

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 26<sup>th</sup> June 2019**

**Subject: Financial Performance - Outturn financial year ended 31<sup>st</sup> March 2019**

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The purpose of this report is to inform members of the final outturn for the financial year 2018/19. The pre-audited accounts will be presented to the Corporate Governance and Audit Committee at its meeting on the 25<sup>th</sup> June 2019.
2. As set out below, the final position on the General Fund shows an underspend of £3.0m after the creation of a number of earmarked reserves. This is a reduction in the underspend of £0.25m when compared to the provisional outturn position received at Executive Board in April.
3. The 2018/19 budget assumed a contribution to the general reserve of £1.0m. However this planned final outturn underspend results in a net contribution to the general reserve of £2.3m. This planned contribution to the Council's general reserve will ensure that the Council continues to remain financially resilient. This needs to be seen in the context of the inherent uncertainty resulting from delays to the Government's next spending review, the unknown implications of both the Government's intended move to 75% business rate retention nationally and the outcome of the Government's Fair Funding Review. Adding to this uncertainty is the delay in the publication of the Government's green paper on adult social care which will hopefully provide greater certainty around their future funding intentions.

4. The Housing Revenue Account outturn position is a surplus of £1.1m and this has resulted in a corresponding reduction in the contribution required from the PFI reserve to support the 2018/2019 budget.
5. As at April 2018 the level of general reserve was £25.7m. As per table 3 at paragraph 5.1 the amount of general reserve at 31<sup>st</sup> March 2019 is £28.0m. This planned increase is in line with the Authority's strategy to increase reserves to strengthen financial resilience.

## **Recommendations**

6. Members of the Executive Board are asked to;
  - a. Note the outturn position for 2018/19, to agree the creation of earmarked reserves as detailed in paragraph 5.3 and to delegate their release to the Chief Officer Financial Services;
  - b. To approve the use of the projected surplus from the 2018/2019 Leeds City Region Business Rates Pool to forward fund the projects which are detailed in paragraph 2.9. These projects were initially agreed by the Leaders of the member authorities of this Pool following its disbanding on the 31<sup>st</sup> March 2019;
  - c. 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 2018/19 for both revenue and capital. It also includes the Housing Revenue Account and expenditure on schools.
- 1.2 In addition the report 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 July 2019 could impact on the Council's final published outturn position and hence on 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.
- 1.4 Executive Board will be aware that the Council's unaudited accounts went on deposit for public inspection on 31<sup>st</sup> May 2019.

## 2. Main Issues

- 2.1 The 2018/19 general fund revenue outturn position, after the creation and transfer of a number of earmarked reserves as detailed in paragraph 5.3, is a planned underspend of £3.0m.

Table 1 - summary outturn position

Directorate	Director	Staffing	Total Expenditure	Income	Total (under) /overspend	Provisional Outturn 2018/19
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(771)	3,647	(3,647)	0	0
Children and Families	Steve Walker	353	5,724	(3,304)	2,420	2,518
City Development	Martin Farrington	(1,551)	5,945	(4,056)	1,890	1,773
Resources & Housing	Neil Evans	(562)	13,864	(13,265)	599	398
Communities & Environment	James Rogers	1,590	8,482	(8,860)	(377)	278
Strategic	Victoria Bradshaw	428	(287)	(7,248)	(7,535)	(8,216)
<b>Total</b>		<b>(513)</b>	<b>37,375</b>	<b>(40,380)</b>	<b>(3,003)</b>	<b>(3,250)</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.

There have been a number of variations throughout the year and additional government funding of £3.3m via the Winter Pressures grant was received.

There were staffing pressures within Provider Services, but overall slippage to fill posts across the rest of the directorate has delivered a £0.8m saving. This saving has helped mitigate increased expenditure within the Equipment Service to meet increased demand, assist with the NHS's Delayed Transfer of Care (DTC) targets and to offset potential uncertainty in the market over the next few months.

There is a net £1.6m underspend on demand led budgets. However, this is after the application of £3.0m of the Winter Pressures monies to meet the overspends in home care and supported living. The relatively mild winter, together with improved system flow and the impact of the strengths-based approach has seen demand for residential and nursing placements reduce this year. A decrease in the number of Direct Payments to providers was also recorded.

Whilst further analysis is ongoing, it is currently assumed the majority of this underspend is due to the mild winter and therefore it is likely to be a non-recurrent saving. As a result this variation has been used to forward pay the borrowing costs

associated with the refurbishment of South Leeds Intermediate Centre and the purchase of the Killingbeck site. This proposal will benefit the Adults and Health budget in future years since budgeted contributions to pay off the borrowing will now no longer be required.

Income is higher than initially budgeted for. This is a mixture of the Winter Pressures grant £3.3m, additional funding for Public Health to meet expenditure received from health partners and funds received from the CCG to enable development in future years; this includes funding to support the feasibility of developing an autism facility for meeting complex needs for service users within the Transforming Care cohort.

The directorate received the second year of a three year funding stream, referred to as the Spring Budget monies. Slippage has been evidenced this year and £5.3m of planned spend has been transferred to reserves to be utilised in 2019/20. Within Public Health, the contribution from the Health Inequalities Fund reserve was less than budgeted and will therefore be carried forward through reserves; in addition the Public Health grant has underspent by £572k which, in line with its ring-fencing rules, will be carried forward into the next financial year and will be partly used to contribute towards the budgeted grant reduction in 2019/20. Similarly the Leeds Adults Safeguarding Board has underspent by £76k and this underspend will be carried forward into the next financial year as part of their ring fenced arrangements.

#### 2.4 **Children and Families** – the year-end position is an overspend of £2.42m which is a reduction of £0.1m from the provisional financial outturn position reported to Executive Board in April.

The overspend represents less than 1% of the gross expenditure budget for 2018/19. As projected, the outturn position does include a contribution of £1.6m from Adult Social Care (ASC) from a one-off underspend on demand-led budgets towards services provided by Children and Families to children over 16. Whilst this is significant the underlying overspend is lower than in the last three financial years and reflects the additional resources for demand-led budgets, early intervention work and investment in social worker staffing and training and development in recent years.

The major area of overspend was on the Children Looked After (CLA) budgets where the number of children being supported across a range of interventions was higher than budgeted.

