

**Report of the Director of Resources**

**Report to Executive Board**

**Date: 24<sup>th</sup> April 2013**

**Subject: Financial Health Monitoring 2012/13 – Month 11 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 eleven months of the financial year in respect of the revenue budget and the housing revenue account.
2. Although directorates are projecting an overall overspend of £0.8m, these are more than offset by net corporate savings giving a projected underspend of £4.6m which is £4.0m above the projection reported at month 10. Detailed directorate reports are included at Appendix 1.
3. At month 11 the HRA is projecting a surplus of £0.5m which is slightly higher than the month 10 projection.
4. Members are asked to note the projected financial position of the authority after eleven months of the financial year, and that the next financial monitoring report will be a final outturn for 2012/13, which will be brought to the June meeting of the Board.

**Recommendations**

5. Members are asked to note the projected financial position of the authority after eleven 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 eleven 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 eleven 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 eleven months of the financial year an overall underspend of £4.6m 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 £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	£000
Adult Social Care	Sandie Keene	(562)	1,789	1,226	(1,446)	(219)	44
Children's Services	Nigel Richardson	(3,724)	25	(3,699)	2,799	(900)	(603)
City Development	Martin Farrington	(334)	1,671	1,337	344	1,681	1,561
Environment & Neighbourhoods	Neil Evans	(576)	1,596	1,020	64	1,084	1,117
Resources excluding Commercial Services		(699)	792	92	(1,422)	(1,330)	(1,128)
Commercial Services		998	3,009	4,006	(3,336)	670	525
Resources	Alan Gay	298	3,800	4,099	(4,758)	(659)	(603)
Legal Services	Catherine Witham	(168)	48	(120)	120	0	0
Customer Access and Performance	James Rogers	15	(144)	(129)	(66)	(195)	(150)
<b>Total</b>		<b>(5,050)</b>	<b>8,785</b>	<b>3,735</b>	<b>(2,943)</b>	<b>792</b>	<b>1,366</b>
<b>Corporate issues</b>							
Debt:							(2,014)
HRA self financing scheme - savings to General fund					(5,170)		
General debt savings					(3,778)		
Shortfall in Sc278 monies					2,200		
Shortfall in capital receipts					1,300		
						(5,448)	
<b>Total</b>						<b>(4,656)</b>	<b>(648)</b>

- 2.2 Full details of the projected directorate variations are attached at Appendix 1.
- 2.3 There is little change to the issues which have influenced the directorate projections. However within Adult Social Care the cost of community care packages is now in line with the budget and there are further staffing savings now projected in Children's Services. Overall directorates are now projecting an overspend of £0.8m.
- 2.4 The opportunity has been taken at month 11 to complete a full review of the forecast position for capital financing charges, and it is projected that a saving of £5.4m will be achieved.

As explained in the month 9 report, the HRA self-financing scheme which was introduced on 1<sup>st</sup> April 2012 has provided the opportunity to fully fund the HRA financing requirement from current long term loans held by the Council. The net impact on the General Fund is a savings of £5.17m although the General Fund will bear more of the risk associated with rising interest costs in the future. There was some uncertainty as to the treatment of premiums and discounts to the HRA due to this change in the regulations, but this has now been agreed with the Council's auditors and has increased the net saving by £3.0m from the reported position last month.

The projection for capital financing also reflects the continuation of low interest rates, additional capital programme slippage through the capital programme review, and a provision for long term borrowing not yet taken up accounts for the debt savings of £3.8m. However, as previously reported the difficult economic climate has had an adverse effect on section 278 income<sup>1</sup> and capital receipts. A full review of anticipated 2012/13 section 278 receipts has been undertaken and there is likely to be a £2.2m shortfall which reflects the continuation of the difficult economic climate. In addition, the level of capital receipts that are forecast to be available to support the revenue budget has been re-assessed at £1.3m less than the budget which assumed a stretched target for the capital receipts programme.

2.5 It is proposed that the next financial monitoring report to be brought back to Board will be the final outturn in June. Board have already agreed, as part of the 2013/14 budget, that £0.5m of the underspend in Resources would be carried forward to support the 2013/14 budget. Subject to finalisation of outturn, Executive Board will need to consider the financial position in the context of the Council's longer term financial strategy, including providing greater resilience against associated risks. Issues that need to be considered include:

- In the light of anticipated further reductions in government support, members may wish to enhance the Council's General Fund Reserves to facilitate support to budgets beyond 2013/14.
- Recognising the importance to the Council's future finances of growth in business rates and new homes bonus consideration may be given to initiatives which might support future growth.
- Taking account of the further workforce changes which the Council faces, it may be appropriate to enhance the earmarked reserve set aside to fund early leavers.
- Given the uncertainties surrounding the new system of local government funding, and in particular our reliance on business rate growth, enhanced levels of reserves would help mitigate against risks around the volatility of the economy.
- Consideration could be given to the impact of the welfare reforms, both from the point of view of debt recovery and the impact on the community.

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<sup>1</sup> The Council receives income from developers to fund highways works which are required for new development schemes. These are known as section 278 agreements and the Council's 2012/13 revenue budget provides for income of £5.2m for such schemes.

