



## Report of the Director of Resources

### Executive Board

Date: 4<sup>th</sup> November 2009

Subject: Financial Health Monitoring 2009/10 – Half Year Report

**Electoral Wards Affected:**

  
  
  

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In  
(Details contained in the report)

\*except for the recommendation at 6.2.1

## Executive Summary

1. The purpose of this report is to inform members of the financial health of the authority after six months of the financial year in respect of the revenue budget and the housing revenue account. Separate reports on the capital programme and treasury management are elsewhere on this agenda.
2. The report identifies a number of pressures, many of which impacted on the 2008/09 outturn particularly affecting income and demand led budgets. At the first quarter it was reported that an overspend of £10.9m was projected. Whilst directorates have developed and implemented a number of action plans nevertheless an overall overspend of £5.5m is still projected at the half year position. Detailed directorate reports are included at Appendix 1.
3. It is clearly crucial that directorates continue to develop action plans to contain spending within approved budgets. Members are asked to note the projected financial position of the authority after six months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.

## **1. PURPOSE OF REPORT**

- 1.1 This report sets out for the Board the Council's financial health position for 2009/10 after six months of the financial year. The report covers revenue expenditure and income projected to the year end. The report also highlights the position regarding other key financial health indicators, including the collection of local taxation and the payment of creditors. Separate reports regarding the capital programme and treasury management can be found elsewhere on this agenda.

## **2. BACKGROUND INFORMATION**

- 2.1 Members will recall that the net budget<sup>1</sup> for the general fund was set at £556.8m, which was not supported by the use of any general fund reserves. As a result, the level of general fund reserves at 31<sup>st</sup> March 2010 were estimated to be £12.0m.
- 2.2. The report on the 2008/09 Statement of Accounts, presented to Corporate Governance and Audit Committee<sup>2</sup> on 30<sup>th</sup> June 2009, highlighted that the net contribution to general fund reserves was £4.6m in excess of the budget bringing the level of general reserves up to £16.6m.
- 2.3. A subsequent report on 30<sup>th</sup> September<sup>3</sup> gave details of a number of insurance claims which had been settled or where further circumstances had come to light which required the insurance provision at the end of 2008/09 to be amended. The result of these post balance sheet events was to increase the insurance provision by £469k, resulting in a corresponding reduction in general reserves to £16.1m.
- 2.4. The reserves also include a claim for overpaid VAT within Sport which could give a potential refund of £6.3m. In view of the unknown final outcome of the VAT claim and the present uncertain economic circumstances, it was agreed that the Council should maintain a higher level of reserves than the minimum required.
- 2.5 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after six months and comments on the key issues impacting on the overall achievement of the budget for the current year.

## **3. MAIN ISSUES**

- 3.1 After six months of the financial year an overspend of £5.5m is currently projected, a decrease of £5.4m from the month 3 position as detailed in the following table:

General fund	Total Staffing £000	Other Costs £000	Total Projected Variance £000	Memo Variation at Month 3 £000	Variation from mth 3 to mth 6 £000
Adult Social Care	543	799	1,342	300	1,042
Children's Services	603	2,285	2,888	2,500	388
City Development	419	1,298	1,717	4,200	(2,483)
Environment and Neighbourhoods	(1,395)	2,026	631	1,260	(629)
Central & Corporate Functions	(205)	128	(77)	155	(232)
<b>Total Directorates</b>	<b>(35)</b>	<b>6,536</b>	<b>6,501</b>	<b>8,415</b>	<b>(1,914)</b>
Debt Charges		(2,000)	(2,000)	0	(2,000)
Section 278 Income		1,700	1,700	1,200	500
Early Leaver Initiative		1,500	1,500	1,300	200
Contingency Fund		(750)	(750)	0	(750)
Other		(1,500)	(1,500)	0	(1,500)
<b>Net Position</b>	<b>(35)</b>	<b>5,486</b>	<b>5,451</b>	<b>10,915</b>	<b>(5,464)</b>

3.2 The financial position has improved by £5.4m since month 3. This is partly due to the implementation of action plans and the identification of corporate savings. Corporate savings of £3.5m have been identified primarily from debt savings of £2m, a freeze on Contingency Fund releases of £750k and £1.5m from further capitalisation and use of earmarked reserves. However this is partly offset by additional costs of the Early Leavers Initiative and a further decline in Section 278 income reflecting the slowdown in development activity. The overall staffing overspend has reduced by £0.6m (excluding the effects of the industrial action in streetscene – see 3.2.4), primarily as a result of tighter controls over recruitment and there has been no significant change in running costs, although there have been variations within individual directorates as explained in the following paragraphs.