The two highest cost placements, External Residential (ER) and Independent Fostering Agency (IFA), were both higher than the budgeted assumptions. At the end of March 2019 ER numbers were 62 compared to the budgeted number of 53. At the start of the financial year there were 64 children in ER placements. Numbers fell at the beginning of the year and then remained fairly constant for the rest of the year. At year end the number of IFA placements was 206 compared to the budgeted number of 179. As a result the ER budget overspent by £1.1m and the IFA budget by £0.4m, both in line with previous projections. There was also an increase in the number of financially supported non-CLA resulting in an overspend of £1.3m, including £0.3m on Special Guardianship Orders, £0.4m on the Leaving

Care budget and £0.6m relating to Section 17 (Children's Act 1989) costs associated with safeguarding and promoting a child's welfare. The CLA and financially supported non-CLA budgets have been increased by £2m in 2019/20.

The overall position on CLA in Leeds compares favourably to the national position. The CLA rate per 10,000 children in Leeds has remained fairly constant whilst the proportion of children who are looked after has risen by 4% nationally over the past three years. This is despite continuing population growth and growing deprivation in areas of the city. In similar areas of the country, the 'Statistical Neighbour' Local Authorities to Leeds, the proportion of children looked after rose by nearly 6%, with the average now well above the rate seen in Leeds.

As previously forecast, there was an increase of £0.36m in the Council's contribution to the One Adoption West Yorkshire Partnership. External legal disbursement costs exceeded the budget by £0.4m. Both these budgets have been increased in 2019/20 to reflect these pressures.

Transport related expenditure was £0.2m under budget with an underspend of £0.3m on mainstream school transport achieved mainly through the rationalisation of routes in the contracts managed by the West Yorkshire Combined Authority and an overspend of £0.1m on transport for children with Special Education Needs and Disabilities (SEND) and in social care. During the year there was a notable increase in the number of children requiring transport and also an increase in contract prices. This pressure was offset by savings of £0.28m from the successful roll out of Personal Transport Allowances (PTAs) and additional Dedicated Schools Grant (DSG) income of £0.25m. The 2019/20 budget includes an increase of £0.7m in the SEND and social care transport budget reflecting the underlying increase in numbers and costs.

Staffing was £0.35m overspent against a total staffing budget of over £83m with the main area of overspend in Social Care as recruitment increased during the last quarter of the year.

Key variations on income include the £1.6m contribution from ASC, £0.3m additional DSG funding from the High Needs Block towards the education cost of residential placements and £0.2m funding from Housing Services towards the costs of the Children Health and Disability (CHAD) team. This additional income was offset by a shortfall in traded income of £0.4m, mainly in Learning Improvement and music services, and £0.2m shortfall against budgeted from Clinical Commissioning Groups (CCGs) towards the cost of ER placements. The shortfall in traded income should be seen against the context of an increase in the number of schools becoming academies and general ongoing financial pressures in schools. There was a net overspend on Learning for Life of £0.7m, mainly as a result of a shortfall in Free Early Education Entitlement grant income.

The outturn position for the **DSG** is an underspend of £4m. This includes the additional funding for the High Needs Block announced by the Secretary of State for Education on the 17th December 2018 which resulted in an additional £1.76m of funding in both 2018/19 and 2019/20. The additional grant is the major reason for the improved position on the High Needs Block. Overall, spend on the High Needs Block was on budget although there was a reduced contribution to reserves

of £0.67m against the budgeted £0.95m. The Early Years Block was £2.9m underspent, in line with projections and was mostly due to lower actual annual pupil numbers than is assumed in the Free Early Education Entitlement grant received from the Government. The Central School Services Block spent in line with the budget and there was an underspend of £1.1m on the Schools Block including £0.5m on the De-delegated school budgets and £0.5m on the growth fund which it is anticipated will be required in 2019/20. The overall position on general DSG is a surplus of £1.1m against the deficit of £3.4m brought forward from 2017/18. Whilst there is now a surplus on the overall DSG reserves there are still significant underlying financial pressures on the High Needs Block which will need to be managed in future years.

- 2.5. **City Development** – the outturn position for the year for City Development is an overspend of £1.89m which represents an increase of £0.12m from the provisional financial outturn position reported to Executive Board in April.

For 2018/2019 the budgeted return on the Council's commercial asset portfolio increased by £1m to £3.36m. A year-end pressure of £1.78m against this portfolio reflects the limited number of market opportunities with the right risk profile that were available to the Council in 2018/19.

The rising cost of electricity tariffs for street lighting accounts for £1.06m of the budget overspend, however this has been more than offset by savings in the winter maintenance budget due to the mild winter, which in turn has facilitated an increase in DLO productivity and substantial increase in turnover giving a resultant net saving of £1.5m.

A reduction in fee income resulting from slippage in the Capital Receipts Programme accounts for a budget pressure of £0.82m, the most significant issue being the delay in completing the sale of Leonardo/Thoresby. The Thoresby transaction represents a significant acquisition in the regional market and with its redevelopment will attract a number of new investments to the city. The disposal is in the final stages of completion, having incurred a short delay in finalising terms. The receipt from this sale will now be received in 2019/20 with a resultant increase in the level of fee income receivable in this year enabling a contribution to the general reserve to compensate for the budget pressure being funded in the intervening period.

Within the Planning function, a £0.60m pressure on external legal fees relating to Planning Appeals and a £0.13m shortfall in fee income were partially offset by a £0.30m saving on staffing and a £0.16m saving in premises and supplies and services.

A shortfall in markets income of £0.34m alongside spending pressures on running costs of £0.24m account for a £0.59m pressure in Markets and City Centre services.

The Arts & Heritage service overspent by £0.40m of which £0.17m related to additional spending pressures around the Carnival and Black Music Festival events with the balance due to pressures on staffing budgets.

Mitigating savings of £1.29m include one-off income from release of covenants £0.48m, staffing savings of £0.70m (mainly Asset Management) and utilisation of £0.30m of street lighting dispute resolution balances.

**2.6 Communities and Environment** – the overall outturn position for 2018/19 is an underspend of £0.377m. The main variations across the individual service areas are as follows:

There has been an overall underspend of £0.1m within Car Parking Services, mainly reflecting staffing/expenditure savings of £0.2m and additional Penalty Charge Notice income of £0.3m, partially offset by shortfalls in on-street parking income of £0.2m and Bus Lane Enforcement income of £0.2m.

