
	Major Repairs Reserve	(30,501)	(969)	(31,470)	Ring-fenced to fund capital expenditure or redeem debt.
	Sub-total HRA reserves	(58,601)	3,062	(55,539)	
	<b>Total ring fenced Reserves</b>	<b>(92,113)</b>	<b>11,876</b>	<b>(80,237)</b>	
	<b>TOTAL RESERVES</b>	<b>(130,223)</b>	<b>(1,575)</b>	<b>(131,798)</b>	

## CAPITAL PROGRAMME - 2017/18 GENERAL FUND OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2018 and the final 2017/18 outturn. The variations are based on those programmes/schemes with significant variations both over/under > £250k.

Directorate	Programme/ Scheme	02.02.18	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Adults & Health	Services for older people	2,368.9	1,065.1	(1,303.8)	Non-recurrent In year savings were used to fund building refurbishments, including those required for the delivery of the Intermediate Care/Recovery Beds commissioned by the CCG. These schemes (£1.4m) were due to be funded via prudential borrowing. As a result there will be ongoing recurrent revenue savings for Adults and Health.
	Digital Information Services	1,371.8	517.8	(854.0)	The 10 schemes within Business Intelligence, Digital Transformation and schemes to be delivered in partnership with the NHS have slipped to 2018/19. A&H are in the process of finalising plans for their IT based schemes for this and the next two years.
	Public Health	543.9	0.0	(543.9)	No suitable property identified for our residential rehab and detox service. The scheme involved the purchase and refurbishment of a property to develop the service. This grant is now due to be paid back to govt.
		4,284.6	1,582.9	(2,701.7)	
Directorate	Programme/ Scheme	02.02.18	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Strategic & Central	General Capitalisations, Transformational Change & Interest	7,786.5	7,358.0	(428.5)	Year end exercise to assess capital and revenue expenditure resulting in increased capitalisations from directorate revenue of £1m. The transformational change programme (£1.4m) came in under the provision needed for 2017/18 early leaver initiative severance costs and the balance will be carried forward to 2018/19.
	Changing the Workplace	27,032.7	22,079.0	(4,953.7)	Merrion refurbishment works including tenants enhancements, new Merrion generator and furniture and equipment (£3m) less than anticipated at the setting of the programme in February. The recycling of furniture has enabled continuous savings within the programme. Civic Hall, remaining phase 1 projects and other small enabling moves came in under by (£1.2m). St Georges House (£0.7m) level 3 fit out has commenced and is due to complete July
	Other schemes	1,831.3	1,847.3	16.0	No material variances on the remaining schemes within Strategic and Central.
		36,650.5	31,284.3	(5,366.2)	

