

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 19<sup>th</sup> December 2018**

**Subject: Financial Health Monitoring 2018/19 – Month 7**

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

**Summary of main issues**

1. The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of both the revenue budget and the Housing Revenue Account at Month 7 of the financial year.
2. The 2018/19 financial year is the third year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. The Council to date has managed to achieve considerable savings since 2010 and the budget for 2018/19 requires the Council to deliver a further £34m of savings.
3. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
4. This is the sixth budget monitoring report of the year and Executive Board will recall that the 2018/19 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £34m of budget action plans by March 2019. Whilst the majority of these actions are on track to be delivered, this report does highlight a potential overall overspend of £3.55m. It is incumbent upon respective Directors to identify and implement appropriate measures so that a balanced budget position can be delivered.

5. At Month 7, the Housing Revenue Account is projecting a balanced budget position.

## **Recommendations**

6. Executive Board are recommended to:

- note the projected financial position of the authority as at Month 7; and
- request that Directors identify and implement appropriate measures so that a balanced budget position can be delivered.

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

1.1 This report sets out for the Executive Board the Council's projected financial health position for 2018/19 at Month 7.

1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first seven months of the year.

## **2. Background information**

2.1 Executive Board will recall that the net budget for the general fund for 2018/19 was set at £510.9m.

2.2 Following the closure of the 2017/18 accounts, the Council's general fund reserve stood at £25.7m. The 2018/19 budget assumes a further contribution of £1.0m to this reserve during this financial year. In October Executive Board approved the release of £1.7m in 2018/19 to address income pressure in the Children and Families budget arising as a consequence of the re-profiling of the final payment of the Partners in Practice Project by the DfE - this amount to be repaid to the reserve in 2019/20 once received. Consequently it is anticipated that the general fund reserve will stand at £25.0m at 31<sup>st</sup> March 2019.

2.3 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

### 3. Main Issues

- 3.1 At Month 7 an overspend of £3.55m is projected, as shown in Table 1 below. The most significant increase has occurred in the City Development directorate (£0.6m) although this has been offset by an improvement in Strategic (£0.8m). Directorate positions will be discussed in more detail below.

Table 1

#### Summary Position - Financial Year 2018/19

#### Reporting Period: Month 7

Directorate	Director	(Under) / Over spend for the current month				Previous month's Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(1,085)	(383)	383	0	0
Children and Families	Steve Walker	120	2,986	(955)	2,031	2,032
City Development	Martin Farrington	(1,152)	1,156	(181)	976	350
Resources & Housing	Neil Evans	(988)	2,276	(2,276)	0	0
Communities & Environment	James Rogers	552	679	(136)	543	565
Strategic	Doug Meeson	(49)	(680)	680	0	790
<b>Total Current Month</b>		<b>(2,602)</b>	<b>6,033</b>	<b>(2,485)</b>	<b>3,550</b>	<b>3,737</b>
<b>Previous month (under)/over spend</b>		<b>(2,431)</b>	<b>5,076</b>	<b>(1,339)</b>	<b>3,737</b>	

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

- 3.2.1 **Adults & Health** are currently projecting a balanced position. Within this projected balanced position it is anticipated that there is some slippage in demand-related budget action plans but that 89% of plans are effectively delivered. Within this balanced position there are a number of variations, including £0.6m of anticipated cost pressures associated with general running costs, primarily due to increased transport costs. Within Public Health, staffing-based savings are allocated as a contingency against potential demand pressures in drug, alcohol and sexual health services, and additional client and external income is offset by lower forecast contributions from partners due to slippage in the formation of the Leeds Plan team resulting in a net pressure of £0.4m. Community Care budgets are projected to break even, although it is noted that there are pressures on delivery of some budget action plans. Demand is currently lower than projected within several directly commissioned services.

The above pressures are offset by £1.1m of projected savings relating to staff turnover.

A £0.1m underspend within Leeds Adult Safeguarding Board is projected and it is proposed to carry this forward into 2019/20.

The recent Winter Funding Announcement will see Leeds receive £3.3m of the £240m announced nationally. Discussions with partners on the most effective use of this funding are at an advanced stage. This funding has not been incorporated into Month 7 projections, pending confirmation of planned spend.

**3.2.2 Children and Families** – The projected year-end position at Month 7 is an overspend of £2.03m, unchanged from the position reported to Executive Board in November, however there have been some changes in individual service projections.

Significant demand and demography pressures on the CLA budget are resulting in an upward pressure in terms of costs, with both External Residential (ER) and Independent Fostering Agency (IFA) placements continuing to be higher than the budgeted assumptions. The number of children in ER placements has reduced since the start of the financial year, however at the end of October 2018 External Residential (ER) numbers were 63 compared to the budgeted number of 53, whilst the number of Independent Fostering Agencies (IFA) were 199 compared to the budgeted number of 179. It is anticipated that there will be a small reduction in demand as a number of children currently in ER placements will turn 18 during the year. The ER budget is projected to overspend by £1.1m and the IFA budget by £0.25m, both unchanged from Month 6.

Additionally, there are pressures in Leaving Care Special Guardianship Orders due to growth in demand of £0.25m, on the Leaving Care budget of £0.3m and £0.52m relating to Section 17 (Children's Act 1989) costs associated with safeguarding and promoting a child's welfare ( an increase of £0.25m since Month 6). The position continues to recognise a pressure of £0.36m relating to the Council's contribution to the One Adoption West Yorkshire Partnership.