2.6 **Update** - Since the preparation of the month 11 projection the exceptional cold weather conditions and snow in March are now projected to result in an overspend on the winter maintenance budget of approximately £400k. The Period 11 projection assumed that spend would be contained within the £1.4m budget. The number of grits this winter has exceeded 110 compared to an average winter of 65.

### **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.

3.6.2 The register shows that at month 11 there are still no very high risks and no high risks.

### **4. Recommendations**

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

### **5 Background documents<sup>2</sup>**

5.1 There are no background documents relating to this report.

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<sup>2</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.

## Appendix 1

### Directorate      Adult Social Care

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period											Total Under / Overspend £000	Previous Month (Under) / Overspend £000
			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		
<span style="color: green;">G</span>	Access & Inclusion	Chief Officer Access and Inclusion	(1,227)	67	242	90	(30)	1,236	(1,512)	0	0	(1,132)	730	(402)	109
<span style="color: green;">G</span>	Strategic Commissioning	Deputy Director Strategic Commissioning	(25)	0	152	(6)	0	170	0	0	0	291	(1,217)	(926)	(926)
<span style="color: green;">G</span>	Resources	Chief Officer Resources & Strategy	(251)	64	18	0	(3)	0	0	0	0	(172)	46	(126)	(176)
<span style="color: red;">R</span>	Operational Services	Chief Officer Learning Disabilities	940	184	(462)	(10)	821	174	0	592	0	2,239	(1,005)	1,234	1,038
<span style="color: green;">G</span>	<b>Total</b>		<b>(562)</b>	<b>315</b>	<b>(50)</b>	<b>74</b>	<b>788</b>	<b>1,581</b>	<b>(1,512)</b>	<b>592</b>	<b>0</b>	<b>1,226</b>	<b>(1,446)</b>	<b>(219)</b>	<b>44</b>

## ADULT SOCIAL CARE DIRECTORATE: 2012/13 BUDGET – PERIOD 11 REPORT

### 1.0 Introduction

This report sets out the financial position for the Adult Social Care directorate for Period 11.

### 2.0 Overall Summary

The Adult Social Care Directorate is projecting an underspend of £0.2m at Period 11 compared with a balanced position in previous months.

### 3.0 Explanation of the Projection

The main variations are explained below:

- **Community Care Packages – Nil overall**  
Work is now completed on the review of residential and nursing placement fees and implementation is underway. Although the budgeted reduction in fees will not be achieved, placement numbers approved in 2012/13 have been in line with the budget. People choosing to receive a cash payment to organise their services continues to be below the budgeted numbers and this is reflected in the expenditure trends. This is offset by higher than budgeted numbers of people using independent sector home care. The increase in spend on independent sector home care is also partly offset by reduced spend within the directly-provided service. There has been some slippage in delivery of the budgeted savings through reablement as some pathways into the service have taken longer than anticipated to become fully operational.
- **Transport – £0.7m**  
The budgeted savings on transport are not yet being achieved, but work continues to ensure that clients are transported by the most appropriate mode of transport and that value for money is achieved. Savings continue to be delivered on private hire contracts, partly through procurement savings and partly through increasing the utilisation of the in-house fleet. Further work is underway seeking savings in costs for clients transported by in-house fleet vehicles.
- **Income – (£1.4m)**  
This mainly reflects the ongoing trend of higher income collection through the impact of the centralised billing team that became operational in 2011/12. In addition, although void levels in council residential homes remain high they have not risen by the extent anticipated within the budget thus leading to a higher level of income than anticipated.

The net effect of all other variations is £0.5m. This includes utility costs increasing by more than expected and car allowances for home care staff being higher than budgeted, partly offset by an underspend on staffing.

**Directorate Children's Services**

			<b>(Under) / Over Spend for the current period</b>											<b>Previous Month</b>	
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
<b>G</b>	Partnership Dev & Business Support	Chief Officer of Partnership Development & Business Support	(328)	2	129	(8)	(110)	(11)	0	0	0	(325)	(4)	(330)	(365)
<b>G</b>	Learning, Skills & Universal Services	Deputy Director of Learning, Skills & Universal Services	(1,902)	(52)	118	(166)	40	(56)	(80)	0	0	(2,098)	1,684	(414)	(152)
<b>G</b>	Safeguarding, Targeted & Specialist Services	Deputy Director of Safeguarding, Targeted & Specialist Services	(571)	394	167	57	(583)	(1,198)	107	0	0	(1,628)	1,332	(295)	(360)
<b>R</b>	Strategy, Performance & Commissioning	Chief Officer of Strategy, Commissioning & Performance	(922)	0	211	(136)	1,072	1	127	0	0	352	(213)	139	274
<b>G</b>	<b>Total</b>		<b>(3,724)</b>	<b>344</b>	<b>624</b>	<b>(253)</b>	<b>420</b>	<b>(1,264)</b>	<b>154</b>	<b>0</b>	<b>0</b>	<b>(3,699)</b>	<b>2,799</b>	<b>(900)</b>	<b>(603)</b>

