

Report of the Director of Resources

Report to Executive Board

Date: 18th July 2012

Subject: Financial Health Monitoring 2012/13 – First Quarter report

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to inform members of the financial health of the authority after three months of the financial year in respect of the revenue budget and the housing revenue account.
2. As members will be aware, the 2012/13 budget was based on the second year of a two year funding settlement from the Government. The reduction in formula grant for 2012/13 was £27m with directorate pressures identified at £28m. The delivery of the 2012/13 budget will represent a challenge, but with the use of one off funding sources the scale of reductions required of services is significantly less than in 2011/12. It does however remain imperative that all actions agreed in the budget are delivered, and should identified savings not be achieved alternative funding options will be needed.
3. Action is taking place across all areas of the Council and it is clear that significant savings are being delivered in line with the budget, but nevertheless at this stage of the financial year an overall overspend of £1.1m is projected. Detailed directorate reports are included at Appendix 1.
4. Members are asked to note the projected financial position of the authority after three months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
5. At the end of the quarter the HRA is projecting a surplus of £0.3m.

Recommendations

- 6.** Members are asked to note the projected financial position of the authority after three months of the financial year 2012/13.

1. Purpose of this report

- 1.1 This report sets out for the Board the Council's projected financial health position for 2012/13 after three months of the financial year.
- 1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget after three months and comments on the key issues impacting on the overall achievement of the budget for the current year.
- 1.3 A separate report on the capital programme can be found elsewhere on this agenda

2. Background information

- 2.1 Members will recall that the net budget for the general fund was set at £563.1m, supported by the use of £6.9m of general fund reserves and the level of general fund reserves at 31st March 2013 was estimated to be £17.1m.
- 2.2 Following the closure of the 2011/12 accounts, an underspend of £1.5m was achieved and the year end reserves position was £25.5m. This figure could change if there are any significant events which occur prior to the sign off of the 2011/12 accounts by external audit. Any variations will be reported to the Corporate Governance and Audit Committee as part of the approval of the final accounts and reported back to this Board as part of the half year financial health report.

3. Main Issues

- 3.1 After three months of the financial year an overspend of £1.1m is projected, as detailed in Table 1 below.

Table 1

(Under) / Over Spend for the current period											
Directorate	Director	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to		Total Expenditure £000	Income £000	Total Under /Overspend £000
							External Bodies £000	Transfer Payments £000			
Adult Social Care	Sandie Keene	(12)	(3)	80	384	(3)	1,353	(787)	1,012	(963)	49
Children's Services	Nigel Richardson	(67)	76	162	(9)	1	(139)	(3)	21	(62)	(41)
City Development	Martin Farrington	298	(26)	68	282	71	22	0	715	(51)	664
Environment & Neighbourhoods	Neil Evans	528	13	(157)	(21)	23	0	0	386	16	402
Resources	Alan Gay	344	(38)	198	193	(39)	0	22	680	(683)	(3)
Legal Services	Catherine Witham	0	0	0	(0)	0	0	0	(0)	0	(0)
Customer Access and Performance	James Rogers	(12)	0	0	0	0	0	0	(12)	12	0
Total		1,079	22	351	829	53	1,236	(768)	2,802	(1,731)	1,071

- 3.2 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached at Appendix 1.
- 3.3 Whilst most directorates are projected to be largely in line with their budget, there are continuing cost pressures within City Development and Environment & Neighbourhoods. In respect of these services, work will continue to help ensure that a balanced budget is achieved at the year end.

3.4 Given the early stage of the financial year, it should be noted that the delivery in full of all budgeted savings and income targets does still carry a degree of risk.

4. Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This is a factual report and is not subject to consultation

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The Council's revenue budget for 2012/13 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 22nd February 2012.

4.3 Council Policies and City Priorities

4.3.1 The 2012/13 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget.

4.4 Resources and Value for Money

4.4.1 This is a revenue financial report and as such all financial implications are detailed in the main body of the report.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications arising from this report. In accordance with part 4 (f) of the Council's Constitution (Budget and Policy Framework Procedure Rules) Executive Board shall be entitled to vire across budget headings subject to value limits set out in the Financial Procedure Rules. There are no requests this month.