There has been a notable increase in the number of children requiring transport and also an increase in contract prices. At this stage in the year an increase in costs of £0.55m is projected, partly offset by savings of £0.36m including savings on WYCA contracts and additional DGS grant income of £0.15m, leaving a net pressure of £0.04m. There is a risk that demand continues to increase and costs increase further during the year. The Directorate is working with Civic Enterprise Leeds to mitigate these potential demand pressures.

The Social Care staffing budget is projected to be overspent by £0.12m by the end of the year, assuming that further action plan savings will be achieved. The Directorate is strictly controlling post releases to mitigate this pressure and the projected position assumes that not all vacant posts will be released. Additionally there are projected income pressures of £0.5m in regard to Trading and Commissioning budgets and it is projected that external legal disbursement costs will exceed budget by £0.53m.

These pressures are offset by £0.4m of anticipated additional High Needs Block funding from the Dedicated Schools Grant towards the education costs of External Residential placements and net other additional income of £0.1m, increased income from Adel Beck of £0.29m and other additional actions of £0.3m across services. In

addition net one-off contributions have been agreed with Adults and Health towards the costs of adults utilising post-16 provision whilst a longer term solution is developed and towards the positive behaviour support services; services which are being developed to reduce longer-term demand, particularly on Adults provision.

- 3.2.3 City Development** – At Month 7 the Directorate is projecting an overspend of £0.98m, an increase of £0.63m from Month 6 which is largely a consequence of a forecast increase of £0.65m regarding street lighting electricity costs, now forecast to exceed budget by £1m. £0.4m of Street Lighting PFI Dispute Resolution balances will be used to partially mitigate this energy pressure.

With the exception of this pressure, the Directorate is on track to successfully manage around £3.2m of other budget pressures. The budgeted return on the Council's commercial asset portfolio increased by £1m to £3.36m in the approved 2018/19 budget but the development of the Council's commercial asset portfolio has been slower than anticipated, largely due to a lack of suitable market opportunities, creating a pressure of £1.58m, however there are a number of potential lettings at a detailed stage with some expected to conclude in the current financial year. Mitigating actions of around £2m have been identified, including £0.3m of additional Arena income, £0.25m of savings across Asset Management, £0.1m from further anticipated road closures at Bridgewater Place and £0.5m for one off easements and covenant releases. Easements grant other parties a right to cross or use council land for a specified purpose, such as a developer requiring access to enable them to progress a development. When the Council sells land it sometimes attaches conditions (restrictive covenants) to the sale. Subsequently, interested parties may approach the Council to seek release of this covenant, for example to develop the land for an alternative purpose.

Work is ongoing to strengthen and develop further advertising opportunities in response to a projected £0.1m shortfall in advertising income. The Arts & Heritage service is reporting a pressure of £0.43m and a £0.29m shortfall is forecast against budgeted savings in Sport and Active Lifestyles. Further net pressures of £0.5m include a shortfall in Kirkgate Market income and increased security costs which are offset by the application of balance sheet items.

The Directorate is working to identify an additional £0.62m of action plan savings, including evaluating the impact of robust management of vacancies and staff turnover.

The Authority has received notification that our allocation of the additional Local Transport Capital Funding for 2018/19 announced in the Autumn Budget will be £3.86m. This additional capital grant has been made available for local highways maintenance, including the repair of potholes, to keep local bridges and structures open and safe and to help aid other minor highway works.

- 3.2.4 Resources & Housing** – at Month 7 the Directorate are projecting a balanced position, assuming delivery of an action plan of £0.3m, which has reduced by £0.2m from Month 6.

Within the Resources group of services there is a net overall pressure of £0.27m. This mainly reflects the projected shortfall on schools income to HR (£0.7m) and pressures within Finance of £0.3m, including continuing reductions in court fee

income which are offset by savings on staffing and running costs within Strategy and Improvement, Legal & Democratic Services and Shared Services of £0.72m. A directorate action plan will deliver a further £0.32m of savings through continued control of non-income generating posts and other non-essential spend.

A £0.1m underspend is projected for Housing and Property Services, primarily due to underspend on staffing through managing vacant posts within the Strategic Housing Service. An overspend of £0.15m is projected for Civic Enterprise Leeds as a consequence of underlying income and inflationary pressures on food costs within the Catering Service.

**3.2.5 Communities & Environment**– there is a projected budget pressure of £0.54m at Month 7. Within the Refuse Service it is currently anticipated that there will be an overspend of £0.75m, largely due to non-implementation of the budgeted route efficiencies in the current financial year as work continues on the route review programme. However this pressure is partly offset by net savings against budget of £0.43m in HWSS & Waste Strategy.

Pressures of £0.32m in Customer Access relating to delays in delivering budgeted staffing efficiencies whilst maintaining performance levels in the Contact Centre and increased security provision in community hubs are partially offset by projected additional income of £0.16m in other areas of the service. Electoral and Regulatory Services is projecting an overspend of £0.14m of which £60k relates to a shortfall in Nationality Checking Service income and £80k to the continued reducing trend in other Registrar income. A further £0.1m mainly reflects a projected shortfall in on-street car parking income, partially offset by expenditure savings within the service.

