

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 20th July 2020**

**Subject: Financial Health Monitoring 2020/21 – Month 2**

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

**Summary**

**1. Main issues**

- The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of both the General Fund revenue budget and the Housing Revenue Account for the first quarter of the financial year.
- The Council to date has managed to achieve considerable savings since 2010 and the budget for 2020/21 requires the Council to deliver a further £28.4m of savings.
- The current and future financial climate for local government represents a significant risk to the Council’s priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
- This is the second budget monitoring report of the year, and Executive Board will recall that the 2020/21 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £28.4m of budget action plans by March 2021. At this early stage of the financial year, it is clear that COVID-19 has impacted on the delivery of some of these actions.

- In addition the Council continues to incur additional expenditure and to lose income across services as a consequence of COVID-19. As a result Directorate dashboards highlight a potential COVID-19 related overspend of £124.1m. This is offset by projected non-COVID net savings of £4.3m resulting in a Directorate overspend of £119.8m.
- The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected COVID overspend of £173.4m at Month 2. Once offset by the projected non-COVID net savings of £4.3m this results in an overall overspend of £169.1m.
- This £169.1m position is an improvement of £24.4m when compared to Month 1. This mainly reflects a reduction of £24.2m in the COVID financial reported to this Board in June. There has been a £4.9m reduction in COVID-19 pressures projected by directorates and a £19.3m reduction in the projected losses of council tax and business rates income as more data becomes available.
- To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. The position assumes that the estimated Collection Fund income shortfall of £41.6m would impact on the revenue position in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.
- On 2<sup>nd</sup> July Government announced a further package of financial support for Local Government. No funding allocations have been confirmed as yet. Initial estimates indicate that additional funding in the region of £25.8m may be receivable for 2020/21, which would reduce this gap to £64.9m.
- At Month 2, the Housing Revenue Account is projecting a balanced budget position.

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

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

## 3. Resource Implications

- The projected overspend largely relates to COVID-19 pressures of £173.4m. However, at Month 2 there are also projected underspends not relating to COVID-19 across a number of directorates totalling £4.3m. At Month 2 an overall overspend of £169.1m is projected against the approved 2020/21 budget, before application of any additional funding announced on the 2<sup>nd</sup> July.

## Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 2 and note the projected impact of COVID-19 on that position.

- b) Note that a further package of financial support for Local Government has been announced, with funding allocations yet to be confirmed.
- c) Note that, although this additional funding is welcome, the remaining gap will still require significant savings and further support from Central Government.

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

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 2.
- 1.2. Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first month of the year.

## **2. Background information**

- 2.1 Executive Board will recall that the net budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.5m. The 2020/21 budget assumes further use of £9.0m from this reserve during the current financial year. It is anticipated that general fund balances will be added to in year but in light of the potential impact of COVID-19 on capital receipts this position will be kept under review.
- 2.3 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.
- 2.4 Looking beyond 2020/21, a full update of the Medium Term Financial Strategy is timetabled to be received by this Board in September 2020.

## **3. Main Issues**

- 3.1 At Month 2 a COVID related overspend of £173.4m is projected. This is offset by projected non-COVID net savings of £4.3m, resulting in an overall overspend position of £169.1m.
- 3.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that the estimated Collection Fund income shortfall of £41.6m would impact on revenue in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.

Table 1

**Summary Position at Month 2 - Financial Year 2020/21**

Directorate	Director	(Under) / Over spend for the current period				COVID related	Non-COVID related	Previous month's Total	COVID related	Non-COVID related
		Staffing	Total Expenditure	Income	Total (under) /overspend					
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Health	Cath Roff	583	7,677	1,134	8,811	8,811	0	8,730	8,730	0
Children and Families	Sal Tariq	1,458	5,267	3,834	9,101	9,101	0	10,002	10,002	0
City Development	Martin Farrington	(4,811)	(7,389)	28,939	21,550	23,475	(1,925)	21,660	23,570	(1,910)
Resources & Housing	Neil Evans	1,505	13,292	12,521	25,813	26,571	(758)	32,366	32,615	(249)
Communities & Environment	James Rogers	2,371	6,676	20,026	26,702	28,176	(1,474)	24,180	26,126	(1,946)
Strategic	Victoria Bradshaw	(83)	98,882	(71,091)	27,791	27,993	(202)	27,959	27,993	(34)
<b>Total Current Month (Dashboards)</b>		<b>1,022</b>	<b>124,404</b>	<b>(4,637)</b>	<b>119,768</b>	<b>124,127</b>	<b>(4,359)</b>	<b>124,897</b>	<b>129,036</b>	<b>(4,139)</b>
Capitalised Staffing					7,663	7,663		7,663	7,663	
Council Tax & Business Rates Losses					41,620	41,620		60,935	60,935	
					<b>169,051</b>	<b>173,410</b>	<b>(4,359)</b>	<b>193,494</b>	<b>197,633</b>	<b>(4,139)</b>
<b>Previous month (under)/over spend</b>		<b>3,441</b>	<b>56,772</b>	<b>68,125</b>	<b>193,494</b>					

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

3.3.1 **Adults & Health** – though early in the financial year the directorate is projected to overspend its budget by £8.8m. However, it should be noted that this position is entirely related to COVID-19 caused pressures.

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

COVID related pressures that make up the remaining £7.3m pressure are the £0.6m of anticipated pressure of the additional pay award; additional care packages to meet the needs of people affected by day centre closures (£0.5m) and 'paying to plan' on home care (£0.5m). £4.5m has been committed to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market a 10% fee, based on historic payments, has been provided for to be paid to providers in each of the first three months of the year. £0.4m has been incurred to fund PPE and equipment to facilitate early discharge. The NNDR attached to the Waterside building has been allocated as a Covid-19 cost due to its use as a temporary mortuary. Income is also affected with a pressure caused by the cessation of face to face financial assessments and the delay in the commencement of the dementia beds scheme which was partly funded by the CCG has placed a further £0.2m pressure on the Council.

It should be noted that there are potential non-COVID-19 pressures that have arisen in-year, notably slippage in CCG funding and the impact of the late detail and conditions surrounding the Public Health grant specifically relating to the Agenda for

Change (AfC) programme. The directorate are actively working on resolving these pressures therefore these are noted but not reflected in the figures above.

**3.3.2 Children and Families** – As detailed on the appended dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £9.1m, all of which is attributable to COVID-19. This position includes both expenditure and loss of income directly attributable to COVID-19 (£7.7m), as well as assumed budget actions that the Directorate is unable to address at this stage due to the current situation. These total £1.4m and relate to projected non-achievement of children’s centre income and other staffing pressures, including £0.7m for the increased pay award proposals.

The £7.7m of pressures directly attributable to COVID are:

	<b>£m</b>
• Workforce pressures – predominantly LCC run homes	0.42
• Residential Care costs	2.17
• Care Leavers Service	0.25
• Section 17 payments	0.31
• IT costs	0.35
• Loss of income including Schools trading and Children’s Centre fees	4.54
• Travel savings	(0.35)

The projections assume delivery of proposals put forward to address £2.52m of pressures arising from existing CLA numbers and the late notification of a reduction in Troubled Families grant income, details of which were provided by Children and Families in the June report to Executive Board. The proposals outline £1.14m of savings related to CLA and also propose savings against other budget areas to offset the remaining pressures of £1.38m. It is however likely that there will be an increase in CLA numbers later in the year as a consequence of COVID-19. In line with projections at Month 1 it is estimated that there will be further CLA residential costs of £2.2m during 2020/21 due to COVID.

A further key impact of COVID on the Children and Families budget is on income, and in total a £4.5m pressure has been identified due to expected loss of income from children’s centres, school trading, the secure residential unit and school attendance penalty notices. In line with principles laid out by Government, the Council has taken the approach that schools should be charged as normal for disrupted Council services for which they have a regular financial commitment. However there is still some loss of income projected for ad hoc traded services to schools and those paid for through parental contributions, such as music services and activity centres.

At the end of 2019/20 there was a deficit balance of £3.95m on the general Dedicated Schools Grant (DSG). At Month 2 we are projecting a £3.18m overspend on general DSG for 2020/21, which would result in a closing deficit of £7.13m. This is due to a projected overspend of £3.7m on high needs, which is partly offset by a £500k underspend on early years. The early years underspend is due to funding being calculated at a point in the year when the numbers of children are higher than the average over the full year.

The high needs overspend is the result of the increased demand and complexity of special educational needs being faced by many authorities across the country, which is expected to result in an overspend of £3.7m on high needs. Although high needs funding increased nationally for 2020/21, the Department for Education still applied a cap on gains which meant that the allocation for Leeds was subject to a cap of £4.7m. An announcement on funding for 2021/22 is expected during July. In the meantime the Directorate is assessing what actions can be taken at this current time to manage the DSG expenditure within available funding.

**3.3.3 City Development** – At Month 2 the Directorate is projecting an overspend of £21.5m, a small improvement of £0.1m over the position reported at Month 1. This includes an estimated impact of COVID-19 of £23.5m. The Directorate's financial position has been significantly affected by the current restrictions in place and the subsequent impact on the economy with the vast majority of the overspend resulting from reduced income across a number of services. The full extent of this will not be apparent until later in the year but the projections have been made based on current intelligence. There is still a great deal of uncertainty around some of the income projections and there is a risk that the financial position worsens. The impact on each service area will be regularly reviewed and updated during the year.

