

Financial Reporting 2023/24 Provisional Outturn Month 11 (February)

Date: 17th April 2024

Report of: Chief Officer - Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

1. The purpose of this report is to update the Executive Board of the financial position at Provisional Outturn, reflecting the first eleven months of this financial year. The report comments on performance against the 2023/24 Budget which targets resources in support of the council's strategic priorities as set out in the Best City Ambition, whilst also supporting our ongoing journey to strengthen the authority's financial resilience and sustainability. The report also updates the Board on the latest position on the Housing Revenue Account (HRA) and the Council Tax and Business Rates Collection Fund. For full details, please refer to Appendices A, A1 and A2.
2. At Provisional Outturn (Month 11), we are forecasting a balanced position for the General Fund through the use of reserves as detailed in Paragraph 1.7 at Appendix A. This includes the use of the £17.7m WYCA refund agreed in October 2023, and £14.7m from the Merrion House reserve.
3. This position represents an improvement of £36.3m from the overspend position reported to this Board in February. Where known, pressures have been incorporated into the reported financial position, including those due to increased inflation and the resulting cost of living crisis, demand and demography in social care, and the employer's final pay award for 2023/24. Any ongoing pressures identified in the current year have been built into the 2024/25 budget.
4. The budget for 2023/24 requires delivery of £58.6m of savings and as at end of Provisional Outturn it is anticipated that most of these budgeted savings will be delivered or have mitigating actions found. However, a £12.0m shortfall has been identified, primarily due to the delayed delivery of savings within Children's social care. Further details are provided in the appended directorate positions.
5. The financial difficulties being experienced need to be understood within the wider national context: local government finances are in a critical state and there is growing concern as an increasing number of councils are reporting overspends in the current financial year and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability. The increasing cost of social care, particularly within Children's Services where the increasing numbers of external placements and significantly higher costs of those placements, combined with the impact of pay and price pressures which are in excess of the level of government resources provided, has not yet been recognised. As a result, a number of local authorities issuing or raising the possibility of issuing Section 114 notices, effectively giving notice that a council cannot balance its budget. This current and future financial climate for local government represents a significant risk to Leeds City Council's priorities and ambitions.
6. Within Leeds, work continues to review the highest cost / spend areas (notably Children Looked After, Transport and Leeds Building Services) and all services are continuing to explore opportunities to secure in-year savings (such as holding vacancies where this will not have a detrimental effect on critical services and on staff wellbeing) and maximising income. Asset reviews are underway to ensure the council has the right numbers and mix of assets.

7. The freeze on recruitment, agency and overtime spend introduced in 2022/23 within a framework of agreed exceptions remains in place, as does the freeze on non-essential spend, with further controls brought in to strengthen oversight and monitoring. Using our Team Leeds approach, working across the council and with partners, we will continue to take all action necessary to meet our legal requirement to deliver a balanced budget.
8. Any adverse variation to a balanced budget position at the year-end will require further savings to be identified for 2024/25.
9. Any Collection Fund income shortfall arising this year will impact on next year's revenue budget.
10. The council's Housing Revenue Account (HRA) is projecting a balanced position.

Recommendations

Executive Board is asked to:

- a) Note that at Provisional Outturn (Month 11) the authority's General Fund revenue budget is forecasting a balanced position for 2023/24 after application of reserves.
- b) Note that at Provisional Outturn (Month 11) the authority's Housing Revenue Account is forecasting a balanced position.
- c) Note that known inflationary increases, including demand and demographic pressures in Social Care, known impacts of the rising cost of living, including the NJC pay settlement of £1,925 and the JNC pay settlement of 3.5%, have been incorporated into this reported financial position. These pressures will continue to be reviewed during the year and reported to future Executive Board meetings as more information becomes available. Proposals would need to be identified to absorb any additional pressures.
- d) Note that where an overspend is projected, directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures and those of the council's wider financial challenge where possible, in line with the Revenue Principles agreed by Executive Board in February 2023 through the annual Revenue Budget report (details at Appendix 11 of the linked document).

What is this report about?

- 1 This report updates the Board on financial performance against the council's 2023/24 General Fund revenue and Housing Revenue Account budgets for the first 11 months of the financial year. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations as at Provisional Outturn, the end of Month 11 (February) 2024.
- 2 Executive Board will recall that the net revenue budget for 2023/24 was set at £573.4m. The Medium-Term Financial Strategy (refreshed for the period 2024/25 to 2028/29 and considered at September's Executive Board meeting) assumes a balanced budget position for 2023/24 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves.

- 3 Following the closure of the 2022/23 accounts, the Council's general fund reserve stood at £33.2m. The 2023/24 budget assumes a £3m contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 4 At Provisional Outturn (Month 11) directorates are reporting a balanced position, an improvement of £36.3m compared with the Month 10 position, and the HRA is forecasting a balanced position.
- 5 Directorate positions are summarised in Table 1:

Table 1: Summary position Provisional Outturn Month 11 (February), financial year 2023/24

Directorate	Director	(Under) / Over spend for the current period				Previous Reported Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Caroline Baria	(573)	20,419	(20,420)	0	0
Children and Families	Julie Longworth	2,861	47,296	(7,837)	39,460	39,334
City Development	Martin Farrington	(422)	5,101	(6,124)	(1,022)	(1,020)
Communities, Housing & Environment	James Rogers	1,529	19,059	(14,037)	5,022	5,134
Strategy & Resources	Mariana Pexton	4,916	(1,685)	5,286	3,602	3,303
Strategic	Victoria Bradshaw	(64)	(46,551)	(511)	(47,062)	(10,487)
Total Current Month		8,247	43,639	(43,642)	0	36,264

Previous reported (under)/over spend	9,100	75,156	(40,254)	36,264
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- 6 This position reflects the 2023/24 pay increase and the demand and demographic pressures being experienced in social care. It also reflects the latest projections with regard to known inflationary pressures in respect of the costs of electricity, gas, fuel and the impact of the cost-of-living pressures on our residents and businesses which has significantly affected the cost of goods and services the council procures, demand for support and welfare services the council provides, and the activity levels that support a wide range of income streams. These will continue to be monitored for the remaining month of 2023/24, as will any changes in interest rates and their impact on the council's financial position.
- 7 Four key messages have been reiterated to staff in 2023/24 to remind everyone of the part we all have to play in supporting the financial position:
 1. **Stay within budget** – reduce discretionary spend and minimise recruitment, including agency and overtime.
 2. **Absorb in-year pressures** – directorates required to absorb all in-year pressures.
 3. **Highlight issues early** – use the budget monitoring process to raise issues with Financial Management as soon as possible.
 4. **Robust monitoring is essential** – includes detailed discussion at relevant monitoring meetings.
- 8 In addition, given the significant forecast revenue overspend position reported to this Board in earlier reports, the council's Corporate Leadership Team (comprising the Chief Executive and five directors) agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and further strengthen the controls through a post-by-post review to identify which posts meet agreed exceptions and can be excluded from the freeze. Unless an identified vacancy is for an excluded post, services are required to identify how they will cover the costs of the post.

- 9 It has also been agreed to continue the non-essential spend freeze introduced in 2022/23. Following Executive Board's approval, relevant non-essential spend budgets totalling £1.85m have been moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. The directorate positions reported reflect the impact of this review and at Provisional Outturn (Month 11), a £0.6m projected underspend is being reported in those services where budgets have been reduced.
- 10 Cross-directorate work continues to support and challenge the highest cost/spend areas, such as Children Looked After, Transport and LBS and all services are continuing to explore opportunities to maximise income. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFs funding gap could be brought forward to generate savings during 2023/24. Updates on any further in-year savings to contribute towards a balanced budget position at the year end will be incorporated into the Outturn Financial Health report. These include income generation, additional non-essential spend savings and savings resulting from reviews of key areas of expenditure which both reduce activity levels and rationalise service provision.
- 11 Controls on spending has been further strengthened by the implementation of a range of measures that include the following:
- No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; all meetings, where possible, should be conducted remotely / in the employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.
 - With a number of exceptions e.g., social work roles, a complete recruitment freeze is now in place.
 - Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
 - All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.
- 12 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are deemed to be at risk, for example the implementation of budget action plans and those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management-based support and reporting around the achievement of key budget actions plans. It is due to the robustness of this monitoring that the projected overspend was identified so early in the financial year, enabling action to be taken.

What impact will this proposal have?

- 13 The budget proposals contained in the 2023/24 Budget have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures put in place or planned where appropriate. As such, an Equality Impact Assessment was provided at Appendix 6 to the 2023-24 Revenue Budget and Council Tax Report.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 14 The Best City Ambition is the strategic plan which sets out the ambitions, outcomes and priorities for the City of Leeds and for the local authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the council's policies against financial constraints. The Best City Ambition is the strategic plan which sets out the ambitions, outcomes, and priorities for the City of Leeds and for the local authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the council's policies against financial constraints.
- 15 This is the primary purpose of the Medium-Term Financial Strategy which provides the framework for the determination of the council's annual revenue budget. This report needs to be seen in the context of the requirement for the authority to be financially sustainable and deliver a balanced revenue budget position in 2023/24 so that resources can continue to be targeted at the council's priorities.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 16 This is a factual report and is not subject to consultation. Public consultation on the Council's revenue and capital budget proposals was carried out between December 2022 and January 2023 and is detailed in the 2023-24 Revenue Budget and Council Tax Report presented to this Board in February 2023.

What are the resource implications?

- 17 This is a financial report and as such resource implications are detailed in both the report and the accompanying appendices.

What are the key risks and how are they being managed?

- 18 The reported budget position is considered in the context of risk to both the in-year financial position and the potential impact on the Council's Medium-Term Financial Strategy. These risks are included on the Council's corporate risk register, reported to this Board annually. At September 2023 both the risk of the in year financial position being in deficit and the Council being unable to balance the Medium-Term Financial Strategy were rated 'very high', reflecting the wider national context and the uncertainty of funding for future years.
- 19 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management-based support and reporting around the achievement of key budget actions plans is in place for 2023/24.

What are the legal implications?

- 20 The council has a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 21 Section 28 of the Local Government Act 2003 provides that the council has a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget

calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

- 22 In addition, the council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The authority's Chief Finance Officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Executive Board to receive information about the revenue and capital budgets as set out in this report.
- 23 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and, therefore, this report also demonstrates compliance with that legal duty.
- 24 Under Section 1 of the Local Government Act 2003 ("LGA") ("Power to borrow"), a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs".

Options, timescales and measuring success

What other options were considered?

25 Not applicable

How will success be measured?

26 Not applicable.

What is the timetable and who will be responsible for implementation?

- 27 Work continues to address the financial challenges outlined in this report and to identify savings to ensure a balanced budget position. A further update will be provided in the Outturn Financial Health Monitoring report to this Board.
- 28 The responsibility for identification and actioning of the necessary measures to ensure the delivery of a balanced budget are the responsibility of the Chief Officer - Financial Services, working in conjunction with departmental directors. A balanced budget must be delivered at Financial Outturn 2023/24, with the outturn position due to be reported to the June 2024 meeting of this Board.

Appendices

29 The following appendices are attached to this report:

- **Appendix A – Financial Health Monitoring 2023/24 – Provisional Outturn Month 11 (February):** detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the HRA, update on Council Tax and Business Rates including collection performance.
- **Appendix A1** – Individual financial dashboards for directorates, DSG and the HRA
- **Appendix A2** – Directorate Budget Action Plans

Background papers

30 None

Financial Health Monitoring 2023/24 – Provisional Outturn Month 11 (February)

1. Directorate Positions at Provisional Outturn Month 11 (February)

- 1.1 The major Directorate variations are summarised in **Table 1** and outlined below, with additional detail provided on the Directorate dashboards at **Appendix A1**.

Table 1: Summary position as at Provisional Outturn Month 11, financial year 2023/24

Directorate	Director	(Under) / Over spend for the current period				Previous Reported Position
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1.2 Adults & Health

Adult Social Care 2023/24 Budget

Budget Overview

At Provisional Outturn, Adults and Health is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023-24 is £198.8m, comprised of £430.0m Gross Expenditure offset by £231.2m income. Reflected in the 2023/24 budget are Budget Action Plans totalling £16.19m. At Provisional Outturn all Budget Action Plans have been delivered or alternative savings & income identified allowing the Directorate to report a balanced position. All Action Plans are now actioned and there will be no impact on future years budgets. Some risks remain to deliver this position, predominately around demand budgets for Adult Social Care.

Social Care Grants

Included in the Adult Social Care budget for 2023/24 is additional social care grant funding of £27.6m, as first detailed in the Month 4 report. On 28th July the Department for Health and Social Care (DHSC) announced £5.04m of new in-year grant funding titled, 'Market Sustainability and Improvement Fund – Workforce Fund Grant Determination (2023 to 24)'. Leeds City Council are in line for further funding

for 2024/25 of £2.83m. Funding comes with tight restrictions around use of the grant, and it being targeted specifically at three target areas:

- Increasing fee rates for providers in local areas.
- Increasing adult social care workforce capacity & retention.
- Reducing adult social care waiting times.

Reserves

The 2023/24 Budget assumes the use of £4.5m of Adult Social Care & Public Health reserves. At Provisional Outturn the directorate is projecting to utilise an additional £7.9m, therefore £12.4m in total. The additional £7.9m comprises of £2.6m Newton Europe Home First programme, £2m Community Health & Wellbeing Service, £0.8m Leeds Older People's Forum for delivery of the Enhance programme; all three programmes funded by Health, and £2.5m for investment in additional social work and social care capacity.