The Waste Management service has underspent by £0.2m overall. Although the delayed implementation of the Refuse route review has resulted in a pressure of £0.7m, this has been offset by waste disposal savings of £0.6m, additional weighbridge and recycling income of £0.2m and all other expenditure variations across the service of £0.1m.

An overspend of £0.2m within Customer Access mainly reflects the challenges in delivering budgeted staffing efficiencies at the Contact Centre whilst maintaining performance levels in the face of increased call volumes (£0.2m). In addition there has been increased security provision in Community Hubs (£0.2m), although these overspends have been partially offset by additional income and expenditure savings across the service.

There has also been an overspend of £0.1m within Communities which mainly relates to Community Centres and is attributable to a combination of a shortfall in income and additional premises costs.

Within Electoral and Regulatory Services, there has been an underspend of £0.2m which includes reduced Registrars income of £0.1m (including the cessation of the Nationality Checking Service). This has been offset by savings within the Environmental Health service of £0.3m, mainly due to staffing savings and additional pest control income.

Other underspends within the directorate include the Cleaner Neighbourhoods and City Centre Teams (£0.1m) and Community Safety (£0.1m), with the underspends in these services mainly reflecting staffing/expenditure savings.

**2.7 Resources and Housing** - the Directorate outturned at an overspend of £0.6m (0.76%) which was an increase of £0.2m when compared to the provisional outturn reported to Executive Board in April.

The resources group of services had a collective underspend of £0.3m, meaning this group of services has more than delivered on the reduction of £3.5m of support services costs which had been assumed in the budget; This is despite some significant in year budget pressures.

Whilst there is an overall staffing pressure in the group, this mainly arises from recruitment within DIS and is offset by additional income. HR overspent by £782k,

primarily arising from a reduction in schools income and there were pressures within financial services, mainly staffing, totalling £143k. These pressures are being offset by savings on staffing through managing turnover, vacant posts and additional income within Strategy and Improvement (£247k), Legal (£458k), Democratic Services (£242k) and Shared Services (£173k).

Housing and Property Services overspent by £0.7m, mainly arising from additional spend pressures in the responsive repairs budget in Corporate Property Management of £654k. This was partially offset by savings of £140k within the Strategic Housing Service mainly on staffing through managing vacant posts.

Leeds Building Services delivered a surplus of £9.4m, against the £9.6m target. The £200k shortfall arose mainly from vacant front line posts which led to an under recovery of overheads; these were partially offset by the use of sub-contractors to deliver works and savings in back office and overhead costs.

CEL services outturned in line with previously reported figures at £146k over the approved budget. Within Catering there was a £298k shortfall due to a combination of underlying income pressures and inflationary pressures on food costs; these pressures were offset by savings in Facilities Management of £103k and also additional net contribution from property cleaning and guarding services of £143k.

**2.8 Strategic and Central Accounts –** The outturn position for the Strategic & Central budgets is an underspend of £7.5m. There are a number of key variations within this figure.

A reduction of £7.9m in in-year costs arises as a result of funding PFI lifecycle costs through MRP over a 10 year period, combined with further savings in the debt budget net of prudential borrowing and a prepayment of prudential borrowing income by Adults and Health which will contribute to the Capital Reserve. There will be an impact on interest costs in future years as a result of deferring funding the PFI Lifecycle costs over a 10 year period.

There are income pressures of £1.3m on S278 income (income from developers) due to lower levels of development activity and New Homes Bonus grant received is £0.3m below budget due to levels of qualifying house building being lower than predicted. However, these pressures are more than offset by net additional S31 grant (business rates) of around £3.6m, of which £2.3m is the Authority's allocation of the £180m business rates levy account surplus announced by Government in the Provisional Settlement in December 2018.

A £0.8m pressure relates to a variation in income receivable within Legal Services and the former PPPU and there are shortfalls of £1.8m in respect of budgets for general and schools capitalisation. These are largely offset by contributions of £2.3m from the Insurance Reserve, of which £1m has been released following a review of the level of the insurance reserve required and £1.3m is to fund a projected overspend on insurance claims.

Other variations include a provision for the probable liability of £0.4m for tax on ELI payments in 2018/19 as a result of a change in legislation and a liability of £0.6m in respect of Stamp Duty Land Tax (SDLT) that is now payable to HMRC following

the finalisation of the variation in the Merrion House lease, partially offset by a reduction of £0.2m in the estimated liability for the Carbon Reduction Commitment and increased miscellaneous corporate income of £0.3m.

- 2.9 During 2018/2019 Leeds City Council has been a member of the Leeds City Region Business Rates Pool which has been piloting 100% Business Rates retention. This Pool ended on the 31st March, to be replaced by the North Yorkshire & West Yorkshire Pool in 2019/20. The Leaders of the member authorities of the former Leeds City Region Business Rates Pool have agreed in principle to utilise the provisional 2018/19 surplus of £1.5m (Leeds' share £0.5m) to forward fund expenditure applicable to those member authorities in 2019/20: namely 2019/20 Leeds City Region Secretariat subscriptions, West Yorkshire Transport Fund contributions and to support the WYCA 'China/India Desk' to support and strengthen the region's inward investment activity.

As such, it is recommended that Executive Board note the Leaders' agreement to utilise the projected Pool surplus to forward fund costs in 2019/20 and approve the use of the Leeds share of the projected surplus to forward fund these costs. To enable this, and to hold funds allocated by the Pool to projects sponsored by the Council until they are required, it is proposed at paragraph 5.3 that a new earmarked reserve be created.

### 2.10 **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 2018/19 approval has been given for 66.74 FTE's to leave the Authority through the Early Leaver's Initiative and this will generate savings of £5.9m over the five year period up to and including 2023/24.

Utilising capital receipt flexibilities that the Government introduced in 2016 the Council has funded £1.4m of Early Leaver costs associated with staff exiting the authority in 2018/19.

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

- 3.1 Following finalisation of the HRA, the outturn for the year is a surplus of £1.073m when compared against the 2018/19 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 (615 sales compared to the budget of 530 sales) resulted in lower rental income of £0.3m.
- 3.3 The budget for disrepair was overspent by £0.77m. This was largely as a result of a combination of resolving an increased number of disrepair cases.
- 3.4 Against a budget of £43.5m, expenditure on maintaining and repairing the Council's housing stock was £0.4m over budget.