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

Other services also facing projected reductions in income include:

- Arts and Heritage - £2.4m following the closure of sites and cancellation of events and more limited scope to generate income for the rest of the year.
- Asset Management and Regeneration - £5.1m from expected reductions in rental and other commercial income
- Planning and Sustainable Development - £1.38m through an estimated reduction in planning and building fee income.
- Markets and City Centre - £1.49m from a reduction in rental and advertising income.
- Highways and Transportation - £1.8m through a reduction in chargeable fees and recovery of overheads mainly in the Highways DLO.

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

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

**3.3.4 Resources & Housing** – Based on the indicative impact of COVID-19 in the directorate, an overspend of £25.8m is now forecast at Month 2. This is a reduction in excess of £6m from the previous month and reflects an improved forecast of the

impact within LBS and is also due to £1.6m of housing benefit income to help offset the additional accommodation cost in supporting the homeless.

The projections continue to be based on assumptions around the estimated impact on services when lockdown is released and undoubtedly these forecasts will be subject to variation as more intelligence is gathered.

In total £26.6m costs are COVID related. The COVID pressures can be broadly summarised into the following areas across the Directorate's services:-

- Trading deficit within Leeds Building Services (LBS) £10.5m
- Additional PPE (LCC wide) £8.2m
- Homelessness accommodation costs £1.9m
- Catering income & emergency meals £2.0m
- Other income reductions (capital/court fees) £2.3m
- Delays to budget action plans £0.4m
- Other items of expenditure £0.1m
- Non-realisation of savings to fund additional pay award £1.1m

The recruitment freeze and savings in non-essential spend are forecast to deliver around £1.1m of savings to the directorate's bottom line projections.

### 3.3.5 **Communities & Environment** - the overall position for the directorate at this early stage of the year is a projected overspend of £26.7m.

Of this, £28.2m relates to the estimated impact of COVID-19 although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. In particular, there is a great deal of uncertainty around income projections in a number of service areas and these will be kept under review throughout the year.

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

- Loss of car parking and enforcement income £7.5m
- Loss of Parks & Countryside income £7.7m. This includes income from visitor attractions, bereavement services, chargeable works within Parks Operations and Landscaping teams and the cancellation of planned events.
- Loss of Electoral and Regulatory Services income £1.8m. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire and Environmental Health activities. These income losses are partially offset by £0.3m savings resulting from the cancelled May 2020 local elections.
- Waste Management - additional expenditure £5.8m. This includes the cost of providing additional crews and vehicles to deal with increased volumes of waste, the cost of disposing of the additional waste and the cost of providing staffing cover and PPE equipment across the service as well as income losses at Household Waste sites.
- Welfare & Benefits – additional expenditure £1.2m. This includes the estimated net cost of Housing Benefit claims for rough sleepers and an anticipated additional call on the Local Welfare Support scheme.

- Cost to LCC of providing a temporary mortuary facility £1m - created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield.
- Cost of the local government pay offer £0.7m. This represents an additional 0.75% over the amount budgeted and the COVID-19 situation will impact on the ability to deliver the savings required to mitigate this additional cost.
- Other areas of income loss/additional expenditure across the directorate £2.8m. This includes estimated income losses from community centres, bulky waste collections and from environmental enforcement together with additional costs of providing PPE/Social distancing/cleaning equipment and software/equipment to support home working. It also includes the cost of providing for city wide mailout and other staffing related costs in support of the Council's response to the crisis.

The overall position for the directorate also includes assumptions around other expenditure savings totalling £1.5m. These include estimated savings both from the implementation of tighter controls on recruitment (£0.5m) and on other expenditure budget headings across the directorate (£0.9m).

- 3.3.6 **Strategic & Central Accounts** - At Month 2, the Strategic & Central accounts projection recognises the potential for an overspend of £28.0m in MRP, as a result of a reduced level of capital receipts being available to repay debt, as a consequence of the impact of COVID-19. There is considerable uncertainty over how quickly the property market will recover, and the position will continue to be reviewed and updated.
- 3.3.7 The position also reflects an additional projected £71.0m of S31 grants in relation to business rate reliefs awarded due to the impact of the pandemic. These grants will need to be carried forward in an earmarked reserve, as they are required to fund the 2020/21 Collection Fund deficit which will impact on the revenue position in 2021/22.
- 3.3.8 No other significant variances have been identified at this stage, although as a result of the economic shutdown there are significant risks around income from S278 developer contributions.

### 3.3.9 Impact of COVID-19

Directorate/Service	£m
Adult Social Care	8.8
Children & Families	9.1
City Development	23.5
Communities & Environment	28.2
Resources & Housing	26.6
Strategic & Central	28.0
<b>Projected Impact 20/21 - directorate dashboards</b>	<b>124.1</b>
<b>Corporate pressures:</b>	
Capitalised Staffing	7.7
Council Tax/Business Rates Income Losses	41.6
<b>Projected Total GF Impact 2020/21</b>	<b>173.4</b>
Less Government Funding	(41.1)
<b>Projected Total GF Impact 2020/21 after Government Funding</b>	<b>132.3</b>
Less Council Tax/Business Rates (impact in 2021/22)	(41.6)
<b>COVID-19 Funding Gap 2020/21</b>	<b>90.7</b>



Directorate dashboards highlight a projected COVID-19 overspend of £124.1m. The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected COVID-19 overspend of £173.4m.

- 3.3.10 The reported £173.4m COVID financial pressure is £24.2m lower than the £197.6m cost of COVID-19 reported to this Board in June. This improvement is due to a £4.9m reduction in COVID-19 pressures projected by directorates and a £19.3m reduction in the projected losses of council tax and business rates income as more data becomes available.
- 3.3.11 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that Collection Fund income shortfall of £41.6m would impact on revenue in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21, an improvement of £4.9m since the June report to this Board.
- 3.3.12 In recognition of the financial impact of COVID-19 on the Council's financial position in 2020/21, Executive Board agreed at its 19th May meeting that the Council should write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds, namely that Government:
- underwrite the shortfall in Business Rates resulting from COVID-19;
  - compensate the Council for any shortfall against budget regarding the level of Council Tax collected as a result of COVID-19;
  - fund 100% of the Local Council Tax Support (LCTS) scheme to protect authorities against loss of council tax income due to an increase in claimants;
  - write off PWLB debt held by local authorities or, failing this, reduce interest rates for PWLB debt to the cost to Government;
  - underwrite any variation in the level of income receivable from fees and charges that have been impacted by COVID-19.
- 3.3.13 The report to May's Executive Board recognised that if further Government support is not forthcoming, the Council would need to implement a number of measures including an emergency budget in the Summer. The Council has implemented some immediate management measures to start to mitigate the financial position:
- Implementation of a recruitment freeze;
  - Restrictions on utilisation of agency and overtime;
  - Implementation of an immediate freeze on non-essential spend;
  - Review the current procurement strategy to see whether commissioning can be stopped, slipped or re-specified at a lower value to achieve savings;
  - Capture of savings resulting from the current lockdown;
  - Active promotion of the Council's ELI scheme, allowing staff to exit the Authority where a business cases exists.
- 3.3.14 Additionally, Service Review areas have been identified across all Directorates to identify budget savings options to contribute towards addressing the reported estimated budget gap for 2021/22. Similarly, there are a number of cross cutting initiatives which are anticipated to contribute towards reducing the budget gap in

2021/22. These reviews may contribute towards reducing the forecast projected variation in 2020/21 where savings can be realised early enough.

3.3.15 If the Chief Officer – Financial Services, in undertaking their statutory S151 role, considers that in their professional opinion it is clear that the Council cannot deliver a balanced budget position in 2020/21 then it is incumbent on them under the Local Government Finance Act 1988, Section 114 (3) to “make a report under this section if it appears....that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.

3.3.16 A Section 114 report would be issued after consultation with the Senior Management Team, this Executive Board and External Audit. Under S115 of the Local Government Finance Act 1988 Councillors would then have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting and before the consideration of an emergency budget.

3.3.17 More detail regarding the Section 114 process and options to address the financial impact of COVID-19 can be found in the report “Impact of Coronavirus COVID-19 upon Leeds City Council’s 2020/21 Financial position and update on the forecast budget position for 2021/22”, received by the June meeting of this Board.

#### 3.4 COVID-19 Additional Funding Package announced 2<sup>nd</sup> July 2020

3.4.1 On 2nd July 2020 Robert Jenrick, the Secretary of State for Housing, Communities and Local Government, announced a further package of financial support for local government. This included:

- A further £500 million of funding to cover local authority spending pressures;
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income;
- Phased repayment of Collection Fund deficits over the next three years;
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

3.4.2 The table below shows the estimated impact of these announcements on the 2020/21 funding gap outlined in paragraph 3.3.

	<b>£m</b>	
<b>Total COVID Impact (July EB)</b>	173.408	
Less Grant Already Received	<u>(41.109)</u>	
	132.299	
Less Collection Fund Deficit (impact in 2021/22)	<u>(41.620)</u>	
<b>Funding Gap 2020/21 (July EB)</b>	<b><u>90.679</u></b>	
 <b>Funding Announcements 2.7.20</b>		
Additional Funding: Spending Pressures	(6.833)	Estimated share of £500m national funding
Additional Funding: Sales Fees & Charges Losses	(18.934)	Government to fund 75p/£ (excluding first 5%)
<b>Revised Funding Gap 2020/21</b>	<b><u>64.912</u></b>	

3.4.3 Allocation details are awaited regarding the additional national funding of £500m. The table assumes an apportionment based on population as used for the second tranche of COVID-19 funding. We have also estimated the amount of funding

receivable for irrecoverable Sales, Fees and Charges, based on the budget information submitted to MHCLG in May 2020.