Budget Action Plans

At Provisional Outturn all Action Plans have been delivered or alternative saving and income proposals have been identified to cover any in-year shortfall. The £2.9m improvement since Month 10 is driven by £1.4m delivery of Action Plans and £1.5m from finding alternative savings or additional income options. No impact on the 2024/25 budget is anticipated.

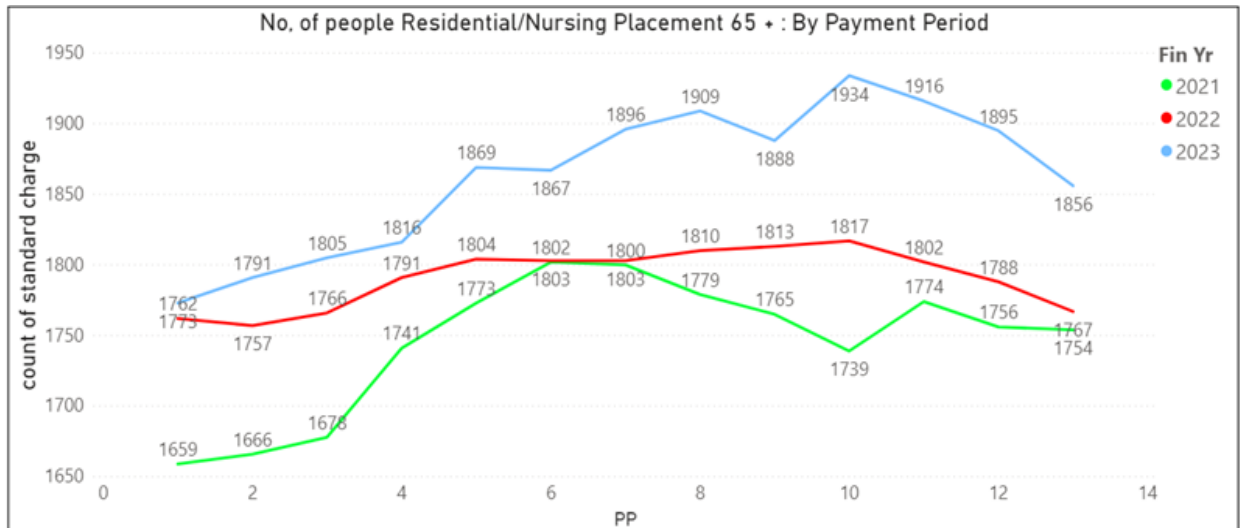
Demand Budgets

The 2023/24 demand related budgets reflect £29.83m additional funding for price, inflation, and demand & demography growth, taking the overall size of the demand led budgets up to £280.17m before reducing to £277.33m after netting off the £2.84m savings target reflected in the delivery of the 2023/24 budget action plans. The Month 11 projection is a pressure of £17.7m split £5.2m Learning Disability, £9.6m Older People, Working Age Adults Physical Impairment and Drugs & Alcohol service and £2.9m removal of Action Plan credits which were showing against demand budgets but now removed. An analysis of the £17.7m demand budget related pressures is detailed below:

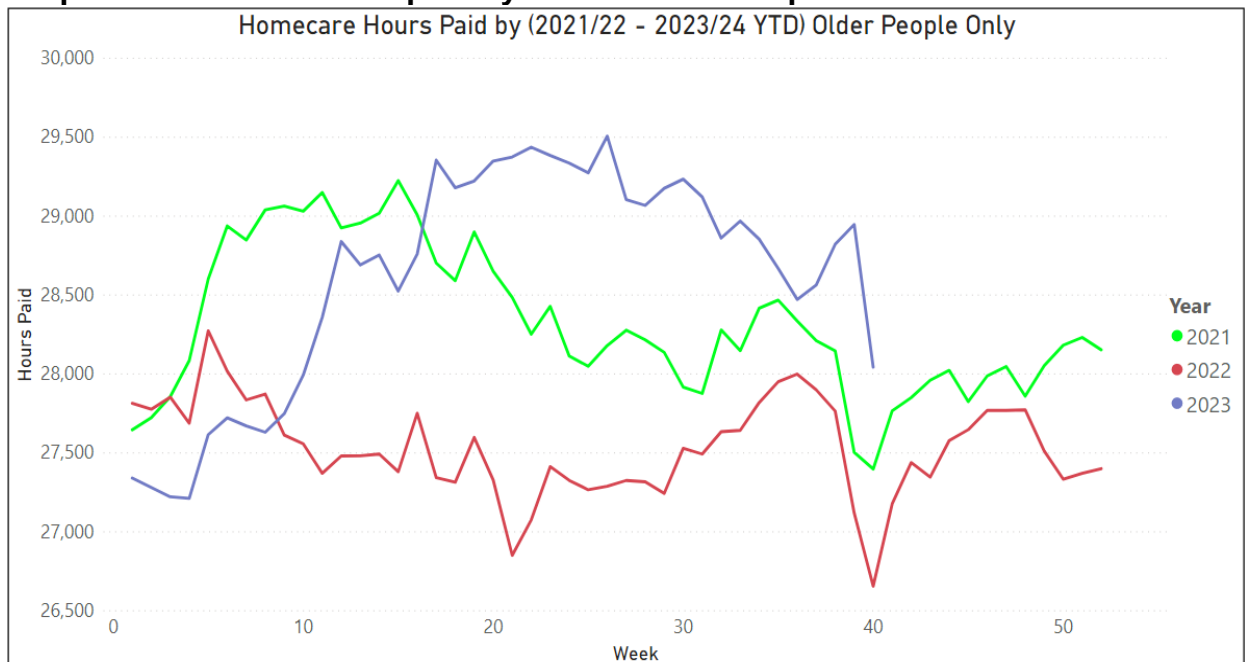
- +£3.8m (+£0.2m change from Month 10) Working Age Adults and Learning Disability
- +£14.6m (+£0.2m from Month 10) Residential and Nursing settings
- +£1.0m (nil movement from Month 10) Homecare
- -£1.7m (+£0.2m from Month 10) for Direct Payments and Individualised Care.

This pressure will be covered by additional income, client income and grants. The projection for older people residential & nursing settings is based on current numbers continuing until financial year-end. The graphs below note the current high numbers for both Residential and Homecare for Older People and provide comparison with previous financial years.

Graph 1: No. of people in a Residential/Nursing Placement April 2021 to date.



Graph 2: Homecare hours paid by Week and Year April 2021 to date.



There are further risks:

- around providers challenging the percentage uplift in fees, particularly within the Working Age Adult settings for Learning Disability and Mental Health. This position assumes £0.7m savings on provider inflation uplifts for Older People;
- increasing numbers and winter pressures in the health system.

Income

At Provisional Outturn Month 11 we are projecting: -

- Additional government grant income £5.6m, a reduction of £0.1m from the Month 10 reported position. It should be noted that all of the £5.04m Market Sustainability Improvement Fund grant mentioned above will be utilised.
- Additional Health income £2.6m, a nil movement from Month 10.
- Additional Income from Service Users £7.3m, a £0.2m improvement from the Month 10 reported position: £2.4m additional residential & nursing income (not

included in the table below), £5.3m additional community-based income and £0.8m additional Mental Health income, offset by a £0.8m shortfall in Telecare income (overall Telecare is reporting a net managed budget pressure of £0.3m) and a £0.4m shortfall in Learning Disability income. Details are provided in the table below.

Table 2: Income Recovery Highlight Report Month 11 (February)

Income Recovery Board (finance) – highlight report									
Financial position reported : period 11 2023-24									
Description	Previous Year Total	Budget 2023-24	Actual YTD	Projection (period 11 2023-24)	Variance to Budget + pressure/- Saving	Assumption (remaining periods)	Projection (period 10 2023-24)	Movement in projection from previous	
Community Based Income (excluding LD & Telecare)	(11,059,067)	(14,540,000)	(7,221,649)	(7,221,649)	7,318,351	Based on latest period + increase in recovery in 2023-24 based on uplift in rates (FNC)	(7,255,543)	33,894	
Community Based Income - Billing Engine (Older People & WAAPI)			(7,612,158)	(12,649,658)	(12,649,658)	Action Plan value excluded from projection - overall reported position for community based income to budget.	(12,694,733)	45,075	
Telecare	(577,742)	(2,291,000)	(1,471,580)	(1,475,000)	816,000	Income pressure matched to staffing savings reported. Actual income reduced in latest month due to credit notes	(1,460,000)	(15,000)	
Mental Health	(347,197)	(298,000)	(763,244)	(1,108,263)	(810,263)	Based on latest periods data. Credit notes raised since last period	(1,195,315)	87,052	
LD	(8,267,970)	(10,482,000)	(9,424,538)	(10,071,931)	410,069	Based on latest periods data - some credit notes issued since P9	(10,130,675)	58,744	
Total	(20,251,976)	(27,611,000)	(26,493,229)	(32,526,501)	(4,915,501)		0	(32,736,266)	209,765

Pay

Adults & Health at Provisional Outturn are projecting pay savings of £0.6m, a positive movement of £0.5m from the Month 10 reported position: Leeds City Council employee pay savings of (£6.3m) principally around social worker recruitment & retention reflecting the national position and pay savings in Provider Services are offset by additional use of Agency staff +£4.8m, Overtime +£0.6m and other employee cost pressures of £0.3m relating to severance payments. Some of the pressures in Agency are covered by additional use of reserves, income from Health and DHSC grant funding for specific programmes of short-term intervention programmes and detailed above.

Retention payments for Social Workers £0.6m, to be funded from the DHSC MSIF Workforce Development grant, have now been approved and are due to be paid in the March 2024 pay run. The first instalment of a two-year agreement of £1,500 per full time equivalent employee (fte) is payable in 2023/24 with further payment of £1,500 per fte in 2024/25, mirroring the agreement with Children & Families social workers.

Other

Additional CEL charges of £1.6m have been reflected in the Provisional Outturn Month 11 projection (no change from Month 10 reported position): £1.3m for passenger transport, £0.2m for catering charges and £0.1m vehicle hire. This position now reflects the advised full year cost of the passenger transport service.

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.66m, an increase of £1.54m from 2022/23 (3.3%). This is the first year of a two-year grant funding settlement for Public Health. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At Month 11 we are projecting a balanced position.

In 2022/23 Leeds was awarded additional Public Health funding for three years for 'Substance misuse funding for drug and alcohol treatment'. Leeds City Council received £2.79m in 2022/23 and is due to receive £4.45m for 2023/24 and £8.45m for 2024/25. 2023/24 is the second year of the programme, and there are specific terms and conditions attached to this grant award.

1.3 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £39.46m This represents an increase of £0.126m from the position reported at Month 10. The main movements since Month 10 are summarised below:

- Transport £0.485m
- CLA placements £0.420m
- Legal Fees £0.200m
- Little Owls Income (£0.540m)
- Grant Substitutions / Contributions from Partners (£0.498m)
- Other net movements £0.059m

Overall, the main variations included within the Provisional Outturn Month 11 position are:

	£m
CLA: External Residential Placements	23.236
CLA: Semi Independent / Leaving Care	3.243
CLA: In House Placements	1.013
IFA Placements	4.499
Chad	1.120
Little Owls Nurseries	0.636
Secure Welfare	0.101
Transport	4.741
Learning Inclusion	1.176
Mindmates	0.250
Legal	0.400
Adel Beck welfare bed income	(0.660)
Reprofiling of School Balances	(0.500)
Non-Essential Spend Savings	(0.500)
Non-Delivery of Action Plans	0.823
Other Variances	(0.118)
Total	39.460

The Month 11 position reflects a slight increase in the General Fund forecast, now standing at an overall overspend of £39.460m, the narrative supplied to Executive Board in previous periods included:

- The continuing significant element of volatility in the number of children in high-cost residential placements and the cost of those placements. (As previously stated, this reflects a national position of demand and demography challenges along with increasing costs, in part reflecting the wider cost of living challenges experienced more broadly in the economy).
- Significant additional challenges around transport costs estimated at £2m, whilst this reflects additional demand relating from issued EHCP, urgent work is being

undertaken to model the impact of the increased demand and additional work will be undertaken on possible mitigation. EHCP demand is also driving increased costs on Educational Psychologist provision which cannot be avoided without increased risk of non-compliance by the Council. The issues of additional costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

As Month 11 is the indicative outturn position, the Directorate assumes that a number of budget action plans (relating to CLA and Learning) will not be delivered in 2023/24. Whilst work continues to deliver on these actions plans over the final month of 2023/24 it is felt appropriate to report them as being undelivered in-year so that the full picture of risk can be seen.

Work continues within the Directorate around strengthened cost control measures in the Directorate which is hoped may provide additional mitigation. This work will continue to focus on the high spend areas of activity, most notably external residential placement costs where new approval processes are in place, however demand and market pressures still impact severely on cost control. The Directorate is fully participating in a range of corporate measures on cost control that are limiting costs increases in a range of areas including travel, non-essential spend, overtime, procurement card activity, recruitment and vacancy control.

For the main areas of forecast overspend, an additional commentary is set out below:

External Residential Placements:

The External Residential budget for 2023/24 is £14.617m. Due to known inflation and demand pressures over and above what was assumed in the budget for 2023/24 there is a projected overspend of £23.236m. External Residential placements have increased from 95 at the start of the year to 148 at Month 11. The projection includes the non-delivery of £2.966m of action plan savings against this budget including a proportion of Turning the Curve and the Commissioning Review which have experienced delays in delivery and a reassessment of potential deliverables.

