

**Report of the Chief Officer Financial Services**

**Report to Executive Board**

**Date: 24th September 2020**

**Subject: Financial Health Monitoring 2020/21 – Month 4**

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 third 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 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 £112.7m. This is offset by projected non-COVID net savings of £5.8m resulting in a Directorate overspend of £106.9m.
- 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 £163.0m at Month 4. Once offset by the projected non-COVID net savings of £5.8m this results in an overall overspend of £157.2m.
- This £157.2m position is an improvement of £11.9m when compared to the last reported position at Month 2. This mainly reflects a reduction of £10.5m in the COVID financial impact reported to this Board in July - an £11.4m reduction in COVID-19 pressures projected by directorates and a net £0.9m increase in the projected losses of council tax and business rates income.
- 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, leaving £41.1m available. On 2nd July Government announced a further package of financial support for Local Government. Allocation of £7.8m to support additional costs has since been confirmed, alongside an estimated £18.9m contribution to lost income. Application of this £67.9m of grant in 2020/21 would reduce the COVID financial pressure to £95.1m.
- The position assumes that the estimated Collection Fund income shortfall of £42.6m would impact on the revenue position in 2021/22 and future years, leaving a COVID funding gap of £52.5m for 2020/21.
- At Month 4, 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 £163.0m. However, at Month 4 there are also projected underspends not relating to COVID-19 across a number of directorates totalling £5.8m. At Month 4 an overall overspend of £157.2m is projected against the approved 2020/21 budget.

## Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 4 and note the projected impact of COVID-19 on that position.

- b) Note that the remaining gap will still require significant savings and further support from Central Government.
- c) Note that the Authority is awaiting confirmation of further Government financial support this year, which will inform the action the Council will need to take in how a balanced budget position can be delivered.

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

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 4.
- 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 fourth 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 also included on today's agenda.

## **3. Main Issues**

- 3.1 At Month 4 a COVID related overspend of £163.0m is projected. This is offset by projected non-COVID net savings of £5.8m, resulting in an overall overspend position of £157.2m.
- 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, leaving £41.1m available. On 2nd July Government announced a further package of financial support for Local Government. Allocation of £7.8m to support additional costs has since been confirmed, alongside an estimated £18.9m contribution to lost income. Application of this £67.9m of grant in 2020/21 would reduce the COVID financial pressure to £95.1m.

- 3.3 The position assumes that the estimated Collection Fund income shortfall of £42.6m would impact on the revenue position in 2021/22 and future years, leaving a COVID funding gap of £52.5m for 2020/21.

Table 1

Directorate	Director	(Under) / Over spend for the current period				COVID related	Non-COVID related	Month 2 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	(917)	21,754	(9,743)	12,011	12,011	0	8,811	8,811	0
Children and Families	Sal Tariq	1,511	4,720	3,429	8,149	8,149	0	9,101	9,101	0
City Development	Martin Farrington	(1,520)	(4,402)	25,112	20,710	22,575	(1,865)	21,550	23,475	(1,925)
Resources & Housing	Neil Evans	908	9,352	6,255	15,607	17,867	(2,260)	25,813	26,571	(758)
Communities & Environment	James Rogers	2,021	6,344	17,791	24,135	26,047	(1,912)	26,702	28,176	(1,474)
Strategic	Victoria Bradshaw	(84)	100,841	(74,548)	26,293	26,093	200	27,791	27,993	(202)
<b>Total Current Month (Dashboards)</b>		<b>1,918</b>	<b>138,609</b>	<b>(31,704)</b>	<b>106,905</b>	<b>112,742</b>	<b>(5,837)</b>	<b>119,768</b>	<b>124,127</b>	<b>(4,359)</b>
Capitalised Staffing					7,663	7,663	0	7,663	7,663	0
Council Tax & Business Rates Losses					42,550	42,550	0	41,620	41,620	0
					<b>157,118</b>	<b>162,955</b>	<b>(5,837)</b>	<b>169,051</b>	<b>173,410</b>	<b>(4,359)</b>
<b>Previous month (under)/over spend</b>		<b>1,022</b>	<b>124,404</b>	<b>(4,637)</b>	<b>169,051</b>					

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

- 3.4.1 **Adults & Health** – the directorate is projected to overspend its budget by £12.0m. It should be noted that this figure is entirely based upon COVID-19 related cost 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 £3.6m 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 resume, but there will be slippage in the delivery.

COVID related pressures that make up the remaining £8.4m pressure are the £0.6m relating to non-realisation of savings to fund the anticipated 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 the equivalent of a 20% fee uplift, based on historic payments, has been provided for to be paid to providers over 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. The directorate has recognised the potential pressures from the known packages currently funded from the Early Discharge funding

available to the CCG transferring back to the Council and £1.1m has been included for a part year effect.

It should be noted that there are potential non-COVID-19 pressures that have arisen in-year, notably the impact of the late detail and conditions surrounding the Public Health grant specifically relating to the Agenda for Change (AfC) programme. The directorate is actively working on resolving these potential pressures therefore these are noted but not reflected in the figures above.

**3.4.2 Children and Families** – As detailed on the appended dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £8.149m, all of which is attributable to COVID-19. This position includes both net expenditure and loss of income directly attributable to COVID-19 (£7.18m), as well as assumed budget actions that the Directorate is unable to address at this stage due to the current situation. These total £0.97m and relate to projected non-achievement of staffing savings, including £0.69m regarding non-realisation of savings to fund the increased pay award proposals.

The net £7.18m of pressures directly attributable to COVID are:

	<b>£m</b>
• Residential Care costs	2.17
• Workforce pressures	0.47
• Care Leavers Service	0.25
• Section 17 payments	0.31
• Direct payments	0.15
• Loss of income including School trading and Children's Centre fees	4.53
• IT costs	0.35
• Transport	(0.60)
• Travel and subsistence	(0.30)
• Legal charges	(0.15)

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 increase in CLA residential costs due to COVID will be £2.17m during 2020/21.