- 3.4.4 Whilst this additional financial support is welcomed, it is currently not sufficient to meet the Council's full financial needs in 2020/21. As such the Council will need to continue to deliver savings measures discussed in paragraph 3.12 above and requires further support from Government to enable a balanced budget to be achieved in 2020/21..

### 3.5 Other Financial Performance

#### 3.5.1 Council Tax

The Council Tax in-year collection rate at the end of May is 18.69% which is 0.53% lower than performance for the same period last year. This lower collection rate will in part reflect agreed payment deferrals, currently to the end of June. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast is achieved this would collect some £378.7m of income. However, in light of the potential impact of COVID-19, the collection rate will continue to be closely monitored.

#### 3.5.2 Business Rates

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £363.2m of business rates income billed at 1<sup>st</sup> April. However, the Board will be aware that in response to the COVID-19 pandemic Government awarded significant additional business rates reliefs, reducing the income to be collected from business to £238.1m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the authority regarding non-collection of business rates income, the business rates collection rate at the end of May was 21.29% which is 2.32% behind performance in 2019/20. As with Council Tax, this lower collection rate will in part reflect agreement to defer payments.

The total rateable value of business properties in Leeds has reduced from £935.3m at 1<sup>st</sup> April 2020 to £933.9m at the end of May 2020, a decrease of £1.4m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (49.9p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (49%), Central Government (50%) and West Yorkshire Fire Authority (1%). After allowing for the business rates deficit brought forward, Leeds' actual share of business rates income is currently in the region of £101.4m, which is £82.2m below budgeted expectations. However much of this shortfall is accounted for by the Government's introduction of new extended reliefs for the retail and leisure sectors and children's nurseries. This results in grant funding associated with business rates some £71.7m above that forecast in the Council's budget.

In light of the current situation we expect to see losses of business rates income through non-payment and reduction in rateable value where businesses may cease to trade or revise their business model to reduce business rates and other costs. Business rates income continues to be closely monitored and reported to the Board in these monthly financial health reports.

### 3.5.3 Business Rates Appeals

The opening appeals provisions for 2020/21 are £27.8m, made up of £10.6m relating to appeals received against the 2010 ratings list and £17.2m estimated costs in relation to the 2017 ratings list. Under the 50% Business Rates Retention pilot, Leeds' budget is affected by 49% of any appeals provision made in this year. Provisions brought forward from 2019/20 were made at 74%.

On the 31<sup>st</sup> March, there were 1,107 appeals outstanding against the 2010 ratings list. During April and May 5 appeals have been settled, of which 2 have not resulted in changes to rateable values. 0 new appeals were received in April and May. At 31<sup>st</sup> May there are 1,102 outstanding appeals in Leeds, with 10.5% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

Only 2 appeals have been received to date against the 2017 list, with only 1.0% of the city's total number of hereditaments and 4.6% of its total Rateable Value in the 2017 list currently subject to either an appeal or a 'check' or 'challenge', the pre-appeal stages of the appeals process introduced in 2017. We will continue to monitor the level of appeals provisions as we go forward.

### 3.5.4 Impact of COVID-19 on the Collection Fund

It is still very early in the year to estimate the ultimate impact of COVID-19 on council tax and business rates income. The Council has, however reported to MHCLG projected losses of £41.6m in total: £18.8m in council tax and £22.8 in business rates. These estimates will continue to be refined as more data becomes available. Any Collection Fund income shortfall in 2020/21 would normally impact on the Council's financial position in 2021/22. However, as detailed in paragraph 3.4, one of the measures announced by Government on 2<sup>nd</sup> July is to allow phased repayment of Collection Fund deficits over three years, spreading the revenue impact. The detailed application of this measure is not yet known.

Further the announcement indicated that Government would also consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government, with details to be determined at the 2020 Spending Review.

## 4. Housing Revenue Account (HRA)

4.1 At the end of Month 2 the HRA is projecting a balanced position against the 2020/21 budget.

There is a forecast reduction in total income of £3.7m. Rental income is forecast to be £1m lower, mainly due to a temporary increase in the number of void properties due to COVID-19. £2.0m of income is impacted by forecast lower staff charges to capital from vacant posts and also due to the reduced capital programme for 2020-21. A small reduction in commercial rent income of £0.1m is also projected. A reduction in the number of Right to Buys during the pandemic is estimated to cost £0.2m in RtB fees.

Additionally, and as a consequence of an increase in tenant arrears in the last two

months, it is prudent to project an increase in the provision for doubtful debts of £0.5m.

Staffing costs are forecast to underspend by around £1.5m, with the recruitment freeze being the main reason for this.

With respect to the repairs budget, responsive repairs has been delivering 'Essential Services' only during lockdown, however the demand for repairs has not gone away. As such, there is a significant backlog of repairs with an estimated value of c.£3.9m. Currently the only restriction on spend will be our ability to complete all new and backlog repairs within the financial year. This is under continuous review but is not yet anticipated to yield significant in-year savings. As mobilisation plans are worked up, the cost of repairs can be more accurately forecast. There is no assumption of savings at this stage.

An additional £142k is required to fund works associated with exiting Navigation House as part of the Council' asset rationalisation programme.

Due to COVID, the HRA capital programme for 2020/21 has been revised from £80m to circa £62m based on the ability to deliver the full programme. As a result, the revenue contribution (RCCO) that funds most of the HRA capital programme will not be required at the original budgeted level.

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

## **5. Corporate Considerations**

### **5.1 Consultation and engagement**

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

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

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

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

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

## 5.4 **Climate Emergency**

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

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

5.5.1 This is a revenue financial report and as such all resources, procurement and value for money implications are detailed in the main body of the report.

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

5.6.1 There are no legal implications arising from this report.

## 5.7 **Risk management**

5.7.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget actions plans is in place for 2020/21.

## 6. **Conclusions**

6.1 This report informs the Executive Board of the Month 2 position for the Authority in respect of the revenue budget which currently projects a COVID-19 related overspend of £173.4m. Once offset by the projected non-COVID net savings of £4.3m this results in an overall overspend of £169.1m.

6.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that the Collection Fund income shortfall of £41.6m would impact in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.

6.3 In recognition of this, Executive Board agreed at its 19th May meeting that the Council should write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds. The report to May's Executive Board recognised that, if further Government support is not forthcoming, the Council would need to implement a number of measures including an emergency budget in the Summer. As such, the Council has implemented some immediate management measures to start to mitigate the financial position.

6.4 On 2nd July Government announced a further package of financial support for Local Government. No funding allocations have been confirmed as yet. Initial estimates indicate that additional funding of £25.8m may be receivable for 2020/21, which would reduce this gap to £64.9m. Given the scale of the funding gap remaining, additional savings measures are still required in year and further support from Government.

6.5 The Housing Revenue Account is projecting a balanced budget position.

## **7. Recommendations**

7.1 Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 2 and note the projected impact of COVID-19 on that position.
- b) Note that a further package of financial support for Local Government has been announced, with funding allocations yet to be confirmed.
- c) Note that, although this additional funding is welcome, the remaining gap will still require significant savings and further support from Central Government.

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

8.1 None.

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

# ADULTS AND HEALTH

## Financial Dashboard - 2020/21 Financial Year

### Month 2 (May 2020)

Though still early in the financial year the directorate is projected to overspend its budget by £8.8m. However, it should be noted that this position is entirely related to C-19 related cost pressures.

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

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

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

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

#### Staffing (0.6m)

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

#### Buildings (£0.1m)

A pressure of £0.1m is shown representing the cost of rates at the recently acquired Waterside building (for the Assisted Living Leeds move) which is now being used as a temporary mortuary.

#### Community Care Packages (£2.0m)

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

#### Commissioning (£4.8m)

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

#### General Running Costs (£0.3m)

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

#### Income (£1.1m)

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



## Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,496	(964)	532	(0)	0	0	0	0	0	0	0	0	(0)	0	0
Social Work & Social Care Services	286,474	(50,294)	236,181	573	81	300	0	0	1,950	0	0	0	2,904	1,084	3,988
Service Transformation	2,360	(369)	1,991	10	0	0	0	0	0	0	0	0	10	0	10
Commissioning Services	23,372	(66,192)	(42,820)	0	(0)	0	0	0	4,755	0	0	0	4,755	50	4,805
Resources and Strategy	6,005	(992)	5,013	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
Public Health (Grant Funded)	45,293	(44,949)	344	(0)	0	8	0	0	0	0	0	0	8	0	8
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>365,001</b>	<b>(163,759)</b>	<b>201,241</b>	<b>583</b>	<b>81</b>	<b>308</b>	<b>0</b>	<b>0</b>	<b>6,705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,677</b>	<b>1,134</b>	<b>8,811</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>						
1.	Review of Learning Disabilities	Caroline Baria	slippage on review due to social work priorities being C19 related	R	1.0	0.5
2.	Review of Physical Impairment	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
3.	Review of home care efficiency	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
6.	Enablement Service - improvements in productivity	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.5	0.3
7.	Review billing and collection of assessed client contributions	Steve Hume	slippage on review due to social work priorities being C19 related	R	1.9	0.5
8.	Assistive technology to a city-wide self-pay market	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.2	0.1
<b>B. Other Significant Variations</b>						
1.	Staffing	All	pressure re pay award			0.6
2.	Community care packages	Various	C19 costs related to additional packages of care and supporting the care market			5.9
3.	General running costs	All	C19 related costs associated with purchasing equipment to facilitate early hospital discharge			0.4
5.	Income	All	impact of C19 on financial assessments not being held face to face and delay in the dementia beds facility			0.5
					<b>Adults and Health Directorate - Forecast Variation</b>	
					<b>8.8</b>	

## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 2

**Overall Summary** - At P2 the directorate is reporting a pressure of £9.1m, all of which is attributable to Covid-19. The overspend includes both expenditure and loss of income directly attributable to Covid, as well as assumed budget actions that the Directorate is currently unable to address due to the ongoing situation. The P2 projection is an improvement of £0.9m from the reported position at P1. Although some additional costs are projected due to Covid compared to P1, the expected savings on staffing ,along with utilisation of grant funding, have reduced the overall projected overspend.