4.6 Risk Management

4.6.1 The Council has prepared and maintained a financial risk register for a number of years. The register details the risk and consequences, existing controls to mitigate against the risk, the value in monetary terms of the risk, review dates and progress towards managing the risk within existing resources. The register is prepared before the start of each financial year and is monitored on a regular basis. The scoring matrix is as follows:

Probability		Impact	
Score	Description	Score	Description
1	Rare	1	Insignificant £0-£499k
2	Unlikely	2	Minor £500-£999k
3	Possible	3	Moderate £1000-£1499k
4	Probable	4	Major £1500-£1999k
5	Almost Certain	5	Highly Significant Over £2m

Corporate Rating

P	I	Total Score	Corporate Rating
1	1	1	Low
1	2	2	Low
2	1	2	Low
3	1	3	Low
2	2	4	Low
4	1	4	Low
5	1	5	Low
1	3	3	Medium
2	3	6	Medium
3	2	6	Medium
4	2	8	Medium
5	2	10	Medium
2	4	8	High
1	4	4	High
1	5	5	High
2	5	10	High
3	3	9	High
3	4	12	High
4	3	12	High
5	3	15	High
3	5	15	Very High
4	4	16	Very High
4	5	20	Very High
5	4	20	Very High
5	5	25	Very High

4.6.2 The register shows that at the first quarter there are no very high risks and six high risks as follows:-

Risk	Key Budget Impacted	P	I	Rating
Procurement savings for residential & nursing placements may not be fully achieved	Adult Social Care Commissioning	3	3	High
The increase in the fostering budget (£7.3m) may not be sufficient to meet demand. In addition, slippage on the budgeted action plan around recruiting additional in-house carers and reducing the use of externally provided IFA placements may not be achieved.	Childrens Safeguarding & Targeted	3	3	High
Budgeted funding from NHS Leeds may not be fully achieved	Adult Social Care Commissioning	2	5	High
Capital receipts available to pay credit arrangements	Cross Cutting - All	2	5	High
Efficiencies and savings to delivered to repay the Reserve funding from 2011/12 (£1,589k)	E and N Strategy & Commissioning – Supporting People	2	4	High
Section 278: Risk that due to economic climate, receipts may not pick up.	Cross Cutting - All	2	4	High

5. Recommendations

- 5.1 Members of the Executive Board are asked to note the projected financial position of the authority after three months of the financial year.

6 Background documents¹

- 6.1 Revenue Budget and Council Tax 2012/13 – report to Executive Board 10th February 2012
- 6.2 Budget report 2012/13 to Council 22nd February 2012
- 6.3 Financial risk register 2012/13

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

Directorate Adult Social Care

(Under) / Over Spend for the current period

Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000
G	Access & Inclusion	Chief Officer Access and Inclusion	(171)	3	72	340	0	563	(787)	0	0	20	(432)	(412)
R	Strategic Commissioning	Deputy Director Strategic Commissioning	15	0	8	0	0	787	0	0	0	810	(372)	438
G	Resources	Chief Officer Resources & Strategy	79	(6)	0	(1)	(3)	0	0	0	0	69	(147)	(78)
R	Learning Disabilities Service	Chief Officer Learning Disabilities	65	0	0	45	0	3	0	0	0	113	(12)	101
G	Total		(12)	(3)	80	384	(3)	1,353	(787)	0	0	1,012	(963)	49

ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET

1.0 Introduction

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

2.0 Overall Summary

The Adult Social Care Directorate is projecting a balanced position overall. Given the early stage in the financial year the delivery in full of all budgeted savings carries some risk and cannot yet be confirmed. Updated information will be provided in later reports as the position becomes clearer. The directorate continues to seek contingency savings so that the impact of any shortfall can be mitigated.

3.0 Explanation of the Projection

The main variations are explained below:

- **Community Care Packages - £0.3m**
Work has progressed well on the review of residential and nursing placement fees. Although there may be some shortfall in the budgeted reduction in fees, placement numbers approved in 2012/13 have been in line with the budget. The budgeted growth in the number of people choosing to receive a cash payment to organise their services is not yet evident in the expenditure trends, but this is partly offset by higher than budgeted numbers of people using independent sector home care.
- **Service User Income – (£0.4m)**
This mainly reflects the ongoing trend of higher income collection through the impact of the centralised billing team that became operational in 2011/12.