A further key impact of COVID on the Children and Families budget is on income, and in total a £4.53m 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 4 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 projected high needs overspend of £3.7m is due to a combination of a cap on funding increases and an increase in the demand and complexity of special educational needs across the country. 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 reduction of £4.7m. The report on the Council's Medium Term Financial Strategy, which is on the agenda for this meeting, includes details of projected future DSG income and expenditure.

**3.4.3 City Development** – At Month 4 the Directorate is projecting an overspend of £20.7m, an improvement of £0.8m from the Month 2 position previously reported to Executive Board. This includes an estimated impact of COVID-19 of £22.6m. The Directorate's financial position continues to be 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 slight improvement in the overall projected financial position is mostly due to a reduction in the projected shortfall in income in Asset Management and Regeneration services.

The most significant loss in income is still forecast to be in Active Leeds where some facilities only started re-opening on a staggered basis at the end of July but 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 - £2.2m, net of running cost savings, 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 - £4.7m from expected reductions in rental and other commercial income. This includes expected shortfalls against new commercial income included in the 2020/21 budget.
- Planning and Sustainable Development - £1.2m 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 £1.1m on non-chargeable vacant posts net of the additional costs of the higher pay offer. Savings of £0.7m have also been included for reduced spend on general running costs and travel and subsistence.

**3.4.4 Resources & Housing** – Based on the indicative impact of COVID-19 in the directorate, an overspend of £15.6m is now forecast at Month 4. This is a significant reduction from the previously reported figures month and reflects an improved forecast of the impact within the LBS trading position and spend Council wide on PPE.

Some of the income pressures, for example, reduction in court fee income (£1m) remain an estimate at this stage, simply because there has been no actual income received to date in 2020-21 as the Courts have remained closed. There remains a risk that this projection may be inaccurate.

In total £17.9m of pressures are COVID related, broadly summarised into the following areas across the Directorate's services:-

• Trading shortfall within Leeds Building Services (LBS)	£5.5m
• Additional PPE (LCC wide)	£5.8m
• Homelessness accommodation costs	£1.4m
• Catering income & emergency meals	£1.4m
• 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	£1.0m

The recruitment freeze, savings in non-essential spend and additional grant income are forecast to deliver around £2.3m of savings to the directorate's bottom line projections.

**3.4.5 Communities & Environment** – the overall position for the directorate at this stage of the year is a projected overspend of £24.1m.

Of this, £26.0m relates to the estimated impact of COVID-19 although this figure remains 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 continue to be kept under review.

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 £5.9m. This includes income from visitor attractions, cafes, bereavement services, chargeable works within Parks Operations and Landscaping teams and the cancellation of planned events.

- Loss of Electoral and Regulatory Services income £1.6m. 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 – net additional expenditure £5.7m. 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 £0.6m in respect of the estimated net cost of Housing Benefit claims for rough sleepers.
- Cost to LCC of providing a temporary mortuary facility £0.8m - 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 £3.5m. This includes estimated income losses from community centres, libraries/community hubs, bulky waste collections and from environmental enforcement. It also includes additional costs of providing PPE/Cleaning/Social distancing measures and software/equipment to support home working, the cost of providing for a 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 forecasts around other expenditure savings totalling £1.9m. These include estimated net savings from the implementation of tighter controls on recruitment (£0.7m) and on other expenditure budget headings across the directorate (£1.2m).

- 3.4.6 **Strategic & Central Accounts** - At Month 4, the Strategic & Central accounts projection is for an overspend of £26.3m, of which £26.1m is COVID related. This 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.
- 3.4.7 A projected underspend of £1.9m has been included for a reduction in the expected business rates levy payable, as a result of reduced business rates income for the year.
- 3.4.8 The position also reflects an additional projected £74.6m 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.



3.4.9 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.

### 3.4.10 Impact of COVID-19

Directorate/Service	
Adult Social Care	12.0
Children & Families	8.1
City Development	22.6
Communities & Environment	26.0
Resources & Housing	17.9
Strategic & Central	26.1
<b>Projected Impact 20/21 - directorate dashboards</b>	<b>112.7</b>
<b>Corporate pressures:</b>	
Capitalised Staffing	7.7
Council Tax/Business Rates Income Losses	42.6
<b>Projected Total GF Impact 2020/21</b>	<b>163.0</b>
Less Government Funding received to date	(41.1)
Less Government Funding allocated July 2020	(7.8)
Less Estimated Government Support for Income Losses	(18.9)
<b>Projected Total GF Impact 2020/21 after Government Funding</b>	<b>95.1</b>
Less Council Tax/Business Rates (impact in 2021/22)	(42.6)
<b>COVID-19 Funding Gap 2020/21</b>	<b>52.5</b>

Directorate dashboards highlight a projected COVID-19 overspend of £112.7m. 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 £163.0m.

3.4.11 The reported £163.0m COVID financial pressure is £10.5m lower than the 173.4m cost of COVID-19 reported to this Board in July. This improvement is due to an £11.4m reduction in COVID-19 pressures projected by directorates and a net £0.9m increase in the projected losses on council tax and business rates income.

3.4.12 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, leaving £41.1m available. On 2nd July Government announced a further package of financial support for Local Government. Allocation of £7.8m to support additional costs has since been confirmed, alongside an estimated £18.9m contribution to lost income. Application of this £67.9m of grant in 2020/21 would reduce the COVID financial pressure to £95.1m. It is assumed that Collection Fund income shortfall of £42.6m would impact on revenue in 2021/22 and later years, leaving a COVID funding gap of £52.5m for 2020/21, an improvement of £12.4m against the £64.9m COVID funding gap reported to this Board in July.

3.4.13 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.

Discussions with Government are continuing in regard to the financial support available for this year. The outcome of these discussions will inform the next steps the Council will need to take to ensure a balanced budget is achieved for this financial year.