**Children Looked After (CLA):** - The budget for 20-21 is £43.8m, an increase of £1.45m from 19-20. The budget supports 1,346 CLA placements; 58 External Residential (ER) and 183 Independent Fostering Agency (IFA). At P11 19-20 an early pressure of £3.8m was identified for 20-21, however due to reductions in ER placements and proposals by the service for savings on both CLA and non-CLA budgets this pressure is projected to be addressed. CLA numbers as at 31st May were 1,331 of which 63 are ER and 205 are IFA. There are however expected to be additional pressures from Covid-19 during the year and these are detailed in the Other Significant Variations section below.

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

**Staffing:** - Pay pressures of £1.458m have currently been identified. This is comprised of £0.8m existing pressures in Early Help and Social Care Management, £0.421m additional pay costs directly attributable to Covid, a £0.687m impact of the additional 0.75% pay award offer, offset by £0.35m savings from vacancy control and overtime and £0.1m savings on severance/retirement costs for former teachers.

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

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

**Supplies & Services & Internal Charges:-** £0.3m savings in Travel & Subsistence costs have been identified and are reflective of the current home-working arrangements during Q1 20-21.

**Other Income / Projects** : The projections include a pressure of £0.324m due to the reduction in 20-21 of the Troubled Families Earned Autonomy Grant, which was notified after the budget had been set. In response to the CLA pressures noted above, current income projections assume utilisation of £1.672m of grant funding.

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

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend	
				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
<b>Demand Led Budgets:</b>																
In House placed CLA	21,079	0	21,079	0	0	0	0	0	(204)	0	0	0	0	(204)	0	(204)
Independent Fostering Agency	7,681	0	7,681	0	0	0	0	0	900	0	0	0	0	900	0	900
External Residential	12,096	(3,995)	8,101	0	0	0	0	0	2,245	0	0	0	0	2,245	244	2,489
Other Externally placed CLA	2,967	0	2,967	0	0	0	0	0	(76)	0	0	0	0	(76)	0	(76)
Non CLA Financially Supported	13,872	(5,610)	8,262	0	0	0	0	0	636	0	0	0	0	636	0	636
Transport	15,586	(897)	14,689	0	0	(50)	0	0	0	0	0	0	0	(50)	0	(50)
<b>Sub total Demand Led Budgets</b>	<b>73,282</b>	<b>(10,502)</b>	<b>62,780</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>3,501</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,451</b>	<b>244</b>	<b>3,695</b>
<b>Other Budgets</b>																
Partnerships & Health	5,101	(1,319)	3,782	0	0	0	0	0	0	0	0	0	0	0	0	0
Learning	35,565	(30,165)	5,400	0	0	0	0	0	0	0	0	0	0	0	2,126	2,126
Social Care	137,289	(92,316)	44,973	1,558	0	0	(300)	(150)	658	150	0	0	0	1,916	1,464	3,380
Resources and Strategy	66,885	(61,449)	5,437	(100)	0	0	0	0	0	0	0	0	0	(100)	0	(100)
<b>Sub total Other Budgets</b>	<b>244,841</b>	<b>(185,250)</b>	<b>59,592</b>	<b>1,458</b>	<b>0</b>	<b>0</b>	<b>(300)</b>	<b>(150)</b>	<b>658</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,816</b>	<b>3,590</b>	<b>5,406</b>
<b>Total</b>	<b>318,123</b>	<b>(195,752)</b>	<b>122,371</b>	<b>1,458</b>	<b>0</b>	<b>(50)</b>	<b>(300)</b>	<b>(150)</b>	<b>4,159</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,267</b>	<b>3,834</b>	<b>9,101</b>

<b>Key Budget Action Plans and Budget Variations:</b>		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>Action Plan Value</b>	<b>Forecast Variation against plan/budget</b>	
				<b>RAG</b>	<b>£m</b>	<b>£m</b>
<b>A. Key Budget Action plans</b>						
Transport	Passenger Transport	Sue Rumbold / CEL Group	20-21 budget assumes savings on Passenger Transport costs via re-commissioning routes, reviewing occupancy levels on routes, route rationalisation and Independent travel Training.	G	(0.44)	0.0
Transport	Passenger Transport	Tim Pouncey	Full cost recovery of Personal Travel Allowances from Schools DSG funding.	G	(0.35)	0.0
Social Care	Children Looked After & Financially Support Non-CLA Demand Budgets.	Tim Pouncey	Recovery of Education costs of External Residential placements from Schools DSG funding.	G	(0.15)	0.0
Children & Families Directorate	Increased income target	C&F Leadership	Review and identify additional income, via additional trading, fee paying, grants, etc.	G	(0.21)	0.0
Children & Families Directorate	Increased income target from Schools Trading and Youth Justice Board.	C&F Leadership	£0.1m additional income from schools trading and £0.1m from Youth Justice Board source.	G	(0.20)	0.0
Children & Families Directorate	Running cost savings	C&F Leadership	Identify running cost savings via controls on internal spend and commissioning.	G	(0.28)	0.0
<b>B. Other Significant Variations</b>						
	Children Looked After & Financially Support Non-CLA Demand Budgets.	Sal Tariq / Julie Longworth	The CLA budget supports 1,346 CLA children of which 58 is for ER and 183 for IFA placements. Current numbers are 63 (+5) ER and 205 (+22) IFA. Projection reflects new £1m in-year action plan savings target plus £140k ER placements moving in house. £0.244m shortfall in CCG contributions for Out of Leeds placement costs.			<b>1.304</b>
	Staffing Related Costs	C&F Leadership Team	The 20-21 pay budget includes 2 significant pressures that need to be addressed; the staffing structure within Early Help to reflect transition from the Troubled Families programme delivery to the Earned Autonomy model (£1.2m); secondly, residual staffing action plans within Social Care - Safeguarding Management account (£0.8m). This is offset by savings through vacancy control and a reduction in agency/overtime.			<b>0.450</b>
	Learning For Life - Early Start (Little Owls income)	Sal Tariq / Andrea Richardson	Shortfall in income due to fewer 2,3 and 4 year olds and impact of free 30 hours per week free provision.			<b>0.400</b>
	Non-Pay savings	C&F Leadership Team	£0.1m savings on retirement costs for former teachers, £0.05m from the planned insourcing of Independent Travel Trainer contract and £0.3m savings on travel & subsistence due to restrictions during Q1. £0.15m Legal Services; reduced demand in Q1. £0.15m increased			<b>(0.449)</b>
	Income (Incl. Grants)	C&F Leadership Team	£0.324m reduction in Troubled Families - Earned Autonomy funding announced after the 20-21 budget set. Offset by £0.05m additional use of CLA Pupil Premium & £1.372m use of DfE Partners in Practice 20-21 award & £0.25m Other DfE Grant funded programmes.			<b>(1.348)</b>
	Covid related expenditure and loss of income	C&F Leadership Team	Specific budget pressures relating to Covid-19 are: £0.42m Workforce pressures, predominantly around the LCC run homes; £2.19m impact on residential care costs; £0.25m impact on care leavers service; £0.658m impact on s17 payments and IT costs; £4.939m loss of income (£1.797m school traded income, £2.12m children centre fee income, £0.292m Adel Beck income and £0.33m School Attendance). Also includes £0.68m pay pressure from additional 0.75% pay offer.			<b>8.744</b>
<b>Children and Families Directorate - Forecast Variation</b>						<b>9.101</b>

# CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR

## DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 2

**Overall Summary** - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. Although it is still early in the year, some underlying issues have been identified and as a result it is expected that the DSG will be £2,928k overspent in 2020/21. At this stage, no specific costs associated with covid 19 measures have been identified.

**Schools Block** - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure. Since the budget was set, there have been a number of academy conversions which reduces the grant received and the school funding paid out. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). As it is expected that there will be fewer schools converting to an academy by 1st September 2020, additional de-delegated income of £250k is projected, which would increase the de-delegated surplus. The Growth Fund budget remains part of this block and is currently projected to be on budget.

### **Central School Services Block**

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). No variances are currently projected on these services.

**Early Years Block** - This element is concerned with provision to pre-school children. The final grant amount received is largely based on the January 2021 census and so will not be confirmed until the 2021/22 financial year. In line with the increase in the unit rate received, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. It is too early in the year for actual activity information, but based on previous years data, an underspend of £500k is projected.