3.2.1 Within Adult Social Care, the projected overspend has increased by £1m since month 3. This is due to staffing variations of £0.4m, mainly as a result of slippage in implementing planned savings, particularly within directly provided services. In addition, the cost of community care packages has increased by £1.6m. This mainly relates to independent sector domiciliary care, for which demand has increased, although this has been partly offset by an increase in service user contributions and reduced agency and contract payments. The projected costs to Adult Social Care for the Holt Park Wellbeing Centre have reduced by £0.2m since month 3.

3.2.2 The projected overspend on Children's Services has increased by £0.4m. The cost of externally provided placements has increased by £1.8m offset by a contribution from the Education Leeds reserve of £1m and an increase in grant and external income.

3.2.3 Within City Development, the projected overspend has reduced by £2.5m mainly as a result of £1m of highways expenditure which has been identified as more appropriately charged to capital and further savings of £1m in operational budgets.

3.2.4 The projected overspend within Environment and Neighbourhoods has reduced by £0.6m, largely reflecting an improved income projection for car parking services and general savings on running costs across the directorate. The current net cost of the industrial action in streetscene is broadly neutral, although this manifests itself as £0.8m staffing savings offset by the use of external contractors and communication costs.

3.2.5 The projection for Central and Corporate has improved slightly as a result of further staffing savings.

3.3 The following paragraphs describe the main projected variations from the approved 2009/10 budget at the half year stage.

#### 3.3.1 Income Variations

The economic downturn is continuing to have a significant effect on income levels in 2009/10. Within the City Development directorate a shortfall of £3.5m is projected from a number of external income sources, including planning and building fees, Recreation, Libraries Arts and Heritage and commercial rental income. Other net variations within the directorate of £0.9m partially offset this. Within Environment and Neighbourhoods, a shortfall in car parking income of £700k is forecast. In addition, the 2009/10 budget includes income from Section 278 schemes of £5.2m, and the latest assessment is a shortfall of £1.7m, again reflecting a slowdown in development activity.

The level of nursery fee income within Children's Services is projected to be £1m lower than the budget, although this has been offset by maximizing grant and external income and also through additional Nursery Education funding.

Additional income has been generated within Adults Social Care with a one-off grant contribution for neighbourhood networks of £0.4m towards the city wide scheme. There is a projected loss income of £745k within the Jobs and Skills service, primarily work based learning grant.

#### 3.3.2 Demand Variations

Externally provided placements, both residential and with independent fostering agencies, continue to be a major pressure on the Children's Services budget and are now projected to be £3.9m overspent.

Within Adult Social Care, £0.35m has been provided for costs associated with the Holt Park Wellbeing centre that were not included in the budget. The amount and distribution of these costs remains under review. In addition, increased pressure on the Community Care budget is estimated at £1.7m, mainly for independent sector domiciliary care for which demand has increased.

#### 3.3.3 Staffing

The overall staffing projection is now in line with the budget although this figure would have been some £2.2m higher were it not for a projected reduction in the level of the NJC pay award of an increase of 1.25% for the lower grades and 1% for higher grades. The 2009/10 budget provided for a 2% increase.

During 2008/09, the Council's Early Leaver Initiative (ELI) was used to help reduce overall staffing costs. The scheme was financed from an earmarked reserve and facilitated 132 people leaving the authority where there was an organisational priority for change and future savings backed up by business cases. The 2009/10 budget built in assumptions around reducing staffing levels and these reductions are being progressed in a number of services where there is a robust business case demonstrating a clear rationale to achieve future savings. It is projected that additional funds of £1.5m will be required to cover the in year costs of the initiative, and it is proposed to fund this initiative from savings in debt charges.

### 3.3.4 Other

Debt savings have been achieved through proactive treasury management, taking advantage of the continued low short term interest rates and a £2m saving is currently projected. It is proposed to use £1.5m of this to fund the early leavers initiative.

In view of the current financial position it is proposed that no more funds be released from the Contingency Fund and the balance of £750k be used to reduce the general overspend position. In addition it is anticipated that an additional £1.5m could be found from further capitalisation and the use of earmarked reserves.