3.4.14 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. 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.

3.4.15 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.

3.4.16 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”.

3.4.17 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.

3.4.18 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.

### **3.5 Other Financial Performance**

#### **3.5.1 Council Tax**

The Council Tax in-year collection rate at the end of July was 36.56% which is 0.33% lower than performance for the same period last year. This lower collection rate will in part reflect the impact of agreed payment deferrals. 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 £377.4m 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 July was 34.76% which is 4.10% 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 £935.1m at 1st April 2020 to £928.9m at the end of July 2020, a decrease of £6.4m. 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 £81.3m, which is £102.3m 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 £79.6m 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 50% Business Rates Retention,

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> May, there were 1,102 appeals outstanding against the 2010 ratings list. During June and July 25 appeals have been settled, all of which have resulted in changes to rateable values. 0 new appeals were received in June and July. At 31<sup>st</sup> July there are 1,077 outstanding appeals in Leeds, with 10.8% 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. However between April and July 2020 the number of Checks, the first pre-appeal stage of the new appeals system against the 2017 list, have increased by more than 1,200 to 1,300. These Checks appear to refer to the change in circumstances brought about by the lockdown of the city although information is limited. Early indications are that these 'appeals' are not being successful but close monitoring of the results of the Checks is being maintained. 5.0% of the city's total number of hereditaments and 19.7% of its total Rateable Value in the 2017 list are now subject to either an appeal or a 'Check' or 'Challenge', the second pre-appeal stage of the appeals process. 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. However, for the next MHCLG return the Council intend to report a projected unfunded loss of £42.6m on the collection fund: £16.2m in council tax and £26.3m in business rates. This is a net increase of £0.9m - an increase of £3.5m in regard to the estimated business rates deficit and a reduction of £2.6m in respect of the estimated Council Tax deficit when compared to the position reported to this Board in July. 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, Government announced on 2<sup>nd</sup> July that they would 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 4 the HRA is projecting a balanced position in 2020-21 primarily due to the reduction in the revenue contribution required to support its capital programme, which is helping to offset pressures of around £4.6m

4.2 There is a forecast reduction in total income of £2.5m. Rental income is forecast to be £1.1m lower, mainly due to a temporary increase in the number of void properties due to COVID-19. £1.3m 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 £0.1m in RtB fees. Additionally, and as a consequence of an increase in tenant arrears in the first quarter of the year, it is prudent to project an increase in the provision for doubtful debts of £0.4m.

- 4.3 Staffing costs are forecast to underspend by around £1.6m, with the recruitment freeze being the main reason for this.
- 4.4 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. As mobilisation plans are worked up, the cost of repairs can be more accurately forecast. There is no assumption of savings at this stage.
- 4.5 Housing disrepair costs remain a pressure with an additional £1.9m being estimated as needed for the provision in year.
- 4.6 An additional £136k is required to fund works associated with exiting Navigation House as part of the Council' asset rationalisation programme.
- 4.7 The HRA capital programme has been reduced for 2020-21 only to circa £60m from £80m. As referenced above, part of the saving from the reduced revenue contribution is helping to offset in year pressures and the balance of any savings are planned to be transferred to the Major Repairs Reserve to support an ongoing programme of around £80m from 2021-22 onwards.

## 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 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy.

5.7.2 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 4 position for the Authority in respect of the revenue budget which currently projects a COVID-19 related overspend of £163.0m. Once offset by the projected non-COVID net savings of £5.8m this results in an overall overspend of £157.2m.

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, leaving £41.1m available. On 2nd July Government announced a further package of financial support for Local Government. Allocation of £7.8m to support additional costs has since been confirmed, alongside an estimated £18.9m contribution to lost income. Application of this £67.9m of grant in 2020/21 would reduce the COVID financial pressure to £95.1m. It is assumed that Collection Fund income shortfall of £42.6m would impact on revenue in 2021/22 and later years, leaving a COVID funding gap of £52.5m 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. As such, the Council has implemented some immediate management measures to start to mitigate the financial position.

6.4 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 4 and note the projected impact of COVID-19 on that position.
- b) Note that the remaining gap will still require significant savings and further support from Central Government.
- c) Note that the Authority is awaiting confirmation of further Government financial support this year, which will inform the action the Council will need to take in how a balanced budget position can be delivered.

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

8.1 None.

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

# ADULTS AND HEALTH

## Financial Dashboard - 2020/21 Financial Year

### Month 4

The directorate is projected to overspend its budget by £12.01m. It should be noted that this figure is entirely based upon Covid-19 related cost pressures. A number of budget action plans are expected to slip directly as a result of the Covid-19 pandemic, this is because the necessary resources to deliver these are being redirected; these total £3.6m.

**SECTION A:** the Covid-19 cost pressures to the Adult Social Care are £12.01m.

The Covid-19 reported pressures across the key expenditure types are as follows:

**Staffing (+£0.5m):** the impact of the proposed pay award which is above the budgeted assumptions is shown as Covid-19 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 (£7.0m):** these pressures 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 (£1.4m). £4.6m relates to the funding expended to meet pressures within the care sector and to support it through this period; the figure also assumes that care packages currently paid for by the Early Discharge Grant will switch to the Council w.e.f. October. It is also assumed that a number of emergency CHC clients will be reviewed and revert to Council funding from October 20. There is no firm decision on these last two points but it is generally understood that these will transfer to the Council at some point so this is considered a realistic provision.

**Commissioning (£1.3m):** £1.1m relates the funding expended to meet pressures within the care sector. The directorate has funded 33 organisations with £5k grants to help support their communities and the purchase of PPE.

**General Running Costs (+£0.3m):** representing expenditure on equipment to facilitate early discharge. It is possible this may be recoverable from the NHS Early Discharge funding.

**Income (+£2.8m):** the Covid-19 pandemic has impacted upon savings plans for the recovery of income within client contributions, staffing costs and CCG (BCF) funding.