Parks and Countryside are projecting an underspend of £50k at Month 7, with income pressures of £350k at Lotherton Hall, Tropical World and Temple Newsam anticipated to be offset by expenditure savings and additional income in other areas of the service. Other underspends are projected within Communities (£25k), Environmental Health (£59k) and Community Safety (£50k), mainly due to staffing savings within these services.

**3.2.6 Strategic & Central Accounts** - At Month 7 the Strategic & Central budgets are projecting a balanced position, an improvement of £0.8m when compared to the previous month. This is largely due to a £1m increase in business rates multiplier threshold compensation grant, resulting from MHCLG's review of the calculation methodology, of which £0.5m relates to 2017/18.

The other key variations are:

- A £1.4m projected shortfall in S278 income as a result of predicted lower levels of development activity;
- projected shortfalls of £0.2m in business rates income and £0.5m in New Homes Bonus;
- A projected variation of £0.5m in respect of realising discounts from suppliers for the prompt payment of their invoices;
- £0.1m of additional external debt costs as a consequence of an increase in interest rates, offset by additional prudential borrowing recharges of £0.2m;
- An increase of £0.5m in the level of general capitalisation assumed; and
- Release of £1.0m from the General Insurance reserve.

### **3.3 Other Financial Performance**

#### **3.3.1 Council Tax**

The Council Tax in-year collection rate at the end of October was 63.65% which is slightly behind performance in 2017/18. At this stage the forecast is to achieve the 2018/19 in-year collection target of 96.1% collecting some £341m of income.

#### **3.3.2 Business Rates**

The business rates collection rate at the end of October was 65.28% which is 0.1% behind performance in 2017/18. The forecast is to achieve the 2018/19 in-year collection target of 97.7% collecting some £383m of income.

The total rateable value of business properties in Leeds has increased from £921.06m at 1<sup>st</sup> April to £929.01m at the end of October, growth of £7.9m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (48.0p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (99%) and West Yorkshire Fire Authority (1%). Following deductions for the Business Rates tariff and to meet the business rates deficit brought forward, Leeds' actual business rates income is projected to be in the region of £208.1m, which is £1.0m below budgeted expectations.

#### **3.3.3 Business Rates Appeals**

The opening appeals provisions for 2018/19 are £21.5m, made up of £11.5m relating to appeals received against the 2010 ratings list and £10m estimated costs in relation to the 2017 ratings list. Under the 100% Business Rates Retention pilot, Leeds' budget is affected by 99% of any appeals provision made in this year but provisions brought forward from 2017/18 were made at 49%.

On the 1<sup>st</sup> October 2018, there were 1,843 appeals outstanding against the 2010 ratings list. During October 143 appeals have been settled, of which 103 have not resulted in changes to rateable values. 7 new appeals were received in October, the low number received reflecting that appeals are no longer accepted against the 2010 list except in very specific circumstances. At 31<sup>st</sup> October there are 1,707 outstanding appeals in Leeds, with 17.2% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

No appeals have been received to date against the 2017 list, with only 1.9% of the city's total rateable value in the 2017 list currently subject to either a 'check' or a 'challenge', the pre-appeal stages of the new appeals process introduced in 2017.

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

- 4.1 At the end of Month 7 the HRA is projecting a balanced position against the 2018/19 Budget.

## **5. Corporate Considerations**

### **5.1 Consultation and Engagement**

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

### **5.2 Equality and Diversity / Cohesion and Integration**

5.2.1 The Council's revenue budget for 2018/19 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 21<sup>st</sup> February 2018.

### **5.3 Council Policies and Best Council Plan**

5.3.1 The 2018/19 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

### **5.4 Resources and Value for Money**

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

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

5.5.1 There are no legal implications arising from this report.

### **5.6 Risk Management**

5.6.1 There remains a risk that a balanced budget position is not delivered in year or that the reported projected overspend could worsen as a consequence of demand-led pressures, non-achievement of Budget Action Plans, price increases and other inflationary pressures. Failure to achieve a balanced budget position would impact on future years and thus require the Council to consider difficult decisions that will have a greater impact on front-line services, including those that support the most vulnerable, and thus on our Best Council Plan ambition to tackle poverty and reduce inequalities.

5.6.2 An analysis of budget risks will continue throughout the year and is subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks/budget variations will continue to be included in these in-year financial reports brought to Executive Board.

## **6. Conclusions**

6.1 This report informs the Executive Board of the financial health of the authority in respect of both the revenue budget and the Housing Revenue Account at Month 7 of the financial year, with an overspend of £3.55m against the approved 2018/19 budget projected. Directors are requested to identify and implement appropriate measures so that a balanced budget position can be delivered.

## **7. Recommendations**

7.1 Executive Board are recommended to:

- note the projected financial position of the authority as at Month 7; and
- request that Directors identify and implement appropriate measures so that a balanced budget position can be delivered.

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

8.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2018/19 FINANCIAL YEAR

### MONTH 7

#### Overall

The Directorate is projecting a balanced position overall at month 7, assuming delivery of an action plan of £319k, a reduction of almost £200k from month 6. The overspend is primarily accounted for by a shortfall against the schools income within the directorate offset by savings on staffing and running costs across various service areas as outlined below.