## CHILDREN'S SERVICES: 2012/13 BUDGET – MONTH 11 REPORT

### 1. Overall Budget Position

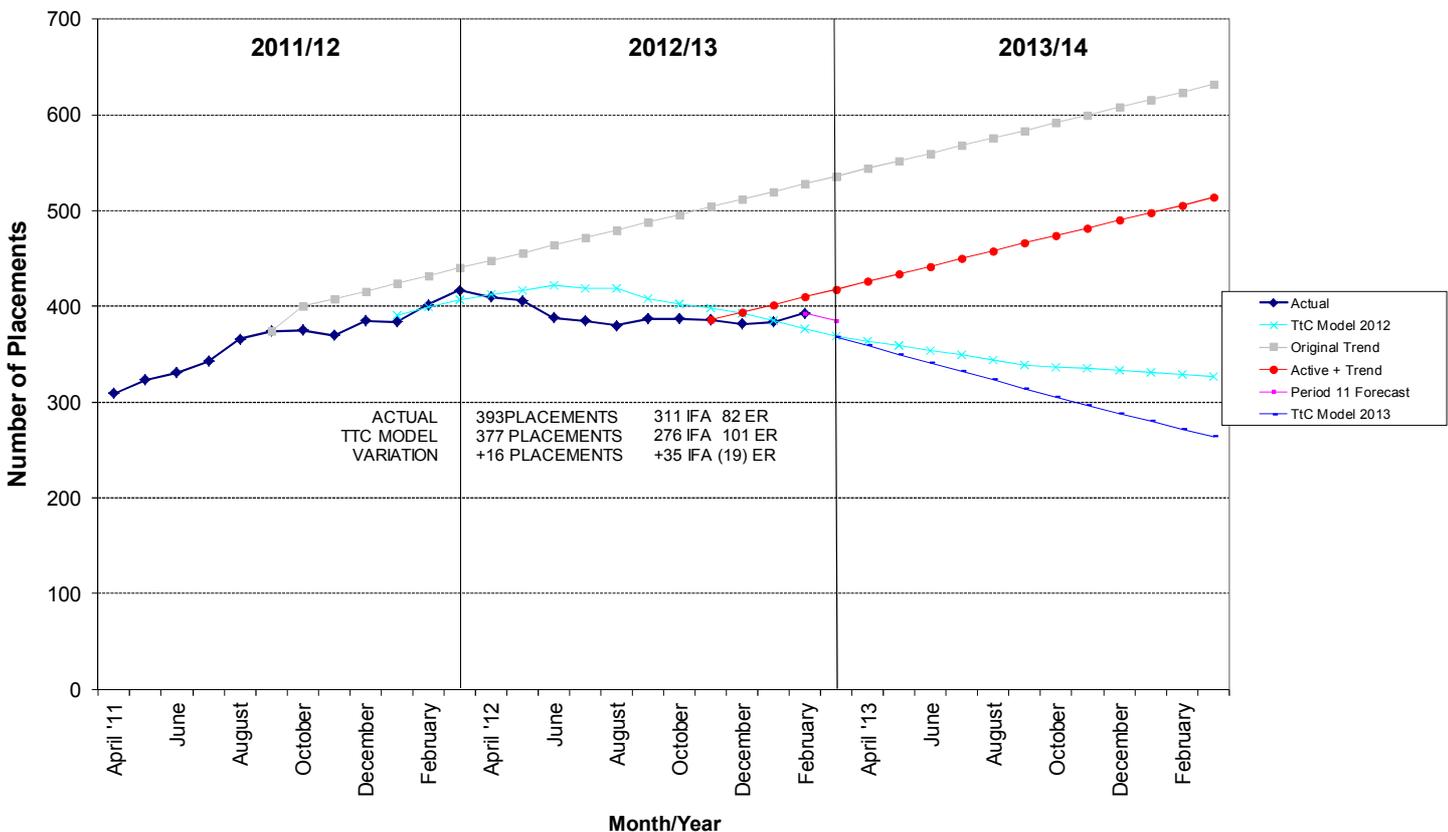
1.1 As at month 11 (April to February), the forecast outturn variation for the Children's Services Directorate is a projected underspend of £0.9m against the net managed budget of £132m. This represents a favourable movement of £0.3m from the month 10 projection.

### 2. Looked After Children

2.1 At the end of February 2013, there were 82 children & young people in externally provided residential placements and 311 children & young people in placements with Independent Fostering Agencies. These placement numbers are marginally above the 2012/13 Turning the Curve financial model with externally provided placement numbers being +16 [-19 residential and +35 fostering] more than that anticipated in the model. However, the progress throughout the year, together with the changing mix of placement provision and procurement savings, translates through to an end of year forecast underspend of £1.2m. This financial forecast continues to represent a stable position compared to the previous projections and the graph below shows the trend and projections around externally provided placement numbers.

**Actual/Forecast Number of External Placements**

w/e 24/2/2013



2.2 The forecast underspend on the externally provided placement numbers continues to be mitigated in part by a forecast overspend of £0.4m for the in-house fostering service which reflects the sustained in-house placement numbers as well as increases in the 0-4 allowances (from April 2012) and level 2 fees (from January 2013). In addition, there are cost pressures across the budgets that support Care Leavers [£240k], Adoptions and Special Guardianships [£650k] and Direct Payments [£180k]. Reflecting reduced placement activity, there is also a forecast underspend of £840k across the secure welfare, secure remand and family assessment budgets.