Directorate	Programme/ Scheme	02.02.18	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
City Development	Highways	63,122.6	57,914.8	(5,207.8)	Highways accounts for almost 72% of the 2017/18 City Development programme. Unexpected scheme delays on our major programmes account for (£5.8m) of the variance including East Leeds Orbital Road (£2.0m) and Cycle City Ambition Ph2 (£1.4m) which can be explained by the liquidation of the contractor Carillion. Major programmes which encountered unexpected delays (£1.4m) including Claypit Lane (site issues), Temple Green Park and Ride (remedial works less than expected), adoption of highways in PFI area (weather conditions March) and City Centre Vehicle restrictions (procurement issues). The city wide bridges and structures programme (£1m) have seen delays on site due to contractor procurement issues. This has been offset by additional spend on Highways Maintenance capitalisations £0.6m. Other highways schemes within the 390+ schemes delivered in year that have over and underspends have no material variances to explain within this
	Heritage Asset Programme	3,032.7	1,802.4	(1,230.3)	The Heritage Asset programme will carry forward the balance of (£1.2m) to 2018/19. Conditional surveys are being carried out to inform future provision that will be needed to our Heritage Assets.
	Culture and Sport	4,346.6	2,531.2	(1,815.4)	The Grand Theatre refurbishment achieved practical completion on August 2017 however the defects liability period finishes in Aug 2018 and any retention monies (£0.7m) will be paid then. Airborough Sports centre and overall sports maintenance schemes (£0.7m) encountered delays due to the discovery of asbestos in several areas. Other remaining schemes within Culture and Sport have no material variances to explain within this report.
	Economic Development	5,495.4	4,932.9	(562.5)	No material variances in the 46 Economic Development schemes.
	Regeneration	1,639.4	1,013.0	(626.4)	Lower Kirkgate THI (£0.8m) project has a contrasting mix of ownership types in the area, the majority of projects are gaining momentum as the project enters its final 2 years. A total of £500k is ring-fenced for the First White Cloth Hall, which has recently gained planning permission and listed building consent. The grant has been agreed by EB subject to post tender details being agreed by the Director of City Development. Start on site is planned for late summer 2018 and the programme will last approximately 1 year. This is offset by capitalisations within the regeneration team £0.2m for developments to future transformational schemes.
	* Other City Development	13,159.5	11,928.7	(1,230.8)	* These figure includes the March EB approval of the strategic investment fund acquisition £8.4m which was finalised in March 2018. No other material variances on the remaining 40+ schemes within City Development.
		90,796.2	80,123.0	(10,673.2)	



Directorate	Programme/ Scheme	02.02.2018	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Childrens & Families	Social Emotional and Mental Health Programme	29,419.3	27,458.6	(1,960.7)	All 3 SEMH sites have seen some delays; North - (£1.4m) Costs certified but not yet paid, plus works were re-sequenced to maintain access to building to enable construction of Multi Use Games Area (MUGA), resulting in the lower than anticipated spend. South - (£0.3m) Revised completion date for external works due to bad weather, plus delays in billing, delays to groundworks at front of site due to siting of cabins. East (£0.2m) - Highways works delays causing slippage in programme - works have been rescheduled to May half term in order to maintain school access.
	Learning Places	41,458.4	36,579.0	(4,879.4)	The (£4.9m) variance within the 80+ schemes delivered in our learning places programme is primarily due to:- schemes at Park Spring, Iveson, Hovingham, Brudenell, Fieldhead Carr, Greenside, Cockburn, Roundhay and Shakespeare with the main reasons being the unexpected weather and resequencing of works, with the knock on effect in delayed works and the impact on spend in 2017/18. There were no other material variances within the 70 schemes delivered as part of the learning places programme.'
	Schools Capital Maintenance	10,725.0	9,332.9	(1,392.1)	Numerous roofing works deferred. The combined LEP and Kitchen Ventilation works final account savings with client contingency not required. NW SILC Green Meadows & Bradford Road sites fire scheme charges final account savings, plus net savings on other minor works.
	Other Children's Services Schemes	7,977.9	7,310.6	(667.3)	No material variances on remaining 84 schemes within Children's Services.
		89,580.6	80,681.1	(8,899.5)	