**High Needs Block** - This element is used to support provision for pupils and students with special educational needs and disabilities. Although early in the year, current information suggests that there will be an overspend of £3,678k. The largest areas of overspend are as follows:

- Mainstream top-ups and additional blocks £2,864k. Based on top up funding already allocated out, with estimated increased based on the average at this point in year for the past 3 years. Additional place funding based on March places compared to notional SEN blocks in 2020/21.
- Outside placements £1,000k, based on current placements. However due to a shortage of specialist places in Leeds, there is a risk that this could increase further.
- The net effect of all other variances is an underspend of £186k.

**Reserves** - There is an overall deficit brought forward from 2019/20 on general DSG of £3,955k and a de-delegated surplus of £722k. The reserves carried forward into 2021/22 are projected to be a deficit on general DSG of £7,133k and a surplus on de-delegated services of £972k.

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

**DSG Grant Reserves**

	Budget £'000	Projection £'000	Variance £'000
<b>Schools Block</b>			
DSG Income	(314,877)	(307,361)	7,516
Individual Schools Budgets	307,309	299,793	(7,516)
De-delegated budgets	4,568	4,318	(250)
Growth Fund	3,000	3,000	0
	0	(250)	(250)
<b>Central School Services Block</b>			
DSG Income	(4,867)	(4,867)	(0)
CSSB Expenditure	4,867	4,867	0
	0	(0)	(0)
<b>Early Years Block</b>			
DSG Income	(64,216)	(64,216)	0
FEEE 3 and 4 year olds	53,002	52,502	(500)
FEEE 2 year olds	7,933	7,933	0
Other early years provision	3,281	3,281	0
	0	(500)	(500)
<b>High Needs Block</b>			
DSG Income	(79,831)	(79,957)	(126)
Funding passported to institutions	72,329	76,218	3,889
Commissioned services	1,821	1,821	0
In house provision	5,123	5,038	(85)
Prudential borrowing	558	558	0
	0	3,678	3,678
<b>Total</b>	0	2,928	2,928

**Latest Estimate**

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

**Projected Outturn**

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

General £'000	De-delegated £'000	Total £'000
3,954	(721)	3,233
<b>3,954</b>	<b>(721)</b>	<b>3,233</b>
3,954	(721)	3,233
3,178	(250)	2,928
		0
<b>7,132</b>	<b>(971)</b>	<b>6,161</b>

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

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
<b>A. Key Budget Action Plans</b>					
				£m	£m
Transfer funding to High Needs Block		Transfer of £2.65m from the schools block and £350k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2020.	B	3.00	0.00
<b>B. Significant Variations</b>					
Schools Block		In year underspend of £250k on de-delegated services			(0.25)
Early Years Block		Underlying underspend on block			(0.50)
High Needs Block		Increase in high needs funding at mainstream schools			2.86
High Needs Block		Increase in outside placement costs			1.00
High Needs Block		Net effect of all other variances			(0.18)

**Dedicated Schools Grant - Forecast Variation**

**2.93**

## CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 2 ( MAY )

**Directorate Summary** - At Period 2 it is projected that there will be a year-end overspend of just over £21.5m, this takes account of the projected impact of Covid 19 of circa £23.5m which includes the additional cost of the proposed higher pay offer. This is a net improvement of £0.1m from the Period 1 Dashboard as the impact of Covid 19 on services develops and is understood. The Directorate's financial position has been significantly affected by the current restrictions in place as a result of Covid 19 and by the severe impact on the economy. There is a direct impact in Active Leeds and Arts and Heritage from the loss in income from the closure of all sites. In other service areas the anticipated economic downturn is expected to impact on income from the commercial property portfolio, Markets, advertising, planning and building fees and in Highways from reduced fee recovery as a result of some of the workforce self-isolating and other staff absences. The extent of the impact will not be fully apparent until later in the year but forecasts for the year have been made based on current intelligence. There is a great deal of uncertainty around some of the income projections and assumptions will be updated and reviewed regularly.

**Staffing** - Based on current vacancy levels and assuming limited external recruitment for the foreseeable future, staffing is projected to be under budget by £4.8m based on current vacancy levels. In Highways and Transportation most staff costs are chargeable and any vacancies will lead to reduced income or additional contractor costs. Some staff in Asset Management and Regeneration are also chargeable. Allowing for this it is estimated that staff savings will contribute a net saving of £1.125m. This also allows for additional costs from a higher pay award than budgeted for estimated at £375k although some of this cost will be charged out.

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

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

**Planning and Sustainable Development** - In May both planning and building fee income showed an increase compared to April. The cumulative position for May is now 23% down against 2019/20 income levels for planning fees and 29% down against 2019/20 for building fees. In addition, the planned implementation of revised pre-application charges has been postponed for the time being. The 2020/21 budget included additional income of £250k for these charges and a shortfall of £150k is projected assuming implementation in the autumn. Overall the shortfall in income is forecast to be £1.5m and is based on a reduction in total fee income of 20% for the year. Large planning applications are still being received but there has been a slowdown in householder applications. Partly offsetting this is just under £200k of staffing, transport and supplies and services savings.

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

**Asset Management and Regeneration** - The year end forecast anticipates a shortfall in income from the Commercial Property Portfolio from the non-achievement of budget actions which were based on generating additional rental income from the purchase of additional commercial assets during the year. It is likely that there will be a delay in new acquisitions due to the economic uncertainties arising from COVID-19. It is also anticipated that there will be a reduction in overall rental income as some businesses continue to struggle financially. Whilst it is early days in the economic impact of the pandemic, the service is currently developing a strategy around rental income, in particular how to respond to requests from businesses seeking support. The current projection assumes a 30% shortfall in rental income over the non-prime commercial property portfolio. In addition, there may be specific sectors which are particularly badly hit where there is a higher risk that rental income may not be achieved. There is a risk that this may be an overly optimistic position but this will be kept under review. There has been a £0.4m improvement in this projection from Period 1 as further information has become available.

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

**Highways and Transportation** - The major variation is forecast to be on the amount of highways maintenance work that the DLO is able to complete due to a reduced available workforce. This will result in reduced chargeable works which will lead to a reduction in income and the recovery of overheads. The current projection is for a shortfall in income of £950k in the DLO and £716k in Civil Engineering and Transport Planning. There is a risk that this is higher. Other areas of the service are still working but restrictions could mean that there is a shortfall in income in some areas, a £500k shortfall has been projected. Staffing is also below the budgeted structure and further delays in recruitment mean that there will be a need for more work to be allocated to external contractors.

**Arts and Heritage** - As all facilities are currently closed the service is forecasting a significant shortfall in income. Ongoing restrictions on being able to fully re-open facilities and the likelihood that many of the planned events for the year will have to be cancelled will also have an impact on income for the year. The Period 2 projection has revised and increased the net loss of income by £600k as the impact of social distancing requirements makes it unlikely that many activities (events, room hire, etc) will resume as planned in this financial year although the projections assume that Christmas Events will go ahead. There will be some cost savings as a result and these have been netted of the income shortfall projections where they can be identified. Some staff have now been reallocated to work in other essential service areas although this will not result in savings for Arts and Heritage.

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

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

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

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

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,560	(7,877)	1,683	(156)	0	(3)	(38)	0	0	0	0	0	(197)	1,486	1,289
Economic Development	2,327	(596)	1,731	34	0	126	0	0	0	0	0	0	160	(63)	97
Asset Management & Regeneration	18,656	(21,888)	(3,232)	(803)	300	(78)	(4)	0	0	0	0	0	(585)	5,249	4,664
Employment & Skills	7,410	(5,697)	1,713	(31)	0	0	0	0	0	0	0	0	(31)	0	(31)
Highways & Transportation	68,150	(50,241)	17,909	(3,740)	17	(665)	(672)	0	0	0	0	0	(5,059)	6,856	1,797
Arts & Heritage	21,427	(9,046)	12,381	(26)	(4)	(1,753)	(4)	(59)	0	0	0	0	(1,845)	4,004	2,159
Active Leeds	26,626	(20,453)	6,173	(1)	(125)	(25)	0	0	(75)	0	0	0	(226)	9,930	9,704
Resources & Strategy	1,045	0	1,045	(83)	0	495	0	0	0	0	0	0	412	0	412
Markets & City Centre	3,463	(4,567)	(1,104)	(6)	(12)	0	0	0	0	0	0	0	(18)	1,476	1,458
<b>Total</b>	<b>158,664</b>	<b>(120,365)</b>	<b>38,299</b>	<b>(4,811)</b>	<b>177</b>	<b>(1,903)</b>	<b>(718)</b>	<b>(59)</b>	<b>(75)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,389)</b>	<b>28,939</b>	<b>21,550</b>