- 3.5 Savings of £2.06m on employee costs arose due to a combination of posts being held vacant awaiting the implementation of new structures and turnover of posts.
- 3.6 Premises costs were approximately £0.3m higher than budgeted for. This was principally due to a £329k overspend resulting from an increase in utility costs.
- 3.7 Supplies and Services overspent by approximately £0.1m. This was principally due to urgent expenditure of £0.3m on sheltered accommodation furniture (funded from an earmarked reserve), £0.1m additional expenditure on Tenant involvement, £0.1m additional insurance expenditure offset with reduced bank transaction charges (£0.1m) and ICT charges (£0.2m) along with (£0.1m) savings across a range of other budget headings.
- 3.8 Services commissioned from the Council were £0.5m above the budgeted level. Additional expenditure of £0.1m on Community Safety, £0.2m on Supporting People and £0.4m on Community Hubs and £0.3m Disrepair Legal Services have been partly offset by (£0.3m) Parks and (£0.2m) Environmental Services charges.
- 3.9 The Capital charges overspend of £0.14m reflects additional costs of borrowing.
- 3.10 Following a review in the level of tenant arrears there was a reduction in the provision for doubtful debts of £0.8m.
- 3.11 The (£0.4m) underspend on the appropriation account partly reflects the impact of utilising reserves which were created from balances approved at the end of 2017/18, after the budget for 2018/19 was finalised. The key elements are Sheltered Accommodation furniture (£0.3m) and Housing Advisory Partnership (£0.1m).
- 3.12 The budgeted use of an insurance reserve was not required as large insurance claims are now forecast and the insurance premium recalculated annually. The Welfare Change reserve continues to be used to mitigate the impact on Universal Credit arrears. It is therefore proposed to transfer the insurance reserve to the Welfare Change reserve.
- 3.13 The surplus on the Housing Revenue Account is £1.1m. The result of this is that full budgeted use of the PFI reserve has not been required in 2018/19. Since the balance on the PFI reserve is now higher than budgeted for, the intention is that in 2019/20 £0.7m will be used to increase the Disrepair provision. This will mean the Disrepair provision remains at the 2018/19 level of £1.4m rather than the reduced amount that had originally been budgeted for in 2019/20.
- 3.14 In addition it is planned in 2019/20 that there will £0.373m contribution from the PFI reserve to partially offset the projected additional loss of rent income resulting from higher than budgeted Right to Buy sales.

## 4. Schools

4.1 The 2018/19 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	18.0
Net Contribution From Reserves	-1.5
Balance Carried Forward	16.5
<b>Extended Services &amp; Partnerships</b>	
Balance Brought Forward	7.4
Net Contribution From Reserves	-1.1
Balance Carried Forward	6.3
<b>Dedicated Schools Grant</b>	
Balance Brought Forward	-2.9
Net Contribution To Reserves	4.6
Balance Carried Forward	1.7

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 2019, mainstream school reserves stand at £16.5m.

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 £0.1m was still outstanding. In addition, there is outstanding borrowing against school reserves for school VER costs totalling £0.3m 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 £16.5m, the net mainstream schools reserves position totalled £12.1m as at 31<sup>st</sup> March 2019. There is also a further ring-fenced school reserve of £2m specifically relating to the carry forward of in year PFI scheme balances, giving overall school reserves of £14.1m as at 31<sup>st</sup> March 2019.

4.3 Extended Services & Partnerships reserves amount to £6.3m as at 31<sup>st</sup> March 2019. These include balances held by Area Inclusion Partnerships and Clusters.

4.4 At the start of 2018/19 the ring fenced DSG reserve was a deficit of £2.9m. During 2018/19 there has been an overall underspend on DSG services of £4m, which is as a result of an underspend on the Schools Block (£1.1m) and the Early Years Block (£2.9m). In total a surplus balance of £1.7m will be carried forward to 2019/20, comprising a general DSG balance of £1.1m with an additional surplus balance of £0.6m on the de-delegated DSG. This position will be reported to Schools Forum in June.

- 4.5 £0.4m of the £1.7m 2018/19 DSG surplus has been earmarked as a contribution towards the 2019/20 Schools Block Growth Fund. The surplus DSG balance also reflects the impact of the additional funding for the High Needs Block announced by the Secretary of State for Education on the 17th December 2018. The announcement resulted in an additional £1.76m funding in both 2018/19 and 2019/20. Despite this additional funding a significant increase in costs is forecast for the High Needs Block in 2019/20 due to demand and cost pressures.

## 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

<b>Reserves</b>	<b>Balance at 31.3.18 £m</b>	<b>Transfer to/(from) £m</b>	<b>Balance at 31.3.19 £m</b>
<b>General Fund:</b>			
General reserve	25.7	2.3	28.0
Earmarked reserves	25.9	10.6	36.5
Ring-fenced & grant reserves	5.1	(0.4)	4.7
<b>Total</b>	<b>56.7</b>	<b>12.5</b>	<b>69.1</b>
<b>Schools:</b>			
Ring-fenced reserves	19.6	2.3	22.0
<b>Housing Revenue Account:</b>			
General reserve	6.5	0.0	6.5
Earmarked reserves	49.0	(9.7)	39.4
<b>Total</b>	<b>55.5</b>	<b>(9.7)</b>	<b>45.9</b>
<b>Total Reserves</b>	<b>131.8</b>	<b>5.2</b>	<b>137.0</b>

### General Reserve

- 5.2 Table 4 below provides an explanation of the movement in the general reserve;

Table 4

<b>General Fund Reserve</b>	<b>£m</b>
<b>Opening Balance 1<sup>st</sup> April 2018</b>	<b>25.7</b>
Budgeted contribution	1.0
Change in incidence of receipt of Innovations Grant	(1.7)
In-year underspend	3.0
<b>Closing Balance 31<sup>st</sup> March 2019</b>	<b>28.0</b>

### 5.3 Creation of New Earmarked Reserves

It is recommended that the following earmarked reserves are created;

- A Public Health Children’s Bereavement Reserve **£0.1m** to carry forward the in year underspend relating to funding allocated to establish a new Children and Family Bereavement Service to deliver the aims of the Childhood Bereavement Pathway 2017. The underspend has been allocated to projects that address the emotional wellbeing of young people, in line with the aims of the original allocation
- A Section 256 Reserve from a contribution from the CCG to be utilised within DIS of **£0.1m** to fund the costs of developing Digital Solutions for Personalised Care
- A Business Rates Distribution Reserve **£2.9m** to carry forward the Leeds share of the projected Business Rates Pool surplus (£0.5m) as detailed in paragraph 2.9 and to carry forward Pool funding of £2.4m earmarked for specific projects for which Leeds is the lead authority.