3.3.5 Further details of directorate variations are attached as Appendix 1. It is important that budget pressures are addressed by directorates who are required to continue to develop and implement action plans to manage their pressures within available resources. The extent to which action plans are not effective in containing spending within approved estimates will impact on the Council's reserves which will clearly have implications on the medium term plan assumptions going forward.

3.3.6 The current level of overspend gives some cause for concern and the Director of Resources following consultation with the other Directors has introduced stricter controls on external recruitment.

## 4. **HOUSING REVENUE ACCOUNT**

4.1 At the end of the second quarter the HRA is projecting a surplus of £343k. This is after taking into account the following:

- a budgeted contribution to the Swarcliffe PFI sinking fund (£284k)
- a revenue contribution to capital (RCCO) to fund decency works on the Woodbridge estate (£500k)
- RCCO to fund a projected shortfall in resources for the HICT project (£200k)
- Capital charges associated with the unsupported borrowing for early demolition of properties in the Little London, Beeston Hill and Holbeck PFI area ( (£128k)
- Removal of care ring equipment from sheltered warden properties (£160k).

4.2 £1.5m of additional income is projected from housing rents. This takes into account the compensation from Government, via the subsidy system, for increasing rents by 3.1% rather than the 6.2% originally budgeted.

4.3 The additional income is as a result of void levels being lower than budgeted and the decline in Right to Buy (RTB) sales. Of the increased income, £487k will be paid over to the ALMOs as additional void incentive payments.

## 5. **OTHER FINANCIAL PERFORMANCE**

5.1 The level of Council Tax collected at the end of September 2009 is 55.73% of the debit for the year of £255.5m. This is marginally behind the same point last year however it is still forecast to match last year's performance of 96.3% by 31st March 2010.

5.2 The collection of non-domestic rates for the first six months is 60.79% of the current net debit of £330.7m, which, whilst being behind the same period last year, is currently on target against a reduced yearly target of 97.5% agreed due to the impact of the recession.

- 5.3 In terms of Sundry income, the collection rate at the end of September is 92.9% of the amount due of £61.9m. The collection rate is similar to the same period last year and currently forecast to reach the year end target of 97%, however the planned project to move to a new recovery system, Authority Financials, during the 4th quarter of 2009/10 may have an impact on this.
- 5.4 The prompt payment result for the half year is 90% against a target of 92%. This represents a significant improvement on the position last year.

## **6. RECOMMENDATION**

- 6.1 Members of the Executive Board are asked to note the projected financial position of the authority after six months of the financial year and request that directorates continue to develop and implement action plans.
- 6.2 Members are also requested to approve the following budget adjustment :-
- 6.2.1 Recommend to Council a virement in the sum of £1.5m from debt charge savings to fund the early leavers initiative.

### BACKGROUND

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<sup>1</sup> Revenue Budget and Council Tax 2009/10 – report to Executive Board 13<sup>th</sup> February 2009

<sup>2</sup> The Statement of Accounts 2008/09 – report to Corporate Governance and Audit Committee 30<sup>th</sup> June 2009

<sup>3</sup> Audited Statement of Accounts and the Use of Resources Assessment 2008/09 30<sup>th</sup> September 2009

## ADULT SOCIAL CARE DIRECTORATE: 2009/10 BUDGET – PERIOD 6 REPORT

### 1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 6.

### 2.0 Overall Summary

The Period 6 position for the Adult Social Care Directorate is a projected overspend of £1.3m. This is after assuming achievement of in-year action plans of £5.3m.

### 3.0 Explanation of the Projected Overspend

The main reasons for the projected overspend are:

- **Holt Park Wellbeing Centre - £0.35m**  
 The initial bid for PFI credits for a Wellbeing Centre was rejected last year and because a response had not been received regarding the appeal lodged against that decision, no costs were included in the Adult Social Care budget proposals for 2009/10. However, in March of this year the appeal was upheld and the opportunity of securing over £30m of PFI credits to further the development of universal services as part of the 'Putting People First' agenda, together with the reprovision of the Holt Park Leisure Centre was seen as an important contribution to the delivery of ASCs objectives. The costs associated with the procurement of this facility and their allocation across the partners are yet to be finalised, and may be impacted by the final allocation of floorspace and additional contributions from other agencies; but for planning purposes Adult Social Care are currently projecting to share the cost equally with the City Development directorate.
- **Community Care Packages - £1.7m**  
 This partly reflects an increase in direct payments and the average cost of community care placements being higher than budgeted together with reduced PCT income. However, the main pressure relates to independent sector domiciliary care. The domiciliary care projection reflects increased number of new care packages being required, partly to facilitate timely discharges from hospital and intermediate care beds.
- **Staffing - £0.5m**  
 Mainly due to slippage in implementing planned savings, particularly within the directly-provided home care service.
- **Agency and Contract Payments – (£0.5m)**  
 This is mainly due to a repayment relating to previous years funding from an organisation providing a significant level of service on behalf of Adult Social Care. The repayment of £0.3m is not yet confirmed and so is included within the action plan.
- **Service User Contributions – (£0.3m)**  
 This mainly relates to residential care, for which assessed contributions are higher than budgeted.
- **Neighbourhood Networks – (£0.4m)**  
 The directorate has successfully bid for and received a one off grant contribution towards the city-wide scheme.