**SECTION B:** there are other Covid-19 variations that are not directly a cost to Council as expenditure is funded by income from the CCG and Government grants, these are:

- a) NHS Early Discharge funding (£2.2m);
- b) Test & Trace grant (£4.1m)
- c) Infection Control grant (£7.1m).

**SECTION C:** outside of Covid the directorate is projecting a balanced position, though there are variations to planned spend; the main variations across the key expenditure types are as follows:

**Staffing overall (-£1.4m):** the projection is based on the current staffing levels and at P4 there is a high level of vacancies across the directorate.

**Community Care Packages (-£0.2m):** - there are variations across the demand types including reduced commissioned services.

**General Running Costs (-):** nil variations.

**Appropriation (+£0.8m):** underspends within the Leeds Safeguarding Board and Public Health are planned to be carried forward and the use of reserve (commissioning) to support temporary staffing is less than required.

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

	PROJECTED VARIANCES														
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	Total (under) / overspend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Health Partnerships	1,496	(964)	532	(176)	0	0	0	0	(36)	0	0	0	(212)	161	(51)
Social Work & Social Care Services	287,194	(53,964)	233,230	(72)	41	282	(30)	27	8,455	(100)	0	35	8,638	2,017	10,655
Service Transformation	2,360	(369)	1,991	(20)	0	0	0	0	0	0	0	0	(20)	0	(20)
Commissioning Services	23,484	(63,465)	(39,981)	(25)	10	(15)	0	184	8,898	0	0	411	9,463	(7,829)	1,634
Resources and Strategy	6,728	(1,302)	5,426	(301)	0	19	0	0	0	0	0	0	(283)	58	(225)
Public Health (Grant Funded)	49,434	(49,090)	344	(324)	0	19	0	0	4,153	0	0	319	4,167	(4,150)	17
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>370,696</b>	<b>(169,154)</b>	<b>201,542</b>	<b>(917)</b>	<b>51</b>	<b>304</b>	<b>(30)</b>	<b>211</b>	<b>21,470</b>	<b>(100)</b>	<b>0</b>	<b>765</b>	<b>21,754</b>	<b>(9,743)</b>	<b>12,011</b>



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

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
<b>A. Key Budget Action Plans</b>						
1.	Review of Learning Disabilities	Caroline Baria		R	1.0	0.8
2.	Review of Physical Impairment and home care efficiency	Shona McFarlane		R	0.1	0.1
3.	Review of home care efficiency	Shona McFarlane		R	0.1	0.1
4.	Demand - continuation of strengths-based approach	Shona McFarlane		G	0.7	0.0
5.	Recover unspent Direct Payments (based on trends)	Shona McFarlane		G	0.9	0.0
6.	Enablement Service - improvements in productivity	Shona McFarlane		R	0.5	0.4
7.	Review billing and collection of assessed client contributions and trends	Steve Hume		R	1.9	0.8
8.	Assistive technology to a city-wide self-pay market	Shona McFarlane		R	0.2	0.2
9.	Occupational Therapists: grant contribution funding from the DFG	Shona McFarlane		G	0.2	0.0
10.	Section 117 and CHC clients - review cost allocations	Max Naismith		G	0.1	0.0
11.	CHC - LD: client transport costs/ staffing costs	Max Naismith		G	0.4	0.1
12.	Client transport - route and efficiencies	Steve Hume		G	0.3	0.0
13.	Spring Budget (end of time limited schemes)	John Crowther		B	2.5	0.0
14.	Meals on Wheels	Steve Hume		G	0.2	0.0
15.	Contract management efficiencies	Caroline Baria		G	0.8	0.0
16.	iBCF - Health Funding to support social care & Inflation	Steve Hume		R	3.3	1.4
17.	Staffing - vacancy factor/turnover	Shona McFarlane		G	0.4	0.0
<b>B. Other Significant Variations</b>						
1.	Staffing	All	relating to staffing turnover and slippage in employing new staff			(0.9)
2.	Community care packages	Various	anticipated variation			20.1
3.	General running costs	All				0.5
4.	Use of reserves	All	Carry forward of Public Health underspend (£0.3m), reduced requirement of reserve funding within commissioning (£0.4m) and carry forward of Adult Safeguarding (£0.03m)			0.8
5.	Income	S. McFarlane				(12.1)
					<b>Adults and Health Directorate - Forecast Variation</b>	
					<b>12.01</b>	

## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 4

**Overall Summary** - At P4 the directorate is reporting a pressure of £8.149m, all of which is attributable to Covid-19. The overspend includes both additional 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 P4 projection is a positive movement of £0.95m from the reported position at P3, principally due to £0.6m CEL Passenger Transport and £0.35m LCC run Children Centres expenditure savings.

**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; see report to Exec Board 24th June 2020. CLA numbers as at 26th July were 1,334 of which 67 (+2) are ER and 212 (+4) 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 950 placements (+46 20-21 -v- 19-20); current numbers are 988 (+8) 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 £1.511m have currently been identified. This is comprised of £0.8m existing pressures in Early Help and Social Care Management, £0.474m 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 P4 we are now reflecting £0.6m savings on Private Hire from CEL Passenger Transport. Additionally at P1 we assumed a small saving of £0.05m due to the plan to bring in-house the Independent Travel Training contract.

**Trading and Commissioning** : - The directorate have incurred losses of income due to Covid for Children's Centres (£2.321m net figure), trading with schools (£1.92m) and Adel Beck (£0.292m).