#### Resources

It is assumed that support services will achieve the £3.5m savings which formed part of the 2018/19 budget. Most of these (£2.2m) centred on staffing savings and at half way through the financial year, it is forecast these savings will be delivered. Whilst there is an overall staffing pressure in the group, this mainly arises from recruitment within DIS and will be offset by additional income. This aside, there is a net overall pressure within this group of services of £269k arising from a reduction in schools income, particularly in HR and pressures within finance of around £300k, including continued reductions in court fee income. These income pressures are being offset by savings on staffing through managing turnover and vacant posts and running costs within Strategy and Improvement (£96k), Legal (£127k), Democratic Services (£170k) and Shared Services (£336k). A directorate action plan will be compiled to bring the budget into the assumed balanced position through continued control of non income generating posts and other non essential spend.

#### Leeds Building Services

The budget assumes an additional surplus of £1.1m to be delivered through increased turnover of around £9.6m when compared to the 17-18 budget. Delays in the recruitment of front line staff are assumed to be offset by the additional use of sub contractors to deliver the 2018-19 programme. At half year, the service is on target to deliver the budget but risks remain in the delivery of the £65m turnover. To date, £25m of income has been received and there is around £8m of Work in Progress.

#### Housing and Property Services

A £100k underspend is projected for within Housing and Property Services in 2018-19 at month 7 which is primarily explained by the staffing underspend as a result of managing vacant posts within the Strategic Housing Service. Within Corporate Property Management an additional £0.5m has been included in the 2018/19 budget. Current projected spend assumes that £0.4m of works can again be capitalised in 2018/19 to balance the budget.

#### Civic Enterprise Leeds

At month 7 an overspend of £150k is projected which is after managing the £88k NDR pressure for Westgate through savings on running costs and generation of additional income within parts of the business. There is a £150k pressure within the Catering service and reflects the underlying income pressures and inflationary pressures on food costs. No other pressures are identified at this stage although we will continue to closely monitor some of the significant income generating services within the group.

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

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	94,215	(29,966)	64,249	432	(66)	(261)	1	135	0	0	0	(276)	(31)	(19)	(10)
LBS	55,675	(65,286)	(9,611)	(2,613)	0	1,968	0	0	0	0	0	0	(645)	645	0
Housing & Property	26,532	(13,579)	12,953	(189)	35	46	25	10	133	0	0	36	96	(196)	(100)
CEL	75,221	(64,538)	10,683	1,382	(5)	64	809	23	0	0	0	0	2,858	(2,706)	152
<b>Total</b>	<b>251,643</b>	<b>(173,369)</b>	<b>78,274</b>	<b>(988)</b>	<b>(36)</b>	<b>2,394</b>	<b>835</b>	<b>178</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>(240)</b>	<b>2,276</b>	<b>(2,276)</b>	<b>0</b>

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

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
<b>A. Key Budget Action Plans</b>						
<b>Efficiencies</b>						
1	LBS	Simon Costigan	Additional turnover has been identified; budget reflects increased staffing to deliver turnover required and recruitment is underway;	G	(1.10)	
2	Housing	Julie Staton	Commissioning Contract Savings - FYE of existing savings	G	(0.15)	
3	Housing	Jill Wildman	Review of housing support costs that can be more appropriately charged to the capital programme	G	(0.08)	
4	CPM	Simon Costigan	Target reduction in spend on repairs/security at Void properties	G	(0.20)	
5	Cleaning/Catering	Sarah Martin	Annual equipment replacement programme & investment in kitchen facilities to deliver savings.	A	(0.05)	
6	Cleaning/Catering	Sarah Martin	Operational cost savings within CEL from ASC Better Lives programme	G	(0.20)	
7	Cleaning	Sarah Martin	Additional income	G	(0.04)	
8	Facilities Management	Sarah Martin	Operational cost review.	G	(0.12)	
9	Fleet Services	Sarah Martin	Staffing restructure	G	(0.03)	
10	Fleet Services	Sarah Martin	Operational savings	G	(0.05)	
11	Directorate wide	All COs	Staffing savings above amounts in service accounts	G	(0.20)	
12	DIS	Dylan Roberts	Review of staff & other costs that can be more appropriately charged to the capital programme	G	(0.38)	
13	DIS	Dylan Roberts	Reduction in licence costs, the continued rationalisation of printers and a review of telephone costs as Skype is fully rolled out	G	(0.33)	
14	DIS	Dylan Roberts	Income from additional services to WY Joint Services; Alternative savings to be found.	A	(0.07)	
15	DIS	Dylan Roberts	Charge for personal use of Mobile phones; Alternative savings to be found	A	(0.06)	
16	DIS	Dylan Roberts	Mobile phone growth - additional budget required from Directorates	G	(0.05)	
17	Financial Services	Doug Meeson	Deliver £0.5m staffing savings to balance the 18/19 budget; ELIs in progress to deliver future savings	A	(0.50)	0.14
18	HR	Lorraine Hallam	Deliver £0.19m staffing savings to balance the 18/19 budget; Additional staffing savings used to offset income shortfall	G	(0.19)	(0.20)
19	HR	Lorraine Hallam	Additional income -mainly schools (price increases, fee on supply contract; income from attendance/ disciplinary training)	A	(0.10)	0.10
20	HR	Lorraine Hallam	Replace HELP contract with telephone support service.	R	(0.09)	0.09
21	HR	Lorraine Hallam	P-card payments - agency contract	A	(0.05)	
22	HR	Lorraine Hallam	Secure £40k of income chargeable to the Apprentice Levy	A	(0.04)	
23	Legal & Democratic Services	Catherine Witham	Deletion / Reconfiguration of posts or other cost savings	G	(0.07)	(0.30)
24	Low Carbon	Polly Cook	Charges to University for contribution towards salary costs	G	(0.02)	
25	Shared Services	Helena Phillips	Deliver £1.1m staffing savings to balance the 18/19 budget	G	(1.10)	(0.33)
26	Shared Services	Helena Phillips	Mail and Print - cross cutting savings (found with alternative savings)	G	(0.10)	
27	Strategy and Improvement	Mariana Pexton	Deliver £0.13m staffing savings to balance the 18/19 budget	G	(0.13)	(0.09)
28	Strategy and Improvement	Mariana Pexton	Additional comms team income - mainly from Schools	A	(0.05)	