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £6.78m. Currently there are 335 placements, including 134 placements for 16 and 17 year olds, which is an increase from previous years. A continued increase in demand and prices with particular reference to 16/17 year olds requiring higher support packages is seeing a pressure of £6.25m against this budget. This pressure has been mitigated with projected additional UASC income £3m.

IFA Placements:

The number of Independent Fostering Agency placements have increased from 209 to 234 since the beginning of 2023/24. The Month 11 projection assumes that £3.3m of action plan savings will not be delivered against this budget.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £0.636m, a projected income pressure of £1.513m offset by projected staff savings of £0.877m. The Covid 19 pandemic had a significant impact on all Little Owls nurseries and

whilst settings have reported increased recovery, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties.

To recognise increased costs, fees for Little Owls did increase by 5% in 2022/23 to £51.70 per day, an increase of £2.50 per day. For comparison, the average market rate in Leeds is between £45 and £58 per day. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing.

Transport:

Based on recent trends, the overall transport budget is showing a projected overspend of £4.741m due to further increases in inflation and demand.

The increased demand for passenger transport and the increased demand and need for passenger assistants has more than offset the further reduction in the unit cost per young person. Unit costs are now £5,937; the lowest level they have been in recent years (excluding the non-comparable pandemic period). However, as highlighted by national reports on the rising cost and demand for home to school transport, the number of young people for whom we provide transport stands at 3538 with further applications awaiting assessment and new applications coming in at the rate of about 15 per month. It is anticipated that, year on year, the numbers of young people provided with transport will increase by 27%, compared to the 6% increased originally forecast. We are also seeing a 25% increase in transport awards with a passenger assistant due to a significant increase in complex behavioural and/or medical issues. Given the increase in demand, it has been difficult to offset the cost of the pay award for drivers and passenger assistants which was c9.5% and more than provided in the base budget and represent an unfunded pressure of £600k in the overall projection.

Work continues to review high cost packages, further roll out of personal transport allowances, increase independent travel training, re-tendering routes, reducing fleet downtime, partnership working with special schools and the issues of additional transport costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

Learning Inclusion:

Within the Learning Inclusion service there is a projected budget pressure of £1.176m. This pressure includes the Education Psychologist Team £0.602m and SENSAP £0.574m. The Education Psychologists Team has had increased demands on the statutory service and recruitment difficulties the service is projecting a reduction in its trading capacity and so a loss of trading income, in addition to increased locum costs. The SENSAP team has pressure due to additional agency and complaint costs in addition to non-delivery of budget action plans.

Foster Carer Fee Uplift:

The proposed cost of the Foster Carer fee uplift for 2023/24 is £1.833m, this is based on a 5% fee uplift and a 7% allowance uplift. This proposed uplift was approved following a separate paper being presented to Executive Board on 7th February 2024, therefore as this was not implemented by Month 11 the position includes a forecast for this anticipated amount.

Additional Savings Proposals 2023/24:

Additional in year savings were originally put forward to the amount of £5.249m, and the Month 11 position assumes that £1.614m of these saving will be delivered as summarised below.

Table 3: Additional Savings Update at Provisional Outturn Month 11

Other costs	Restrict budgets: Non-essential spend/transport/misc property budget	(£0.570m)
Other costs Staffing/service changes	Partnership contributions	(£0.016m)
Staffing/service changes Funding	Restructure (Workforce Development)	(£0.045m)
	Service rationalisation (Little Owls)	(£0.100m)
	Placements - ICB funding	(£0.788m)
	DSG funding for posts	(£0.095m)
Total		(£1.614m)

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m, the Month 11 position continues to assume that £12.880m of these action plans will not be achieved as below:

- Diversifying Children's Residential and Fostering provision £3.479m: it has been agreed that the slippage in this action plan will be funded corporately and so is not included as a C&F pressure in the Month 11 position.
- Review of Placement Commissioning £4.00m
- Turning the Curve £3m
- Review of Little Owls £0.636m
- Review of Contracts £0.369m
- Efficiencies across the directorate £1.073m
- Transport Efficiencies £0.323m

Dedicated Schools Grants

The approved DSG budget for 2023/24 assumed a balanced in year budget. The position at Month 11 projects an in-year pressure of £2.572m. This projected pressure is within the high needs block and equates to 0.49% of the total estimated DSG funding.

With regards to the surplus balance brought forward from 2022/23 of £9.010m, proposed options to passport a proportion of this balance back out to schools were considered at the Schools Forum held in July.

A proportion of the surplus came from previous contributions from maintained mainstream schools for de-delegated services. As a result, it was agreed £0.5m would be used to fund de-delegated services, thereby reducing contributions required from those schools. In addition, it was agreed £1.25m would be refunded to maintained mainstream schools pro-rata to their original contributions.

Other options were also considered for increasing school funding by effectively reversing the £3.127m schools block to high needs block transfer in 2022/23, which would need to be actioned within the 2024/25 funding formula.

However, the projected overspend in 2024/25 means that a proposed reversal of the 2022/23 transfer from the schools block is no longer recommended.

Taking into account the proposals for using £1.75m de-delegated contributions, plus the Month 11 pressure of £2.572m, DSG reserves at the end of 2023/24 are projected to be a surplus of £4.688m. This comprises £3.980m for general DSG and £0.708m contingency for de-delegated contributions.

1.4 **City Development** The financial position for City Development at Provisional Outturn Month 11 is a projected underspend of £1.02m. This position includes the estimated additional cost of the local government pay award of £1m (net of amounts charged to capital and grant schemes) as well as other identified service pressures but it also includes additional savings which have been identified as part of the in-year directorate wide savings programme. There are still some areas of risk within individual service areas but wherever possible these will be mitigated to achieve the reported position at the year end. The main variations forecast to the year end are:

- **Active Leeds** – the service is projecting an underspend of £1.31m which reflects the cost of the additional pay award of £0.48m offset by running cost savings of £1.6m. In addition, although income receivable is subject to a degree of variability, current projections are that income will be £0.2m above the budget, mainly in respect of membership and swimming lessons.
- **Arts & Heritage** – the forecast underspend of £1.29m reflects the estimated additional cost of the pay award of £0.27m, as well as projected income shortfalls in respect of Breeze card charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts of £0.16m and running cost savings of £1.6m in respect of refunds received as a result of Business Rates appeals at Heritage sites.
- **Asset Management & Regeneration** – a shortfall to budget of £0.16m is currently projected which mainly reflects pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.55m), partially offset by net staffing savings of £0.3m and other one-off sources of income such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.8m reflects final balances in respect of programmes which have now concluded, vacant posts and other running cost savings.
- **Highways and Transportation** – the overall balanced position includes staffing vacancies offset by the associated loss of income recoveries and additional external spend required to deliver the work programs. In addition, there is an anticipated shortfall in income from operating licences at Park and Ride sites and from the major schemes contractor procurement framework as well as inflationary Plant and Material costs incurred in the DLO and additional fleet costs across the service. However, these pressures will be offset by a

corresponding increase in income for work done, assumed savings in respect of street lighting energy consumption and further savings of £900k in respect of the capitalisation of Highways minor works which have been identified as part of the directorate wide savings programme, meaning that the overall reported position for the service is a balanced position.

- **Markets and City Centre Management** – a variation to budget of £0.62m for the Markets service mainly reflects an estimated shortfall of Markets income resulting from vacant units mainly within the Kirkgate and Outdoor markets. In addition, total income shortfalls of £0.18m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from promotional event spaces in the city centre.
- **Planning & Sustainable Development** – the forecast position is an overspend of £1.98m which reflects staffing pressures of £0.52m due to the impact of the pay award and a projected shortfall in meeting the budgeted vacancy factor. In addition, based on income received to date, it is likely that the budgeted level of planning fee income will not be achieved due to a reduction in planning applications and the latest forecast is a shortfall in planning fee income of £1.4m to the year end. There is a risk that this position could deteriorate further before the year end but the recently introduced increase in planning fees is anticipated to maintain the shortfall at the current projected levels. Further shortfalls in Building Control and CIL administration income are largely offset by other sources of grant income and running cost savings.
- **Resources and Strategy** – the forecast underspend of £0.54m mainly relates to savings identified as part of the in-year directorate wide savings programme. This includes £0.53m identified savings in respect of tighter restrictions on non-essential spending across the directorate.
- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £0.6m reflecting vacant posts offset by the additional cost of the pay award.

Key Budget Action Plans

The 2023/24 budget contained £10.9m of new savings plans. It is anticipated that most have been delivered or are on track to be delivered. There remains a likely shortfall around the achievement of additional income within the Planning service including the £250k savings assumption relating to the recently implemented national planning fee increase and with savings associated with the planned implementation of the Street Lighting adaptive lighting proposal.

In addition, there are also a number of savings plans relating to previous years which are unlikely to be delivered, in particular, as referred to above, the existing Strategic Investment Fund, Estate Rationalisation and Highways major scheme procurement framework budget savings plans. Although these may not be achieved within the current financial year as originally envisaged, mitigating savings are anticipated to offset these pressures.

- 1.5 **Communities, Housing & Environment** - At Provisional Outturn Month 11, an overspend of £5.022m has been projected for the directorate. This is a decrease of £0.112m from the previously reported position.

The projected overspend includes the additional cost of the local government pay award which is approximately £3.8m and can be netted down by £1.1m by passing on the impact of the pay award to capital schemes, HRA and grant funding. Other significant pressures have arisen due to changes in Waste Management legislation (+£2.1m) and net cost of Housing Benefits where the Council is unable to claim subsidy (+£3.0m) alongside other inflation and demand led service pressures.

The staffing projections are now based on maintaining existing staffing levels for the remainder of the financial year, with only essential vacancies subject to release.

The main variations anticipated are:

- **Waste Management +£6.2m** The service is facing a significant number of pressures, most of which only become known after the 2023/24 budget was approved.

New Environment Agency (EA) guidance on the disposal of upholstered furniture that contain Persistent Organic Pollutants (POPs) mean that these materials are now required to be separated and disposed of in accordance with the new EA regulations. Higher disposal charges are now being incurred for all collections (typically collections of bulky waste and the general waste skips at Household Waste sites) that contain any POPs materials. To mitigate the in-year cost to a forecast +£2.1m an in year sorting solution has been implemented and the costs will be lower in 24/25.

From 1st January 2024, the Government required the Council to remove charges for the disposal of inert waste (typically soil and rubble) at Household Waste Recycling Centres. The in-year pressure is projected to be a minimum of £0.1m, with a greater FYE in 2024/25 which is built into the budget.

The cost of the disposal and recycling of Green Bin waste is now forecast to be £1.3m due to below budgeted market prices for recycled materials. Residual and trade waste demand led pressures are expected to be £1.0m for the year based on activity levels during the first nine months of the year. An NNDR pressure of £0.1m is anticipated relating to the PFI contract. The impact of the pay award offer and pressures on staffing is forecast to be £3.2m.

Offsetting these pressures is an additional £1.2m income relating to the Veolia RERF contract, £0.3m of which relates to a rebate from 2022/23 following the annual reconciliation of the PFI contract. A further £0.4m can be saved by utilising the Waste Strategy reserve to fund some cost pressures and £0.2m additional recycling income is now expected.

- **Welfare and Benefits +£2.8m** Pressures arising from placement of people in Supported Accommodation with providers who are not registered and placement of people in temporary accommodation. The forecast subsidy pressure is £4.8m, with an assumed £1.4m from one off additional income from recovery of benefit overpayments. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has delivered its target of £0.6m of budgeted action plan savings. Other mitigations are £0.3m from use of the Homelessness reserve to cover Temporary Accommodation

subsidy shortfalls and £0.3m DWP grant income.

- **Cleaner Neighbourhoods Teams & City Centre Cleansing +£1.6m** The variation reflects the impact of the pay offer at £0.5m, although there are significant pressures £0.4m on overtime and achievement of vacancy factor targets within the service. Transport pressures of £0.7m have been identified.
- **Climate, Energy and Greenspaces -£0.1m** The service is experiencing pressures across several areas, which are mitigated by staff savings and non-essential spend savings. The key variances are inflationary pressures of +£0.2m on the cultural events programme, net pressures on estates and attractions +£0.3m, Bereavement services income pressures of +£0.5m, transport pressures of £0.2m, pay award impact £0.7m, less Parks operations and maintenance income maximisation savings of -£0.5m and prudential borrowing cost savings £0.3m. This net pressure is expected to be offset in full by charges to capital, management of vacancies within the service and utilisation of grant funding.
- **Elections, Licensing and Registration and Environmental Health -£0.1m** Only minor variations are expected across these services. Operational spend savings, additional registrars' income and external funding are offsetting the impact of the pay award and other service pressures.
- **Car Parking Services -£0.8m** Income has continued on a recovery trajectory since COVID lockdowns, and at Month 11 the projected receipts are now £0.8m better than budgeted. Staffing costs are £0.1m under after pay award and £0.1m of other pressures have been identified.
- **Directorate wide -£0.5m** A sum of -£538k has been removed from Directorate budgets as part of the review of all non-essential spend items.
- **Safer Stronger Communities -£1.2m** Staffing pressures +£0.2m are projected. However, has been fully offset by a combination of the use of additional grant income and passporting the pay award on to the HRA/grants.
- **Customer Access -£1.4m** Grant income maximisation is projected to deliver net savings of £1m in 2023/24, business rates costs are now expected to come in £0.2m below budget. The pay award pressure of £0.4m has been offset by charges to grant/HRA, holding posts vacant and non-essential spend savings with £0.2m of further savings arising from non-essential spend and identification of alternative funding sources.
- **Statutory Housing Services -£1.5m** Staffing savings are projected to cover the cost of the pay award and deliver an overall underspend on employees of £0.9m. It is expected an additional £0.6m saving can be delivered by maximising charges of existing staffing into new grant income, charges to capital and by maximising collection from other income streams.