### **3. Staffing**

3.1 Overall, the staffing budgets are forecast to underspend by £3.7m 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 £98m basic staffing budget is £10m which continues to reflect the current number of vacant posts across the Directorate. At the end of February, the forecast spend on agency staffing was £7.5m, which represents a £5.7m overspend with the majority of the agency staff continue to be deployed in the social care fieldwork teams, the complex need teams and across children's centre provision. The forecast spend on overtime is £1.43m which is £0.35m above the budget and is due in the main to the need to maintain 24/7 cover for vacancies and sickness across the residential settings.

### **4. Other costs**

4.1 The forecast overspend of £0.4m on the internal charges is due in the main to projected additional costs around SEN home to school transport [+\$1.1m] and SEN home to college transport [+\$0.1m] which are due to both increasing journey numbers and journey prices. These pressures are mitigated by projected savings on the transport for looked after children [-£0.1m] and forecast savings on mainstream transport provision [-£0.12m].

### **5. Income**

5.1 The £2.8m projected variation across the income budgets is due in the main to slippage on the Families First (Troubled Families) grant and forecast underspends across the central schools budget allocation. 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 £0.25m less than the budget, although this is offset by additional nursery education grant funding for targeted 2, 3 and 4 year old early learning/childcare places.

**Neil Warren**  
**Head of Finance -Children's Services**  
**8<sup>th</sup> March 2013**

**Directorate City Development**

Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	(Under) / Over Spend for the current period					Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
							Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000				
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	410	(5)	96	34	32	0	0	(2)	0	565	271	836	847
R	Economic Development	Chief Economic Development Officer	46	156	(194)	3	(24)	0	85	0	0	73	257	330	251
R	Asset Management	Chief Officer Asset Management	75	(41)	78	(20)	(228)	0	0	0	0	(136)	762	626	661
G	Highways and Transportation	Chief Officer Highways and Transportation	(236)	242	911	42	88	0	0	0	0	1,047	(1,287)	(239)	(239)
R	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	(369)	80	329	3	30	22	(4)	0	0	90	(40)	50	170
R	Recreation	Chief Officer Resources and Strategy	49	526	87	2	(36)	0	0	0	0	627	311	938	851
G	Resources and Strategy	Chief Officer Resources and Strategy	(81)	0	(236)	(2)	(45)	0	0	0	0	(365)	(21)	(386)	(522)
G	Regeneration Programmes	Chief Officer Asset Management	(155)	(17)	(30)	(7)	8	0	0	0	0	(201)	61	(140)	(137)
G	Employment and Skills	Chief Officer Employment and Skills	(71)	(22)	(255)	(3)	(12)	0	0	0	0	(363)	29	(334)	(320)
R	<b>Total</b>		<b>(334)</b>	<b>920</b>	<b>785</b>	<b>51</b>	<b>(187)</b>	<b>22</b>	<b>81</b>	<b>(2)</b>	<b>0</b>	<b>1,337</b>	<b>344</b>	<b>1,681</b>	<b>1,561</b>

## CITY DEVELOPMENT DIRECTORATE: 2012/13 BUDGET – PERIOD 11 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 11.

### 2.0 Overall Summary

The Period 11 position for City Development Directorate shows a projected overspend of £1.681m. This is an increase of £120k on the Period 10 position. Most services in the directorate have continued to improve their financial position. However, the financial position for Economic Development and Sport and Active Lifestyles has deteriorated mainly due to reduced forecasts for income.

### 3.0 Explanation of the Projected Overspend

The projected variances by service are shown below:

	£000s
Planning and Sustainable Development	836
Economic Development	330
Employment and Skills	(334)
Asset Management	626
Regeneration	(140)
Highways and Transportation	(239)
Libraries, Arts and Heritage	50
Sport and Active Recreation	938
Resources and Strategy	<u>(386)</u>
	<b><u>1,681</u></b>

In Asset Management the overspend is mainly because of a shortfall against the advertising income budget of over £500k. In Sport the main budget issues are the projected overspend on the energy budget of £451k and a shortfall in income of £311k. The shortfall on income has only occurred during January and February but has meant that the overall projected overspend on Sport has been increased despite staffing costs continuing to be reduced. In Planning and Sustainable Development the overspend is mostly on staffing and a shortfall on income other than planning fees, although during the year the service has reduced its overall staffing, and has had particular success with ELI's in Building Control, along with realigning resources within the whole service.