**B. Other Significant Variations**

1	HR	Lorraine Hallam	Shortfall against schools income	R		0.70
2	Finance	Doug Meeson	Court fee income pressures	A		0.14
3	CEL	Sarah Martin	Catering income and inflationary pressure on food costs.	A		0.15
4	Housing	Jill Wildman	Staffing savings	G		(0.10)
5	All Other Variations			A		0.02
5	Directorate Action Plan	All Chief Officers	Savings to find to balance budget	A		(0.32)

**Resources and Housing Directorate - Forecast Variation** **0.00**

**COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY**  
**FINANCIAL DASHBOARD - 2018/19 FINANCIAL YEAR**  
**Period 7 (October 2018)**

**Overall Position (+£543k over budget)**

**Communities (£25k under budget)**

The service is projecting an underspend of £25k due to additional grant income mainly due to a contribution from the Syrian resettlement grant to offset a proportion of staff costs.

**Customer Access (+£161k over budget)**

The projected overspend relates to the Contact Centre (+£200k) reflecting the delays in delivering budgeted staffing efficiencies in respect of Channel shift/shove whilst maintaining performance levels in the face of increased call volumes. In addition increased security provision within the community hubs has resulted in a further pressure of £126k. These overspends have partially been offset by projected additional income within other areas of the service.

**Electoral and Regulatory Services (+£140k)**

The service is projecting an overspend of +£140k. This relates to Nationality Checking Service income (+£60k) and the continued reducing trend in other Registrars income (+£80k).

**Environmental Health (-£59k under budget)**

The projected underspend can be attributed to staff savings including the Dog warden service which has transferred from Environmental Action (City Centre).

**Welfare and Benefits (nil variance)**

A balanced position is currently projected. Although the service has secured additional grant funding, mainly in respect of Verify Earnings and Pensions Alerts (£327k), this will be offset by additional expenditure to meet the grant requirements and other staffing variations across the service including the cost of Immigration advice (£60k).

The level of overpayment income will continue to be monitored as there remains

**Parks and Countryside (£50k under budget)**

The service is projecting an underspend of £50k at period 7.

There is a projected income shortfall at Lotherton Hall, Tropical World and Temple Newsam (approx £350k), although it is anticipated that these shortfalls will be offset by expenditure savings and additional income in other areas of the service.

**Car Parking (+£102k over budget)**

The projected overspend mainly relates to shortfalls against phased budgets in respect of 'on street' (+£348k) and 'off street' (+£62k) parking.

Assumptions have been made that an element of this income will be recovered during the remainder of the year but will continue to be closely monitored. It is also projected that these shortfalls will be partially offset by other expenditure savings by the year end.

**Cleaner Neighbourhoods Teams (£24k under budget)**

The service is projecting an underspend due to delays in recruitment.

**City Centre (+£21k over budget)**

The service is projecting an overspend due to additional staffing costs including the cost of covering events.

**Waste Management (+£327k over budget):**

**Refuse: (+£752k over budget)**

Within the Refuse Service it is anticipated that there will be a net overspend of £690k due to the non-implementation in the current year of the budgeted collection route efficiency programme as the route review continues. In addition, an extra collection route (+£231k) has been provided to meet the additional demand from new build properties; other staffing pressures within the service are projected to cost an additional £282k; and delays in the review of the medi-waste collection service are projected to cost an additional £85k. Partially offsetting these pressures is a £458k saving in respect of collection costs and other projected expenditure savings of £78k.

**HWSS & Waste Strategy: (-£425k under budget)**

The projected underspend relates to increased SORT disposal costs (+£298k), reflecting a reduction in market prices and increased contamination rates; a reduction in the level of disposal savings assumed from the rollout of the new garden waste routes (+£242k). Offsetting these pressures is additional recycling and weighbridge income of £184k, disposal savings of £319k, mainly at Household Waste Sites, other anticipated disposal savings of £400k and projected expenditure variations across the service of £50k.

**Community Safety (-£50k under budget)**

The service is projecting an underspend due to staffing savings which have been partially offset by additional costs incurred by the 'Street support' team.