**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	£'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)	(600)	0	0	0	0	0	0	(650)	0		(650)	
<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>(600)</b>	<b>0</b>	<b>3,501</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,851</b>	<b>244</b>		<b>3,095</b>	
<b>Other Budgets</b>																		
Partnerships & Health	5,845	(2,063)	3,782	0	0	0	0	0	0	0	0	0	0	0	0		0	
Learning	35,516	(30,116)	5,400	0	0	0	0	0	0	0	0	0	0	0	1,920		1,920	
Social Care	138,534	(93,561)	44,973	1,611	0	0	(300)	(150)	658	150	0	0	0	1,969	1,265		3,234	
Resources and Strategy	67,918	(61,615)	6,303	(100)	0	0	0	0	0	0	0	0	0	(100)	0		(100)	
<b>Sub total Other Budgets</b>	<b>247,814</b>	<b>(187,356)</b>	<b>60,458</b>	<b>1,511</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>1,869</b>	<b>3,185</b>		<b>5,054</b>	
<b>Total</b>	<b>321,096</b>	<b>(197,858)</b>	<b>123,238</b>	<b>1,511</b>	<b>0</b>	<b>(50)</b>	<b>(900)</b>	<b>(150)</b>	<b>4,159</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,720</b>	<b>3,429</b>		<b>8,149</b>	

<b>Key Budget Variations:</b>		<b>Additional Comments</b>	<b>Direct Covid Impact</b>	<b>Indirect Covid-Impact</b>
<b>A. Key variances</b>			<b>£m</b>	<b>£m</b>
Staffing	- Delivery of £2m Staffing Action Plans	The 20-21 budget assumed £2m action plan staff savings target. At P4 progress has been made with £1.2m of savings identified to date (net pressure £0.8m), mainly around Early Help. Further £0.687m relates to additional 0.75% current pay award offer. Offset by £0.35m pay savings as part of the action plan around the £3.8m CLA demand pressure mentioned below and £0.1m saving on retirement costs for teachers.		1.037
	- Direct impact	Additional staffing within LCC run residential homes and 4 x Service Delivery Managers for 6 months.	0.474	
Children Looked After & Financially Supported Non-CLA Demand Budgets	- Delivery of actions within Exec Board report to address £3.8m pressure identified Feb'20.	The Directorate have revised down the pressure reported in Feb 20 due to a reduction in CLA numbers and identified actions to mitigate the remaining pressure, some of which are outside of this budget area and therefore shown on other lines in this table. The actions within this budget area include a £1m reduction on current CLA numbers and profile. Also reflected is a pressure of £0.24m shortfall in CCG contributions for Out of Area Placements.		1.329
	- assessed impact on CLA numbers and budget specifically relating to covid-19.	Currently modelling a 5% impact on the CLA demand budget for 9 months of 20-21 financial year. Additionally reflected a £0.3m pressure relating to S17 payments and £0.25m due to increased benefit payments under universal credit for all of 20-21 financial year.	2.724	
Non-Staffing	- Insourcing of Independent Travel Trainer contract	Action planned to in-source ITT contract		(0.050)
	- assessed impact on non-staffing related expenditure directly due to covid-19	£0.35m impact re additional DIS equipment and £0.15m increased Direct Payments, offset by £0.6m private hire savings from CEL Passenger Transport, £0.3m savings on travel & subsistence and £0.15m on Legal charges.	(0.550)	
Income (including Grant funding)	- impact on 20-21 income not directly due to covid-19	Following approval of the 20-21 budget the following projections relating to income & grant have been realised / identified: £0.324m reduction in Troubled Families Grant offset by £0.05m additional Pupil Premium funding for Virtual Head, £0.25m saving from utilising more in-house resources to deliver SFPC programme and £1.372m PIP funding.		(1.348)
	- assessed impact on income directly due to covid-19	There has been a significant impact on income directly related to the impact of covid-19; projected pressures of £2.321m school traded income, £1.92m children centre fee income, £0.292m Adel Beck income.	4.533	
		Sub totals	<b>7.181</b>	<b>0.968</b>
			<b>Children and Families Directorate - Forecast Variation</b>	
				<b>8.149</b>

# CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR

## DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 4

**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

	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

### DSG Grant Reserves

#### 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
3,955	(722)	3,233
<b>3,955</b>	<b>(722)</b>	<b>3,233</b>
3,955	(722)	3,233
3,178	(250)	2,928
		0
<b>7,133</b>	<b>(972)</b>	<b>6,161</b>



## CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 4

**Directorate Summary** - At Period 4 it is projected that there will be a year-end overspend of just over £20.7m, this takes account of the projected impact of Covid 19 of circa £22.6m which includes the additional cost of the proposed higher pay offer. This is a net improvement of £0.8m from the previous period 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 are 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 £1.5m 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 £740k across the Directorate.

**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.

**Planning and Sustainable Development** - Both planning and building fee income showed a slight decrease compared to May. The cumulative position in June was 36% down against 2019/20 income levels for planning fees and 7% down against 2019/20 for building fees, however there is confidence across the Service that this will improve to a 15% reduction on 2019/20 levels reflecting an increase in planning applications being submitted for the next three quarters and this is reflected in the projection. 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 £1.4m. Large planning applications are still being received but there has been a slowdown in householder applications. Partly offsetting this is just under £240k of staffing, transport and supplies and services savings.

**Economic Development** - The service is forecasting a reduction of income and additional costs of £120k 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 £0.5m improvement in this projection from Period 2 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. At Period 2 the projection was 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. 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 could be worse than currently projected. At Period 4 the projected overspend has reduced by £0.2m as further savings across expenditure have been identified.

