

## Financial Health Monitoring 2022/23 – Month 10 (January)

Date: 15<sup>th</sup> March 2023

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 inform the Executive Board of the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account. At Month 10 (January) an overspend of £13.7m is projected for the Authority's General Fund services.
2. Where Directorates are projecting an overspend, savings actions to mitigate these pressures are included in the reported overspend position.
3. Any adverse variation to a balanced budget position at the 2022/23 year-end will require the use of Strategic Contingency Reserve balances. Ongoing pressures identified in the current year have been built into the 2023/24 budget.
4. In 2021/22 the Council received Government funding towards the costs of COVID-19. This was fully utilised in 2021/22 with no balance of funding available for 2022/23.
5. Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
6. This report comments on financial performance against the 2022/23 budget, which has targeted resources towards the Council's policies and priorities as set out in the Council's Best City Ambition.
7. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The position remains challenging and the budget for 2022/23 requires delivery of £16.5m of savings. At Month 10 it is anticipated that the majority of budgeted savings will be delivered or mitigating actions found.
8. Where known, increased inflation and the rising cost of living, including the 2022/23 agreed pay award, have been incorporated into this reported financial position. These pressures will continue to be assessed and reported periodically to this Board
9. This report provides the Board with information on the monitoring of the decision to freeze non-essential spend as one of the measures to balance the 2022/23 budget. Month 10 expenditure on a range of financial codes in scope shows that spend is 17.7% lower than over the same period in 2021/22. This reduction in expenditure has been included in the forecasts for the year being reported by Directorates.
10. At Month 10 the Housing Revenue Account is forecasting a balanced position.

# Recommendations

Executive Board are asked to:

- a) Note that at Month 10 (January) the Authority's General Fund services are forecasting an overspend of £13.7m and that the Housing Revenue Account is forecasting a balanced position.
- b) Note that where an overspend is projected Directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures, in line with the Revenue Principles agreed by Executive Board in 2019. Savings actions identified to date are included in the reported overspend position and actions will continue to be identified for receipt at the March meeting of this Board.
- c) Note that known increased inflation and known impacts of the rising cost of living, including the agreed 2022/23 pay award, have been incorporated into this reported financial position. These pressures will continue to be assessed, with the latest position being incorporated into future reports to be received by this Board.

## What is this report about?

- 1 This report updates the Board on financial performance against the Council's 2022/23 General Fund and Housing Revenue Account budgets for the first ten months of the financial year. At Month 10 (January) an overspend of £13.7m is projected for the Authority's General Fund and the Housing Revenue Account is forecasting a balanced position. Any adverse variation to a balanced budget position for the General Fund at the 2022/23 year-end will require the use of Strategic Contingency Reserve balances.

## What impact will this proposal have?

- 2 The budget proposals contained in the 2022/23 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 2022/23 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

- 3 The Best City Ambition is the Council's strategic plan which sets out its 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. 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.
- 4 This report needs to be seen in the context of the requirement for the Council to be financially sustainable and deliver a balanced budget position in 2022/23 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

- 5 This is a factual report and is not subject to consultation. Public consultation on the 2022/23 Revenue Budget was carried out between December 2021 and January 2022 and is detailed in the 2022/23 Revenue Budget and Council Tax report presented to this Board in February 2022.

## What are the resource implications?

- 6 This is a revenue financial report and as such all resource implications are detailed in the report and appendices.

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

- 7 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.
- 8 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 2022/23.
- 9 This position reflects the agreed 2022/23 pay increase. Further this position reflects the latest projections with regard to known inflationary pressures in respect of the increased cost of electricity, gas, fuel and the impact of the cost of living pressures on our residents or businesses which is likely to affect the cost of goods and services the Council procures, demand for support and welfare services the Council provides, and it also impacts upon activity levels that support a wide range of income streams. These financial projections will continue to be closely monitored and any variations to the current assumptions will be required to be managed within the 2022/23 approved budget.

## What are the legal implications?

- 10 There are no legal implications arising from this report.

## Options, timescales and measuring success

### What other options were considered?

- 11 Not applicable

### How will success be measured?

- 12 Not applicable

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

- 13 Not applicable.

## Appendices

14 The following appendices are attached to this report:

- **Appendix 1** – background information, detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the Housing Revenue Account HRA, update on Council Tax and Business Rates including collection performance.
- **Appendix 2** – Individual financial dashboards for directorates, DSG and the HRA.
- **Appendix 3** – Directorate Budget Action Plans.

## Background papers

15 None

## Financial Health Monitoring 2022/23 – Month 10 (January)

### 1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2022/23 at Month 10 (January).
- 1.2. 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 at Month 10.

### 2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2022/23 was set at £521.9m.
- 2.2 Following the closure of the 2021/22 accounts, the Council's general fund reserve stands at £33.2m. The 2022/23 budget assumes no contribution to this reserve during the current financial year.
- 2.3 The 2023/24 Revenue Budget and Council Tax report, received by the Executive Board in February 2023, assumed a balanced budget position for 2022/23 after the application of Government funding, the delivery of savings, the utilisation of earmarked reserves and the Council's share of the additional funding announced at the Final Local Government Finance Settlement in February 2023 relating to the surplus on the national Business Rates Levy Account. Any adverse variation to a balanced budget position at the 2022/23 year end will require the use of Strategic Contingency Reserve balances. Ongoing pressures identified in the current year have been built into the 2023/24 budget.
- 2.4 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 to the implementation of budget action plans, 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.