The major projected variances are detailed below:

**Major Projected Variances and savings Plan**

£000s

Energy costs (Sport and Highways)	606
Advertising income shortfall	550
Markets income	174
Planning and Development income	284
Sport income	311
Other net variations	90
Staff savings	<u>(334)</u>
<b>Total</b>	<b><u>1,681</u></b>

**Income**

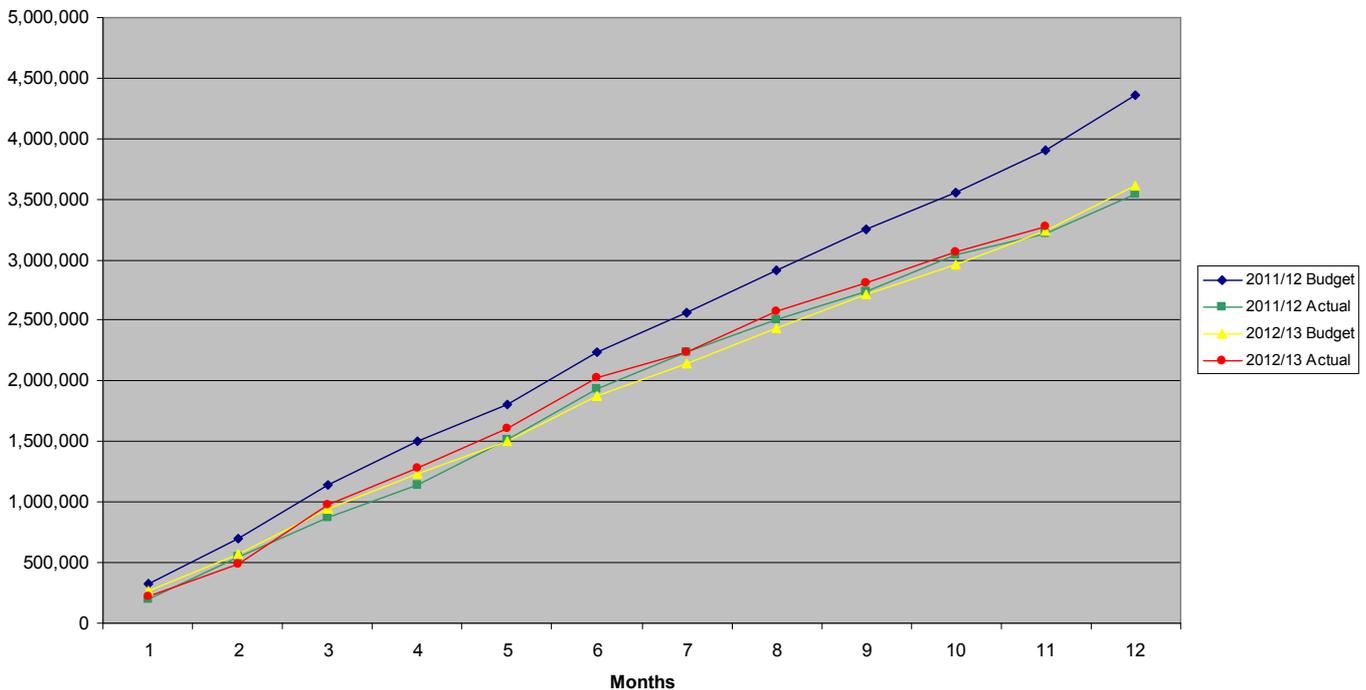
Overall, it is projected that income will be £0.3m below budget. The current position on income is largely due to shortfalls against the advertising income target, Planning and Development income and other income from charges such as Markets income, as detailed above. These income shortfalls are offset by additional income from rechargeable work and grant income in Highways and Transportation of £1.28m. This additional income will also result in additional expenditure being incurred.

There are some risks in terms of the projected income for Asset management. This is particularly around rental income and surveyor and legal fees income. Both these income targets depend on a number of property transactions completing by the end of the financial year.

**Planning and Sustainable Development Income**

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 graph below shows the current position.

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



Period 11 has seen a reduction in the overall amount of planning and fees received against the phased budget and the positive trends in income experienced earlier in the year have not been sustained. It is projected that planning and building fees will be £171k above the budget by the end of the year. There are projected shortfalls on internal income and other charges made by the service and overall there is now a projected shortfall of £284k against all income received by the service.

### Staffing

Overall an underspend of £334k is projected. This is an improvement on the Period 10 position and reflects the work across the directorate to control staffing budgets. Regeneration, Highways and Transportation, Libraries, Arts and Heritage, Resources and Strategy and Employment and Skills are projecting an underspend on staffing whilst the overspend in Sport has reduced significantly. A restructure of Building Control in Planning and Development Services is being progressed and has led to further savings and a reduction in staff through staff leaving through the Early Leaver Initiative and by realigning staff into areas of the service experiencing high workloads.

### Other Expenditure

The major expenditure pressure is energy costs. Energy costs in Asset Management, Sport and Highways and Transportation are expected to overspend by £0.6m. 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 which will reduce the energy cost over time.

The overspend on Supplies and Services is mainly due to additional works in Highways which is funded by additional income.

