

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 12<sup>th</sup> December 2012**

**Subject: Financial Health Monitoring 2012/13 – Month 7 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 seven months of the financial year in respect of the revenue budget and the housing revenue account. A separate report on the Capital Programme can be found elsewhere on this agenda.
2. Action is taking place across all areas of the Council to ensure that the budget is delivered 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 £1.2m is projected compared to £1.3m reported at month 6. Detailed directorate reports are included at Appendix 1.
3. Members are asked to note the projected financial position of the authority after seven months of the financial year together with the impact on reserves should directorate spending not be maintained within approved estimates.
4. At month 7 the HRA is projecting a surplus of £0.5m.

**Recommendations**

5. Members are asked to note the projected financial position of the authority after seven 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 seven 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 seven months and comments on the key issues impacting on the overall achievement of the budget for the current year.

## 2. Main Issues

- 2.1 After seven months of the financial year an overspend of £1.2m is projected, as detailed in Table 1 below.

Table 1

		(Under) / Over Spend for the current period					Previous Month (Under) / Overspend
Directorate	Director	Staffing £000	Other Spend	Total Expenditure £000	Income £000	Total Under /Overspend £000	£000
Adult Social Care	Sandie Keene	(429)	1,455	1,027	(1,025)	2	49
Children's Services	Nigel Richardson	(2,209)	(93)	(2,302)	2,233	(69)	(82)
City Development	Martin Farrington	222	983	1,205	65	1,270	1,109
Environment & Neighbourhoods	Neil Evans	(101)	648	547	356	903	766
Resources excluding Commercial Services		(385)	687	302	(843)	(541)	(521)
Commercial Services		290	1,713	2,004	(1,654)	350	349
Resources	Alan Gay	(94)	2,400	2,306	(2,497)	(191)	(173)
Legal Services	Catherine Witham	(143)	62	(81)	79	(1)	0
Customer Access and Performance	James Rogers	38	(25)	13	(14)	(1)	(1)
<b>Total</b>		<b>(2,717)</b>	<b>5,432</b>	<b>2,715</b>	<b>(803)</b>	<b>1,913</b>	<b>1,668</b>
<b>Corporate issues</b>							
Debt						(700)	(400)
<b>Total</b>						<b>1,213</b>	<b>1,268</b>

- 2.2 Full details of directorate variations and proposed actions to help achieve a balanced budget are attached at Appendix 1.
- 2.3 There is little change from the directorate position reported at the half year and there are no new issues arising. The projected underspend on debt financing costs is £700k compared to £400k reported last month.
- 2.4 It should be noted that the delivery in full of all budgeted savings and income targets does still carry a degree of risk and directorates have been reminded of the need to achieve a balanced budget at the year end.

### **3. Corporate Considerations**

#### **3.1 Consultation and Engagement**

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

#### **3.2 Equality and Diversity / Cohesion and Integration**

3.2.1 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.

#### **3.3 Council Policies and City Priorities**

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

#### **3.4 Resources and Value for Money**

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

#### **3.5 Legal Implications, Access to Information and Call In**

3.5.1 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.

#### **3.6 Risk Management**

3.6.1 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

3.6.2 The register shows that at month 7 there are still no very high risks, two high risks and no increasing risks, as follows:-

Risk	Key Budget Impacted	P	I	Rating
Capital receipts available to pay credit arrangements	Cross Cutting -All	2	5	High
Section 278: Risk that due to economic climate, receipts may not pick up.	Cross Cutting - All	2	4	High

## 4. Recommendations

4.1 Members of the Executive Board are asked to note the projected financial position of the authority after seven months of the financial year.

## 5 Background documents<sup>1</sup>

5.1 There are no background documents relating to this report.

<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.

Directorate Children's Services

			(Under) / Over Spend for the current period											Previous Month	
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	Appropriations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
G	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(303)	0	299	(4)	(15)	42	0	0	0	19	(7)	12	31
G	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,247)	62	213	(30)	336	(174)	(70)	0	0	(909)	918	9	41
G	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(104)	81	16	(12)	(314)	(1,477)	80	0	0	(1,730)	1,551	(179)	6
R	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(554)	0	343	(1)	469	0	62	0	0	318	(229)	89	(160)
G	<b>Total</b>		<b>(2,209)</b>	<b>143</b>	<b>871</b>	<b>(46)</b>	<b>476</b>	<b>(1,609)</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>(2,302)</b>	<b>2,233</b>	<b>(69)</b>	<b>(82)</b>