Directorate	Programme/ Scheme	02.02.2018	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Resources & Housing General Fund	Energy Efficiency programme	3,779.8	2,036.9	(1,742.9)	There are a lot of interdependencies and mitigating factors, within the District Heating Network programme which has led to this (£1.5m) variance at outturn, there are major risks with a high reliance on external stakeholders in order to be able to deliver this project. These major risks will take time to mitigate and reduce down to a manageable level such as the renewable energy certificates (ROCS), wayleaves and securing and finalising heat customers. There are no other material variances on the remaining
	Corporate Property Management - Main works to Corporate buildings	3,736.7	2,058.1	(1,678.6)	Of the variance at outturn (£1.7m) 80% will be completed by end of June 2018. CPM have identified a number of schemes 16/17 (£0.4m) carried forward where approval had been granted in previous years where work was not going to proceed. This has now been released and put back into the annual programme. A number of schemes which were due to be delivered in 2017/18 are now going through a value for money review.
	CPM - Demolitions	1,778.2	426.8	(1,351.4)	Previous years programme delayed to ensure that correct governance in place within City Development to declare asset surplus to requirements. Delays to Grafton Centre (£0.25m) approved for demolition then held for potential school use. Some delays encountered due to ecological surveys, this process to be reviewed to avoid any future instances. No works took place on the asbestos removal scheme (£0.2m). All proposed known demolitions not completed in 2017/18 are now approved and planned for demolition in Q1 (£0.8m).
	CPM - Fire Risk Assessment Remedial works	1,222.9	700.0	(522.9)	Main reason for underspend due to delays getting schemes to design freeze, with Civic Hall issues ongoing with design consultants.
	Vehicle Replacement Programme	2,968.5	2,455.7	(512.8)	Waste Management Vehicles not replaced (£327k) along with a number of other cross directorate vehicles which will now be part of the 2018/19 programme.
	Digital Information Services and	6,942.8	6,613.3	(329.5)	No material variances on the 20 Digital Information Services and Finance schemes.
	Private Sector renewal including adaptations to private sector	10,386.4	10,780.2	393.8	The Holbeck group repair scheme £0.4m had a higher than expected sign up of private sector owners in year leading to higher group repair works than expected.
	Other Resources and Housing Schemes	1,676.4	1,027.4	(649.0)	Civic Hall backlog maintenance (£0.25m) is committed and will now be spent in 2018/19. No other material variances in the remaining R&H schemes.
		32,491.7	26,098.4	(6,393.3)	



Directorate	Programme/ Scheme	02.02.2018	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Communities & Environment	The Arium	2,251.6	2,823.8	572.2	Against the original scheme estimate the current overspend of £572.2k has been funded from borrowing to cover essential variations at outturn 2017/18 that were incurred to promote further commercial development and revenue growth.. Further essential variations in 2018/19 are likely to be required when the scheme completes. This will then be reported in a future capital programme
	Parks Main Programme	5,376.3	4,390.6	(985.7)	Replacement of machinery and equipment due to be purchased in 2017/18 £0.4m will now arrive in 2018/19. Of the remaining 100+ schemes within Parks & Countryside there are no other material variances.
	Community HUBS	2,413.7	2,158.2	(255.5)	The transfer of (£0.2m) at year end to a scheme within asset management as best use of resources accounts for the majority of the variance within Community Hubs.
	Waste Operational	1,043.2	730.5	(312.7)	No material variances in the 18 schemes delivered within the Waste Management Programme.
	Other E&H General Fund	2,269.4	2,279.1	9.7	No other material variances on remaining schemes within Communities and Environment.
		13,354.2	12,382.2	(972.0)	

<b>Total General Fund Variances</b>	<b>267,157.8</b>	<b>232,151.9</b>	<b>(35,005.9)</b>	
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#### CAPITAL PROGRAMME - 2017/18 HRA, HOUSING LEEDS & BITMO OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2018 and the final 2017/18 outturn.

The variations are based on those programmes/schemes with significant variations both over/under > £250k.

Directorate	Programme/ Scheme	02.02.2018	2017/18 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Resources and Housing HRA	Council Housing Growth Programme	13,665.3	14,621.1	955.8	A £1m injection into the CHGP was actioned in March 2018 as the result of the correct capture of staffing within the Housing Growth team for previous years. This has also allowed us to utilise additional RTB receipts to part fund this scheme which would otherwise have been lost to the programme.
	Housing Leeds	69,000.0	69,268.0	268.0	Some overs and unders within the 200 schemes delivered but no material variances overall.
	BITMO	1,871.7	1,913.7	42.0	No material variances
<b>Total HRA Variances</b>		<b>84,537.0</b>	<b>85,802.8</b>	<b>1,265.8</b>	

<b>Total Capital Program Variances</b>	<b>351,694.8</b>	<b>317,954.7</b>	<b>(33,740.1)</b>	
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