**Directorate Environment & Neighbourhoods**

Trafic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport £000	(Under) / Over Spend for the current period					Total Expenditure £000	Income £000	Total Under /Overspend £000	Previous Month (Under) / Overspend £000
							Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Capital £000	Appro- priations £000				
R	Health and Environmental Action	Chief Environmental Services Officer	(104)	(85)	56	10	(81)	0	0	0	0	(204)	63	(141)	36
G	Car Parking Services	Chief Environmental Services Officer	(271)	(59)	109	(15)	105	0	0	0	0	(131)	(17)	(147)	(23)
G	Community Safety	Chief Community Safety Officer	(373)	20	(27)	60	3	11	0	0	0	(306)	17	(288)	(276)
R	Strategy and Commissioning	Chief Regeneration Officer	102	172	219	0	33	441	0	0	0	968	(854)	113	77
G	Statutory Housing	Director of Environment and Neighbourhoods	(322)	40	15	78	(44)	66	0	0	0	(169)	187	18	15
R	General Fund Support Services	Chief Officer Resources and Strategy	168	0	1	0	0	0	0	0	0	169	0	169	169
R	Waste Management	Chief Environmental Services	859	(6)	805	(408)	(94)	0	0	0	0	1,155	456	1,611	1,370
G	Drugs Commissioning Service		0	0	(18)	0	0	(65)	0	0	84	0	0	0	0
G	Parks & Countryside		(635)	(640)	609	105	(101)	0	0	0	200	(462)	212	(250)	(250)
R	<b>Total</b>		<b>(576)</b>	<b>(558)</b>	<b>1,768</b>	<b>(171)</b>	<b>(180)</b>	<b>453</b>	<b>0</b>	<b>0</b>	<b>284</b>	<b>1,020</b>	<b>64</b>	<b>1,084</b>	<b>1,117</b>

## **ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET – PERIOD 11 REPORT**

### **1.0 Introduction**

This report sets out the financial position for Environment and Neighbourhoods at Period 11.

### **2.0 Overall Summary**

The overall projected position for the Directorate is an overspend of £1.1m. An overspend of £11k is projected for Neighbourhood Services and an overspend of £1,072k on Environmental Services.

### **3.0 Explanation of the Projected Overspend**

#### **3.1 NEIGHBOURHOOD SERVICES +£11k**

#### **3.2 Community Safety -£288k (underspend)**

There is a pressure within Leeds Watch due to staffing (£96k) and lower than budgeted levels of income (£159k). However, additional income from the HRA is expected for the Leeds Anti-Social Behaviour Team (LASBT) service (£95k) and on Noise Nuisance (£160k) based on currently activity levels. Savings due to vacant posts and supplies and services within Signpost and the Management Team are expected to contribute towards an overall underspend of £288k.

#### **3.3 Strategic Housing +£18k (overspend)**

Pressures have arisen within Temporary Accommodation relating to the level of income that can be reclaimed on Housing benefit (£61k). There is a pressure of £174k on Adaptations mainly due to a shortfall in from ALMOs. Housing Options will have a significant underspend on staffing (£372k) due to vacant posts and capitalization. An overspend of £55k is expected on Housing Partnerships and an overspend of £80k is expected on Area Renewal.

#### **3.4 Resources, Strategy & Commissioning +£246k (overspend)**

A variation due to costs associated with staff in managing work force change has been partially offset by running cost savings across all functions; however an overall pressure of £49k is now anticipated in 2012/13. A pressure of £290k on Adult Social Care Supporting People contracts will be offset by £290k of additional charges into the HRA. A pressure of £197k is now expected against the ELI savings target.

#### **3.5 ENVIRONMENTAL SERVICES +£1,071k**

#### **3.6 Waste Management +£1,610k**

Within Refuse Collection there is a projected overspend of £634k.

The variations mainly relate to the costs of ongoing route back up (staff and vehicle costs) and additional costs of sickness cover. Together these total £380k. Savings from delays to service roll outs of (£194k) help offset this.

Other staffing variations of around £500k are mainly attributable to staff currently in Managing Workforce Change £127k, additional staff required on a number of routes / mix of cover £290k and around £63k of catch up costs have also been incurred due to the snow.

These cost pressures can be partially offset by in year net savings from vehicle financing and other transport related costs of £250k

The rise in the price of fuel is projected to result in a £73k overspend and the implementation costs of the AWC pilot is now forecast to cost around £74k.

### Waste Sites

Income shortfalls from reduced trade and other 3<sup>rd</sup> party waste is forecast at £200k, although transport savings from more effective vehicle utilization will save around of £150k to help alleviate this pressure.

Within Waste Strategy and Policy an overall overspend of £863k is now projected.

£750k of this variation specifically relates tonnage costs and recycling income.

Additional volumes of garden waste collected during the wet summer are projected to cost around £42k and a reduction in the volume of scrap metal collected and prices being lower than the budgeted amount accounts for most of the shortfall in recycling income of £132k.

£136k of additional landfill costs will be incurred due to the slippage of the AWC pilot until April. Budgeted reductions in total waste arising across the City have not materialised which results in a forecast pressure of around £400k.

Recycling performance at the Household Waste Sites is not anticipated to reach the 70% target, which will cost around a net £150k in disposal; however, as a result of reductions in the price, together with lower levels of contamination, of SORT material (Green Bin), savings of around £108k are now forecast in these waste types.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £215k below the budget. This is due to gas levels falling more quickly than had been anticipated. Other running costs savings, including staffing amount around £100k.

### **3.7 Environmental Action (£146k)**

The costs of staff in Managing Workforce Change are projected at £35k and spend on front line Cleansing costs is now forecast to be around £91k above budget, these are wholly offset by savings in other officer vacant posts (£194k) .

The budget had assumed that a saving of £150k could be delivered from closer working with the Parks and Countryside service following its transfer to this Directorate. The service transferred in July and whilst proposals to develop closer working are being developed, it is considered unlikely that this saving will be realised in this financial year.

