

Report of the Director of Resources

Executive Board

Date: 3rd November 2010

Executive Board : Financial Health Monitoring 2010/11 – Half year Report - Environments & Neighbourhoods Impact

Directorate	Director	(Under) / Over Spend for the current period				First Quarter (Under)/Over Spend £000
		Staffing £000	Other Expenditure £000	Income £000	Total (Under) Overspend £000	
Adult Social Care	Sandie Keene	(1,376)	9,696	494	8,813	7,442
Children's Services	Nigel Richardson	(1,088)	11,331	(3,254)	6,989	4,717
City Development	Martin Farrington	737	(3,480)	3,285	542	469
Environment & Neighbourhoods	Neil Evans	1,074	(3,224)	3,963	1,813	1,984
Resources	Alan Gay	(2,057)	1,236	(607)	(1,428)	(1,584)
Corporate Governance	Nicole Jackson	346	7	(545)	(192)	(308)
Planning, Policy and Improvement	James Rogers	120	(131)	(104)	(115)	(115)
Total		(2,244)	15,434	3,231	16,421	12,605

Corporate issues			
Rolled up interest		(600)	(600)
Capitalisation		(2,500)	(2,500)
Contingency Fund		(2,100)	(3,200)
Loss of LABGI grant		500	500
Use of balance sheet items		(3,200)	(3,200)
Total		8,521	3,605

HOUSING REVENUE ACCOUNT (HRA)

- 1.1 At the end of the half year the HRA is projecting a deficit of £45k.
- 1.2 Average void levels for the period are lower than budgeted, which if maintained will generate additional rental income of £2.3m. £1.8m of this will be paid over to the ALMOs as additional void incentive payments.
- 1.3 As detailed in the directorate report attached, it is proposed that a replacement Care Ring emergency alarm scheme is funded from HRA reserves at a cost of £733k in the current. This would leave projected reserves carried forward of £3.9m. Members of Executive Board are requested to give approval to the use of reserves for this purpose and the injection of this amount into the Capital Programme.

ENVIRONMENT AND NEIGHBOURHOODS : 2010/11 BUDGET – PERIOD 6 REPORT

Introduction

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

Overall Summary

The period 6 position for Environment and Neighbourhoods Directorate projects an overspend of £1.8m made up of £1.1m on Environment Services, and £0.7m on Neighbourhoods and Housing Services. This projection reflects actions identified to address the in year reductions in both Area Based grant and LPSA2 reward grant.

Explanation of the Projected Overspend

Neighbourhoods and Housing Services are projecting an overall variation of £0.7m. This position reflects the impact of reductions in Area Based grant, and LPSA2 grant (£1.3m) being addressed through a combination of the utilisation of other funding sources and the identification of efficiency savings. A variance of £0.1m in terms of grant retraction arrangements is reflected in the Directorate's projected outturn position.

Staffing variations of £1.0m largely reflect a combination of grant fallout in 2010/11, the costs associated with staff who are currently in managing workforce change and further work to redesign the Jobs and Skills service to support Council priorities.

Income reductions of £0.4m largely relate to a reduction in the level of grant receivable in the Jobs and Skills service.

The Leeds Asylum Service has received notification from the Regional Migration Team that UK Borders & Immigration Agency (UKBIA) will reduce the number of asylum seekers in the current contract. As a result of this, income is forecast to reduce by £1.4m which is partially offset by savings on running costs of £0.9m. Further, UKBIA have also terminated the Hillside Induction Contract from 1st October, half year effect of this is a net loss of income of £0.2m.

These pressures are partially offset by the identification of expenditure which is more appropriate to charge to the Housing Revenue Account (£0.5m), whilst a review of all items of expenditure has targeted further savings of £0.3m across all services.

Through a combination of identified efficiencies, combined with a higher level of voids with the subsequent reduction in payments to providers, an underspend of £0.7m on the Supporting People grant is projected.

Within Environmental Services an overspend of £1.1m is forecast.

Staffing projections (excluding the effects of grant fallout) across the Division indicate a saving of £0.9m will be achieved.

The delivery of the Streetscene Change Programme has been impacted upon by the fact that the process for the delivery of the identified efficiency savings has proved to be complex and this has resulted in a variation of £0.7m when compared to the targeted level of saving. However as a result of this, the full year savings are now anticipated to increase to £2.4m from the £2m originally projected.

Ongoing increased fuel prices across Streetscene are estimated at £0.3m and increased repairs on vehicles £0.31, mainly due to landfill damage.

The loss of £1.12m LPSA2 grant which has been partially offset by a retraction of resources utilized, leaves a budget pressure of £0.5m.

Car parking income is projected to be £1.1m lower than the budget and this is largely as a result of reduced patronage of car parks and a reduction in the number of parking offences. The implementation of bus lane enforcement in the City Centre is now scheduled for January 2011.

After a review of all running costs across the division, including landfill, savings of £0.8m have been identified. Additional income of £0.1m is estimated from the increased price of recycled scrap metal and glass.

Housing Revenue Account (HRA)

At the end of Period 6 the HRA is projecting a deficit of £45k.

Key variances - Income

£2.3m of additional rental income is projected from dwellings and miscellaneous properties. This 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 it is projected that £1.8m will be paid over to the ALMOs as additional void incentive payments.

Housing Subsidy payments have been reduced by £1m to reflect a reduction in interest rates. This will be offset by a reduction in capital charges to the HRA.

Key Variances - Expenditure

There are projected savings of £276k on salaries and wages, primarily due to posts being held vacant and a number of additional officers taking early retirement at the end of March 2010.

There is a projected overspend of £1,055k on supplies and services. The key reasons for this are as follows: -

- (a) an increase in pass through costs in relation to the Swarcliffe PFI scheme (£210k). These costs will be primarily funded from the PFI Sinking Fund.
- (b) CCTV and Community Centre costs being identified as more appropriate to charge to the HRA (£500k)
- (c) additional costs in relation to the Lifetime Homes PFI (£269k)

Payments to the ALMOs are projected to increase by £1.8m due to the ALMOs receiving incentive payments as a result of void levels being 1.1% less than budgeted.