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

**Summary By Service**

				Period 7 Projected variances											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	19,015	(14,036)	4,979	(25)	0	(23)	0	(220)	0	0	0	0	(268)	243	(25)
Customer Access	23,668	(4,192)	19,476	201	125	1	0	1	0	0	0	0	328	(167)	161
Electoral & Regulatory Services	8,194	(5,441)	2,753	(122)	59	41	0	44	0	0	0	0	22	118	140
Welfare And Benefits	252,566	(248,692)	3,874	(3)	6	(218)	6	57	0	0	0	0	(152)	152	0
Car Parking Services	4,836	(13,163)	(8,327)	(59)	0	(162)	0	0	0	0	0	0	(221)	323	(102)
Community Safety	8,043	(5,872)	2,171	(118)	0	(83)	0	73	0	0	0	0	(128)	78	(50)
Waste Management	41,662	(7,861)	33,801	776	(7)	71	82	(167)	0	0	0	0	755	(428)	327
Parks And Countryside	31,420	(24,842)	6,578	77	27	460	(59)	3	0	0	0	0	508	(558)	(50)
Environmental Action (City Centre)	2,008	(427)	1,581	23	2	(4)	0	0	0	0	0	0	21	0	21
Environmental Health	2,238	(565)	1,673	(90)	0	(2)	(3)	(4)	0	0	0	0	(99)	40	(59)
Cleaner Neighbourhood Teams	12,321	(4,556)	7,765	(140)	(2)	(60)	115	0	0	0	0	0	(87)	63	(24)
Action Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>404,071</b>	<b>(329,651)</b>	<b>74,420</b>	<b>520</b>	<b>210</b>	<b>21</b>	<b>141</b>	<b>(213)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>679</b>	<b>(136)</b>	<b>543</b>

<b>Key Budget Action Plans and Budget Variations:</b>						
		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>RAG</b>	<b>Action Plan Value (£000s)</b>	<b>Forecast Variation</b>
<b>Communities</b>						
<b>Communities team</b>	Communities Team - review management & leadership arrangements - saving of 1 fte	Shaïd Mahmood	Review process ongoing, savings expected to be delivered in year	G	(50)	0
<b>Community Centres</b>	Community Centres: reduce net cost by reviewing lettings income and Facilities Management costs	Shaïd Mahmood	Additional income due in 18/19 from full year effect of Free Lets termination in 17/18. Meeting to be held with Facilities Management re delivery of remaining savings.	G	(60)	0
<b>Third Sector Infrastructure Fund</b>	10% saving on VAL contract	Shaïd Mahmood	VAL have been informed of the decision and the contract is to be renegotiated	G	(34)	0
<b>Customer Access</b>						
<b>Libraries</b>	Re-tender Library Management Systems contracts as single contract	Lee Hemsworth	To retender as part of a West Yorkshire Consortium. This will allow potential bigger savings but it is unlikely that the full amount can be delivered in year. Other savings to be identified to cover this in current year.	G	(50)	0
<b>Compliments &amp; Complaints</b>	Review structure to deliver staffing savings	Lee Hemsworth	Factored into proposed structure changes - Delivered	G	(17)	0
<b>Contact Centre</b>	Migration of telephone lines to new datelines'	Lee Hemsworth	Lines migrated Friday 11th May so should be on line to deliver savings	G	(80)	0
<b>Contact Centre</b>	Closer working between Council Tax Recovery and Contact Centre - saving of 1 fte	Lee Hemsworth	Savings now incorporated into Channel shift/shove target (see below re Ctax emails)	G	(30)	0
<b>Contact Centre</b>	Channel shift/shove - further savings due to fewer calls - saving of 12 ftes	Lee Hemsworth	Whilst implementation is underway delays are putting delivery of full savings at risk. Added to this is the current adverse call answer rate and it may be that performance issues need to be addressed which could also impact on savings being delivered	R	(280)	200
<b>Contact Centre</b>	Reduce service failure - saving of 1.3 ftes	Lee Hemsworth	On track and should be delivered in year.	G	(40)	0
<b>Contact Centre</b>	Implement automated switchboard in Contact Centre - saving of 2.5 ftes	Lee Hemsworth	Business case approved at FPG, to be funded by Invest to Save reserve - £20k savings forecast due to delays.	R	(50)	30
<b>Home Library Service</b>	Transfer of Home Library Service to voluntary sector - transfer of 1 fte	Lee Hemsworth	Currently under review - advice being sought from HR, savings may be delivered from elsewhere.	G	(30)	0
<b>Interpreting &amp; Translation Service</b>	Secure additional income (net) from Interpreting and Translation Service - Total Income budget £846k	Lee Hemsworth	Revising contract arrangements with Health Service. This could lead to a longer term arrangement, but may need to review pricing.	G	(180)	0
<b>Staffing efficiencies</b>	Community Hubs & Libraries ELIs/Vacancy Factor	Lee Hemsworth	Expected to be achieved	G	(974)	0
<b>Welfare &amp; Benefits</b>						
<b>Welfare and Benefits</b>	Re-tender Advice Consortium contract	Lee Hemsworth	Delivered	G	(50)	0
<b>Welfare and Benefits</b>	Local Welfare Support Scheme - review eligibility for white goods and arrangements for carpet replacements in Council properties	Lee Hemsworth	Budget reduced by £200k. Funding & award approach revised such that we will operate within allocated budget for allocation of white goods. However service incurring additional costs of Immigration advisor £60k within the budget.	A	(200)	60
<b>Electoral &amp; Regulatory Services</b>						
<b>TPHL</b>	Implement fee review to achieve additional income target of £438k to achieve balanced budget. Overall income target £2,241k	John Mulcahy	The fee review was implemented from the 1st October. Income levels continue to be monitored to ensure increase in fees is sufficient to generate required income. £1.8m achieved in 17/18.	G	(438)	0
<b>Waste Management</b>						
<b>Refuse</b>	Continue with the re-design of collection rounds to deliver remaining £1.1m savings in base budget, plus additional lieu day savings of £0.25m	Helen Freeman	Route review ongoing - currently assuming 10 months delay.	R	(1,350)	690
<b>Refuse</b>	Work with NHS colleagues to review medi-waste collection service to eliminate subsidy	Helen Freeman	Ongoing discussions with NHS - assumed delayed implementation for 1/2 year	R	(170)	85
<b>Environmental Action Services</b>						
<b>Car Parking</b>	Increase charges at Woodhouse Lane car park by 50p for a full day	Helen Freeman	Price increase implemented 6th July 2018	A	(130)	35