Directorate Children's Services

		(Under) / Over Spend for the current period										Total Under / Overspend	
		Staffing	Premises	Supplies & Services	Transport	Internal Charges	Payments to External Bodies	Transfer Payments	Capital	Appro- priations	Total Expenditure	Income	Total Under / Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Traffic Light	Service	Chief Officer											
G	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(97)	0	(6)	(4)	9	(7)	0	0	(105)	(2)	(107)
G	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	71	69	142	(2)	12	(255)	0	0	37	(37)	0
R	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	409	7	26	(4)	(20)	123	(3)	0	538	(23)	515
G	Strategy, Commissioning & Performance	Chief Officer of Strategy, Commissioning & Performance	(450)	0	0	1	0	0	0	0	(449)	0	(449)
R	Total		(67)	76	162	(9)	1	(139)	(3)	0	21	(62)	(40)

CHILDREN'S SERVICES: 2012/13 BUDGET

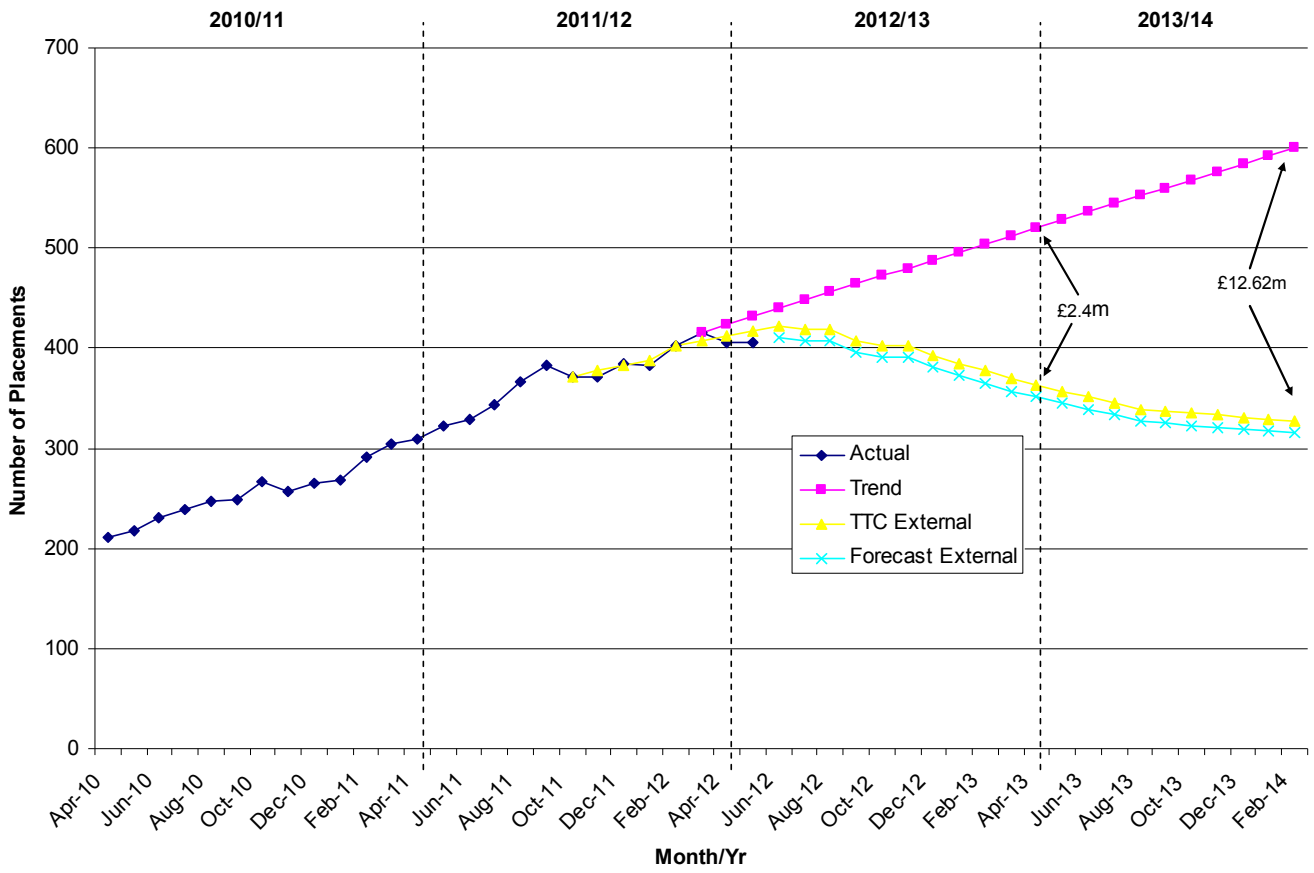
1. Overall Budget Position

- 1.1 The forecast outturn variation for the Children's Services Directorate is a projected underspend of £39k against the net managed budget of £132m