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

A. Budget Action Plans				Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
							£m	£m
1.	Planning & Sustainable Development			David Feeny	Pre-Application fee income in Planning - delayed implementation	A	(0.25)	0.15
2.	Asset Management & Regeneration			Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(0.75)	0.75
3.	Asset Management & Regeneration			Angela Barnicle	Asset Rationalisation	R	(0.20)	0.20
4.	Highways & Transportation			Gary Bartlett	LED Street Lighting Conversion	G	(0.43)	0.00
5.	Highways & Transportation			Gary Bartlett	Site Development	G	(0.25)	0.00
6.	Highways & Transportation			Gary Bartlett	Utility Permits	A	(0.20)	0.10
7.	Markets & City Centre Management			Phil Evans	Advertising Income	R	(0.20)	0.20
8.	Resources & Strategy			Phil Evans	Use of Balances/One Off Income	G	(0.50)	0.00
<b>Total Budget Action Plan Savings</b>							<b>(2.78)</b>	<b>1.40</b>
B. Other Significant Variations								
1.	Planning & Sustainable Development			David Feeny	Planning Application and Building Control Fees			1.3
2.	Economic Development			Eve Roodhouse	Loss of income and additional costs related to Covid 19.			0.1
3.	Asset Management & Regeneration			Angela Barnicle	Commercial Rental Income			4.3
4.	Highways & Transportation			Gary Bartlett	Highways Maintenance			1.0
5.	Highways & Transportation			Gary Bartlett	Civil Engineering and Transport Planning			0.8
6.	Arts & Heritage			Cluny Macpherson	Net loss of income due to closure of venues			2.4
7.	Arts & Heritage			Cluny Macpherson	Postponement of Tour de Yorkshire and the Triathlon			(0.3)
8.	Active Leeds			Cluny Macpherson	Loss of income due to closure of Leisure Centres and reduced income once they re-open.			9.9
9.	Markets & City Centre Management			Phil Evans	Markets, advertising and Licences income			1.5
10.	All Services			All	Staffing Vacancies (excluding income funded posts)			(1.1)
11.	All Services			All	Savings on supplies and services across the Directorate			(0.5)
12.	All Services			All	Additional Pay Award			0.4
13.	All Services			All	Additional spend as a result of Covid 19			0.5
<b>City Development Directorate - Forecast Variation</b>								<b>21.55</b>

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### PERIOD 2

#### Overall

The Directorate has a projected overspend at month 2 of £25.8m against its £84.9m net managed budget, a reduction of £6.6m from the month 1 forecast which is mainly due to £1.6m additional Housing benefit income, a review of the assumptions around the impact of lockdown upon LBS and refinement of projections across services. The total COVID related cost/loss of income is £26.6m including the £8.2m Authority wide costs of PPE shown under CEL; other pressures of around £300k and savings of £1.1m with vacancy freeze assumptions. additional income and savings in non essential expenditure across all services.

#### Resources

There is a projected overspend of just over £4m across the Resources group of services, £3.1m of this is due to the adverse impact of COVID. The most significant items are a projected loss of court fees in Finance/Legal of £1.1m, £0.8m estimated cost of operating and providing meals from the Food Warehouse, £0.7m reduction in income to capital projects and other charges. Delays to the implementation of Budget Actions Plans and other COVID pressures in Shared Services are around £0.4m; There are net savings on non COVID related areas of £0.7m, being a combination of savings against vacant posts, non essential spend and other running cost savings.

#### Housing Services

An overspend of £1.9m is forecast for Housing mainly due to the Covid-19 impact, consisting of £2.8m additional accommodation costs and £0.75m for security costs relating to both hotel and supported accommodation. The total pressure of £3.6m is partially offset by additional Housing Benefit income of £1.6m.

#### Civic Enterprise Leeds (CEL)

The division is projected to overspend by £25m with all of this attributable to COVID. Of the £25m COVID pressures, around £15mm is forecast in LBS due to a reduction in income as a consequence of reviewing what services can currently be delivered safely, front line staff self isolating and staff working elsewhere to support COVID related activity. Furthermore an estimate has been made on the impact on efficiency for those operatives working but having to do so to meet the requirements of safe distancing.

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

In addition, school closures, closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children will cost around £1.2m in Catering. The pandemic has also caused a delay in implementation budget action plan savings of £241k within Fleet Services. However, as some civic buildings have closed with increased working from home, overall savings of £48k have been built into the projections within Facilities Management.

The non COVID pressures in CEL are circa £0.2m and are mainly related to the additional pay award.

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

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	101,933	(32,557)	69,376	2,343	(54)	298	(49)	80	0	0	0	0	2,618	643	3,261
Housing	20,837	(13,345)	7,492	(234)	0	3,607	0	0	0	0	0	0	3,373	(1,439)	1,934
CEL	148,367	(140,366)	8,001	(604)	(63)	7,834	134	0	0	0	0	0	7,301	13,317	20,618
Directorate Action Plan				0		0							0		0
<b>Total</b>	<b>271,137</b>	<b>(186,268)</b>	<b>84,869</b>	<b>1,505</b>	<b>(117)</b>	<b>11,739</b>	<b>85</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,292</b>	<b>12,521</b>	<b>25,813</b>



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

Service	Budget Action	Lead Officer	Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
<b>HOUSING</b>						
Housing	Additional Charges to DFG	Jill Wildman	New structure in Health and Housing in place. No issues expected, but need to keep under review re level of capital spend to justify charges to scheme	G	(0.21)	
<b>CEL</b>						
Leeds Building Services	To ensure the delivery of the targeted return (£10.655m) and ensure service developments and effective productivity improvements.	Sarah Martin	Significant risk turnover won't be delivered with impact of pandemic; Currently £500k/week under recovery	R	0.00	10.47
CPM	Additional charges to capital (staffing)	Sarah Martin	New structure in place during 19/20. No issues anticipated	G	(0.04)	
Facilities Management	Insourcing of Office waste and Voids	Sarah Martin	Insourcing of general waste contract completed, insourcing of voids slipped.	G	(0.08)	
Facilities Management	Review of servicing offer at Merrion Hosue	Sarah Martin	Savings to come from fewer meetings etc as a result of WFH.	G	(0.06)	
Fleet Services	Electric Vehicle replacement and reduction in hire	Sarah Martin	EV vehicle replacement on track and service working to reduce hire. Assue slippage 6 months re COVID	A	(0.33)	0.14
Fleet Services	Generate additional external income from maintenance of external vehicles	Sarah Martin	Covid-19 epidemic has delayed savings and income	G	(0.21)	0.01
Catering	Generate net additional income from expanding commercial offer	Sarah Martin	Aireborough leisure centre completed but affected by closures	R	(0.03)	
Catering	Target saving from reduced reliance on meat based dishes	Sarah Martin	School closures could affect ability to deliver this	R	(0.04)	
<b>RESOURCES</b>						
DIS / Shared Services	Mail and Print Review - Printer rationalisation	Dylan Roberts	This has been done printers required will be in place for end of March and paid from ESP budget 2019/20;	G	(0.25)	
DIS / Shared Services	Mail and Print Review - Reductions in the volume of printing (Colour and B	Dylan Roberts	Work in progress to get volumes down – given that the vast majority of staff are wfh there will be significant reductions in printing. Assuming WFH continues into 2020/21 will bring reduced printing costs in the new year.	G	(0.15)	
DIS / Shared Services	Mail and Print Review - new Print Unit Equipment and LCC wide cost reduction on external spend	Sonya McDonald	Project on hold	R	(0.14)	0.07
DIS	DIS Breakfix - reduced external spend	Dylan Roberts	This is done - past six months trends show a reduction in costs – no reasons this wouldn't continue.	G	(0.06)	
DIS	Staffing Reduction - DIS Service Desk	Dylan Roberts	Not actioned – given the current demand/volume of calls cannot reduce staffing levels in the service desk in the near future or maybe at all. Need to identify alternative actions to offset	G	(0.05)	
DIS	DIS - Health and City Partnerships	Dylan Roberts	Done and agreed – signed 12 months contracts with health partners	G	(0.25)	
HR	Staffing reductions	Andrew Dodman	ELI Business case approved. Staff leaving between Mar and Oct; Savings net of ELI costs	G	(0.13)	
HR	Income HR	Andrew Dodman	Charges to academies. Agreed	G	(0.02)	
HR	Ultra Low Emission Vehicles (ULEV)	Andrew Dodman	Anticipate around £10k LCC wide on existing ULEV take up	A	(0.05)	0.05
HR	Apprenticeship Levy (Rolled over 19/20)	Andrew Dodman	This income will not be received. (Will need to identify alternative savings in year & remove from base budget)	R	(0.15)	0.15
Shared Services	E Invoices	Sonya MCDonald	Given current situation, unlikely to deliver. Assume 6 moth slippge	R	(0.15)	0.15
Shared Services	Servicing of meeting savings	Louise Snowden	£200k initial savings; £60k been identified elsewhere. £140k potential issue	R	(0.14)	0.07
<b>DIRECTORATE WIDE</b>						
Directorate Wide	Line by Line Reductions	Various COs	HR £44k (Staff shop, Serv Devt); Legal £100k; Pru Borrowing £60k; S&I £50k; IN year monitoring of spend	G	(0.31)	
Directorate Wide	Staffing reductions	Various COs	Passengers £87k ELI done; Housing Options £90k (split GF/ HRA)	G	(0.13)	
Directorate Wide	Impact of Covid-19		Additional expenditure/loss of income as a result of pandemic net of £1.6m HB income	R		6.38
Directorate/LCC Wide	Impact of Covid-20		Pay Award	R		1.09
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		8.20
<b>B. Other Significant Variations</b>						
1	All Other variations		Net pressures, vacancy freeze and non essential spend savings	G		(0.96)

**Resources and Housing Directorate - Outturn Variation**

**25.81**

## COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

### FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

Period 2 (May 2020)

The overall position is a projected overspend of £26,702k. Of this, £28,176k relates to the estimated impact of Covid-19, although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. The overall position also includes assumptions around tighter recruitment and expenditure controls and an assessment at this early stage indicates that potential savings of £1,474k may be achievable.