## CHILDREN'S SERVICES: 2009/10 BUDGET – HALF-YEAR POSITION

### 1.0 Introduction

This report sets out the financial position for Children's Services for the half-year position.

### 2.0 Overall Summary

The half-year position for Children's Services is a projected overspend of £2.9m. This forecast overspend is net of £3.1m of action plan savings.

### 3.0 Explanation of the projected over/underspend

3.1 Within the overall Children's Services budget the individual service position is:

Line	Service	Forecast Variation Over/(under) £m
1.	Children & Young People's Social Care	4.72
2.	Early Years	(1.32)
3.	Integrated Youth Support Service (incl. Youth Offending Service)	(0.10)
4.	DCS Unit	-
5.	Education	(0.07)
6.	Central & Strategic budgets	1.17
7.	Use of reserves & grant balances	(1.50)
	<b>Total</b>	<b>2.90</b>

### 3.2 Children & Young People's Social Care (CYPSC)

In line with other local authorities, there is significant pressure on Children & Young People's Social Care in terms of service transformation, increased referrals and increased costs. The main financial pressures continue to be in the externally provided residential and fostering placement budgets which together are forecast to overspend by £3.9m. This is due to the changing mix of internal/external provision and an increase in the number of children & young people who are placed with external providers. Across CYPSC, there is also additional pressure on the budget around slippage on some of the budgeted action plans, for example the corporate review of employee travel policies, procurement efficiencies and delivery of the potential efficiencies from reducing the level of sickness absence.

### 3.3 Early Years

The forecast underspend on the Early Years budgets continues to be focussed mainly on the employee budgets across the Children's Centres. Nursery fee income is reduced when compared to the budget although this is offset by maximising grant and external income and also through additional Nursery Education Funding.



### **3.4 Integrated Youth Support Service (incl. Youth Offending Service)**

In the main, the pressure on the IYSS budget is around a forecast overspend across the employee budgets, together with slippage on the some of the budgeted action plan savings (employee travel, procurement & maximising income) and non-reclaimable costs associated with the development of the Youth Hub in South Leeds. These pressures are offset through the implementation of an action plan around restricting non-essential spend, reviewing buildings costs and maximising income.

### **3.5 Central & Strategic Budgets**

The approved budget strategy for 2009/10 included some challenging targets around the delivery of efficiencies from service transformation and in particular the application of strategic commissioning, the development of integrated working at a locality level and by reviewing and rationalising back-office and support functions. Whilst progress continues to be made against these objectives, the half-year projections recognise that there will be slippage on the delivery of these budgeted efficiencies into 2010/11.

## CITY DEVELOPMENT DIRECTORATE: 2009/10 BUDGET – PERIOD 6 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 6.

### 2.0 Overall Summary

The Period 6 position for City Development Directorate is a projected overspend of £1.7m and includes a proposal to capitalise £1m of Highways revenue spend.

Within this projection are assumed savings of £1.5m on staffing and running costs which have already been agreed by City Development Directorate.

### 3.0 Explanation of the Projected Overspend

Reduced external income is by far the most significant budget pressure faced by the Directorate. Projected shortfalls in key income sources across the Directorate now amount to over £4m. The projected overspend can be summarised as follows:

#### Income Shortfalls:

Planning and Building Fees	£2.0m
Recreation	£1.0m
Libraries, Arts and Heritage	£0.2m
Commercial Property and Markets	£0.3m
Architectural Design Services	<u>£0.5m</u>
	£4.0m

Capital fee recoveries	£1.0m Cr
Planning Delivery Grant	£0.6m Cr
Other income variations	<u>£0.4m Cr</u>
<b>Total Income variations</b>	<b>£2.0m</b>