2. Looked After Children

- 2.1 Building on the vision of making Leeds the best city in Britain and using the framework of the Child Friendly City, the Council has mobilised the city and community behind children and young people.
- 2.2 Members agreed to increase funding in 2012/13 for Children's Services and improving the quality of service and outcomes for vulnerable children, young people and their families has been the focus of the Council and its partners working together through the Children's Trust and the Local Safeguarding Children's Board.
- 2.3 Reducing the number of children and young people becoming looked after was adopted as one of the three 'obsessions' identified within the latest Children and Young People's Plan. Although it's too early to be confident that Leeds has 'Turned the Curve' in relation to the number of looked after children, and specifically externally provided placements, the strategy adopted by Children's Services and partners has already had an impact on both numbers and the costs associated with looked after children.
- 2.4 In Leeds, the number of looked after children has stabilised and there are now the same number of looked after children as there were in late 2010. This contrasts with other local authorities where the number of children and young people in care have continued to rise steadily. Stopping the sustained increase in the numbers of looked after children, safely and appropriately, is a significant achievement and an important precursor to 'Turning the Curve'.
- 2.5 In summary, there are four key elements to our service strategy and financial planning to safely reduce the number of looked after children;
- Effective and coordinated preventative and early intervention services;
 - Targeted services to support families at the point of crisis;
 - Placement Choice;
 - Care Planning
- 2.6 Focussing specifically on the key financial risk in 2012/13 around the number of externally provided residential and fostering placements. At the end of May 2012 there were 98 children & young people in externally provided residential placements and 307 children & young people in placements with Independent Fostering Agencies. At this early stage in the financial year, these numbers are below [-12] the financial profile and as such the current projection is in line with the agreed budget. The graph below shows the trend around the numbers for externally provided placement residential & fostering placements.

Actual/Forecast No of External Placements



Directorate City Development

		(Under) / Over Spend for the current period											
		Staffing	Premises	Supplies &	Transport	Internal	Payments	Transfer	Capital	Appro-	Total	Total Under	
		£000	£000	Services	£000	Charges	to External	Payments	£000	priations	Expenditure	Income	
		£000	£000	£000	£000	£000	Bodies	£000	£000	£000	£000	£000	
							£000						
Traffic Light	Service	Chief Officer											
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	134	0	(29)	37	5	0	0	0	147	5	152
R	Economic Development	Chief Economic Development Officer	143	25	(158)	(1)	3	0	0	0	12	82	94
R	Asset Management	Chief Officer Asset Management	136	158	(47)	(7)	0	0	0	0	240	313	553
G	Highways and Transportation	Chief Officer Highways and Transportation	80	54	372	212	40	0	0	0	758	(740)	18
G	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(97)	102	1	43	11	22	0	0	82	(58)	24
R	Recreation	Chief Recreation Officer	52	(365)	228	(2)	12	0	0	0	(75)	597	522
G	Resources and Strategy	Chief Officer Resources and Strategy	(150)	0	(299)	0	0	0	0	0	(449)	(250)	(699)
R	Total		298	(26)	68	282	71	22	0	0	715	(51)	664

CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET Introduction

1.0 Overall Summary

The current position for City Development Directorate shows a projected overspend of £0.66m.

The 2012/13 budget addressed a number of the budget pressures experienced in 2011/12 but also included further saving targets and efficiencies. Whilst it is still early in the financial year to fully assess income trends, a number of potential budget issues are evident. The overall projected position of a £664k overspend already assumes that the Directorate will implement actions to make further savings to address some of these issues. There is a risk that savings built into the budget are not fully delivered and also that additional budget pressures emerge. The Directorate will continue to review service spending plans to minimise the overspend.

The projection does not yet reflect the recent service changes in this Directorate and Environment and Neighbourhoods. It is anticipated that these changes will be reflected in the next report.

3.0 Explanation of the Projected Overspend

The projected variances by service is shown below:

	£000s
Planning and Sustainable Development	152
Economic Development	94
Asset Management	533
Highways and Transportation	18
Libraries, Arts and Heritage	24
Recreation Services	522
Resources and Strategy	<u>(699)</u>
	<u>664</u>

Whilst most services are projecting to achieve a balanced budget, Asset Management and Sport are both projecting overspends above £500k. In Asset Management this is a combination of additional expenditure for maintaining and securing Void Properties and income shortfalls and in Sport additional staffing and energy costs and income shortfalls. As mentioned above, the projection assumes further savings will be identified and £700k of these anticipated savings are currently shown in Resources and Strategy.