Budget Action Plans

£6.6m of budget action plans are being monitored each month with a £0.9m overall positive variance against the plans reported at Provisional Outturn and savings

embedded in the projections above. £0.9m of plans have been marked as delivered in full.

1.6 **Strategy and Resources** - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £3,602k at this reporting period. This is summarised into the following areas across the Directorate's services:

- **Finance (£481k)** - A staffing overspend of £452k, including £162k to reflect the additional unbudgeted pay award pressure, savings on overtime and agency and holding vacant posts, (£487k) additional income from the maximisation of grant funding. A £125k pressure resulting from a shortfall in Court Fee income, primarily due to the cancellation of a court hearing, and slight reduction in Business Rate Allowances, offset against (£346k) following a review of chargeable costs to Core Business Transformation. (£125k) from the Covid Backlog recovery reserve, £72k increase in audit fees for potential 2022/23 variation cost, (£66k) additional income for transformational work staffing charges, (£42k) improvement of Insurance Fund and HRA income and (£64k) savings from across operational budgets.
- **Integrated Digital Services (£1,579k)** - (£234k) of this underspend relates to the net impact of vacant posts savings offset by the cost of contractors for priority projects. Revenue savings of (£1m) and training cost savings (£10k), have been achieved by the reallocation of equipment costs to the Essential Services Programme capital scheme. The use of unbudgeted capital receipts has offset expenditure on a range of transformational projects. The sum of a number of minor variations to other income and expenditure budgets has resulted in a further (£362k) underspend and a reduction in income of £27k for staffing recharges.
- **Procurement (£135k)** - Staffing underspends of (£69k) to reflect the posts held vacant offset against additional unbudgeted pay pressure based on the agreed pay award and £16k shortfall in income expected due to delayed recruitment offset against additional Schools Management fee income of (£82k).
- **Legal Services £108k** - By not recruiting to posts, a staffing underspend of (£273k) is now forecasted. An agency locum pressure of £266k, and other additional pressures of £206k are partly offset by additional reimbursement income from a legal case of (£91k).
- **Democratic Services (£7k)** - Staffing overspends of £16k, including £37k to reflect the additional unbudgeted pay pressure, are being offset by expenditure savings of (£23k).
- **Shared Services £1351k** Staffing overspends of £2,393k, including the unbudgeted pay award, an income pressure of £180k on the electronic goods salary sacrifice scheme, reduced income of £16k for advertising and DBS checks along with a £21k staffing recharge income reduction are being offset by income mitigations of (£573k), additional funding of (£250k) and other expenditure savings of (£436k).

- **Strategy and Improvement (£56k)** - A review of staffing has led to a forecast underspend of (£9k), including the pay award pressure. A pressure of £150k of budgeted savings on communications and marketing is being offset by (£99k) savings on expenditure and additional income of (£98k).
- **Human Resources (£54k)** - The staffing overspend of £594k, including the cost of the pay award and £283k expenditure pressures are being offset by additional funding from Adults and Health for HR support of (£82k), income mitigations of (£367k), use of reserves of (£397k) and COVID Recovery Fund of (£100k), a reduction in HRA chargeable income £9k and (£4k) savings on supplies and services and transport.
- **Leeds Building Services (LBS) £1,953k** - The pressure reflects the current understanding of the level of work likely to be commissioned by clients (£73.8m) relative to the £80.1m required turnover and the consequent impact on the rate of return.

Part of the pressure is attributable to a review of the accruals position from the previous two years. Enhanced reporting, developed through the LBS improvement review, has established an additional pressure, which has been partly mitigated by the service through an improvement in chargeable time as a result of the successful recruitment of skilled operatives and an expected reduction in overheads and efficiencies in waste removal.

There remains a risk that any variance from the current understanding of client budgets will impact to the LBS business plan. Other risks are assumptions in the forecast that the level of Work in Progress (WIP) will result in the expected rate of return, non-chargeable time remains as forecast, and that the new e-trading system for materials will result in expenditure costs as forecast.

LBS are also working to forecast all the inflationary pressures which have been seen throughout the industry which may further adversely impact the position.

There remains a risk that any variance from the current understanding of client budget will impact to the LBS business plan.

- **Corporate Property Management £12k** - The £12k projection reflects pressures from pay award impact. This is a net figure based on the assumption that £500k additional capitalisation is identified from current and projected spend against decarbonisation and general capitalisation budgets. Work on this area is ongoing, therefore there remains a risk to the revenue budget if this is not identified.
- **School Crossing Patrol (£90k)** - Staffing savings of £90k.
- **Catering £554k** - The additional unbudgeted pay pressure based on the pay award results is a projected staffing overspend of £875k. There is a projected increase in food costs of £103k. These pressures are partially mitigated through additional income of (£424k).
- **Cleaning £308k** - The additional unbudgeted pay pressure based on the pay award results in a projected staffing overspend of £173k. Further pressures are an increase in transport charges of £50k and £85k reduction in income due to a

reduction in specialist job requests. The projected figure is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.

- **Fleet £780k** - The Fleet position reflects the ongoing 2022/23 pressure of an aging fleet the consequence of which is higher demand and inflation resulting in increased occasional hire costs to maintain front line service operations. The use of vehicles across the authority is subject to review.

The 2023/24 Fleet Services budget contains a savings target of £1.3m, the achievement of which has been overshadowed by a combination of the impact of inflation on vehicle parts, fuel, and occasional hire together with the impact of maintaining an ageing fleet. In addition, increased demand for services such as passenger transport has resulted in the requirement for more vehicles and hence greater maintenance costs. Together these factors have impacted on the capacity for directorates to absorb the £1.3m savings target. Executive Board have approved the use of £1.3m from the Strategic Contingency Reserve to address this in year pressure and the reported position reflects this contribution from reserve.

- **Security £70k** - This reflects the additional unbudgeted pay pressure based on the pay award.
- **Presto £280k** - Staffing overspends of £20k to reflect the additional unbudgeted pay pressure based on the pay award as well as £120k income pressure on the Meals and Home service; the service is seeing a reduction in demand following an increase during Covid. There is a £140k income pressure on the Civic Flavour service.
- **Facilities Management £600k** - Staffing overspends of £74k to reflect the additional unbudgeted pay pressure based on the pay award, £125k pressure for additional security and £50k pressure for front of house staffing costs, offset by (£15k) saving due to a reduction in drivers. Additional pressures have arisen from Joint Service Centres due to loss of service charge income and increased rent charges resulting in a net pressure of £266k. Significant additional pressure on the Hard FM (Mechanical and Electrical) contract of £25k and responsive works to the Merrion House building of £75k have limited the scope to mitigate the pressures further.

Budget Action Plans

A total of £9.2m of budget action plans are being monitored each month. A shortfall of £0.230m is forecast against these plans in respect of; Communications & Marketing synergies £0.15m and BSC Shared Cost Salary Sacrifice £0.08m.

- 1.7 **Strategic & Central Accounts** - At Provisional Outturn Month 11 the projection for the Strategic and Central Accounts is an underspend of (£47.1m). This includes the use of £14.7m of the Merrion House reserve, which is needed to balance the Council's 2023/24 revenue budget.

The projection includes the recognition of a refund of £17.7m from the West Yorkshire Combined Authority (WYCA) in relation to amounts collected for the

Transport Fund which are no longer required. A projected underspend of £4.9m has also been included within the Strategic Accounts, which reflects corporate savings where the incidence across directorates has not yet been determined. Further, and as previously reported, a projected underspend of £2.8m in energy costs to be allocated across the council has also been recognised.

The Strategic Accounts position includes a projection that the debt budget will underspend by (£5.7m). Although interest rate rises have been higher than was anticipated when the budget was approved, the borrowing requirement has reduced due to anticipated capital programme slippage and the fact that revenue balances have remained robust. This projection assumes that the bank base rate will stay at 5.25% during the remainder of the financial year, a forecast which is in line with the predictions of most market commentators. Currently market interest rates for short term borrowing are significantly above the base rate of 5.25%, however this is anticipated to be manageable for the remainder of the current year due to the continued strength of revenue balances. The overall (£5.7m) saving in the debt budget also includes a saving of (£1.9m) in the MRP charge in relation to 2022/23 capital spend.

Additional grant income of (£1.3m) has been recognised within the Strategic accounts since Month 10, following the announcement within the final Local Government settlement that the surplus held in the national Business Rates levy pool will be distributed to councils before the end of 2023/24. The Strategic accounts also include a pressure of £0.3m in the levy payable to WYCA (the West Yorkshire Combined Authority). This arises because, although WYCA's overall budget has remained unchanged, the proportion which is charged to the Council has increased due to changes in the relative population sizes of the five West Yorkshire councils.

There have been a number of other minor gains and losses. A fortuitous gain of (£0.1m) in interest on VAT claims has been recognised, and a projected gain of (£0.2k) in relation to additional general capitalisation. However, a pressure of £0.3m in relation to the budget for prompt payment discounts, a pressure of £0.1m in amounts rechargeable to the HRA for central functions, and a projected shortfall of £0.1m in S278 income has also been recognised as a result of slippage in delivery of the relevant schemes.

The position also reflects a projected loss of £2.4m in the net retained income position in relation to business rates, comprising S31 grants receivable less the levy payable to the regional pool. This is to be funded by a transfer from the S31 grants reserve and so has no impact on the bottom line.

1.8 **Budget Action Plans**

The budget for 2023/24 requires the delivery of £58.6m of savings. In addition, directorates have identified a further £7.2m of savings actions since the Budget was agreed. Detailed budget action plans have been developed to identify how these savings will be achieved and progress against these action plans will continue to be monitored and reported throughout the year. Further detail is provided at **Appendix A2**.

At Provisional Outturn, it is anticipated that most savings will be delivered in full through the identified saving plans or through mitigating actions identified by

directorates, however an overall shortfall of £12.0m (an improvement from the Month 10 (January) position which was £13.5m), has been identified and is reflected in the reported directorate positions except where noted, including:

- Children & Families - £12.2m shortfall on the budgeted level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £4.0m; Turning the Curve £3.0m; review of Contracts £0.369m; Transport efficiencies £0.323m and other efficiencies across the directorate £1.073m. More detail is provided at paragraph 1.3, where it is noted that the target for Children's Residential and Fostering provision £3.479m, which is included in the £12.2m shortfall reported, will be funded corporately and so does not appear in the projected Provisional Outturn position.
- Strategy and Resources – £0.2m shortfall in the budgeted level of savings from the following projects: £0.15m Communications & Marketing synergies and £0.08m BSC Shared Cost Salary Sacrifice.

As discussed at paragraph 1.6, the Strategy and Resources savings position outlined here reflects the use of £1.3m from the Strategic Contingency Reserve to fund budgeted fleet savings which are not deliverable across the Council in year due to the impact of inflation, costs of maintaining an ageing fleet and increased demand for services, as approved at September Executive Board.

Where other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans, they have identified other mitigating measures to offset these shortfalls, as explained in paragraphs 1.2 to 1.7.

1.9 **Measures to address the 2023/24 overspend position:**

Staff have been reminded of their role in supporting the financial position, through ensuring they stay within budget, identifying ways to absorb in year pressures, highlighting any issues early and supporting robust monitoring.

The council's Corporate Leadership Team has agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and have further strengthened vacancy controls.

Cross-directorate work continues to support and challenge the highest cost/spend areas. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFS funding gap could be brought forward to generate savings during 2023/24.

Following Executive Board's approval in September, £1.85m of non-essential spend budgets were moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. At Provisional Outturn, a £0.6m projected underspend is being reported in those services where budgets have been reduced.

Controls on spending has been further strengthened by the implementation of a range of measures that include the following:

- No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; all meetings, where possible, should be conducted remotely / in the employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.
- With a number of exceptions e.g., social work roles a complete recruitment freeze is now in place.
- Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
- All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.

Whilst the Council continues to deliver a wide range of measures to reduce the overspend position this report also explains that there are still significant risks in the position being reported.

The actions detailed above continue to impact upon the level of forecast spend but the Council will inevitably need to apply funding from reserves to achieve a balanced position for 2023/24.

As detailed above, a balanced position is projected against the 2023/24 revenue budget and Paragraph 1.7 explains that the Strategic & Central Accounts position reported, an underspend of (£47.1m), includes recognition of the refund of £17.7m from WYCA in relation to amounts collected for the Transport Fund which are no longer required and use of £14.7m of Merrion House reserve.

Any additional overspend reported at financial outturn will be funded by further use of the Merrion House reserve.

2. Inflationary Pressures

- 2.1 **Pay Inflation** – The 2023/24 budget allows for £38.9m of pay inflation. The increase provides for the following elements: £18.8m which reflects the Employer's final offer for 2022/23 and which was not agreed until after approval of the 2022/23 budget; £18.2m for an assumed 2023/24 pay award incorporating a 4% pay award for all other staff and the Real Living Wage of £10.90 at pay scale points 1 and 2 announced in September 2022; £0.3m in regard to the pay impact of the additional day of leave included in the 2022/23 pay award to be implemented from 2023/24; and £1.6m for the additional cost of Enhancements. The forecast position reflects the agreed 2023/24 NJC pay award of £1,925 and JNC pay award of 3.5%. Directorates have included any identified pay award mitigation measures in their 2023/24 budget action plans.
- 2.2 **Energy** – The Government's Energy Bills Discount Scheme, which runs for 12 months from 1 April 2023 to 31 March 2024 for businesses and other non-domestic energy users (including charities and public sector organisations), sets a much higher price threshold above which organisations become eligible for relief than was in effect over the Winter 2022/23, and, for the most part, the Council does not

expect to benefit from any discounts based on its forward purchases and current market forecasts. However, the Government has set a lower threshold for relief for what they term as 'energy trade intensive industries', which include libraries, museums, historical sites and botanical and zoological gardens, and there may therefore be some eligibility for the Council.