#### Expenditure Variations:

Staffing	£0.4m
Operational budgets	£0.7m Cr

**Overall Total** **£1.7m**

#### Income Variations

Despite the 2009/10 budget being adjusted to allow for an expected reduction in external income, the actual position experienced in 2009/10 is far worse than was anticipated at the time the budget was set. The Period 6 budget projection assumes a shortfall of £4m in key income sources. The most significant problem continues to be planning and building fee income with a shortfall of over £2m. The shortfall against the monthly phased budget has continued to increase during 2009/10 and the Service does not see any prospect for this position to change in the short term. Other income shortfalls include £0.3m on commercial property and markets rental income and £1.0m on recreation. An optimism figure of £250k on external income has been assumed for the final quarter on the basis that external income should pick up as the economic outlook starts to improve.

Reduced workloads for Architectural Design Services means that there is a projected shortfall in income of £0.5m after allowing for reduced staffing costs. The service has produced a budget action plan to deal with this situation and is currently working on a revised staffing structure.

The DCLG have informally notified the Authority that the likely Housing & Planning Delivery Grant for 2009/10 is £1.4m, an additional allocation of £625k above the base budget. This is to be used to part fund the shortfall in fee income. However, since this initial informal notification there has been a delay in a formal announcement of the allocations being made. This is now a cause for concern as there is a risk that the initial allocations could be reviewed and amended with the possible consequence that the actual award to Leeds is lower than the £1.4m.

## **Staffing**

To help fund income shortfalls, reduced workloads and meet other substantial cost pressures the budget strategy for City Development for 2009/10 included a staffing saving target of over £3m. An additional staff saving of £220k was also included for savings resulting from reduced sickness. Over 50 Early Leaver Initiative (ELI) cases were approved during 2008/09. An additional 13 business cases have been agreed to date in 2009/10 and services continue to actively review further expressions of interest. Restructures are also being progressed in a number of services which are experiencing reduced income and workloads. Overall the directorate has achieved a significant element of the £3m target but service budgets also include a vacancy factor saving. In many service areas staff turnover is very low resulting in services not meeting assumed vacancy factor assumptions in the budget and overall an overspend in staffing of £0.4m is projected. This also takes account of the fact that the latest pay offer for 2009/10 is less than the 2% pay award assumed in the budget.

Achieving the staffing savings target continues to be a priority for the Directorate. The ELI is being promoted and recruitment will continue to be closely managed in the Directorate with only front line service posts being released when vacancies occur.

## **Operational Budgets**

The Highways maintenance budget shows a saving of £1m due to £1m of highways expenditure being identified as more appropriately charged to capital. This will help offset a number of expenditure pressures including Street Lighting energy costs, signal maintenance costs in Urban Traffic Management Control, increased energy costs in Leisure facilities and projected additional spend on operational budgets in both Sport and Parks and Countryside. In order to reduce the potential overspend operational budgets have been reviewed across the Directorate and savings identified in each service area. These are reflected in the projected outturn.

## **ENVIRONMENT AND NEIGHBOURHOODS     DIRECTORATE: 2009/10 BUDGET – PERIOD 6 REPORT**

### **1.0 Introduction**

This report sets out the financial position for Environment and Neighbourhoods Directorate for Period 6.

### **2.0 Overall Summary**

The period 6 position for Environment and Neighbourhoods Directorate is a projected overspend of £0.6m. This is after assuming the successful implementation of identified actions.

### **3.0 Explanation of the Projected Over/Underspend**

Neighbourhoods and Housing Services are projecting an overall variation of £0.772m. Within Jobs and Skills residual staffing issues following the implementation of the new structure has resulted in a £0.413m pressure and in addition there is a projected loss of income of £0.745k primarily for work based learning. Furthermore, within Jobs & Skills there is a pressure of £0.229m largely due to delays in the disposal of 1 Eastgate which the service vacated in 2008. The projected variation of £0.196m in Roseville Doors reflects a combination of the latest assumptions in respect of staffing and activity levels for doors production. The variation on Housing Services is largely due to the identification of appropriate charges of £0.431m to the HRA for medical rehousing and Carering. The projections at period 6 assume vacant posts are not filled for the remainder of this year, thus generating savings of £0.268m.

Within Environmental Services a forecast saving of £0.1m after actions agreed with the Executive Member and by the Directorate Leadership Team of around £0.7m.