The major projected variances are detailed below:

Major Projected Variances and savings Plan

	£000s
Staffing	298
Sport income	412
Advertising income shortfall	200
Void property budget	250
Energy costs (mainly Highways and Sport)	838
Other income – charges	<u>369</u>
	2,367
<u>Savings Plan:</u>	
Premises target savings	(575)
Supplies and services target savings	(625)
Net other savings	(253)
Additional income target	<u>(250)</u>
Total	<u>664</u>

Income

Overall, it is projected that income will be £51k above budget. This position is largely due to shortfalls in some services being offset by additional income from rechargeable work in Highways and Transportation, this additional income will also result in additional expenditure being incurred. There are some other notable variations within other services and whilst it is still early in the financial year to be able to fully assess trends in key income streams the key issues by service are highlighted below:

Asset Management

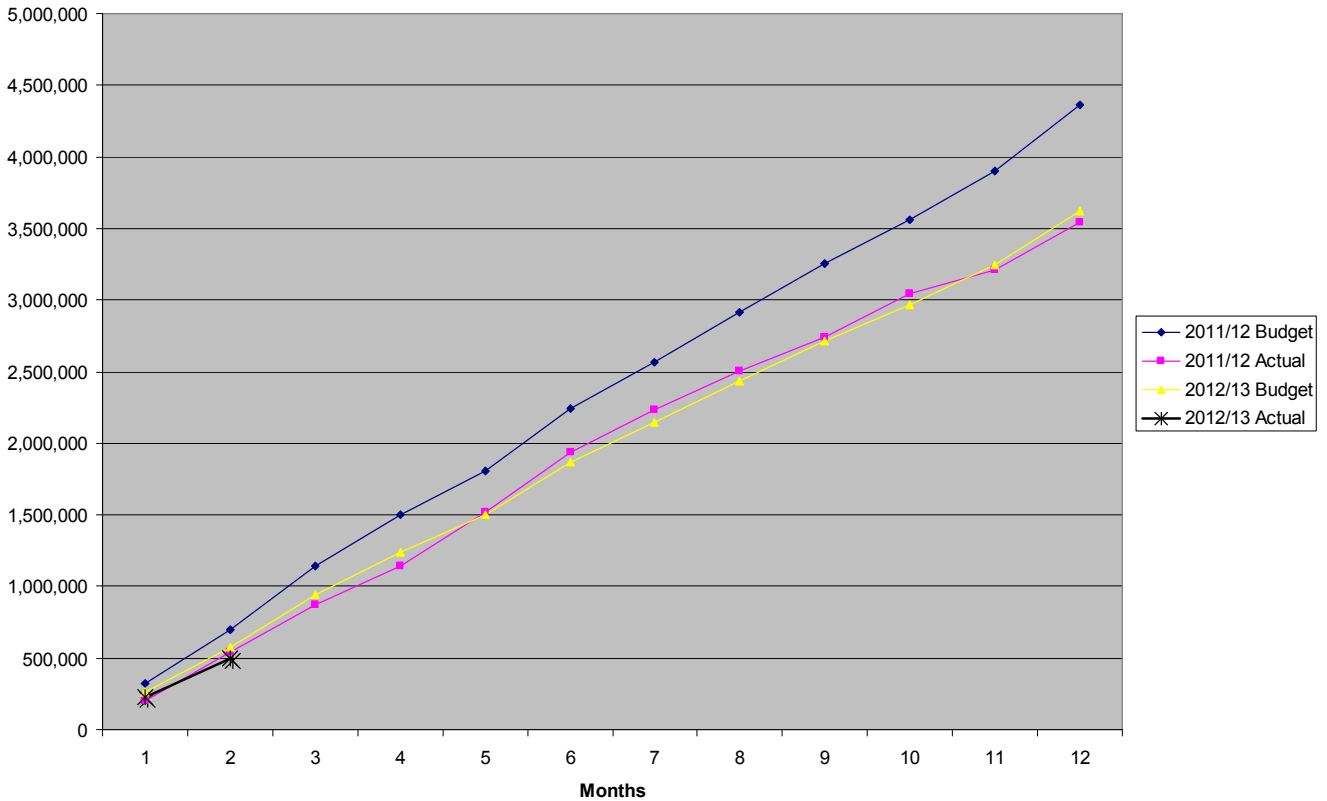
The year end projection assumes that most income budgets will be met. The Commercial Property rental income target of £3.8m includes a target for one off income and restricted covenants of £0.7m and although the projection assumes this will be achieved there is a risk that actual income falls short of this target.

The projection includes a shortfall against the advertising income budget of £200k. Work is ongoing in the directorate to generate additional income from advertising and income in 2012/13 is expected to be above 2011/12 levels. The projection assumes that additional income is received in 2012/13 for banner advertising on Woodhouse Car Park.

Planning and Sustainable Development

The income target for planning and building fees has been reduced in the 2012/13 budget by £0.5m reflecting the shortfall in 2011/12. The actual to date suggests that income is in line with the budget, as shown in the graph below.