The 2023/24 budget allows for a £10.7m or 53.21% increase in energy costs for gas and electricity. Since the budget was set in February 2023 energy prices have stabilised, with short term commodity prices currently around twice the historical levels prior to the energy crisis on average, which, although still high, are much lower than the extremes seen over the last two years. Advice from the Council's energy advisors during this time has therefore largely been to hold off temporarily from forward purchasing energy as the markets have continued to ease, and as such the LCC unsecured volume over recent months has been attracting lower spot market prices to the benefit of overall final unit prices (although recent events in the Middle East have introduced a level of volatility in global market prices). Alongside the purchasing strategy, actions continue to be taken to review energy usage and implement measures across the Authority's estate in order to reduce the pressures associated with increased energy costs.

Whilst acknowledging the ongoing volatility of energy prices, recent forecasts indicate that costs could be as much as £2.8m lower than allowed for in the 2023/24 General Fund budget. At July's meeting Executive Board approved in principle that any underspend on energy would be transferred to the Strategic Contingency Reserve to support the Council to deal with pressures in other areas. As referenced in Paragraph 1.9 above the underspend on energy will be required to balance the 2023/24 position.

- 2.3 **Fuel** – The average UK pump prices for diesel and unleaded petrol saw decreases of (9.06%) and (2.43%) respectively between February 2023 and February 2024. The 2023/24 budget has allowed for an increase of £1.2m, largely attributable to the significant price increases in 2022/23. Fuel costs will continue to be monitored.
- 2.4 **Cost of Living Pressures** – Further to the inflationary pressures detailed here, there has been a wider inflationary impact to the Council due to the severity of increased cost of living on our residents and businesses. As expected, we have seen the impact of this in increased costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently. The position will continue to be closely monitored.

3. Reserves

General Reserves

- 3.1 Following the closure of the 2022/23 accounts, the Council's general fund reserve stands at £33.2m. The 2023/24 budget assumes a £3m Strategic Contingency Reserve contribution to this reserve during the current financial year.

Strategic Contingency Reserve

- 3.2 The 2023/24 budget includes use of reserves to support the Council's General Fund, including use of the Strategic Contingency Reserve which was established in 2020/21 to fund future unforeseen budget pressures and to ensure the Council becomes more financially resilient.
- 3.3 The opening balance on the Strategic Contingency Reserve for 2023/24 was £19.9m with budgeted use of the reserve being £14.3m and a further £0.6m committed to support COVID-19 backlog recovery. As discussed at paragraph 1.6, September's meeting of the Executive Board approved the use of £1.3m from this reserve to fund budgeted fleet savings. A further £3.5m has been allocated against slippage in the Children's Residential and Fostering provision action plan and £0.2m will provide Internship funding in Strategy and Resources.

Merrion House Reserve

- 3.4 At 1st April 2023 the Merrion House Reserve held a balance of £22.3m. The balanced position reported assumes use of £14.7m from this reserve. It is also noted that any additional overspend reported at financial outturn will be funded by further use of this reserve.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of February 2024 was 89.88%. This is a 1.76% decrease from the February 2023 in-year collection rate of 91.64%. Initial worsening in collection can be attributed to application of around £4m in £150 cost of living 'rebates' to Council Tax accounts in July 2022, thereby artificially increasing the amount collected at that point in the year and impacting on the comparison. There is still the effect of post-covid backlogs in that, for example, the attachment to benefits practice employed to recoup arrears can be against multiple years, but earliest debts are taken first, therefore current year arrears will be left outstanding until prior years are cleared. This has been compounded by the ongoing cost-of-living crisis making collection of Council Tax more challenging as residents are financially impacted.

The current collection rate is still lower than the February 2020 in-year collection rate of 92.99%, however the profile of taxpayers' payments has changed significantly since the pandemic, with many more residents choosing to pay their council tax over twelve months rather than ten. Due to the challenging conditions following the pandemic, the target collection rate in the fullness of time was reduced for 2022/23 to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. It has been assumed collection rates will return to the normal 99% recovery rate from 2023/24 onwards.

The opening deficit on the Collection Fund is £8.901m, which includes the deficit from 2022/23 and the final instalment of the deficit from 2020/21 which the Government mandated had to be spread over three years. At the time of declaration these elements were estimated to be £8.778m. The declared deficit is required to be repaid by the Council, the Fire Authority and the Police in 2023/24 with the remaining £0.123m, the difference between the estimated declared deficit in

December 2022 and the end of the 2022/23 financial year, being carried forward into 2024/25.

This repayment of the 2020/21 and 2022/23 deficits would be expected to generate a surplus on the collection fund, however current projections, based on historical trends of growth and movements in discounts and local council tax support, are that an in-year surplus of only £6.381m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.520m. Leeds share of this projected closing deficit would be £2.117m, with the remainder being paid by the Fire Authority and the Police. In January 2024 the Council declared the 2023/24 additional deficit of £1.930m and this is now the fixed amount that will be repaid to the 2024/25 collection fund. The additional £0.187m projected at the end of February 2024 will now be a cost to the 2025/26 Council Budget.

New charges in addition to the original billing at the start of the year have been lower than assumed in projections and this has remained the most significant underlying cause generating the projected deficit. However, this projected position reflects eleven months of data and close monitoring of the growth in council tax liabilities in the city will be required in the coming month and into the next financial year.

4.2 **Business Rates**

The Business Rates collection rate at the end of February 2024 is 92.80% which is higher than the February 2023 in-year collection rate of 91.99% but lower than the February 2020 in-year collection rate of 94.31% before the pandemic. As with Council Tax, the profile of ratepayers' payments has changed after the pandemic with many more local businesses choosing to pay their rates bill over twelve months rather than ten. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.8%, collecting £347.4m of business rates income. The collection rates will continue to be closely monitored in the current year and into future years.

The total rateable value of business properties in Leeds has decreased from £954.44m at the time of the 2023/24 budget to £947.44m as at 29th February 2024, a fall of £6.99. Around £4.8m of this reduction is due to hereditaments undergoing redevelopment or major works and so it is anticipated that in time the rateable value of these properties will be revised upwards with the remainder losses being due to reductions in Rateable Values from the Valuation Office Agency. The 2023/24 budget includes an expected increase in Rateable Value of £2.5m for the full year. The size of the Business Rates tax base in Leeds continues to be monitored closely.

Leeds' share of the declared Business Rates deficit from 2022/23 (at 31st December 2022) has been incorporated into the 2023/24 budget. The total declared deficit on the Business Rates Collection Fund was £7.16m. Leeds' share of the unfunded declared deficit from 2020/21 was £36.7m, which has been spread over three years in accordance with Government legislation. The final of the three repayments of £12.2m will be paid in 2023/24 and is fixed and included in the £7.16m declared deficit.

After reassessing the level of the bad debt and appeals provisions for end-of-list appeals and reduction in the multiplier cap compensation, the actual closing deficit

for 2022/23 was £9.08m; a worsening of £1.93m from the position declared. This will be carried forward as a loss to the 2024/25 budget.

In 2023/24, an in-year deficit of £0.9m is projected, driven mainly by recent reductions to Rateable Value on the 2017 and 2023 ratings list. The impact of Valuation Officer Reports (VORs), which occur in areas outside of Leeds but have an impact on properties within the Councils borders, has particularly affected the 2017 list with a total loss of £9.3m. These losses cannot be charged against provisions for appeals and are an in-year cost. However, because the VOR costs have been charged to income rather than provisions, and a reassessment of the requirement for provisions for outstanding appeals, the VOR costs are offset by a reduction in those provisions of £4.8m. In addition, £1.97m of the VOR cost is attributable to the revaluation of the Royal Armouries, which has significantly reduced the Rateable Value of this hereditament back to 2017. This cost is partially offset by a £2.4m projected underspend for Mandatory Charity Relief. £1.6m of this is because the Royal Armouries attract an 80% reduction in Business Rates under Mandatory Charity Relief which has been clawed back due to the reduction in gross liability.

Further reductions in Rateable Values on the 2023 List have an ongoing impact on growth which is now £4.0m below expectations. Increased demand for Small Business Rates Relief is £1.5m above the budgeted forecast, which has also added to the deficit.

These losses are partially offset by an improvement in bad debt provisions of £3.8m. This is due to the improved in-year collection rates and a reassessment of collection of prior year debt. Also, a £2.1m lower cost for extended retail relief and a reduced demand for Empty Rate Relief of £0.9m contribute to reducing the deficit.

When combined with the £1.93m worsening in the closing position for 2022/23 it is currently forecast that there will be a total closing deficit of £2.78m, however in December 2023 the deficit on the Business rates collection fund was declared at £3.178m and this cost to the 2024/25 Budget is now fixed. The improvement of £0.40m will become a benefit to the 2025/26 Budget.

4.3 Business Rates Appeals

The opening appeals provisions for 2023/24 are £36.8m, made up of £4.6m relating to appeals received against the 2010 ratings list and £32.3m estimated costs in relation to the 2017 ratings list. Under 50% Business Rates Retention, Leeds' budget is affected by 49% of any appeals provision made in this year.

The 2010 ratings list is now closed and there are no appeals left outstanding.

Before the COVID-19 public health crisis, the introduction of the new Check Challenge Appeal system on 1st April 2017 saw a significant reduction in the number of appeals submitted by ratepayers against their Rateable Value on the 2017 ratings list compared to the 2010 ratings list. Only fourteen appeals have so far been submitted to the Valuation Tribunal, the final stage of the new process.

The 2017 ratings list came to an end on 31st March 2023. In most cases this sees the end of the ratepayers' right to appeal against their Rateable Value on that list. As such the number of Checks received by the Valuation Office Agency increased

significantly in the last few months of 2022/23. The increase was even greater than expected and, although an allowance had been included in the forecast of the declared deficit, further provisions were made to outturn at an additional cost of £4.2m to the General Fund and a £1.93m worsening against the position projected at declaration.

As at 31st February 2024, the Council is providing for a net of 386 Checks and Challenges against the 2017 ratings list. The position will be monitored closely over the coming months to ensure that the Council's provisions for the 2017 list remain adequate. There are also 236 Checks and Challenges against the new 2023 ratings list. It is anticipated that because of the move to 3 yearly revaluations from 2023 (previously 5 years) the valuation lists will necessarily be more representative of the current commercial property market, and it is expected that there will be fewer challenges to the lists going forward. The level of appeals against the 2023 ratings list, and the losses incurred, will also continue to be closely monitored over the coming month and into the next financial year.

In addition, the Authority has made provisions for specific issues such as expected reductions to hospitals, ambulance and fire stations and expected reductions to several GP surgeries which will be reassessed quarterly. However, in October 2023 the Council received notification that two appeals on the two large hospitals in Leeds had been resolved. Historical evidence suggested that provision for a 10% reduction was reasonable but unfortunately one of the appeals saw a 23.5% reduction in Rateable Value backdated to 1st April 2017. The combined impact of these appeals was a refund of £4.0m. The Council held provisions of only £2.8m, resulting in the Collection Fund being adversely impacted by £1.2m. The impact on the Council's 2024/25 General Fund will therefore be approximately £0.6m.

4.4 Impact of COVID-19 and cost of living on the Collection Fund in 2023/24 and beyond

Collection of Business Rates can be seen to be improving following the lifting of restrictions in place due to the COVID-19 crisis. However, the pressures of the cost-of-living crisis and the long-term impact on collection rates and the tax base will require close monitoring.

5. Housing Revenue Account (HRA)

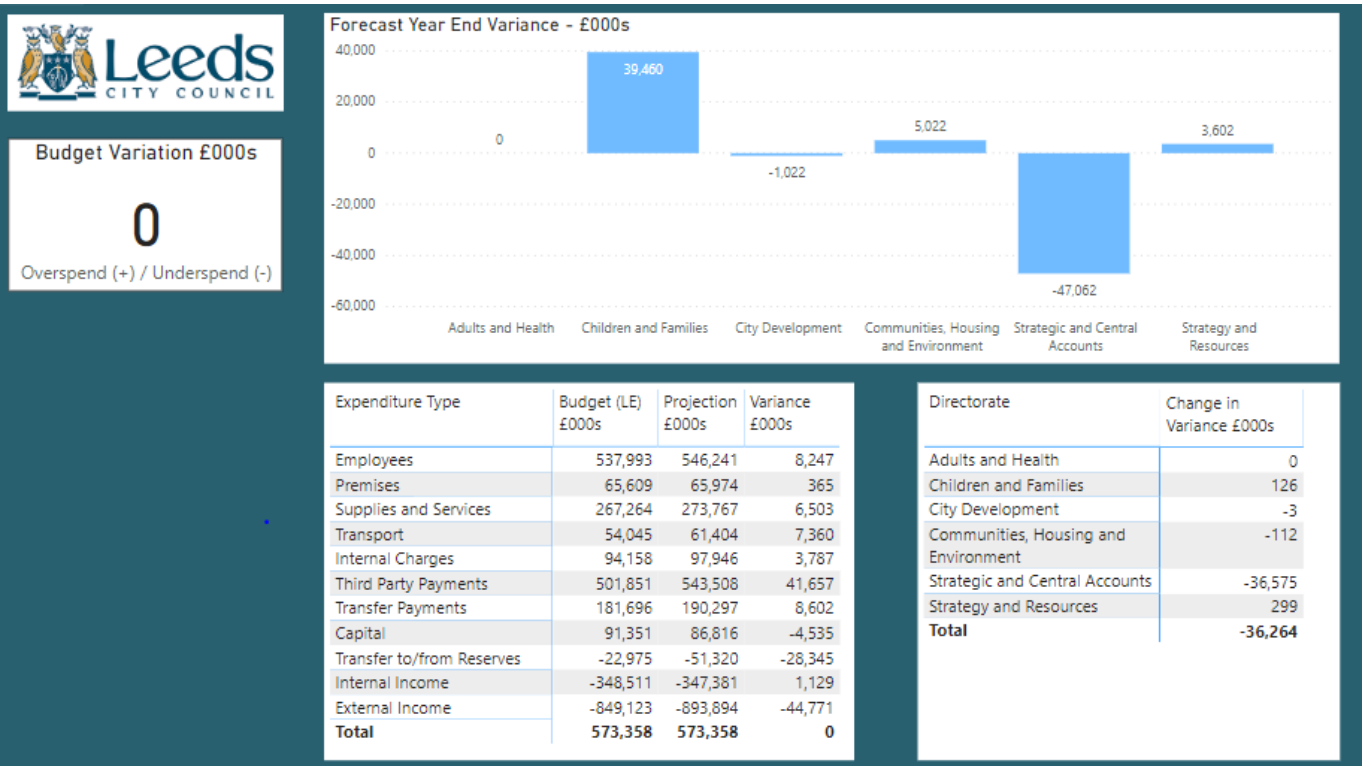
5.1 At Month 11, the HRA is projecting a balanced position.