**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, currently projected at £0.5m.

**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)	1,684	(197)	0	(3)	(38)	0	0	0	0	0	(238)	1,386	1,148
Economic Development	2,327	(596)	1,731	44	0	126	0	0	0	0	0	0	170	(49)	120
Asset Management & Regeneration	18,656	(21,888)	(3,232)	(786)	300	(78)	(4)	0	0	0	0	0	(567)	4,741	4,173
Employment & Skills	7,410	(5,697)	1,713	(63)	0	0	0	0	0	0	0	0	(63)	0	(63)
Highways & Transportation	65,970	(48,061)	17,909	(324)	26	(848)	(688)	9	0	0	0	0	(1,825)	3,622	1,797
Arts & Heritage	21,308	(8,928)	12,380	(41)	(2)	(1,753)	(4)	(59)	0	0	0	0	(1,858)	4,004	2,146
Active Leeds	26,626	(20,453)	6,172	(61)	(125)	(150)	0	0	(75)	0	0	0	(411)	9,930	9,519
Resources & Strategy	1,045	0	1,045	(83)	0	495	0	0	0	0	0	0	412	0	412
Markets & City Centre	3,503	(4,567)	(1,064)	(10)	0	(10)	0	0	0	0	0	0	(20)	1,478	1,458
<b>Total</b>	<b>156,405</b>	<b>(118,067)</b>	<b>38,338</b>	<b>(1,520)</b>	<b>199</b>	<b>(2,222)</b>	<b>(734)</b>	<b>(50)</b>	<b>(75)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,402)</b>	<b>25,112</b>	<b>20,710</b>

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

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Budget Action Plans</b>						
1.	Planning & Sustainable Development	David Feeney	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>B. Other Significant Variations</b>						
1.	Planning & Sustainable Development	David Feeney	Planning Application and Building Control Fees			1.2
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			3.8
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			(0.7)
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>20.71</b>

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### PERIOD 4

#### Overall

The Directorate has a projected overspend at month 4 of £15.6m against its £83.7m net managed budget, a reduction of £960k from the month 3 forecast). The total COVID related cost/loss of income of £17.9m is partially offset by savings/income of £2.3m comprising vacancy freeze/delayed recruitment assumptions, additional income and savings in non essential expenditure across all services.

#### Resources

There is a projected overspend of just over £1.7m across the Resources group of services, £3.6m of this is due to the adverse impact of COVID partially offset by non Covid savings/income of £1.9m. The most significant items are a projected loss of court fees in Finance/Legal of £1.1m, £0.5m estimated cost of operating and providing meals from the Food Warehouse, £0.4m 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 £1.9m, being a combination of savings against vacant posts, non essential spend and other running cost savings.

#### Housing Services

An overspend of £1.4m is forecast for Housing mainly due to the Covid-19 impact, consisting of £2.3m additional accommodation costs and £0.75m for security costs relating to both hotel and supported accommodation. The total pressure of £3.3m is partially offset by additional Housing Benefit income of £1.7m.

#### Civic Enterprise Leeds (CEL)

The division is projected to overspend by £12.4m with £12.7m attributable to COVID and partially offset by £0.3m of additional income and reduced forecast expenditure. Of the £12.7m COVID pressures, £5.7m is for Authority wide expenditure on PPE and £5.7m 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.

In addition, school closures, closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children will cost around £0.8m in Catering. The pandemic has also caused a delay in implementation budget action plan savings of £171k within Fleet Services. However, as some civic buildings have closed with increased working from home, overall savings of £200k have been built into the projections within Facilities Management.

#### 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
Resources	100,513	(32,304)	68,209	2,042	(55)	(25)	(54)	80	0	0	0	0	0	1,988	(246)	1,742
Housing	20,837	(13,345)	7,492	(161)	0	3,139	0	0	0	0	0	0	0	2,978	(1,548)	1,430
CEL	148,367	(140,366)	8,001	(973)	(193)	5,387	166	(1)	0	0	0	0	0	4,386	8,049	12,435
Directorate Action Plan				0		0								0		0
<b>Total</b>	<b>269,717</b>	<b>(186,015)</b>	<b>83,702</b>	<b>908</b>	<b>(248)</b>	<b>8,501</b>	<b>112</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,352</b>	<b>6,255</b>	<b>15,607</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	5.66
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		4.45
	Impact of Covid-20		Pay Award	R		1.04
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		5.70

**B. Other Significant Variations**

1	All Other variations		Net pressures, vacancy freeze and non essential spend savings	G		(1.87)
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**Resources and Housing Directorate - Outturn Variation**
**15.61**

## COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

### FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

#### Period 4

The overall position is a projected overspend of £24,135k. Of this, £26,047k 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 stage of the year indicates that potential savings of £1,912k may be achievable.

#### Communities (£287k overspend)

Covid-19 related costs total £292k 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 net expenditure variations of £2k are projected.

#### Customer Access (£1,798k overspend)

Covid-19 costs are estimated at £1.344k which includes the cost of software and equipment to support home working (£158k), PPE/Social distancing measures and additional cleaning at Hub sites (£240k), projected income losses of £545k across the service, the additional cost of overtime £230k and the pay offer of £165k. Other variations include a projected staffing overspend of +£353k, additional security of £120k at Hubs and £19k other net expenditure savings.

#### Electoral and Regulatory Services (£654k overspend)

#### Elections, Licensing and Registrars (£678k overspend)

The majority of fee earning activities have reduced significantly - including Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on income is estimated at £1,546k, with a further £16k relating to the pay offer, although these will be partially offset by net savings of £315k from the cancelled May elections. Further net savings of £569k are anticipated from staffing/other expenditure variations and utilisation of the TPHL earmarked reserve to partially offset the in-year income shortfall.

#### Environmental Health (£24k underspend)

The projected position reflects Covid related costs of £39k, mainly due to income losses from a reduction in activities across the service and the pay offer of £10k, offset by £73k net savings in respect of staffing and other expenditure.

#### Welfare and Benefits (£556k 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) and the estimated cost of the pay offer (£45k). Other non-Covid forecast variations in expenditure and income are projected at (£68k).

#### Parks and Countryside (£6,899k overspend)

The impact of Covid-19 on income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arrium, Cafes, Golf courses, Bowling Greens and concessions in parks, is currently estimated at £4,158k. 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 £388k (including the impact of the delayed implementation of an 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 £1,280k 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 £600k for the year forecast at this stage together with other operating expenditure savings of £113k.

#### Car Parking (£7,053k 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 until 4th July and the anticipated reduction in income levels from July onwards. Net staffing savings of £222k (including the pay offer at +£23k) and other expenditure savings of £207k are currently anticipated to partially offset this.