## 6. Capital Programme

- 6.1 The actual capital expenditure for General Fund and HRA in 2018/19 is £363.7m, an overspend of £10.8m or a 3% variation against the February 2019 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 19	Apr 19	Variation	
	Estimate	Outturn	£m	%
	£m	£m	£m	%
Adults & Health	3.0	2.5	(0.5)	(15.7%)
Strategic and Central	16.3	16.0	(0.3)	(1.5%)
City Development	128.0	150.2	22.1	17%
Children & Families	48.1	43.4	(4.7)	(9.7%)
Resources & Housing	57.4	49.9	(7.5)	(13.1%)
Communities & Environment	10.0	9.0	(1.1)	(10.5%)
<b>Total Spend</b>	<b>262.9</b>	<b>271.0</b>	<b>8.2</b>	<b>3%</b>
<b>Financed by</b>				
General Fund Borrowing	136.4	150.0	13.6	10%
General Fund Capital Receipts	5.6	6.2	0.7	12%
General Fund Specific Grants and Contributions	120.9	114.8	(6.1)	(5.0%)
<b>Total Funding</b>	<b>262.9</b>	<b>271.0</b>	<b>8.2</b>	<b>3%</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 £13.6m or 10% 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 £271.0m of expenditure including major works on our Annual maintenance programmes, Strategic Investment Fund, Highways planned maintenance to our roads and streets network, Flood Alleviation, City Cycle Connect, East Leeds Orbital Road, Leeds Public Transport Investment Programme, Change in the Workplace, Learning Places programme, Schools Capital maintenance, provision of Adaptations grants, District Heating Network and vehicle replacement programme underpinning the council's emissions reduction programme.

### Housing Revenue Account

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

HRA	Feb 19	Apr 19	Variation	
	Estimate	Outturn	£m	%
	£m	£m	£m	%
Council Housing Growth Programme	8.4	9.0	0.6	7.1%
Housing Leeds Council House Programme	80.0	82.0	2.0	2.5%
BITMO Council House Programme	1.7	1.7	0.0	0%
<b>Total Spend</b>	<b>90.1</b>	<b>92.7</b>	<b>2.6</b>	<b>2.9%</b>
<b>Financed by</b>				
HRA Self-Financing	71.2	71.3	0.1	0%
HRA Capital Receipts RTBs	14.9	15.1	0.2	1%
HRA Specific Grants and Contributions	3.4	5.0	1.6	47%
HRA Borrowing	0.6	1.3	0.7	117%
<b>Total Funding</b>	<b>90.1</b>	<b>92.7</b>	<b>2.6</b>	<b>2.9%</b>

- 6.7 The HRA capital programme delivered £92.7m of expenditure including £9m on our Council Housing Growth Programme and £83.7m 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 19 Estimate £m	Apr 19 Outturn £m	Variation £m	
<b>Net Capital Spend</b>	<b>353</b>	<b>363.7</b>	10.7	3%
<b>Financed by</b>				
General Fund Borrowing	136.4	150.0	13.6	10%
General Fund Specific Grants and Contributions	120.9	114.8	(6.1)	(5.0%)
General Fund Capital Receipts	5.6	6.2	0.6	0%
HRA Self-Financing	71.2	71.3	0.1	0%
HRA Capital Receipts RTBs	14.9	15.1	0.2	1%
HRA Specific Grants and Contributions	3.4	5.0	1.6	47%
HRA Borrowing	0.6	1.3	0.7	117%
<b>Total Funding</b>	<b>353.0</b>	<b>363.7</b>	<b>10.7</b>	<b>3%</b>

6.9 Capital receipts of £1.4m have been utilised for the early leaver initiative (ELI) severance costs in 2018/19 to fund expenditure capitalised under the government's temporary flexibility for funding transformational change via capital receipts. In line with existing accounting policy £3.75m of receipts have been utilised to fund PFI liabilities, £12.36m have been used to repay debt and £0.5m of general receipts applied to fund in year spend. Borrowing of £2.6m has been undertaken in lieu of section 278 contributions.

6.10 HRA Council Housing Growth Programme, Housing Leeds and BITMO have utilised £71.3m of self-financing funding, £5m of external contributions, have utilised £15.1m of Right to Buy receipts and have borrowed £1.3m to fund the HRA programme in 2018/19.

6.11 The net debt of the Council as at 31<sup>st</sup> March 2019 is £2.06m. 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:-

	2010/11 Leeds Actual	2011/12 Leeds Actual	2012/13 Leeds Actual	2013/14 Leeds Actual	2014/15 Leeds Actual	2015/16 Leeds Actual	2016/17 Leeds Actual	2017/18 Leeds Actual	2018/19 Leeds Actual
Council tax	96.7%	96.6%	96.6%	95.7%	95.7%	95.9%	96.1%	96.1%	96.1%
Business Rates	97.9%	97.5%	97.6%	97.1%	97.3%	97.8%	97.5%	98.0%	97.8%

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 was then subsequently set at 25% for the years between 2015/16 and 2018/19. The collection position for Council Tax and Business Rates at the end of March was as follows:

- Council Tax in-year collection rate – 96.1%, on target (96.1% in 2017/18). £343.3m has been collected in respect of 2018/19 bills, an increase of £20.6m compared to the previous year.
- Collection rate for those affected by Council Tax Support scheme – 73.3% (74.4% last year)
- Collection rate for those previously getting 100% Council Tax Benefit – 64.0% (64.7% last year)
- The collection of non-domestic rates for the year is 97.77% of the current net debit of £380.0m. This represents a decrease of 0.22% in comparison to 2017/18.
- Discretionary Business Rate Relief Scheme – against a budget of £500k in 2018/19 some £950k 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 92.7% of undisputed invoices processed within 30 days or within contract terms.