5.2 The key projected variations are:

- Dwellings Rent £1,022k – a forecast reduction in rental income due to the number of void properties being higher than budgeted and some slippage in the new build schemes.
- Internal Income £84k – reduction in RtB administration fee income as projected Right to Buys (RtB's) are lower than budgeted.
- External Income (£126k) – this reflects an increase in telecoms income compared to the budget.
- Service Charges (£79k) – mainly reflecting the impact of Gascoigne House.

- Employees Net £173k - there is a forecast underspend against the employee budget of (£1,030k) due to vacant posts. However, this underspend on employee costs is offset with a reduction in capitalised salaries of £1,059k and a £144k pressure regarding internal services for recharged staff in the Council House Growth (CHG) Programme.
- Repairs to Dwellings £1,661k - reflects the forecast pressure on the repairs budget.
- Premises (£511k) – reflects the updated energy and cleaning agency projected costs.
- Supplies and Services (£160k) – the projected underspend on the contingency budget.
- PFI £0k - a forecast underspend on the Unitary Charge of (£43k) and projected overspend on internal income is offset through the contribution to PFI Sinking funds £35k.
- Internal Services excluding staff recharge for CHG (£400k) – savings identified on internal recharges partly offset with a projected pressure on disrepair legal costs.
- Provision for Doubtful Debt £302k – to reflect the updated arrears position.
- Capital Charges (£533k) – reflects savings from slippage in the CHG programme borrowing.
- Contribution to the capital programme (£1,400k) – the current forecast underspend on the capital programme 2023/24.

Financial Dashboard 2023/24 Financial Year



Financial Dashboard 2023/24 Financial Year

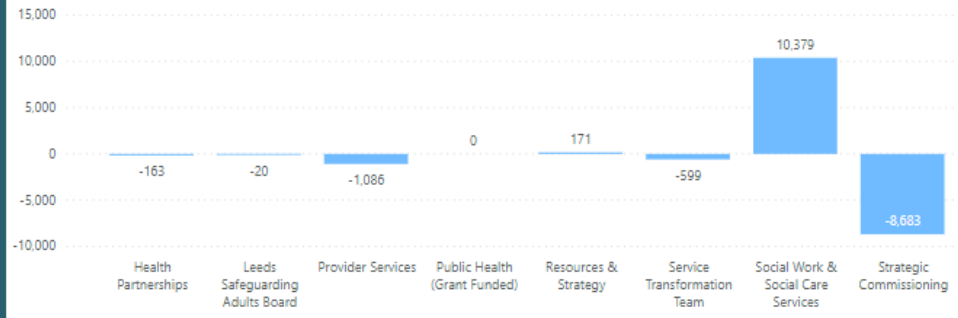


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	70,508	69,935	-573
Premises	1,381	1,322	-59
Supplies and Services	7,509	14,589	7,080
Transport	1,011	846	-165
Internal Charges	14,404	16,193	1,788
Third Party Payments	326,198	348,138	21,941
Transfer Payments	13,488	11,778	-1,710
Transfer to/from Reserves	-4,521	-12,404	-7,883
Internal Income	-5,016	-5,257	-242
External Income	-226,157	-246,335	-20,178
Total	198,806	198,806	0

Directorate	Change in Variance £000s
Adults and Health	0
Total	0

Financial Dashboard 2023/24 Financial Year

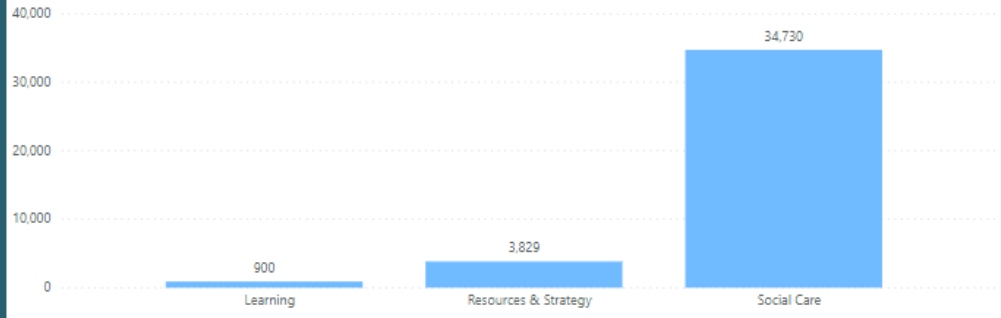


Budget Variation £000s

39,460

Overspend (+) / Underspend (-)

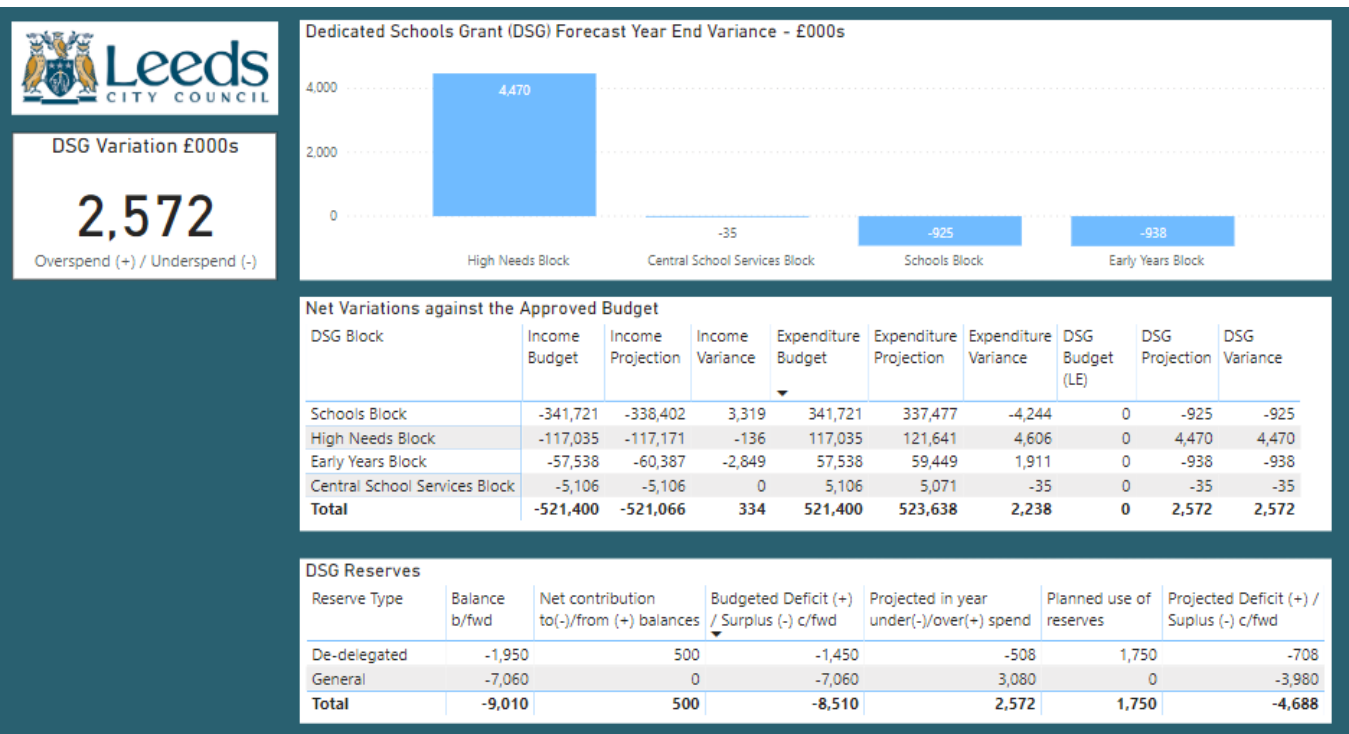
Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	112,443	115,304	2,861
Premises	4,698	4,720	22
Supplies and Services	65,692	67,135	1,444
Transport	11,794	15,612	3,818
Internal Charges	36,311	38,218	1,907
Third Party Payments	113,725	150,906	37,182
Transfer Payments	3,882	4,016	134
Capital		0	0
Transfer to/from Reserves	-819	-891	-72
Internal Income	-35,820	-35,847	-27
External Income	-170,592	-178,401	-7,810
Total	141,312	180,772	39,460

Directorate	Change in Variance £000s
Children and Families	126
Total	126

Financial Dashboard 2023/24 Financial Year



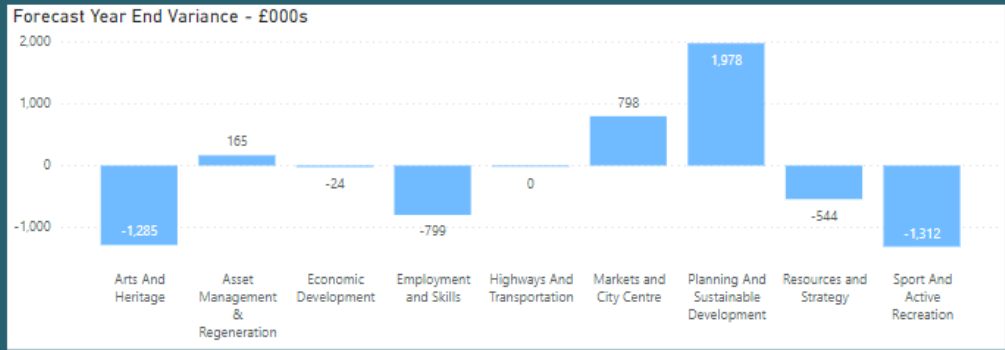
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

- 1,022

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	75,267	74,846	-422
Premises	31,555	35,020	3,465
Supplies and Services	54,316	54,398	82
Transport	6,869	9,117	2,247
Internal Charges	10,705	11,456	751
Third Party Payments	189	205	16
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,820	-4,658	-1,038
Internal Income	-46,938	-52,304	-5,366
External Income	-87,629	-88,387	-758
Total	40,516	39,493	-1,022

Directorate	Change in Variance £000s
City Development	-3
Total	-3

Financial Dashboard 2023/24 Financial Year

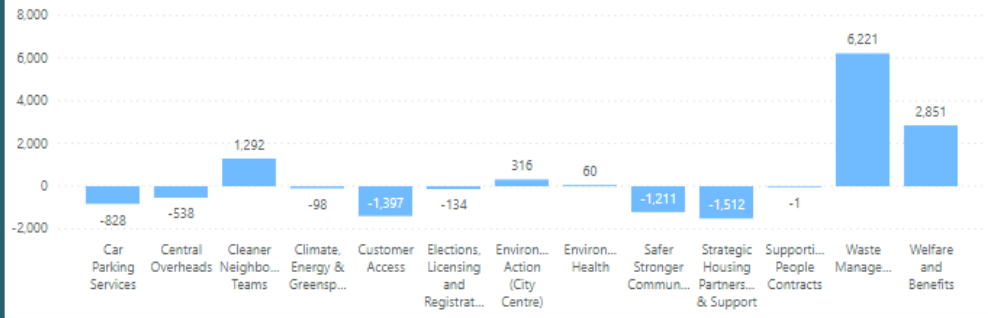


Budget Variation £000s

5,022

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	108,571	110,100	1,529
Premises	11,859	11,303	-555
Supplies and Services	71,414	78,878	7,464
Transport	11,297	12,308	1,011
Internal Charges	22,845	22,228	-617
Third Party Payments	24,505	24,392	-113
Transfer Payments	163,130	173,415	10,285
Capital		0	0
Transfer to/from Reserves	-1,804	-1,749	55
Internal Income	-52,681	-49,913	2,769
External Income	-265,808	-282,614	-16,806
Total	93,326	98,348	5,022

Directorate	Change in Variance £000s
Communities, Housing and Environment	-112
Total	-112

Financial Dashboard 2023/24 Financial Year



Surplus (-) / Deficit (+) £000s

0

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-230,240	-229,218	1,022	235
Non Dwelling Rents	-3,347	-3,375	-28	-88
Service Charges	-9,551	-9,630	-79	14
Internal Income	-9,349	-8,206	1,143	106
Grants	-21,385	-21,385	0	0
External Income	-1,778	-1,904	-126	-47
Total	-275,650	-273,718	1,932	221