Following the retendering of the weedspraying contract, savings of £90k are now anticipated this year. Line by line expenditure savings will realise around £89k of savings.

A shortfall in income from Fixed Penalty Notices for Litter is expected to be £46k lower than budget, although income from other areas including pests is £53k higher than the budget.

### **3.8 Car Parking (£147k)**

Savings from vacant posts are forecast to be (£271k).

Income is expected to be lower by £86k largely as a result in the reduction in income receivable from parking offences.

The impact of the redevelopment of Woodhouse Lane car park is projected to result in an income variance of £826k and a release from central contingency will address this.

Other variations across the service total £35k.

### **3.9 Parks & Countryside - £250k (underspend)**

A number of external income pressures have affected the projection; the poor weather over the summer has contributed to a potential £190k overspend on the provision of golf and Café and retail sites are also projected to overspend by £75k.

Expenditure on materials for section 106 and capital projects is expected to exceed the budget by £0.5m, however this is matched by additional income to the revenue account. A £200k underspend on capital financing costs is expected due to delays to purchase of new equipment.

Other staffing and expenditure underspends are expected to offset the external income shortfalls and the projection at period 11 assumes that there will be an overall underspend of £250k.

## **Housing Revenue Account (HRA) – Period 10**

At the end of Period 11 the HRA is projecting a surplus of £532k. This is a net increase of £274k from Period 10 and is due to a number of minor savings in a number of areas.

Key variations from the budget are detailed below:-

Additional rental income of £1,035k is projected from dwelling rents. This is as a result of void levels continuing to fall from a budget of 1.5% to 1%, and RTB sales taking place much later in the financial year than anticipated. The financial impact of lower voids will be paid to the ALMOs in line with the current voids incentive scheme (£589k).

Income from Heat Lease charges is projected to be £290k higher than budget following the extension of the scheme. In addition, it is projected that £134k additional income will be received from Telecoms as a result of back-dated rent reviews.

The ALMOs have now finalised and agreed their IT SLA charge - resulting in additional £226k income to the HRA. This is as a result of additional IT works requested and an increase in the number of users.

Savings of £216k are projected on employee costs. This is primarily due to the budgeted contingency for pay awards not being required in 2012/13.

There are additional charges, which are properly chargeable to the HRA of £880k from the Housing General Fund for the Housing Options Team, Tenancy Fraud, Safeguarding, Welfare Reform and Commissioning, Noise Nuisance and supporting vulnerable adults to continue to live in their own homes. These increases are offset by a projected saving of £242k in legal charges.

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.

It is anticipated that there will be a saving of £1m in the budget for the bad debt provision. This has arisen due to write offs to date being less than anticipated and arrears remaining broadly static. A full review of the provision will be undertaken as part of closedown. It is proposed that this £1m is transferred to the Major Repairs Reserve and used to fund additional capital investment priorities.

The HRA will be required to make an additional contribution of £288k to the Swarcliffe PFI Sinking Fund to ensure the project is affordable over its life. This is due to a reduction in the interest being paid on the Sinking Fund balance.

The interest cost on debt will be £752k higher than the budget following increases in the rate of interest payable on the debt. The additional costs will be funded from the Self Financing reserve.

**Directorate Resources**

			<b>(Under) / Over Spend for the current period</b>										<b>Previous Month</b>	
Traffic Light	Service	Chief Officer	Staffing £000	Premises £000	Supplies & Services £000	Transport	Internal Charges £000	Payments to External Bodies £000	Transfer Payments £000	Appropriations £000	Total Expenditure £000	Income £000	Total Under /Overspend £000	(Under) / Overspend £000
A	Financial Management	Chief Officer Fin Management	22	(1)	7	12	8	0	0	0	49	(13)	35	101
G	Business Support Centre	Chief Officer Fin Management	(127)	(1)	57	1	0	0	0	0	(71)	(193)	(263)	(249)
R	Financial Development	Chief Officer Fin Development	(44)	0	3	1	0	0	0	0	(40)	100	60	73
R	Revenues and Benefits	Chief Revenues and Benefits Officer	228	3	83	21	(21)	0	0	(7)	308	(123)	185	180
G	Information Technology	Chief ICT Officer	48	0	(285)	0	(71)	0	0	0	(308)	230	(78)	(79)
G	Human Resources	Chief Officer HR	(345)	(17)	(55)	30	35	0	0	0	(351)	(61)	(412)	(379)
G	Audit & Risk	Chief Officer Audit and Risk	(255)	2	(177)	2	(1)	0	0	0	(429)	68	(360)	(308)
G	CORS Directorate	Chief Officer Resources and Strategy	(11)	0	31	0	175	0	0	0	195	(180)	15	25
A	Public Private Partnership Unit	Chief Officer PPPU	33	0	12	(1)	(1)	0	0	(10)	33	(4)	29	36
G	Procurement		(168)	0	161	(4)	91	0	0	0	79	(574)	(494)	(480)
G	Democratic and Central Services	Chief Officer Democratic and Central Services	(81)	238	460	(5)	20	0	(4)	0	628	(674)	(46)	(48)
G	<b>Total Excluding Commercial services</b>		<b>(699)</b>	<b>224</b>	<b>298</b>	<b>56</b>	<b>235</b>	<b>0</b>	<b>(4)</b>	<b>(17)</b>	<b>92</b>	<b>(1,422)</b>	<b>(1,330)</b>	<b>(1,128)</b>
R	Commercial Services	Chief Officer Commercial Services	998	13	1,280	1,870	(154)	0	0	0	4,006	(3,336)	670	525
G	<b>Total</b>		<b>298</b>	<b>237</b>	<b>1,578</b>	<b>1,926</b>	<b>81</b>	<b>0</b>	<b>(4)</b>	<b>(17)</b>	<b>4,099</b>	<b>(4,758)</b>	<b>(659)</b>	<b>(603)</b>