Car parking income is estimated to be £0.7m lower than the budget. Of this, approximately £0.3m is forecast to be lost from Suspended Bays (where Developers pay the Council to close on street parking bays); a further £0.2m shortfall will arise from the decision not to introduce Sunday / Evening Car Parking charges; the income to be generated from City Centre bus lane enforcement has been reduced by £0.2m; Savings in staffing costs and running expenses of £0.3m are helping offset some of the income pressures. Parking is now projected to be £0.3m over budget.

Within HEAS pressures total £0.2m, a loss of external funding in the Fuel Savers team has created a £0.3m pressure. This loss of funding was announced after the 2009/10 budget had been approved; a further £0.1m of pressures has arisen within the pest control service. Additional grant income of £0.04m has been received from DEFRA.

Helping to offset the parking and HEAS pressures are savings within Waste Management of £0.4m. An increase in the market rates for recycled material will generate an additional £0.1m and following a review on all posts staff savings of £0.3m will accrue.

Total waste arising is forecast to be contained within budgeted levels, but there has been a general reduction in the levels of trade waste taken at the transfer station which means that income could be £0.2m lower than budgeted levels.

The current net cost of the Industrial Action in Streetscene is £0.1m. This does not include the effect of increased waste going to landfill as the tonnages are not yet available.

Within Street Cleansing and Anti-Graffiti services, vacant posts and reduction in the level of Agency and Overtime is projected to save £0.3m. In addition £0.1m will be saved by the delay in the introduction of Automatic PCs.

## **CENTRAL AND CORPORATE FUNCTIONS: 2009/10 BUDGET – PERIOD 6**

### **1.0 Introduction**

This report sets out the financial position for Central and Corporate Functions for period 6 of 2009/10.

### **2.0 Overall Summary**

The position for Central and Corporate Functions is a projected underspend of £77k.

### **3.0 Explanation of the Projected Over/Underspend**

The main reasons for overall projected overspend are:

#### **Corporate Governance (£32k underspent)**

- Due to a review of the fee for Local Authority Property Searches and an improvement in the housing market there has been an increase in the level of income generated to date. The budget was based on an estimated level of searches and this has increased significantly. Based on a monthly average for the first six months of the year, £315K of additional income could reasonably be expected to be generated in 2009/10. However, there is a major risk in assuming that the additional income will be achieved. The assumption is that trends will continue at the current levels, but there is a great deal of uncertainty in the current housing markets and further increases/decreases in sales could lead to significant variation in the current forecast levels of income. More importantly, a recent review by the Information Commissioner regarding whether part of the information provided by a local land charges search has to be provided free of charge has just arisen nationally and this would have a significant impact on the income to be received if the decision is confirmed by the Government.
- Professional Legal Services staffing costs are projected to exceed budget by £589k reflecting increases in the volume of work requested. These additional costs will be recharged to clients.
- The main reason for the projected overspend is the cost of members allowances (£101k) and Democratic Services pay (£65k).
- Since last month an amount of £80k has been included on the assumption that further costs borne by LCC can be funded from the European Election account.

#### **Policy, Performance and Improvement (net overspend after actions £191k)**

- The overspend is due to additional pressures in Customer Services (mainly within the Corporate Contact Centre) required to meet the additional activity levels from customers due to the current economic climate. The delay in the introduction of Integrated Voice Recognition (IVR) has also created an additional pressure.
- Senior Management within PPI are continuing to review forecast expenditure levels to seek to identify further levels of savings that could be made to produce a balanced budget for 2009/10.

## **Resources (net underspend after actions £259k)**

- A £259k underspend is now projected following the implementation of further action plans amounting to £323k, offset by further pressures in a number of areas.

Other previously reported pressures and savings remain much the same and are summarised as follows:

- Net pay savings now amount to £622k.
- The impact of receiving less income from housing benefit overpayments is still projected at £350k. Additional resources are being channeled into 'intervention' work which is hoped will identify more overpayments and reduce the pressure.
- The Commercial Group is projecting an adverse trading position of £107k. This comprises pressures within Property Maintenance Building of £194k and Catering of £64k, offset by a better trading position within other areas amounting to £151k.
  - The Property Maintenance Building function remains the most challenging area following the 2008/09 net overspend of £700k. The 2009/10 budget relies on the service realising a number of efficiencies in areas such as reduction in sickness as well as generating additional income. Significant internal resource has been employed in introducing enhanced financial controls as well as a new model of working with the Corporate Property Management service in 2009/10. Currently an adverse position of £194k is projected due to a lower income projection as well as slightly higher expenditure.