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Disrepair Provision	4,000	4,000	0	0
Repairs to Dwellings	65,103	66,764	1,661	599
Employees	33,708	32,678	-1,030	79
Premises	11,732	11,221	-511	1
Supplies and Services	5,486	5,326	-160	-169
PFI Unitary Charge	12,662	12,619	-43	-575
Transport	304	305	1	4
Internal Services	39,815	39,560	-255	-141
BITMO Management Fee	3,524	3,524	0	0
Provision for Doubtful Debts	1,136	1,438	302	77
Capital Charges	46,666	46,133	-533	-85
Contribution to Capital Programme	51,891	50,491	-1,400	-526
Total	276,027	274,060	-1,967	-737

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	377	342	-35	-516
Appropriation: Sinking Funds	-326	-291	35	516
Appropriation: Reserves	-51	-51	0	0
Total	0	0	0	0

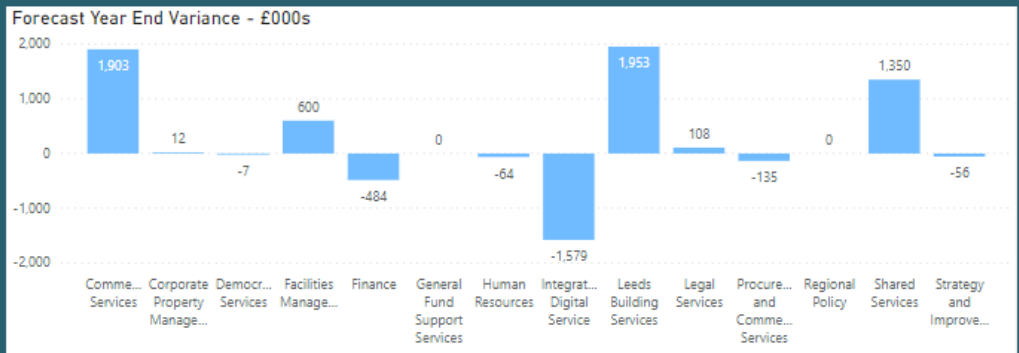
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

3,602

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	166,475	171,391	4,916
Premises	16,116	16,388	272
Supplies and Services	63,303	57,735	-5,568
Transport	23,074	23,521	447
Internal Charges	4,931	4,757	-174
Third Party Payments	28	28	0
Transfer Payments	66	66	0
Transfer to/from Reserves	-74	-1,652	-1,578
Internal Income	-172,884	-167,776	5,108
External Income	-16,462	-16,283	178
Total	84,573	88,175	3,602

Directorate	Change in Variance £000s
Strategy and Resources	299
Total	299

Directorate: Strategic & Central Accounts

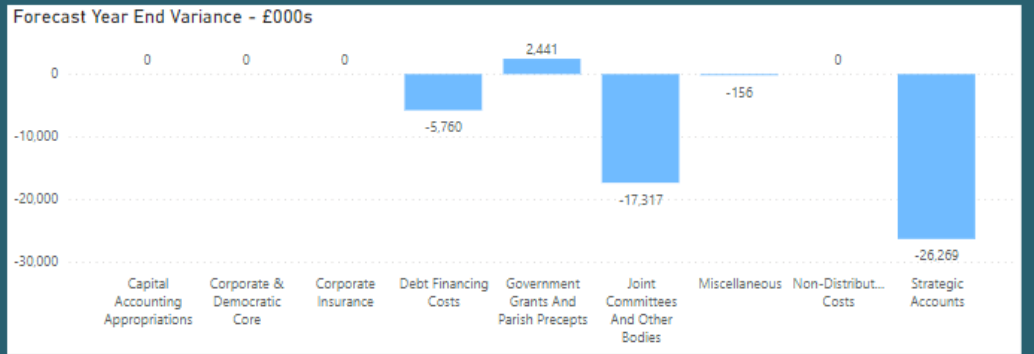
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

-47,062

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,729	4,666	-64
Premises		-2,780	-2,780
Supplies and Services	5,029	1,031	-3,999
Internal Charges	4,962	5,094	132
Third Party Payments	37,207	19,838	-17,368
Transfer Payments	1,130	1,024	-107
Capital	91,351	86,816	-4,535
Transfer to/from Reserves	-11,936	-29,766	-17,830
Internal Income	-35,171	-36,284	-1,113
External Income	-82,476	-81,874	602
Total	14,826	-32,236	-47,062

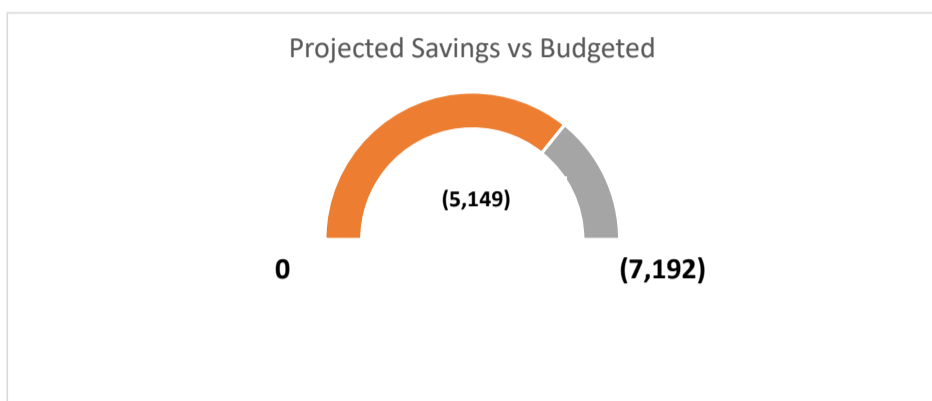
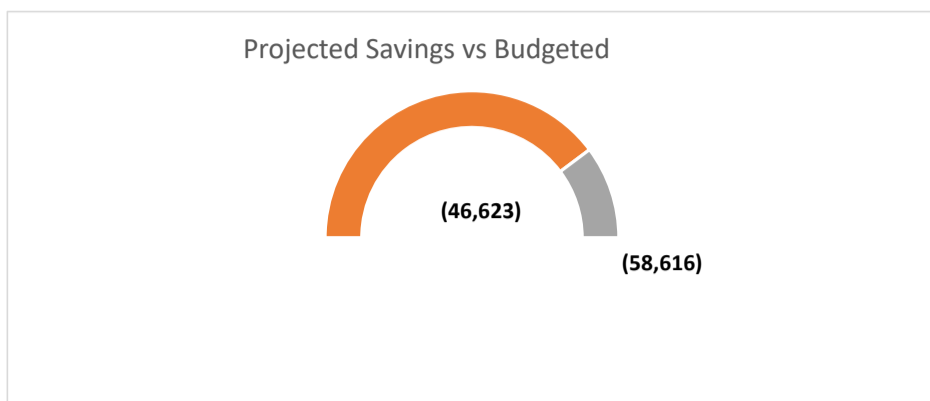
Directorate	Change in Variance £000s
Strategic and Central Accounts	-36,575
Total	-36,575

LEEDS CITY COUNCIL - SUMMARY

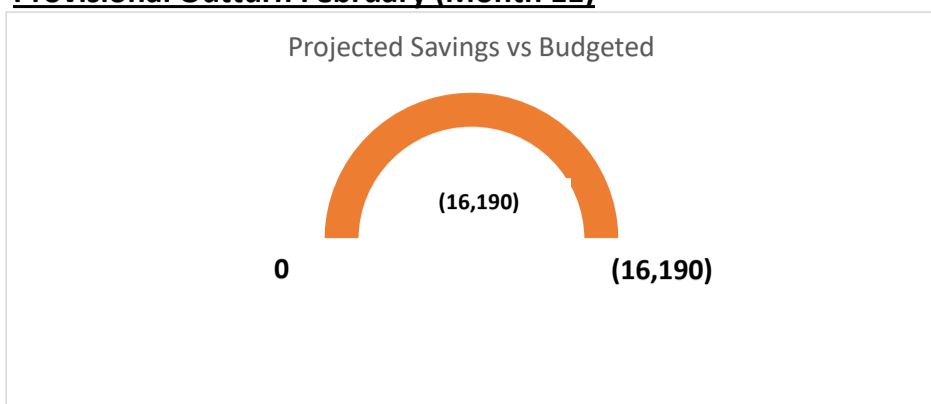
RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	(18,448)	(19,830)	(1,382)
On track, no issues	(14,257)	(16,024)	(1,767)
Some risk	(10,434)	(9,569)	865
High risk	(15,477)	(1,200)	14,277
Cancelled	0	0	0
Total	(58,616)	(46,623)	11,993

LEEDS CITY COUNCIL - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(4,545)	(4,545)	0
Some risk	0	0	0
High risk	(2,647)	(604)	2,043
Cancelled	0	0	0
Total	(7,192)	(5,149)	2,043



Provisional Outturn February (Month 11)



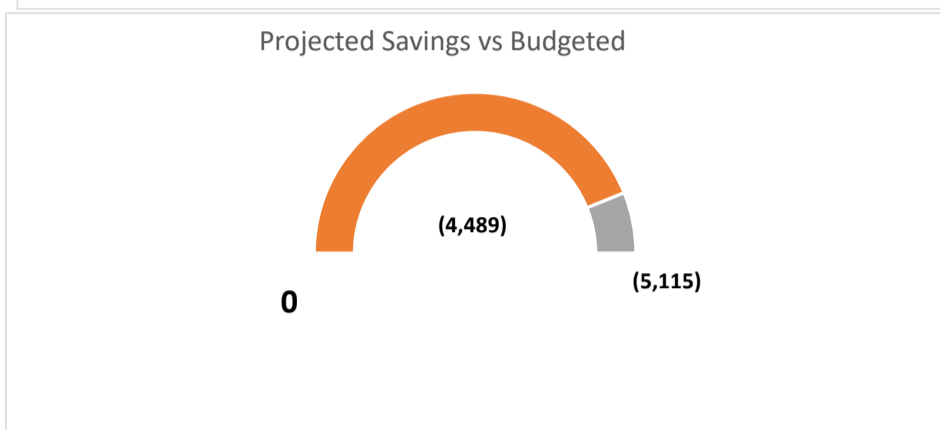
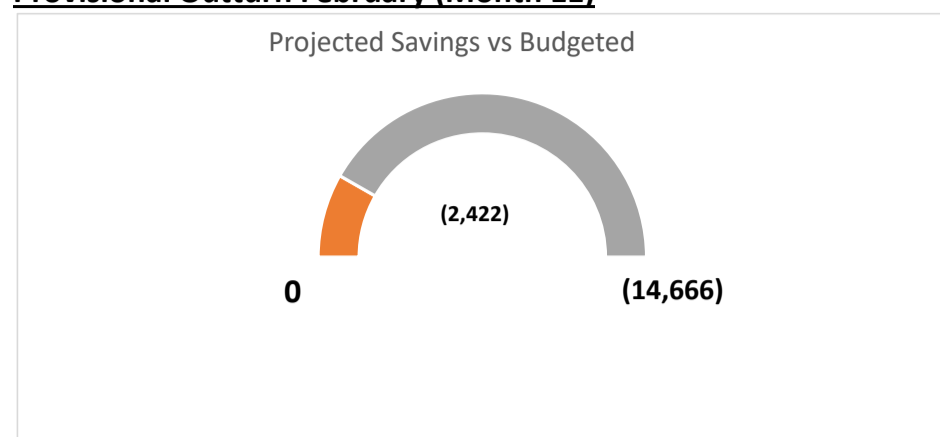
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	(13,710)	(14,942)	(1,232)
On track, no issues	0	0	0
Some risk	(1,220)	(908)	312
High risk	(1,260)	(340)	920
Cancelled	0	0	0
Total	(16,190)	(16,190)	0

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted Savings	BAU	Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost)	Shona McFarlane	High risk	(160)	(40)	120	Spring Gardens completed November and now open. Dolphin Manor, scheme commenced December'23 with completion Spring'24. Knowl Manor on hold for now. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23).
Budgeted Savings	SR	Strategic Review of Adult Social Work provision	Shona McFarlane	Some risk	(1,120)	(830)	290	Shortfall covered by additional savings in client income
Budgeted Savings	BAU	Review of mental health placements (s117 health contribution)	Caroline Baria	Some risk	(100)	(78)	22	Alternative savings of £22k identified, Touchstone and their outreach offer which is expensive. WRAP?
Budgeted Savings	BAU	Invest to save proposal for Home care - performance management	Caroline Baria	High risk	(1,000)	(250)	750	Delays in recruiting 2 new staff has meant that the action plan will under deliver by £750k but no impact on future years due to slippage.
Budgeted Savings	BAU	Review supported bank account contract (direct payments)	Caroline Baria	High risk	(100)	(50)	50	contract renewal late than originally thought. Sum will be contained within budget - or use of reserves as this is slippage and not non-delivery

Provisional Outturn February (Month 11)



CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(1,031)	(1,031)	0
Some risk	(946)	(623)	323
High risk	(12,689)	(768)	11,921
Cancelled	0	0	0
Total	(14,666)	(2,422)	12,244