## **8. Corporate Considerations**

### **8.1 Consultation and engagement**

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

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

8.2.1 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 21st February 2018.

### **8.3 Climate emergency**

8.3.1 Since this is a factual report detailing the Council's financial outturn position for 2018/2019 there are no specific climate implications.

## **8.4 Council policies and best council plan**

8.4.1 The 2018/19 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 of offering value for money through being an efficient and enterprising organisation.

## **8.5 Resources and value for money**

8.5.1 This is a financial report and all financial implications are detailed in the main body of the report.

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

8.6.1 There are no legal implications arising from this report.

## **8.7 Risk Management**

8.7.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, 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 in place for 2018/19.

## **9. Conclusions**

9.1 The 2018/2019 financial outturn position for General Fund services, which is consistent with the provisional outturn position reported to April's Executive Board, results in a £3m contribution to the Council's general reserve. As a result the level of general reserve at 31<sup>st</sup> March 2019 is £28m.

9.2 The surplus on the Housing Revenue Account in 2018/2019 will be used to address identified pressures in 2019/20 in respect of disrepair and reduced rent income resulting from increased right to buy sales.

9.3 Expenditure in respect of the General Fund Capital Programme was £10.8m or 3% higher than that assumed in the February 2019 Capital Programme projected outturn.

## **10. Recommendations**

10.1 Members of the Executive Board are asked to;

- a. Note the outturn position for 2018/19, to agree the creation of earmarked reserves as detailed in paragraph 5.3 and to delegate their release to the Chief Officer Financial Services;

- b. To approve the use of the projected surplus from the 2018/2019 Leeds City Region Business Rates Pool to forward fund the projects which are detailed in paragraph 2.9. These projects were initially agreed by the Leaders of the member authorities of this Pool following its disbanding on the 31<sup>st</sup> March 2019;
- c. Note that the Chief Officer Financial Services will be responsible for the implementation of these actions following the 'call in' period.

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

11.1 There are no background documents relating to this report.

---

<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.

## CITY DEVELOPMENT FINANCIAL DASHBOARD 2018/19 OUTTURN

The outturn position for City Development is an overspend of £1.89m, an increase of £0.12m from the provisional outturn position reported at period 11.

The Key variations at outturn are:

Planning - £597k external legal fees re planning appeals, £90k charge for the Contact Centre, and £134k shortfall on planning fee income, partially offset by savings on staffing (£305k), premises (£70k), and Supplies and services (£90k).

Markets and City Centre - £669k overspend due to City Centre Gates £97k, Markets maintenance and running costs £236k, and a shortfall in Markets income of £336k mainly due to vacant units.

Asset Management and Regeneration - a shortfall of £1.78m in Strategic Investment Income and a shortfall of £816k in capital receipt fee income (mainly due to the delay in the sale of Leonardo), partially offset by (£481k) of one off income (ease of covenants etc) and (£507k) underspend on staffing.

Highways - a £1.06m pressure in respect of electricity for Street Lighting has been more than offset by savings in the winter maintenance budget due to the mild winter, which in turn facilitated an increase in DLO productivity and substantial increase in turnover (net saving £1.5m). In addition Transport Planning function generated a net surplus from LPTIP design and feasibility work of £0.44m.

Arts & Heritage overspent by £403k, of which £165k relates to additional spending pressures around the Carnival and Black Music Festival events, and the balance due to additional staffing costs.

Resources and Strategy - £186k staffing and expenditure savings plus the use of £300k of PFI Street Lighting Dispute Resolution balances used to support the Directorates position and reflecting the re-focused arrangements to deliver the LED Street Lighting conversion programme.

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

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,219	(7,368)	1,851	(305)	(70)	(90)	(14)	719	0	0	0	0	239	134	373
Economic Development	1,984	(633)	1,351	(40)	3	(8)	(6)	31	0	5	0	0	(16)	76	60
Markets & City Centre	2,958	(3,612)	(654)	(27)	266	96	1	(5)	0	2	0	0	333	336	669
Asset Management & Regeneration	16,455	(20,034)	(3,579)	(507)	671	137	(3)	530	0	116	72	(228)	788	1,017	1,805
Employment & Skills	4,165	(2,450)	1,715	(54)	1	267	(7)	(9)	0	115	0	(67)	246	(335)	(89)
Highways & Transportation	62,532	(46,747)	15,785	(828)	1,763	1,613	561	223	1	(100)	0	0	3,233	(4,111)	(878)
Arts & Heritage	19,666	(9,379)	10,287	278	51	631	62	133	4	(73)	56	0	1,143	(740)	403
Active Leeds	24,654	(20,046)	4,608	(53)	299	(210)	(3)	(10)	(46)	88	699	(700)	65	(24)	41
Resources & Strategy	1,137	(618)	519	(15)	0	(67)	(2)	(3)	0	0	0	0	(87)	(409)	(495)
<b>Total</b>	<b>142,770</b>	<b>(110,887)</b>	<b>31,883</b>	<b>(1,551)</b>	<b>2,984</b>	<b>2,369</b>	<b>589</b>	<b>1,609</b>	<b>(40)</b>	<b>153</b>	<b>827</b>	<b>(995)</b>	<b>5,945</b>	<b>(4,056)</b>	<b>1,890</b>