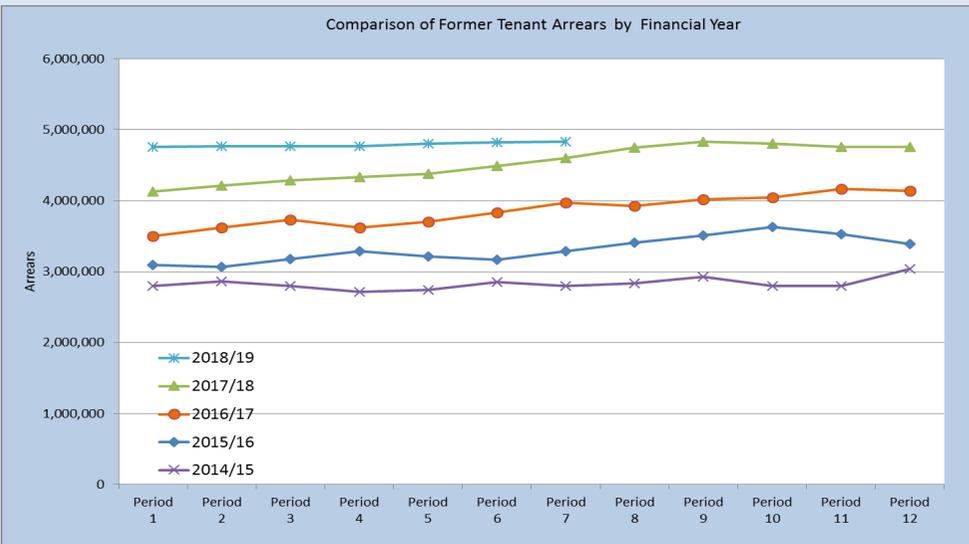
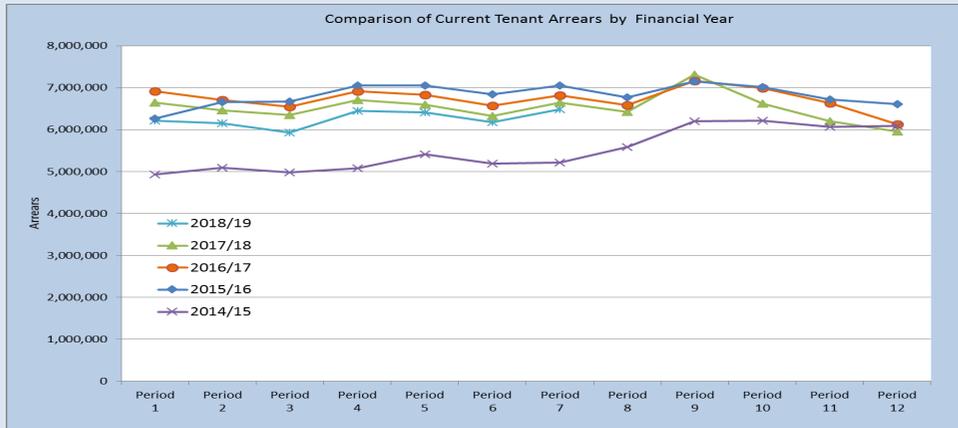
<b>Parks and Countryside</b>						
<b>Parks and Countryside</b>	Continue to progress Attractions Development Plan to achieve additional net surplus	Sean Flesher	A bid has been submitted to the Rural Development Fund to help the cost of the ongoing development at Lotherton Hall. Income to period 7 is below profile. To continue monitoring.	G	(100)	0
<b>Parks and Countryside</b>	Increase turnover to achieve additional plant/retail income target (additional net £100k surplus) from the Arium	Sean Flesher	Additional net surplus built into budget. To be monitored in year.	G	(100)	0
<b>Parks and Countryside</b>	Staffing savings - achievement of vacancy factor (5% all services, 8.9% Parks Operations)	Sean Flesher	Period 7 savings in line with profile. To be monitored in year.	G	(1,124)	0
<b>Community Safety</b>						
<b>Community Safety</b>	Identify efficiencies in use of Community Safety funding	Paul Money	Efficiencies have been identified, proposals to be approved by Safer Leeds Executive	G	(50)	0
<b>Directorate Wide</b>						
<b>Directorate Wide</b>	Undertake additional works for Housing Leeds	All COs	Additional CCTV and Tree Inspection works undertaken in 17/18, need to identify appropriate areas in 18/19	G	(300)	0
<b>Other Significant Variations</b>						
All services			Other expenditure variations			(557)
			Directorate wide Action Plan			0
<b>Communities &amp; Environment - Forecast Variation</b>						<b>543</b>

## Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year

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

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(212,042)	(212,084)	(42)		90
Service Charges	(7,774)	(7,694)	80	Reduced income due to change of heating service provision.	(4)
Other Income	(31,346)	(31,938)	(591)	Capitalised salaries at 100%, IAS19 and Transport costs charged 100% to Capital.	(357)
<b>Total Income</b>	<b>(251,162)</b>	<b>(251,716)</b>	<b>(553)</b>		<b>(272)</b>
<b>Expenditure</b>					
Disrepair Provision	2,050	2,700	650	Disrepair compensation and fees.	650
Repairs to Dwellings	43,548	43,548	-		-
Council Tax on Voids	654	654	-		-
Employees	29,055	27,805	(1,251)	Housing Management £758k savings due to turnover. P&C £584k saving on structure partly due to savings due from Housing Growth restructure.	(985)
Premises	8,311	8,647	336	Silk Mill Insurance less compensation costs. Seacroft rent & NNDR savings - offset in internal charges. £250k utilities additional cost.	346
Supplies & Services	3,853	3,618	(235)	£150k saving on bank charges, £45k saving on tenant incentive mobility scheme.	(279)
Internal Services	40,324	40,845	520	£207k legal charges - service priorities. Internal charges Communities & Environments.	507
Capital Programme	65,502	65,502	-		-
Unitary Charge PFI	9,476	9,278	(198)	Offset with Sinking Fund - see below.	(198)
Capital Charges	44,476	44,681	205	To reflect the latest Treasury position.	-
Other Expenditure	6,716	6,100	(616)		(20)
<b>Total Expenditure</b>	<b>253,965</b>	<b>253,377</b>	<b>(588)</b>		<b>20</b>
<b>Net Position</b>	<b>2,803</b>	<b>1,661</b>	<b>(1,141)</b>		<b>(251)</b>
Appropriation: Sinking funds	(1,753)	(631)	1,122	Increased contributions to the PFI Reserve to offset future pressures.	422
Appropriation: Reserves	(1,050)	(1,031)	19	Silk Mill Insurance Claim charge to the 'Insurance - large items' reserve. Transfer to general reserve.	(171)
<b>(Surplus)/Deficit</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>		<b>(0)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
<b>Total Current Month</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>		<b>(0)</b>

## Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	530	530
New Build (PFI)	0	0
New Build (Council House Growth)	(22)	(22)
<b>Total</b>	<b>508</b>	<b>508</b>

\*Actual sales to date 315

Right to Buy Receipts	2017/18 Actual	2018/19 Projection
Total Value of sales (£000s)	26,356	28,013
Average Selling Price per unit (£000s)	51.9	52.9
Number of Sales*	508	530
Number of Live Applications	1,417	1,669

Arrears	2017/18	2018/19	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2017/18 Week 31</b>	<b>2018/19 Week 31</b>	
Dwelling Rents (HMA1 Figure)	6,010	5,704	(306)
Non dwelling rents/charges (garages/Court costs)	632	776	144
Former Tenants	4,604	4,835	231
	5,235	5,611	375
<b>Under occupation</b>	<b>2017/18 Week 52</b>	<b>2018/19 Week 26</b>	
Volume of Accounts	4,357	4,184	(173)
Volume in Arrears	1,873	1,938	65
% in Arrears	43.0%	46.3%	3.3%
Value of Arrears	502	476	(26)
<b>Collection Rates</b>	<b>2017/18 Week 52</b>	<b>2018/19 Week 26</b>	
Dwelling rents	97.44%	96.89%	-0.6%
Target	97.50%	97.50%	
Variance to Target	-0.06%	-0.61%	

## Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
<b>HRA General Reserve</b>	<b>(6,495)</b>	<b>0</b>	<b>(190)</b>	<b>(6,685)</b>
<b>Earmarked Reserves</b>				
Insurance - large claims	(137)	137		0
Welfare Change	(1,782)	684		(1,098)
Housing Advisory Panels	(541)			(541)
Sheltered Housing (Committed in capital programme)	(3,238)			(3,238)
Holdsworth Place - land purchase	(64)			(64)
Early Leavers' Initiative	(408)			(408)
Changing the Workplace	(332)			(332)
eFiles Box-It Project	(262)			(262)
<b>New Earmarked Reserves</b>				<b>0</b>
Wharfedale View	(10)			(10)
Concierge Pilot	(400)	400		0
Sheltered Housing (Furniture and Carpets)	(280)			(280)
	<b>(7,453)</b>	<b>1,221</b>	<b>0</b>	<b>(6,232)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(7,410)	2,512	0	(4,898)
LLBH&H PFI Sinking Fund	(2,710)	0	(1,882)	(4,592)
	<b>(10,121)</b>	<b>2,512</b>	<b>(1,882)</b>	<b>(9,491)</b>
<b>Capital Reserve</b>				
MRR (General)	(27,212)	63,727	(68,327)	(31,812)
MRR (New Build)	(4,258)	2,872	0	(1,386)
	<b>(31,470)</b>	<b>66,599</b>	<b>(68,327)</b>	<b>(33,198)</b>
<b>Total</b>	<b>(55,540)</b>	<b>70,332</b>	<b>(70,399)</b>	<b>(55,606)</b>