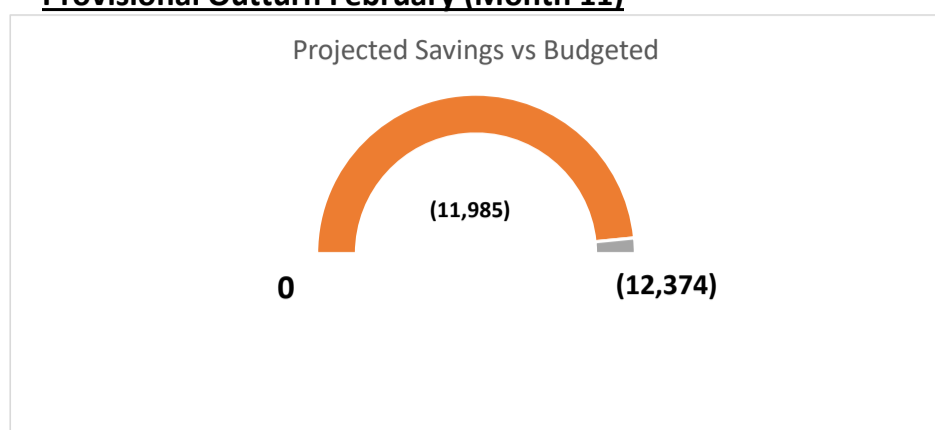
CHILDREN & FAMILIES - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(3,915)	(3,915)	0
Some risk	0	0	0
High risk	(1,200)	(574)	626
Cancelled	0	0	0
Total	(5,115)	(4,489)	626

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	SR	Diversifying children's residential and fostering provision	Farrah Khan	High risk	(3,479)	0	3,479	While the project still delivers savings over the longer term, the timing has changed and the original 23/24 savings will not be delivered in year. This is to be cashflowed to reflect change in phasing of savings.
Budgeted	SR	Contracts: reduce costs and build on LCC's regional 'lead' role to maximise opportunities for income generation through additional investment in commissioning, contract management and placement reviews.	Phil Evans	High risk	(4,000)	0	4,000	Original savings plans assumed delivery of £4,750k savings with £750k investment in staffing. Savings plans are in place. However significant risk for delivery due to scale of savings and likely lead in period for delivery.
Budgeted	SR	Turning the curve – range of workstreams to reduce the forecast increase in Children Looked After number	Farrah Khan	High risk	(3,000)	0	3,000	Original plans required investment in an Edge of Care service to deliver the net savings of £3,000k. However this savings target overlaps with the fostering and residential plans, so will not lead to additional savings in 23/24.
Budgeted	BAU	Transport: Including independent travel training, personal transport allowances, use of private hire, commissioning an external review	Tim Pouncey	some risk	(946)	(623)	323	High risk budget due to level of control over demand and inflation and data available for projections. Therefore savings could be overtaken by additional costs. However progress is being made by C&F and CEL on implementation of savings proposals.
Budgeted	SR	Efficiencies in commissioned services through review of a range of contracts.	Phil Evans	High risk	(500)	(131)	369	Work ongoing to identify further savings
Budgeted	SR	Efficiencies across the Children & Families directorate, potentially including staffing reductions	Julie Longworth	High risk	(1,710)	(637)	1,073	Efficiencies will not be fully delivered in 2023/24, further efficiencies to be delivered in 2024/25.
Other	0	Little Owls	Farrah Khan	High risk	(1,200)	(574)	626	Review ongoing to identify savings

Provisional Outturn February (Month 11)

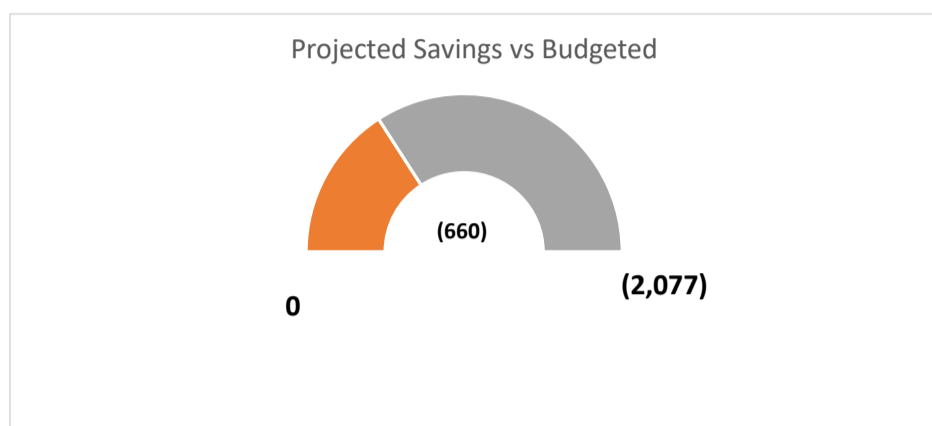


CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	(3,760)	(3,760)	0
On track, no issues	(7,056)	(7,056)	0
Some risk	(1,192)	(1,169)	23
High risk	(366)	0	366
Cancelled	0	0	0
Total	(12,374)	(11,985)	389

CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(630)	(630)	0
Some risk	0	0	0
High risk	(1,447)	(30)	1,417
Cancelled	0	0	0
Total	(2,077)	(660)	1,417

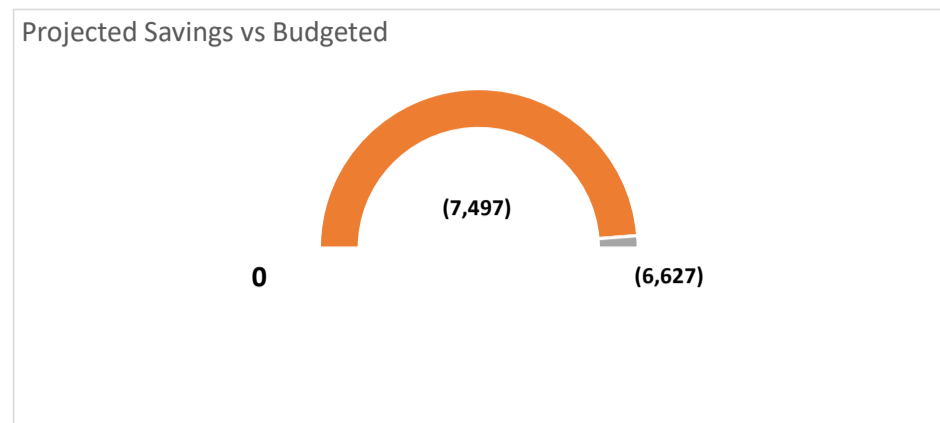


Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	BAU	1% increased vacancy provision	Jane Walne	Some risk	(677)	(677)	0	0
Budgeted	SR	Leeds Museums & Galleries Invest to Save: relocation of Café	Eve Roodhouse	Some risk	(90)	(67)	23	0
Budgeted	BAU	Leeds Museums and Galleries commercial review	Eve Roodhouse	Some risk	(100)	(100)	50	0
Budgeted	BAU	Income Generation (New) - Provision of Services to other local authorities	Gary Bartlett	Some risk	(50)	(50)	0	0
Budgeted	BAU	Additional income from new contractor framework implemented in 22/23	Gary Bartlett	Some risk	(25)	(25)	0	0
Budgeted	SR	Street Lighting: Adaptive lighting via a Central Management System (CMS)	Gary Bartlett	High risk	(166)	0	166	0
Budgeted	BAU	Development Management - generation of additional income from pre-app advice service	David Feeney	High risk	(100)	0	100	0
Budgeted	BAU	Strategic Planning - consultancy advice (e.g. to other local authorities)	David Feeney	High risk	(50)	0	50	0
Budgeted	BAU	Building Control - additional income through providing expert technical services to other local authorities	David Feeney	High risk	(50)	0	50	0
Budgeted	BAU	Planning & Levelling Up Bill: National fees	David Feeney	Some risk	(250)	(250)	0	0
Other	BAU	Estate Rationalisation	Angela Barnicle	High risk	(583)	(30)	553	0

Provisional Outturn February (Month 11)

COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY



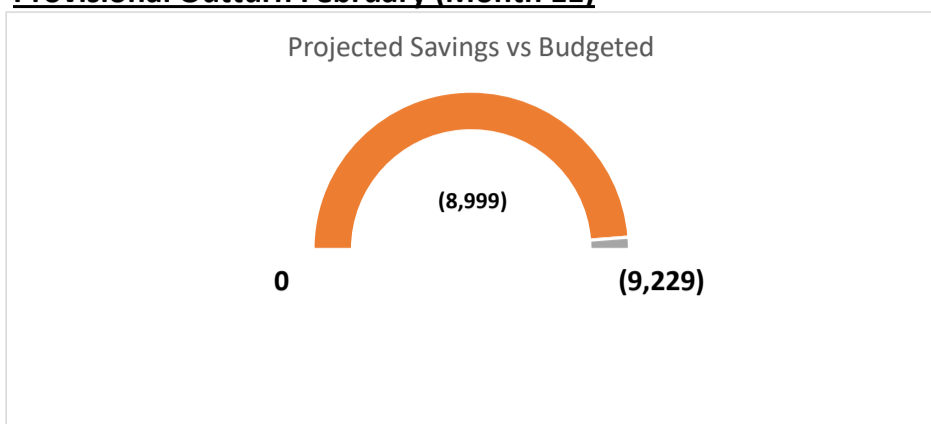
RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	(863)	(1,013)	(150)
On track, no issues	(3,747)	(5,514)	(1,767)
Some risk	(1,085)	(878)	207
High risk	(932)	(92)	840
Cancelled	0	0	0
Total	(6,627)	(7,497)	(870)

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	BAU	Parks attractions income	John Mulcahy	Some risk	(170)	(140)	30	Price increase came into effect Jan 23 and income will be monitored. Further DDN approved September 23 for price increase to come into effect Jan 24. On street income is projecting to be down £128k against the budget but this is compared to £268k down in 22-23.
Budgeted	BAU	Benefits - Subsidy - target Supported Accommodation	John Mulcahy	Some risk	(134)	(90)	44	Free ULEV permits ceased April 23 and income in WHLCP will be monitored. DDN approved September 23 for price increase to come into effect Jan 24 for WHLCP. Income at WHLCP is approx £700k down against budget compared to £790k last year
Budgeted	BAU	Community Centres - strategy to reduce the current subsidy to nil	Polly Cook	High Risk	(192)	(92)	100	Attractions income is trending towards a pressure at Lotherton where £100k of budgeted savings targeted. However café income is projected to exceed the budget at the three sites with attraction income.
Budgeted	BAU	Recycling Disposal costs	Lee Hemsworth	Some risk	(600)	(600)	0	Action plan in place with the aim is to reduce or maintain existing pressure. However this is dependent on scale of new growth in legitimate supported accommodation claims. £300k delivered at period 6. Assumed remaining 50% will be achieved Sept - Mar
Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	Lee Hemsworth	Some risk	(32)	(32)	0	Amended charges have been approved - one major client (LCHT) and dependant upon them accepting the increase. Working towards implementation 1/12/2023
Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	Paul Money	Some risk	(33)	0	33	Reduced income projected in year.
Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	John Mulcahy	Some risk	(116)	(16)	100	Service has been insourced but income is down compared to budget by approx £100k

Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	John Woolmer	High Risk	(740)	0	740	The risk of significant volatility of market price of recycling income was is known when the budget was set. All disposal budgets are monitored each month and due to a reduction in the market price of recyclable materials the actions plan does not look like it will be achieved in 2023/24. This cost pressure has been partially offset by £269k of additional income on the recycling contract prices from October 2023.
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Provisional Outturn February (Month 11)



STRATEGY & RESOURCES - SUMMARY

RAG Status	Budgeted Savings £'000s	Provisional Outturn £'000s	Shortfall/ (Surplus) £'000s
Achieved	(115)	(115)	0
On track, no issues	(2,893)	(2,893)	0
Some risk	(5,991)	(5,991)	0
High risk	(230)	0	230
Cancelled	0	0	0
Total	(9,229)	(8,999)	230

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	BAU	Additional LBS turnover as a result of capital work in the civic estate	Sarah Martin	Some risk	(1,500)	(1,500)	0	Will need to ensure future years' capital programme provision is recurrent in order to sustain the surplus.
Budgeted	BAU	Corporate Property Management - Various initiatives including: maximising Salix funding & review of building maintenance funding.	Sarah Martin	Some risk	(250)	(250)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Cleaning / Facilities Management/Security: Review of cleaning materials procurement, pricing, Presto offer and insourcing.	Sarah Martin	Some risk	(200)	(200)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Catering: Before and After School Clubs, target increased take up, review high school offer to include cross border training, procurement.	Sarah Martin	Some risk	(165)	(165)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Fleet Services' efficiencies: including reduction in maintenance spend, introduction of new vehicle types, greater utilisation of existing fleet and an enhanced focus on supplier spend and emerging markets.	Sarah Martin	Some risk	(488)	(488)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	CEL Increased Productivity	Sarah Martin	Some risk	(345)	(345)	0	0
Budgeted	BAU	Cleaning/Facilities Management/Security - Increased productivity	Sarah Martin	Some risk	(30)	(30)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Armley Sports Centre Café	Sarah Martin	Some risk	(20)	(20)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Weddings	Sarah Martin	Some risk	(20)	(20)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: CEL: Corporate Property Management / Facilities Management	Sarah Martin	Some risk	(163)	(163)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Commercial Services: Improving attendance	Sarah Martin	Some risk	(225)	(225)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Improving attendance	Sarah Martin	Some risk	(110)	(110)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Review all routes to ensure contracted hours aligned with routes to give maximum efficiency	Sarah Martin	Some risk	(75)	(75)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: Finance	Victoria Bradshaw	Some risk	(414)	(414)	0	0
Budgeted	BAU	Staffing efficiencies: Human Resources	Andy Dodman	Some risk	(440)	(440)	0	0