**Directorate Legal Services**

		<b>(Under) / Over Spend for the current period</b>											<b>Previous Month (Under) / Overspend</b>		
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	Legal Services	City Solicitor	(168)	(4)	10	1	41	0	0	0	0	(120)	120	0	0
G	<b>Total</b>		<b>(168)</b>	<b>(4)</b>	<b>10</b>	<b>1</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(120)</b>	<b>120</b>	<b>0</b>	<b>0</b>

**Directorate Customer Access and Performance**

		<b>(Under) / Over Spend for the current period</b>											<b>Previous Month (Under) / Overspend</b>		
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	Customer Access	Chief Officer Customer Services	14	1	(11)	0	0	0	0	0	0	5	(66)	(61)	(21)
G	Localities and Partnerships	Chief Officer LIP	(50)	0	(82)	0	0	0	0	0	0	(132)	(1)	(133)	(133)
G	Intelligence and Improvement	Chief Officer Business Transformation	0	0	0	0	0	0	0	0	0	0	0	0	0
G	Corporate Support	Assistant Chief Executive	51	0	(45)	0	0	0	0	0	0	5	0	5	7
G	Area Management	Area Leader	0	9	(15)	(1)	0	0	0	0	0	(7)	0	(7)	(4)
G	<b>Total</b>		<b>15</b>	<b>10</b>	<b>(153)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(129)</b>	<b>(66)</b>	<b>(195)</b>	<b>(150)</b>

## **CENTRAL AND CORPORATE FUNCTIONS: 2012/13 BUDGET – MONTH 11**

### **1.0 Introduction**

This report sets out the financial position for Central and Corporate Functions for period 11 of 2012/13.

### **2.0 Overall Summary**

The position at month 11 has improved both in Resources and Customer Access and Performance from last month and the overall projected underspend is now £855k.

### **3.0 Explanation of the projected underspend**

#### **RESOURCES (£660k underspent)**

As part of the budget strategy, Resources are targeting an underspend of £500k in 2012/13 and this has been the focus of Leadership Team and Chief Officers during the latter months of the year.

In anticipation of further savings and efficiencies required over the next few years, the Directorate have exercised tight control over the filling of vacancies. Only in exceptional circumstances, such as specialist ICT skills, have any vacancies been advertised externally. The impact of this approach means that there is a projected underspend of £700k on pay budgets (excluding Commercial Services) in the current year.

It has been a significant challenge in 2012/13 for Commercial Services to meet the budget savings taken out in 2012/13 and 2011/12 (£3.3m in total). A pressure of £525k was reported last month, but this has been revised to £670k in month 11 to reflect the realistic position for the group in light of pressures on turnover and cost pressures.

The increased pressure on housing benefits overpayment income reported last month has now been revised to £176k based on latest data from the Academy system. Further work has now been completed in relation to the 'bad debt provision' resulting in an improvement of £200k against budget. However court cost income is down £50k due to lower volume of summonses being raised.

In terms of income on non-trading services, the Directorate have benefitted in a number of areas including a reduction in the external audit fee of £194k, £150k rebate as a result of the Council's associate membership of the Yorkshire Purchasing Organisation and £176k from Barclaycard as from increased usage of p-cards.

#### **CUSTOMER ACCESS AND PERFORMANCE (£195k underspent)**

A review of essential spend required on supplies and services has resulted in projected underspends across a number of services. In many cases, potential underspends were previously being held as a contingency for pressure on pay

budgets, however in the latter part of the year staff turnover has been higher than expected meaning that savings in other areas will not be required to balance the budget situation.

The only change from last month is an extra £40k income in respect of the translation and interpretation service which reflects up to date projections of activity.

### **LEGAL SERVICES (balanced position)**

Due to the service restricting the filling of vacancies during the year, a saving of £328k is projected in respect of employees. Where necessary, to meet key demands from clients, agency staff/locoms have been used and the spend is now projected at £174k for the full year, compared to £611k in 2011/12. The impact of this situation is that the number of chargeable hours is falling short of the income budget. This will mean that most internal clients will be charged less meaning an underspend on Directorate legal budgets.

The “WYLAW” initiative is still progressing and after savings of £2.5m across the region in 2011/12 (£782k for Leeds); projected savings for 2012/13 for Leeds alone are just short of £1m. Initiatives which have facilitated these savings, include for example, the setting up of framework agreements for solicitors and counsel and the Service now directly employs two dedicated Cost Draftsmen who works specifically on reducing the bills of costs where we have settled claims.