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

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
		Lead Officer	Additional Comments		£'000	£'000
<b>A. Budget Action Plans</b>						
1.	Planning and Sustainable Development	Tim Hill	Additional income from charging	A	(400)	134
2.	Economic Development	Eve Roodhouse	Expenditure savings	A	(120)	(16)
3.	Markets & City Centre	Steve Mason/John Ebo	Additional income from events and speciality markets	R	(70)	92
4.	Asset Management & Regeneration	Angela Barnicle	Strategic Investment Fund & fee income	R	(1,520)	1,250
5.	Highways and Transportation	Gary Bartlett	Fees & Charges	G	(810)	0
6.	Arts and Heritage	Cluny MacPherson	Savings via increased income opportunities across the Service	A	(400)	238
7.	Employment and Skills	Sue Wynne	Staffing & running cost savings	G	(20)	(89)
8.	Sport and Active Lifestyles	Cluny MacPherson	Reduction in the net cost of service via increased income, operational cost reductions and VAT exemption	G	(1,585)	41
<b>Total Budget Action Plan Savings</b>					<b>(4,925)</b>	<b>1,650</b>
<b>B. Other Significant Variations</b>						
1.	Asset Management & Regeneration	Angela Barnicle	Shortfall in Strategic Investment Fund Income against 2017/18 Budget Action Plan			778
2.	Highways and Transportation	Gary Bartlett	Street Lighting Electricity Costs			1,057
3.	Asset Management & Regeneration	Angela Barnicle	West Gate Rent and Service Charge (net of expected £500k disturbance payment from ESFA)			340
4.	Asset Management & Regeneration	Angela Barnicle	Advertising Income			111
5.	Markets & City Centre	Steve Mason/John Ebo	Kirkgate Market Income and Security Costs. City Centre Gates.			577
6.	Arts and Heritage	Cluny MacPherson	West Indian Carnival			165
7.	Asset Management & Regeneration	Angela Barnicle	Additional Income - Symons House, Holdforth Court, Thornes Farm Way, ELOR Gas Easement, rents			(481)
8.	Resources & Strategy	Ed Mylan	Partial use of Street Lighting PFI Dispute Resolution Balances			(300)
9.	Asset Management & Regeneration	Angela Barnicle	Staffing Savings			(507)
10.	Planning and Sustainable Development	Tim Hill	Staffing Savings			(305)
11.	Asset Management & Regeneration	Angela Barnicle	Slippage in Capital Receipts Programme			566
12.	Highways and Transportation	Gary Bartlett	Winter Savings, improved DLO productivity, and additional capital fees			(1,935)
13.	Planning and Sustainable Development	Tim Hill	Planning Appeals External Legal Fees			597
14.	Resources & Strategy	Ed Mylan	Staffing and expenditure savings			(196)
15.	All	All	Other minor variations across services			(227)
<b>City Development Directorate - Forecast Variation</b>						<b>1,890</b>

Directorate	Description of Reserve	Balance at 1st April 2018 £k	Transfers To & From Reserve £k	Balance at Outturn 2018/19 £k	Reason for Reserve
<b>GENERAL FUND</b>		<b>(25,677)</b>	<b>(2,315)</b>	<b>(27,992)</b>	
Adults & Health	S256 funding for health inequalities	(2,941)	630	(2,311)	Specific funding from Leeds South and East CCG for tackling health inequalities.
Adults & Health	Health and Social Care (CCG)	(2,749)	(1,505)	(4,254)	To fund Health and Social Care priorities
Adults & Health	Prisons Reserve	(205)	0	(205)	CCG funding for social work in prisons
Adults & Health	Drugs Reserve	(133)	0	(133)	Carry forward of external income for drug and alcohol priorities
Adults & Health	Transforming Care	(1,700)	(1,066)	(2,766)	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	(600)	(376)	(976)	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	(1,000)	(627)	(1,627)	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	Safeguarding (Adults)	(214)	(76)	(290)	Independent Safeguarding Board - carry forward of partner contributions.
Adults & Health	Spring Budget	(5,602)	(5,271)	(10,873)	Carry forward of Spring Budget monies from DCLG.
Adults & Health	Skills for Care	(196)	(21)	(217)	To provide funding for training of Care Workers
Adults & Health	Winter Monies	(600)	422	(178)	Funding received from Leeds CCG to reduce delays in transferring people out of hospitals back into community based care
Adults & Health	Public Health Children's Bereavement	0	(102)	(102)	Funding allocated to establish a new Children and Family Bereavement Service - carried forward underspend allocated to projects that address the emotional wellbeing of young people.
Children & Families	Health Innovations	(1,677)	238	(1,439)	Monies given by Health Service for a number of joint initiatives around commissioning & children's centres
Children & Families	Safeguarding (Children's)	(169)	(46)	(215)	Independent Safeguarding Board - carry forward of partner contributions to fund serious case reviews
City Development	HS2	(156)	156	0	To support the costs of developing and progressing master planning for the Southbank, including HS2 planning.
City Development	Sport Maintenance Backlog Reserve	(700)	700	0	Contribution towards addressing the backlog of maintenance requirements at the council's sports facilities.
City Development	Armed Forces Day	(6)	0	(6)	Funding for Armed Forces Days 2017/18
Communities & Environment	Casino License	(177)	0	(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)	140	(209)	Carry forward balances on the wellbeing budgets of Community Committee.
Communities & Environment	Communities Innovation Fund	(47)	27	(20)	To fund work with the 3rd Sector to develop future financial sustainability in the sector.
Communities & Environment	Parks Special Project - Temple Newsam	(23)	23	0	To cover cost of repairing fire damage at Temple Newsam Home farm.
Resources & Housing	Homelessness Prevention Fund	(809)	(875)	(1,684)	To fund Homelessness prevention
Resources & Housing	Lord Mayor	(48)	23	(25)	Balance of budget carried forward.
Resources & Housing	Members club	(8)	0	(8)	Surplus on the Members Club.
Resources & Housing	Sustainable Energy & Air Quality	(200)	192	(8)	To support delivery of work on Air Quality
Resources & Housing	Section 256	0	(60)	(60)	Funding from the CCG to be utilised by DIS to fund development of Digital Solutions for Personalised Care
Resources & Housing	Energy Efficiency Reserve - LCC	(4)	(191)	(195)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
Strategic & Central	General Insurance	(2,932)	1,532	(1,400)	To help fund cost of future insurance claims
Strategic & Central	Mutual Municipal Insurance	(11)	0	(11)	Reserve to fund potential claw backs of past insurance receipts from MML.
Strategic & Central	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 & Central	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 & Central	Capital Reserve	0	(1,478)	(1,478)	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 & Central	Invest to Save	(608)	(42)	(650)	Fund to get projects off the ground to generate future revenue savings.
Strategic & Central	Business Rates Distribution	0	(2,902)	(2,902)	To carry forward 2018/19 Business Rates Pool surplus and funding allocated to projects.
<b>Sub-total Earmarked Reserves</b>		<b>(25,927)</b>	<b>(10,555)</b>	<b>(36,482)</b>	
<b>Total non-ring fenced Reserves</b>		<b>(51,604)</b>	<b>(12,870)</b>	<b>(64,474)</b>	
Schools	Extended Schools Balances	(7,378)	1,131	(6,247)	Surpluses on extended school activities carried forward
Schools	Schools Balances	(15,224)	1,174	(14,050)	Schools balances net of VER, Children's Services and BSF PFI borrowing
Schools	Dedicated Schools Grant	2,955	(4,639)	(1,684)	Carry forward of ring fenced DSG funding.
Adults & Health	Public Health Grant	(122)	(450)	(572)	Public Health grant carried forward
Resources & Housing	Taxi & Private Hire Licensing Surplus	(13)	(73)	(86)	Ring fenced reserve for taxi and private hire licensing service.
Strategic	Energy Efficiency Reserve - Salix	(267)	(149)	(416)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
Strategic	Revenue grants	(4,649)	1,063	(3,586)	Revenue grants carried forward as per IFRS requirements (see note 1 below)
<b>Sub-total GF ring fenced reserves</b>		<b>(24,698)</b>	<b>(1,943)</b>	<b>(26,641)</b>	