#### Communities (£286k overspend)

Covid-19 related costs total £291k which includes £195k loss of Community Centre income, £66k delays to planned savings from Community Centres and £28k cost of the additional 0.75% pay offer. Other variations reflect £5k expenditure savings.

#### Customer Access (£1,484k overspend)

Covid-19 costs are estimated at £853k which includes the cost of software and equipment to support home working of £197k, PPE/Social distancing measures and additional cleaning at Hub sites of £240k together with projected income losses of £251k across the service and the additional cost of the pay offer of £165k. Other variations include a projected staffing overspend of +£530k, additional security of £120k at Hubs and £19k other net expenditure savings.

#### Electoral and Regulatory Services (£994k overspend)

##### Elections, Licensing and Registrars (£833k overspend)

The majority of fee earning activities have ceased or reduced significantly. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on income is estimated at £1,572k, with a further £16k relating to the pay offer, although these will be partially offset by net savings of £319k from the cancelled May elections. Further net savings of £436k are anticipated reflecting projected staffing and other expenditure variations and utilisation of the TPHL earmarked reserve to partially offset the year income shortfall.

##### Environmental Health (£161k overspend)

The projected position reflects Covid related costs of £227k, mainly due to income losses from a reduction in activities across the service and pay offer of £10k, partially offset by £76k net savings in respect of staffing and other expenditure.

#### Welfare and Benefits (£1,133k over budget)

The projected overspend mainly reflects Covid-19 related expenditure in respect of the net cost of Housing Benefit claims for rough sleepers (£578k), an anticipated additional call on the Local Welfare Support budget (estimated c£600k) and the estimated cost of the pay offer (£45k). Other non-Covid forecast variations include minor staffing savings of £14k and other identified expenditure savings of £76k.

#### Parks and Countryside (£8,483k overspend)

The impact of Covid-19 on income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arium, Cafes, Golf courses, Bowling Greens and concessions in parks, is currently estimated at £5,475k. In addition, shortfalls in income from the cessation of chargeable works activities within Parks Operations and Landscaping are estimated at £1,748k and losses of income resulting from restrictions within bereavement services are estimated at £492k (including the impact of non-implementation of the planned inflationary fee increase). A further £250k of income is estimated to be lost as a result of the cancellation of events held in parks although savings of £340k from the cancellation of the West Indian Carnival will offset this. Other expenditure of £1,192k is anticipated, mainly due to measures in Parks to facilitate Safer Public Spaces. The cost of the pay offer is estimated at £129k, with other staffing savings of £350k for the year forecast at this stage, together with other operating expenditure savings of £113k.

#### Car Parking (£7,082k overspend)

Covid-19 related income losses of £7,482k across the service are currently estimated which reflects the Council's decision to suspend all car parking charges and enforcement activity. Net staffing savings of £137k (including the pay offer at +£23k) and other expenditure savings of £262k are currently anticipated to partially offset this.

#### Community Safety (£46k overspend)

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

#### Waste Management (£5,750k overspend):

Within the Refuse service, additional expenditure of £2,470k is currently forecast which reflects the cost of providing additional crews and vehicles to deal with increased volumes of waste and to provide necessary staffing cover and PPE equipment. Additional costs of waste disposal are difficult to accurately forecast at this stage but additional volumes of waste are currently forecast to be £2,740k to the end of the year. Additional costs of £588k are forecast at Household Waste Sites for the cost of providing PPE equipment, staffing cover and security at the sites as well as net income losses from the weighbridges, inert waste charges and from the Revive shops. The pay offer is estimated at £155k although this is offset by other forecast savings of £202k mainly relating to prudential borrowing savings.

#### Cleaner Neighbourhoods Teams (£78k overspend)

Covid-19 related costs of £464k reflect the loss of income from bulky waste collections, additional costs of cover for staff in self isolation, litter bin stickers, PPE equipment and the estimated cost of the pay offer. However, these are anticipated to be partially offset by other staffing savings of £319k and operating expenditure savings of £68k.

#### City Centre (£150k overspend)

Covid-19 related costs of £162k include the projected loss of environmental enforcement income, additional cost of cover for staff in self isolation and the pay offer. Staffing and expenditure savings of £12k are anticipated to partially offset these costs.

#### Directorate Wide (£1,217k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,209k. £990k of this is in respect of a temporary mortuary facility created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield. In addition, a city wide mailout in respect of accessing support is projected to cost £132k, overtime costs of £49k are anticipated for the co-ordination of the city wide use of volunteers, and approximately £38k is anticipated to be incurred for a temporary senior officer in support of the Council's response to the Covid situation.

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

**Summary By Service**

				Period 1 Projected variances											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	16,566	(11,714)	4,852	28		(3)						25	261	286	
Customer Access	25,106	(4,560)	20,546	695	120	438	(20)					1,233	251	1,484	
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(487)	25	(121)	(16)					(246)	(845)	994	
Welfare And Benefits	196,901	(191,795)	5,106	31		530	(9)	76			578	1,206	(73)	1,133	
Car Parking Services	4,867	(12,252)	(7,385)	(138)	(20)	(242)						(400)	7,482	7,082	
Community Safety	8,842	(6,504)	2,338	44		2						46	0	46	
Waste Management	44,279	(9,766)	34,513	2,295	119	2,787	425	(160)				5,466	284	5,750	
Parks And Countryside	33,914	(26,147)	7,767	(221)		(1,124)	5	70				(1,270)	9,753	8,483	
Environmental Action (City Centre)	2,119	(427)	1,692	53	(1)	19						71	79	150	
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(15)		(37)	(20)					(72)	150	78	
Directorate wide	0	(1)	(1)	86		1,130						1,216		1,216	
<b>Total</b>	<b>353,652</b>	<b>(273,966)</b>	<b>79,686</b>	<b>2,371</b>	<b>243</b>	<b>3,379</b>	<b>365</b>	<b>(14)</b>	<b>0</b>	<b>578</b>	<b>0</b>	<b>(246)</b>	<b>6,676</b>	<b>20,026</b>	<b>26,702</b>

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

	Lead Officer	Additional Comments	RAG	Action Plan Value (£000s)	Forecast Variation against Plan/Budget
<b>Communities</b>					
<b>Communities Team</b>	Communities Team - achievement of staffing efficiencies	Shaïd Mahmood	G	(75)	
<b>Community Centres</b>	Community Centres - asset transfer savings and general efficiencies within the service	Shaïd Mahmood	A	(100)	66
<b>Communities</b>	Achievement of base budget vacancy factor	Shaïd Mahmood	G	(166)	
<b>Customer Access</b>					
<b>Contact Centre</b>	Secure invest to save funding to partly offset additional staffing	Lee Hemsworth	G	(150)	
<b>Customer Access</b>	Achievement of base budget vacancy factor	Lee Hemsworth	R	(646)	530
<b>Welfare &amp; Benefits</b>					
<b>Housing Benefits</b>	Achievement of staffing reductions	Lee Hemsworth	A	(200)	
<b>Welfare and Benefits</b>	Achievement of base budget vacancy factor	Lee Hemsworth	G	(194)	
<b>Electoral and Regulatory Services (incl Environmental Health)</b>					
<b>Elections</b>	Charge PCC for share of elections	John Mulcahy	G	(400)	(319)
<b>All</b>	Achievement of base budget vacancy factor	John Mulcahy	G	(177)	
<b>Car Parking</b>					
<b>Car Parking</b>	Increase charges at Woodhouse Lane car park by 50p for a full day	John Mulcahy	R	(100)	100
<b>Car Parking</b>	Achievement of base budget vacancy factor	John Mulcahy	G	(148)	
<b>Waste Management</b>					
<b>Refuse</b>	Secure agreement from DEFRA re revision to waste contract	John Woolmer	G	(2,200)	
<b>Waste Management - all</b>	Achievement of staffing savings	John Woolmer	G	(50)	
<b>Waste Management - all</b>	Achievement of base budget vacancy factor	John Woolmer	G	(290)	

Parks and Countryside						
<b>Parks and Countryside</b>	Additional funding from Childrens Funeral Fund	Sean Flesher		G	(120)	
<b>Parks and Countryside</b>	Staffing savings - achievement of vacancy factor	Sean Flesher		G	(1,398)	
Community Safety						
<b>Community Safety</b>	Maximisation of external funding	Paul Money		G	(175)	
<b>Community Safety</b>	Achievement of staffing efficiencies	Paul Money		G	(17)	
<b>Community Safety</b>	Achievement of base vacancy factor	Paul Money		G	(335)	
Directorate Wide						
<b>Other Significant Variations</b>						
All	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above			28,329
All	Staffing	All	Estimated staffing savings			(1,054)
All	Operating expenditure	All	Expenditure savings identified at period 2 - running costs etc			(852)
ELR	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve			(246)
All	Other	All	All other variations			148
					<b>Communities &amp; Environment - Forecast Variation</b>	
					<b>26,702</b>	

**STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 2**

**Overall :**

The overall projection for month 2 for Strategic & Central Accounts shows an overspend of £27.8m. There are two significant factors to highlight within this position:

The dashboard recognises the potential for a shortfall of £28.0m in capital receipts as a result of the shutdown in the economy due to the Covid 19 lockdown, which would require a corresponding increase in the level of MRP chargeable to revenue. However this represents a worst case scenario given the considerable uncertainty in the property market, and a lower shortfall against budget may be achievable.