#### Community Safety (£45k 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 (£5,772k overspend):

Within the Refuse service, additional expenditure of £2,585k 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 but additional volumes of waste are currently forecast to cost an additional £2,733k to the end of the year. Additional costs of £503k 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 (£100k underspend)

Covid-19 related costs of £275k 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 £306k and operating expenditure savings of £68k.

#### City Centre (£133k overspend)

Covid-19 related costs of £145k 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 (£1,038k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,030k. £819k 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 £134k, overtime and transport costs of £43k are anticipated for the co-ordination of the city wide use of volunteers, and approximately £34k 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 4 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	16,270	(11,418)	4,852	28		(2)							26	261	287
Customer Access	25,106	(4,560)	20,546	518	120	635	(20)						1,253	545	1,798
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(516)	25	(229)	(15)					(246)	(981)	1,635	654
Welfare And Benefits	196,901	(191,795)	5,106	106		474	(14)	76					642	(86)	556
Car Parking Services	4,867	(12,252)	(7,385)	(222)	(20)	(187)							(429)	7,482	7,053
Community Safety	8,621	(6,283)	2,338	199		5							204	(159)	45
Waste Management	44,279	(9,766)	34,513	2,401	100	2,779	425	(160)					5,545	227	5,772
Parks And Countryside	33,914	(26,147)	7,767	(471)		(422)	5	70					(818)	7,717	6,899
Environmental Action (City Centre)	2,119	(427)	1,692	44	(2)	19							61	72	133
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(140)		(37)	(20)						(197)	97	(100)
Directorate wide	0	0	0	74		964							1,038		1,038
<b>Total</b>	<b>353,135</b>	<b>(273,448)</b>	<b>79,687</b>	<b>2,021</b>	<b>223</b>	<b>3,999</b>	<b>361</b>	<b>(14)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(246)</b>	<b>6,344</b>	<b>17,791</b>	<b>24,135</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	Delays anticipated due to Covid-19	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	Business case to be drafted	G	(150)	
<b>Customer Access</b>	Achievement of base budget vacancy factor	Lee Hemsworth	Potential overspend based on period 4 staffing	R	(646)	353
<b>Welfare &amp; Benefits</b>						
<b>Housing Benefits</b>	Achievement of staffing reductions	Lee Hemsworth	Potential overspend based on period 4 staffing	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	Elections deferred until May 21 due to Covid-19 meaning further savings in 20/21	G	(400)	(315)
<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	Price increase not yet implemented	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	Confirmation now received	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)	
<b>Parks and Countryside</b>						
<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)	
<b>Community Safety</b>						
<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)	
<b>Directorate Wide</b>						
<b>Other Significant Variations</b>						
All	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above			26,196
All	Staffing	All	Estimated staffing savings			(1,373)
All	Operating expenditure	All	Expenditure savings identified at period 4 - running costs etc			(1,237)
ELR	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve			(246)
All	Other	All	All other variations			591
<b>Communities &amp; Environment - Forecast Variation</b>						<b>24,135</b>

**STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 4**

**Overall :**

The overall projection for month 4 for Strategic & Central Accounts shows an overspend of £26.3m. There are two significant factors to highlight within this position :

The dashboard recognises the potential for a shortfall of £27.9m 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 £74.6m) will be fully required in 2021/22 and will therefore be carried forward in an earmarked reserve. A reduction of £1.9m has also been recognised in the council's projected business rates levy for the year, as a result of anticipated reduced business rates income.

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

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

	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
Debt	35,747	(17,881)	17,866								28,442				28,442	(163)	28,279
Govt Grants	2,161	(27,581)	(25,420)										74,613	72,659	(74,613)	(1,954)	
Joint Committees	35,201	0	35,201						7					7			7
Miscellaneous	5,746	(794)	4,952	(84)										(84)	33		(51)
Insurance	9,167	(9,167)	0			(199)		18					(14)	(195)	195		0
<b>Total</b>	<b>74,710</b>	<b>(75,512)</b>	<b>(802)</b>	<b>(84)</b>	<b>0</b>	<b>(187)</b>	<b>0</b>	<b>18</b>	<b>7</b>	<b>(1,954)</b>	<b>28,442</b>	<b>74,599</b>	<b>100,841</b>	<b>(74,548)</b>	<b>(74,548)</b>	<b>26,293</b>	

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

### Key Budget Action Plans and Budget Variations:

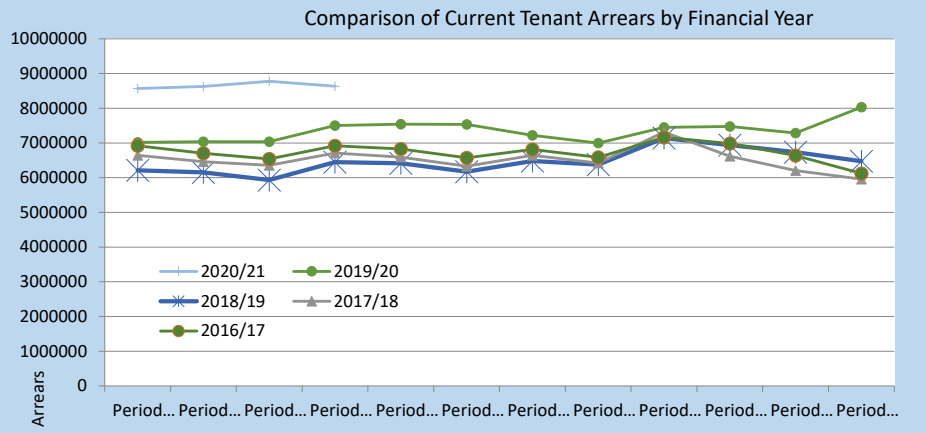
				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Major Budget Issues</b>						
1.	Debt Costs and External Income	Victoria Bradshaw	Minor overspend currently forecast	A	20.2	0.5
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital 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 £74.6m 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)	(2.0)
5.	S278 Contributions	Victoria Bradshaw	Progress update meetings on various S278 funded Highways capital schemes indicate spend should be as budgeted.	A	(4.6)	0.0
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget	A	(3.8)	0.0
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget	A	(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	Minor net variations at Period 4. Deficit of £14k to be funded from general insurance reserve.	G	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Forecast at Period 4 is £91k higher than budget	G	(16.6)	(0.1)
3.	Miscellaneous	Victoria Bradshaw	Minor net variations at Period 4	G	4.9	0.0
<b>Strategic &amp; Central Accounts - Forecast Variation</b>						<b>26.3</b>