Cumulative 2011/12 & 12/13 Building and Planning Fees



Economic Development

The projection assumes that the current income target of £3.7m for Kirkgate Market will be met.

Highways and Transportation

Additional fee income of £620k is anticipated in Highways and Transportation although this extra income will partly be offset by additional costs. The additional income largely results from the carry forward of schemes from 2011/12 although an additional £78k in grant has been received from Department for Environment, Food and Rural Affairs (DEFRA) for flood protection works.

Libraries, Arts and Heritage

An additional grant of £1.7m for 2012/13 has been received from the Arts Council. This grant was announced after the budget had been set and a virement has been submitted to increase income and expenditure to reflect this. The grant will fund additional expenditure on a number of projects to improve facilities, exhibitions, commercial viability, community participation and marketing and visitor numbers.

Recreation

A shortfall of £412k on income in Sport is projected. Current trends suggest that income in some areas is down on 2011/12 levels and the overall projection reflects this position.

Staffing

Overall an overspend of £298k is projected. The 2012/13 budget included a £2m reduction in staffing expenditure across the directorate. This is in addition to savings of £6m achieved since 2010/11. Staffing numbers in the directorate have continued to reduce since 2011/12 and are expected to fall further during the year. However, there are a number of staff in managing workforce change procedures and their costs are still being incurred by the directorate. This largely accounts for the projected small overspend against the staffing budget. The directorate will continue to closely manage staffing levels and recruitment across all services.

Other Expenditure

Premises and Supplies and Services budgets are expected to spend in line with the budget. However, the projection assumes that savings of £1.2m will be identified and that these will help offset some notable expenditure pressures within the Directorate.

The two major expenditure pressures are energy costs and the cost of maintaining and securing void properties. Energy costs in Sport and Highways and Transportation are expected to overspend by £838k. The overspend in Highways and Transportation of £411k is on the Street Lighting electricity contract and is due to higher than anticipated charges being set after the budget was agreed. In Sport the overspend reflects the 2011/12 outturn position where the savings assumed in the 2011/12 budget could not be fully delivered. The service is actively implementing energy saving schemes but these include the need for a payback and are unlikely to fully meet the savings assumed in the budget.

The cost of maintaining and securing void properties was a major budget pressure in 2011/12. The number of void properties being managed by Corporate Property Management (CPM) has increased significantly over the last two years as the Council has been rationalising its property portfolio across a number of services. Whilst the budget was increased in 2012/13 and CPM is proactively working to reduce the cost of void properties through demolitions and disposals, an overspend of £250k is still anticipated on this budget. There is a risk that this could be higher if additional properties are handed over from other Council directorates to CPM to manage without additional budget being made available.

An overspend of £283k on transport related expenditure is projected. This is mainly in Highways and Transportation and relates to vehicle hire costs which is recoverable from additional fee income.

Directorate Environment & Neighbourhoods

		(Under) / Over Spend for the current period											
		Staffing	Premises	Supplies & Services	Transport	Internal Charges	Payments to External Bodies	Transfer Payments	Capital	Appro- priations	Total Expenditure	Income	Total Under /Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Traffic Light	Service	Chief Officer											
G	Health and Environmental Action	Chief Environmental Services Officer	61	2	(133)	39	0	0	0	0	0	(44)	(75)
G	Car Parking Services	Chief Environmental Services Officer	(176)	(26)	0	0	23	0	0	0	(179)	(52)	(231)
G	Community Safety	Chief Community Safety Officer	0	0	0	0	0	0	0	0	0	0	0
G	Regeneration Programmes	Chief Regeneration Officer	25	0	(20)	0	0	0	0	0	5	(5)	0
G	Employment Skills	Chief Regeneration Officer	(18)	7	1	0	0	0	0	0	(10)	(1)	(11)
R	Strategy and Commissioning	Chief Regeneration Officer	144	0	0	0	0	0	0	0	144	0	144
R	Statutory Housing	Director of Environment and Neighbourhoods	73	0	0	0	0	0	0	0	73	1	74
G	General Fund Support Services	Chief Officer Resources and Strategy	0	0	(206)	0	0	0	0	0	(206)	0	(206)
R	Waste Management	Chief Environmental Services	419	30	201	(60)	0	0	0	0	590	117	706
G	Safer Leeds Drugs Team		0	0	0	0	0	0	0	0	0	0	0
R	Total		528	13	(157)	(21)	23	0	0	0	386	16	401

ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET

1.0 Introduction

This report sets out the current financial position for Environment and Neighbourhoods.