As a result of the impact of Covid 19 on the local economy, the council anticipates that it will receive significantly more S31 grants as compensation for the additional business rates reliefs given during the year. However there will be a corresponding impact on the Collection Fund deficit which the council will have to fund in 2021/22 as a result of these additional reliefs, and thus the additional income (currently projected at £71.1m) will be fully required in 2021/22 and will therefore be carried forward in an earmarked reserve.

No other significant variations have been identified in the Strategic & Central Accounts budget. However, given the slowdown in economic activity as a result of the coronavirus lockdown, there are risks attached to the budget for S278 income from developers

	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	PROJECTED VARIANCES										Total (under) / overspend £'000	
				Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(13,311)	(20,089)	(33,400)			12								12	12
Debt	35,747	(17,881)	17,866								27,993			27,993	27,902
Govt Grants	2,161	(27,581)	(25,420)									71,034		70,953	(81)
Joint Committees	35,201	0	35,201						7					7	7
Miscellaneous	5,746	(794)	4,952	(83)										(83)	(49)
Insurance	9,167	(9,167)	0											0	0
<b>Total</b>	<b>74,710</b>	<b>(75,512)</b>	<b>(802)</b>	<b>(83)</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>(81)</b>	<b>27,993</b>	<b>71,034</b>	<b>98,882</b>	<b>(71,091)</b>	<b>27,791</b>

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

### Key Budget Action Plans and Budget Variations:

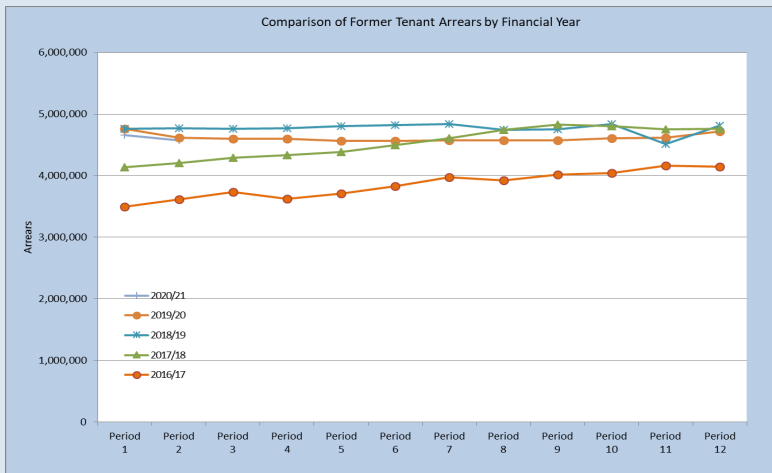
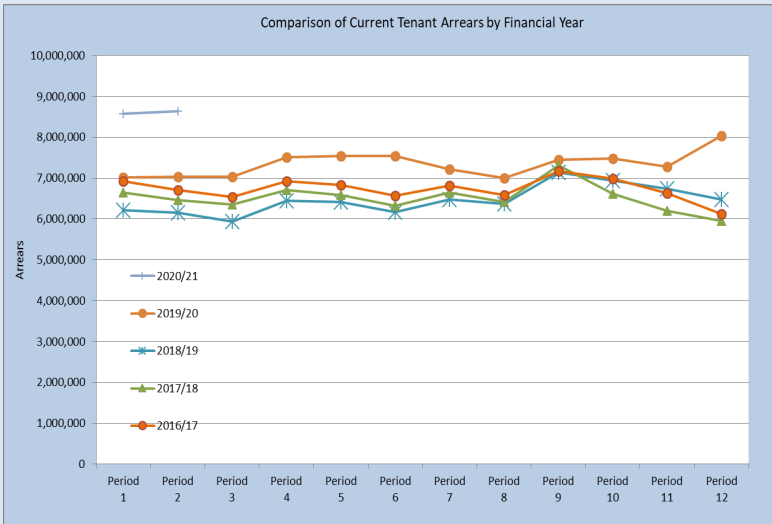
				RAG	Budget	Variation against Budget	Forecast Budget
					£m		£m
		Lead Officer	Additional Comments				
<b>A. Major Budget Issues</b>							
1.	Debt Costs and External Income	Victoria Bradshaw	Current forecast is as budget	G	20.2		0.0
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital receipts to repay some debt. Due to the slowdown in economic activity, there is a risk that sufficient capital receipts may not be realised, requiring additional MRP from revenue.	R	14.2		27.9
3.	New Homes Bonus	Victoria Bradshaw	Current forecast is as budget	G	(4.7)		0.0
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	The current forecast is for an additional £71m of S31 grant income in relation to business rates. However this will be required to fund the Collection Fund deficit expected to be carried forward to 2021/22, and so will be carried forward in an earmarked reserve.	A	(22.7)		0.0
5.	S278 Contributions	Victoria Bradshaw	No variation is anticipated at this stage, however there is a risk of a shortfall depending on the rate of economic recovery.	A	(4.6)		0.0
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget	G	(3.8)		0.0
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget	G	(3.7)		0.0
8.	Joint Committees	Victoria Bradshaw	Current forecast is as budget	G	35.2		0.0
<b>B. Other Significant Budgets</b>							
1.	Insurance	Victoria Bradshaw	Forecast at Period 2 is the budget	G	0.0		0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Forecast at Period 2 is £91k higher than budget	G	(16.6)		(0.1)
3.	Miscellaneous	Victoria Bradshaw	Current forecast is for minor variations	G	4.9		(0.1)
<b>Strategic &amp; Central Accounts - Forecast Variation</b>							27.7

## Housing Revenue Account - Period 2 Financial Dashboard - 2020/21 Financial Year

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

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(212,140)	(211,113)	1,027	£481k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £85k Net impact of reduction in RTBs sales offset by ROFR delays. £72k Covid 19 loss of commercial rent. Garages rent pressure £24k.	1,062
Service Charges	(8,484)	(8,442)	41	Leeds Pipes	40
Other Income	(33,772)	(31,119)	2,653	£164k RtB admin income due to Covid 19. £423k Civica project team not charged to capital. £1,690k staff not working on capital schemes due to Covid 19. £335k Hsg growth posts vacant - offset in emp costs. NB - Probable Pressure from LEEDS PIPES income not yet included. Greater analysis required, but likley installation levels will be delayed.	1,865
<b>Total Income</b>	<b>(254,396)</b>	<b>(250,675)</b>	<b>3,721</b>		<b>2,967</b>
<b>Expenditure</b>					
Disrepair Provision	1,400	1,400	-		-
Repairs to Dwellings	45,081	45,081	-		-
Council Tax on Voids	778	778	-		-
Employees	31,402	29,897	(1,505)	Assume hold vacant posts vacant for 6 months and addtl 0.75% pay award due to Covid 19.	(204)
Premises	8,202	8,344	142	Naviagtion House Delapidation work.	142
Supplies & Services	3,835	3,835	-		-
Internal Services	44,064	44,639	575	Civica DIS staff not charged to capital. NB Possible additional pressure of LEEDS PIPES costs not yet reflected. Greater analysis required.	575
Capital Programme	60,926	56,883	(4,043)	RtB loss of capital receipts from reduced sales (126 assumed less sales - NB This assumes the impact will be for 4 months. <i>The pressure will be greater if longer than this</i> ).	(4,590)
Unitary Charge PFI	10,417	10,417	-		-
Capital Charges	44,334	44,334	-		-
Other Expenditure	5,748	6,248	500	Provision for bad debt figure increased to reflect the projected £1.968m increase in rent arrears.	500
<b>Total Expenditure</b>	<b>256,185</b>	<b>251,854</b>	<b>(4,331)</b>		<b>(3,577)</b>
<b>Net Position</b>	<b>1,789</b>	<b>1,179</b>	<b>(610)</b>		<b>(610)</b>
Appropriation: Sinking funds	(216)	394	610	Budget assumed using £600k of reserves to fund staffing pressures; Staffing savings means this no longer required	610
Appropriation: Reserves	(1,564)	(1,564)	-		-
<b>(Surplus)/Deficit</b>	<b>9</b>	<b>9</b>	<b>0</b>		<b>(0)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
<b>Total Current Month</b>	<b>9</b>	<b>9</b>	<b>0</b>		<b>(0)</b>

## Housing Revenue Account - Period 2 Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(645)	(519)
Right of First Refusals/ Buybacks	65	38
New Build (Council House Growth)	80	66
<b>Total</b>	<b>(500)</b>	<b>(415)</b>

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	31,079
Average Selling Price per unit (£000s)	55.4	59.9
Number of Sales	612	519
Number of Live Applications	1,333	1,190

Arrears	2019/20	2020/21	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2019/20 Week 8</b>	<b>2020/21 Week 8</b>	
Current Dwellings	6,228	7,681	1,453
Current Other	811	950	139
Former Tenants	4,618	4,576	(42)
	11,657	13,208	1,550
<b>Under occupation</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 4</b>	
Volume of Accounts	3,051	3,008	(43)
Volume in Arrears	1,198	1,108	(90)
% in Arrears	39.3%	36.8%	-2.4%
Value of Arrears	197	194	(3)
<b>Collection Rates</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 4</b>	
Dwelling rents	96.43%	93.44%	-3.0%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-4.06%	-3.0%