## Housing Revenue Account - Period 4 Financial Dashboard - 2020/21 Financial Year

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

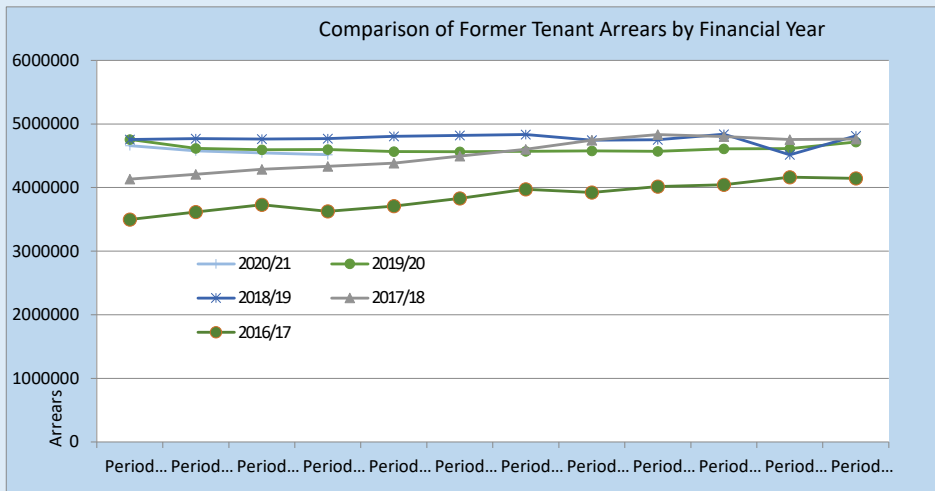
Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(212,140)	(211,093)	1,047	£396k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £172k Net impact of reduction in RtBs sales offset by ROFR delays. £72k Covid 19 loss of commercial rent. Garages rent pressure £33k.	1,048
Service Charges	(8,484)	(8,429)	54		54
Other Income	(33,772)	(32,359)	1,413	£140k RtB admin income due to Covid 19. £423k Civica project team not charged to capital. £250k staff not working on capital schemes due to Covid 19. £430k vacant posts in P&I not charged to cap schemes. £164k 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.	2,463
<b>Total Income</b>	<b>(254,396)</b>	<b>(251,881)</b>	<b>2,515</b>		<b>3,565</b>
<b>Expenditure</b>					
Disrepair Provision	1,400	3,300	1,900	Increase in case numbers and average costs.	1,900
Repairs to Dwellings	45,081	45,081	-		-
Council Tax on Voids	778	895	117	Covid 19 impact due to void level.	117
Employees	31,402	29,844	(1,558)	Assume hold vacant posts vacant for 6 months and addtl 0.75% pay award due to Covid 19. Hsg Mgt £(827)k, P&I £(560)k, Hsg Growth £(147)k, Technical £(12)k.	(1,546)
Premises	8,202	8,338	136	Naviagtion House Delapidation work.	142
Supplies & Services	3,835	3,718	(117)	ICT savings review.	(75)
Internal Services	44,064	44,604	540	Civica DIS staff not charged to capital. NB Possible additional pressure of LEEDS PIPES costs not yet reflected. Greater analysis required.	575
Capital Programme	60,550	55,924	(4,626)	RtB loss of capital receipts from reduced sales (108 assumed less sales - NB This assumes the impact will be for 4 months. <i>The pressure will be greater if longer than this</i> ).	(5,845)
Unitary Charge PFI	10,417	10,417	-		-
Capital Charges	44,334	44,334	-		-
Other Expenditure	5,739	6,166	427	Provision for bad debt figure increased to reflect the projected £1.968m increase in rent arrears.	500
<b>Total Expenditure</b>	<b>255,800</b>	<b>252,618</b>	<b>(3,182)</b>		<b>(4,232)</b>
<b>Net Position</b>	<b>1,404</b>	<b>737</b>	<b>(667)</b>		<b>(667)</b>
Appropriation: Sinking funds	(216)	394	610		610
Appropriation: Reserves	(1,188)	(1,131)	57	Revised use of EIT reserve.	57
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(0)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
<b>Total Current Month</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(0)</b>

## Housing Revenue Account - Period 4 Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(645)	(575)
Right of First Refusals/ Buybacks	65	41
New Build (Council House Growth)	80	76
<b>Total</b>	<b>(500)</b>	<b>(458)</b>

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	30,343
Average Selling Price per unit (£000s)	55.4	56.5
Number of Sales	612	537
Number of Live Applications	1,333	1,209



Arrears	2019/20	2020/21	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2019/20 Week 18</b>	<b>2020/21 Week 18</b>	
Current Dwellings	6,700	7,706	1,007
Current Other	784	929	145
Former Tenants	4,599	4,518	(82)
	12,083	13,153	1,070
<b>Under occupation</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 13</b>	
Volume of Accounts	3,051	2,938	(113)
Volume in Arrears	1,198	1,152	(46)
% in Arrears	39.3%	39.2%	-0.1%
Value of Arrears	197	190	(7)
<b>Collection Rates</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 13</b>	
Dwelling rents	96.43%	94.53%	-1.9%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-2.97%	-1.9%