2.0 Overall Summary

The projected position for Environment and Neighbourhoods Directorate is an overspend of £400k

3.0 Explanation of the Projected Overspend

3.1 Resources, Strategy & Commissioning (£62k)

Staffing +£144k

The position forecasts an overspend due to staff who were displaced following the implementation of the Strategy & Commissioning restructure.

Supplies & Services -£206k.

The forecast assumes savings will be identified during this year to contribute to the overspends

3.2. Strategic Housing +74k

Staffing +£74k.

Forecast is based on staff in Managing Workforce Change.

3.3. Waste Management +706k

Within Refuse Collection there is a projected overspend of £488k. Of this, £404k relates to ongoing route back up (staff and vehicle costs) and additional cost of sickness cover. However, this can be partially offset by savings in the delay of roll outs which will save (£194k ~ staff and vehicle costs)

Staff currently in Managing Workforce Change are projected to cost £106k.

A revised tyre contract, let after the budget for 12/13 was approved, will cost the service in the region of £100k.

Within Waste Strategy and Policy an overspend of £276k is currently forecast. £181k of this relates to disposal costs which are projected to increase mainly as a result of delay to rollouts.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £50k below the budget. This is due to gas levels falling more quickly than had been anticipated.

3.4. Environmental Action (£76k)

The costs of staff in Managing Workforce Change are projected at £70k.

Savings from the weedspraying contract of (£160k) are forecast to be realised. This is because the budget was set for 12/13 before the revised costs were known.

3.5. Car Parking (£230k)

Savings from vacant posts are forecast to be (£176k).

Fee income from both On and Offstreet parking is expected to be in line with this years budget provision.

It is anticipated that an over-recovery of the previous years Bus Lane Enforcement debtor will generate a further (£50k).

Housing Revenue Account (HRA)

The HRA is projecting a surplus of £278k. Key variances from budget are:

Net additional rental income of £1,352k is projected from dwellings, garages and miscellaneous properties. This is primarily as a result of void levels being 0.7% lower than budgeted. This additional income will be paid over to the ALMOs as additional void incentive payments.

Income from Heat Lease charges is projected to be £290k higher than budget following a full review of the scheme.

Additional income of £159k will be received from telecoms as a result of rent reviews.

There is currently a projected overspend on salaries of £67k. This is due to the part year cost (£88k) of Phase 1 of the Housing Services restructure offset by savings in other areas.

Recharges are projected to overspend by £90k due to an unbudgeted recharge from the Housing General Fund for the Housing Options Team.

It is projected that £1,550k will be paid over to the ALMOs as incentive payments in respect of voids and arrears. However, the decision to end the penalty/incentive scheme in relation to the Strategic Landlord ALMO Performance Framework will generate a saving of £172k against budget.

In addition to the key budget variations identified above it should be noted that the proposed additional contribution to the Little London & Beeston Hill PFI project, as reported elsewhere on this agenda, would, if agreed, reduce the budgeted HRA unitary charge. The actual level of this reduction will not be known until the anticipated financial close at the end of July.

Directorate Resources

		(Under) / Over Spend for the current period										Total Under /Overspend
Traffic Light	Service	Staffing	Premises	Supplies & Services	Transport	Internal Charges	Payments to External Bodies	Transfer Payments	Total Expenditure	Income	Total Under /Overspend	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
G	Financial Management	(37)	0	0	6	0	0	0	(31)	30	(1)	
G	Business Support Centre	(32)	(1)	6	1	0	0	0	(26)	(189)	(215)	
R	Financial Development	1	0	0	0	0	0	0	(1)	0	(1)	
G	Revenues and Benefits	0	0	0	0	0	0	22	22	0	22	
	Chief Officer											
	Chief Officer Fin Management											
	Chief Officer Fin Management											
	Chief Officer Fin Development											
	Chief Revenues and Benefits Officer											
R	Information Technology	360	0	120	0	(100)	0	0	380	(251)	129	
G	Human Resources	(324)	(25)	71	3	10	0	0	(265)	1	(264)	
G	Audit & Risk	(70)	0	(12)	0	0	0	0	(82)	48	(34)	
G	CORS Directorate	6	0	0	0	0	0	0	6	1	7	
	Chief Officer Resources and Strategy											
G	Public Private Partnership Unit	127	0	2	0	0	0	0	129	(130)	(1)	
G	Procurement	(156)	0	(17)	0	51	0	0	(122)	119	(3)	
G	Democratic and Central Services	215	0	23	0	0	0	0	238	(237)	1	
	Chief Officer Democratic and Central Services											
R	Commercial Services	256	(12)	5	183	0	0	0	432	(75)	357	
	Chief Officer Commercial Services											
G	Total	344	(38)	198	193	(39)	0	22	680	(683)	(3)	