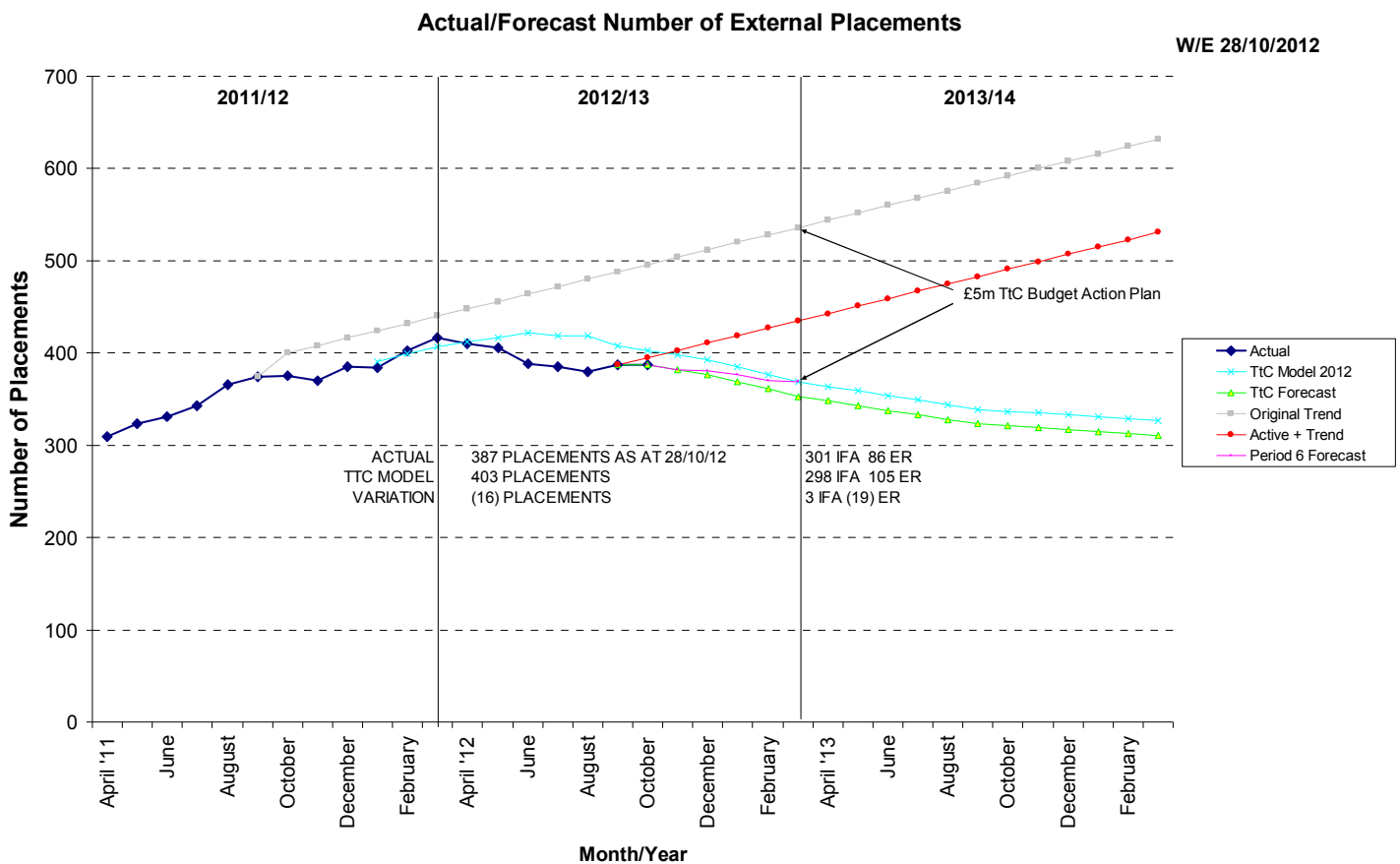
# CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 7 REPORT

## 1. Overall Budget Position

1.1 As at month 7, the forecast outturn variation for the Children's Services Directorate is a projected underspend of £69k against the net managed budget of £132m. This represents a stable position compared to the previous month 6.

## 2. Looked After Children

2.1 At the end of October 2012, there were 86 (-1 compared to month 6) children & young people in externally provided residential placements and 301 (+1 compared to month 6) children & young people in placements with Independent Fostering Agencies. These placement numbers continue to compare favourably against the 2012/13 Turning the Curve financial model with overall externally provided placement numbers being -16 [-19 residential and +2 fostering] less than that anticipated in the model. This reduced placement activity reflects the progress made to date and translates through to an end of year forecast underspend of £1.2m. This represents a stable position compared to the previous period and the graph below shows the trend and projections around externally provided placement numbers.



2.2 The forecast underspend on the externally provided placement numbers continues to be mitigated in part by a forecast overspend of £471k for the in-house fostering service [-£14k compared to month 6] which reflects the position that in-house placement numbers have remained buoyant. In addition, there are cost pressures across the budgets that support Care Leavers [£108k], section 17 payments [£248k] and Direct Payments [£80k]. In addition, reflecting reduced placement activity, there is a forecast underspend of £250k across the secure welfare, secure remand and Family Assessment budgets

### **3. Staffing**

3.1 Overall, the staffing budgets are forecast to underspend by £2.2m which is spread across the general fund, grant funded and central schools budgets. This includes a projected saving of £155k on the former Education Leeds pension costs. The forecast underspend on the £97m basic staffing budget is £7.3m which reflects the current number of staffing vacancies across the Directorate. At the end of October, the forecast spend on agency staffing was £6.5m, which represents a £4.8m overspend. The majority of the agency staff continue to be deployed in the social care fieldwork teams. The forecast spend on overtime is £1.39m which is £0.31m above the budget and due to the need to maintain 24/7 cover for vacancies and sickness in the in-house residential homes and the East Moor secure unit. Savings on staffing budgets are being made across a number of services/teams including the City Learning Centres [-£0.1m], Children's Centres [-£0.16m], Family Workers [£0.26m], Youth Service [-£0.1m], leadership and management [-£0.4m], integrated safeguarding unit [-£0.2m] and a range of targeted services (including slippage on the Families First programme).

### **4. Income**

4.1 The £2.2m projected variation across the income budgets is due in the main to slippage on the Families First (Troubled Families) grant which reflects the part-year implementation in 2012/13 and the carry-forward of the attachment fees to 2013/14. This is in line with the spending plan for the programme and also the grant funding criteria. The forecast income from nursery fees is £4.4m which is £0.2m less than the budget, although this is offset by additional nursery education grant funding for 2, 3 and 4 year old childcare places. There is a projected variation of £0.9m against the Central Schools budget which reflects underspends across the various centrally provided services.

**Neil Warren**  
**Head of Finance (Children's Services)**  
**5<sup>th</sup> November 2012**