Directorate	Description of Reserve	Balance at	Transfers To &	Balance at	Reason for Reserve
		1st April 2018	From Reserve	2018/19	
		£k	£k	£k	
<b>Note 1: Revenue Grants</b>					
	Children & Families (Partners in Education)	(1,267)	966	(301)	£7.318m DfE Partners In Practise funding received in 16/17 to be used in future years.
	Children & Families (Other)	(1,697)	206	(1,491)	Revenue grants carried forward
	City Development	(1,359)	144	(1,215)	Revenue grants carried forward
	Communities & Environment	(127)	76	(51)	Revenue grants carried forward
	Resources & Housing (Controlling Migration Fund)	(99)	68	(31)	Revenue grants carried forward
	Resources & Housing (Air Quality)	0	(265)	(265)	Revenue grants carried forward
	Strategic Accounts (Flood)	(100)	100	0	Flood relief scheme for businesses
	Strategic Accounts (Brexit)	0	(232)	(232)	Revenue grants carried forward
	<b>Sub-total Revenue Grants</b>	<b>(4,649)</b>	<b>1,063</b>	<b>(3,586)</b>	
<b>HRA RING FENCED RESERVES</b>					
	HRA General Reserve	(6,495)	0	(6,495)	
	Insurance (Large Claims)	(137)	137	0	To fund the cost of insurance claims
	Welfare Change	(1,782)	410	(1,372)	To fund pressures arising from welfare reform.
	Housing Advisory Panels (HAPs) Reserve	(541)	131	(410)	To fund projects identified by Housing Advisory Panels which benefit the tenants and residents in the community they represent.
	Sheltered Housing	(3,238)	317	(2,921)	To fund investment in sheltered housing schemes which will contain shared bathing facilities and fund improved access for people with mobility issues.
	Holdsworth Place (Land Purchase)	(64)	0	(64)	To fund the purchase of land at Holdsworth Place
	Early Leavers' Initiative	(408)	0	(408)	To fund the cost of approved severance payments
	Wharfedale View SF	(10)	(5)	(15)	Contribution from shared owners towards future costs of replacing furniture and carpets at Wharfedale View Extra Care facility
	Changing the Workplace	(332)	98	(234)	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.
	Concierge Service to Multi Storey Flats	(400)	400	0	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	(280)	280	0	To replace furniture and carpets in sheltered housing schemes
	Swarcliffe PFI	(7,410)	2,318	(5,092)	PFI Sinking Fund
	LLBH&H PFI Sinking fund	(2,710)	(1,907)	(4,617)	PFI Sinking Fund
	Major Repairs Reserve	(31,470)	7,478	(23,992)	Ring-fenced to fund capital expenditure or redeem debt.
	<b>Sub-total HRA reserves</b>	<b>(55,539)</b>	<b>9,657</b>	<b>(45,882)</b>	
	<b>Total ring fenced Reserves</b>	<b>(80,237)</b>	<b>7,714</b>	<b>(72,523)</b>	
	<b>TOTAL RESERVES</b>	<b>(131,841)</b>	<b>(5,156)</b>	<b>(136,997)</b>	

APPENDIX 3

CAPITAL PROGRAMME - 2018/19 GENERAL FUND OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2019 and the final 2018/19 outturn. The variations are based on those programmes/schemes with significant variations both over/under > £250k.

Directorate	Service	Programme/ Scheme	02.02.19	2018/19 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
City Development	Highways	Highways	84,160.1	88,774.0	4,613.9	Highways accounts for almost 60% of the 2018/19 City Development programme. We received additional grant £3.87m from the DFT in October 18 that we initially slipped to future years however due to the good weather from January to March the Highways DLO were able to spend an additional £3m of this in 2018/19. We also achieved better than expected spend £1.6m on the LPTIP programme which includes Bus Priority, Park and Ride and City Centre Gateways. Other highways schemes within the 400+ schemes delivered in year that have over and underspends have no material variances to explain within this report.
	Asset Management Services	Asset Mgt	29,089.1	47,655.0	18,565.9	The Strategic Investment fund increased spend of £20.6m mainly as a consequence of the acquisition of the Swingate Multi Storey Car Park which was injected after the capital programme was set. The purchase completed in March 2019. This was offset by our Heritage Asset programme underspending by (£1.5m), the refurbishment element of Albion House was also delayed on site resulting in an underspend of (£0.5m) this will now complete in June 19.
	Culture and Sport	Culture and Sport	10,450.2	11,430.3	980.1	The West Yorkshire Playhouse exceeded spend in 2018/19 as it became necessary to spend contingency fund monies on unforeseen items: £250k emergency lighting, £272k removal of burial remains and £100k diversion of surface water drainage in the Courtyard Theatre. The funding to deal with this was brought forward from existing resources in 2019/20.
	Economic Development	Economic Development	3,205.2	1,856.0	(1,349.2)	One material variance £0.25m with proposals still being worked up on supporting growth in the creative sector. Our expected spend on the transformational public realm design fees were covered by the Leeds Public transport investment programme relating to the gateway schemes. No other material variances on the 50 remaining schemes within Economic Development
	Regeneration	Regeneration	1,135.0	469.1	(665.9)	While some overs and unders no material variances on the 27 schemes within Regeneration.
			<b>128,039.6</b>	<b>150,184.4</b>	<b>22,144.8</b>	