Directorate Legal Services

		(Under) / Over Spend for the current period										Total Under /Overspend		
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000
G	Legal Services	City Solicitor	0	0	0	0	0	0	0	0	0	(0)	0	(0)
G	Total		0	0	0	0	0	0	0	0	0	(0)	0	(0)

Directorate Customer Access and Performance

		(Under) / Over Spend for the current period										Total Under /Overspend		
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000
G	Customer Services	Chief Officer Customer Services	0	0	0	0	0	0	0	0	0	0	0	0
G	Leads Initiative & Partnerships	Chief Officer LIP	(12)	0	0	0	0	0	0	0	0	(12)	12	0
G	Business Transformation	Chief Officer Business Transformation	0	0	0	0	0	0	0	0	0	0	0	0
G	CAP Management & Support	Assistant Chief Executive	0	0	0	0	0	0	0	0	0	0	0	0
G	Area Management	Area Leader	0	0	0	0	0	0	0	0	0	0	0	0
G	Total		(12)	0	0	0	0	0	0	0	0	(12)	12	0

CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET

1.0 Introduction

This report sets out the financial position for Central and Corporate Functions.

2.0 Overall Summary

The Central and Corporate budget reflects savings and efficiencies amounting to £6m (on top of £15.7m achieved in 2011/12) with some of the action plans representing a considerable challenge for services to deliver.

Whilst there are some variations at individual service level, the overall projection is that a balanced budget will be delivered by year end.

3.0 Explanation of the projected underspend

RESOURCES (balanced position)

Context

The budget contains the following challenges in terms of delivering savings and efficiencies:

- Pay savings amount to £3.1m of which £1.7m are based on the assumption of further leavers and turnover during the year.
- Procurement related savings of £0.6m
- Additional income of £1.3m.

In terms of the final outturn position for 2011/12, Commercial Services were £0.7m overspent as it was not possible to achieve the ambitious cost efficiencies targets and assumptions of around additional income. This was offset by significant savings, predominantly in pay, within the professional support services.

Overall projection

The emerging picture is that several services are predicting an underspent position, mainly from further leavers since the budget was prepared.

However against this, a number of pressures still exist within Commercial Services and the group as a whole is predicting an overspend of £357k. The main areas are:

- Fleet services – mainly higher tyre prices and occasional hire costs
- Property Cleaning - £60k pressure on staffing, however main problem is achieving the income budget
- Catering and Cleaning – higher staff costs (overtime and agency) in school kitchens plus income pressure from renegotiation of school cleaning contracts at a lower price

The ICT service is also experiencing pressures due to the ambitious target for capitalisation of staff development time. This has partly been hindered by difficulties in recruiting specialist staff and the ongoing reliance on external contractors.

The overall prediction however is that the Directorate will be able to take the necessary action to deliver a balanced position by the year end.

Commentary by expenditure and income headings:

Pay (£345k overspent)

After adjusting for additional spend on staffing that will be covered by increased income, a modest underspend is predicted with most services expecting to meet the additional vacancy factor of 2.9% on all non-trading services.

Supplies and Services (£199k overspent)

The main factor is an overspend on the ICT Contractors budget due to difficulties in recruiting suitable specialist ICT staff.

Transfer Payments (£4,577k overspent)

Increase in benefits expenditure, which has an equal and opposite impact on income.

Income (£5,229k underspent)

The main reasons for the increase in income are:

- Housing benefits subsidy £4,577k
- ICT – additional capitalisation of Essential Services Programme overtime offset by shortfall in general project development income £251k
- Expected grant to cover additional costs of May Elections £279k
- Expected income from Barclaycard for reaching p-card payment thresholds £155k

CUSTOMER ACCESS AND PERFORMANCE (balanced position)

No significant variations in spend or income are apparent and the Directorate have plans in place to ensure that the budget is brought in on-line.

LEGAL SERVICES (balanced position)

Following on from the significant reduction in legal spend last year, Legal Services are continuing with proactive work to reduce the Council's total legal bill. This includes significant savings that will be made through the 'WYLAW', which is progressing the West Yorkshire Districts' legal shared services agenda.

It is therefore currently predicted that both income and expenditure budgets will be achieved this financial year, meaning that both the Legal Service will balance its budget and there will be no pressures within client Directorates (assuming no significant increase in demand for legal services).