### 3. Main Issues

- 3.1 At Month 10 (January) an overspend of £13.7m is projected across directorates (a marginal adverse change of £0.4m or 2.7% from the Month 9 position). As discussed in this report, this position encompasses the impact of the agreed national employers pay offer for 2022/23, increased energy costs and the impact of the Government's Energy Relief Bill, and, where known, other inflationary rises and the wider impact of rising cost of living pressures.
- 3.2 Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
- 3.3 Directorate positions are summarised in **Table 1**.

**Table 1: Summary Position Financial Year 2022/23 Month 10 (January)**

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	640	9,633	(9,633)	0	0
Children and Families	Julie Longworth	1,693	14,535	2,010	16,545	15,812
City Development	Martin Farrington	(725)	1,927	(1,927)	0	0
Communities, Housing & Environmer	James Rogers	3,046	2,944	(2,183)	762	0
Resources	Neil Evans	4,775	3,518	143	3,662	3,209
Strategic	Victoria Bradshaw	(232)	4,251	(11,499)	(7,249)	(5,667)
<b>Total Current Month</b>		<b>9,198</b>	<b>36,808</b>	<b>(23,089)</b>	<b>13,720</b>	<b>13,354</b>

<b>Previous reported (under)/over spend</b>	<b>10,955</b>	<b>36,762</b>	<b>(23,409)</b>	<b>13,354</b>
---	---------------	---------------	-----------------	---------------

### Managing the Overspend

- 3.4** As noted in **Table 1**, at Month 10 the Council is projecting an overspend of £13.7m for the financial year 2022/23. Cross-directorate task and finish working groups will continue to work with services projecting an overspend to support them to reduce cost pressures.
- 3.5** As requested at September's Executive Board, directorates have been required to identify action plans to both address reported overspends and absorb the financial impact of the national employers pay offer for 2022/23. These actions include, with a small number of exceptions, a freeze on recruitment (including on agency staff and overtime), and a freeze on non-essential spend. Exceptions to this may include expenditure needed for health and safety reasons, to meet a statutory service requirement, to prevent further costs, or that helps generate income that more than outweighs the cost of recruiting to these roles.
- 3.6** Cross-directorate task and finish working groups will continue to work with services projecting an overspend to support them to reduce cost pressures. In order to monitor and identify progress on these working groups, savings action plans have been developed to record pressures and monitor improvement and proposals will continue to be developed to support directorates to deliver a balanced position, with further proposals incorporated into future Financial Health reports to be received at Executive Board.

### Directorate Positions

- 3.7** The major Directorate variations in Table 1 are outlined below, with additional detail provided on the Directorate dashboards at Appendix 2 of this report. These reported

directorate positions reflect any additional savings generated through the implementation of savings action plans.

**3.7.1 Adults & Health** - At Month 10 Adults & Health Directorate is projected to deliver a balanced budget, although there are significant risks around demand and income targets outlined below. The Net Managed Budget (NMB) for 2022-23 is £197.30m, comprised of £384.03m of gross expenditure offset by £186.73m of gross income. Reflected in the 2022-23 budget are Budget Action Plans totalling £6.994m.

Two provisions have been identified that are no longer required and have been written back into the Adults & Health 2022-23 revenue budget; £1.15m for Ordinary Residence provision and £0.492m for COVID grant funding to cover any repayment to the Department for Health & Social Care for ineligible expenditure. This is offsetting a contribution from Adults & Health into the Strategic Contingency Reserve of £1.642m.

### **Budget Action Plans**

At Month 10 there are concerns around the delivery of 3 Budget Action Plans with a forecast impact of £2.214m:

- £1.024m relating to the strategic review for Social Work due to slippage in recruiting staff.
- £0.190m relating to slippage in the budget action plan for the refurbishment of the 3 LCC run residential homes, with a revised opening date of early March 2023 for Spring Gardens and the other two slipping into the 2023-24 financial year.
- £1.0m income shortfall against the £1m additional Client income Budget Action Plan. This is primarily around 2:1 Homecare visits and removing the Maximum Assessed Charge (MAC) cap. This is due to the way that income is posted into the FMS system. There are 13 charging runs each year and the last run relates to January billing and will not therefore pick up the uplift in income until the 2023-24 financial year. Additionally new service charges for the in-house Telecare service are actioned then.

Mitigating actions have already been identified to ensure the service is projected to deliver a balanced budget, with no additional impact on the Medium Term Financial Strategy; principally £1.2m Commissioning savings on Extra Care and Adult Carers, £0.5m Market Sustainability & Fair Cost of Care 25% grant funding available for delivering Fair Cost of Care, savings from implementing corporate in-year savings initiatives and additional s117 income from Health contributions for agreed packages of care.

### **Demand**

The 2022-23 demand related budgets reflect £17.774m of additional funding for price, inflationary and demand & demography growth, taking the overall size of the demand led budgets up to £251.6m before reducing to £247.5m after netting off a £4.1m savings target reflected in the delivery of the 2022-23 budget action plans; principally the Strategic Review for Adult Social Work. Overall, the Month 10 projection shows an overspend of £5.024m on the 2022-23 demand related budget which is a minor improvement of £0.373m from Month 9, analysed below.

It should also be noted that there has been an in-year increase in the demand related budgets of £3.3m due to £1.7m for increased Homecare provider rates

funded from Leeds-ICB and £1.6m for Residential provider rates funded from the Fair Cost of Care & Market Sustainability grant.

**Mitigating actions have been identified to balance:**

- Increased demand in all residential settings, £4.495m, which is a decrease of £0.201m from the reported position at Month 9; £1.919m Residential, £1.729m Nursing Dementia, £0.724m Residential Dementia and £0.123m Nursing. Offset by additional income of £1.967m; Net pressure £2.528m.
- Learning Disability (LD) demand budgets are £0.647m over budget, offset by additional client income of £1.533m; Net saving £0.886m.
- Homecare and Community Support placements, £0.660m above budget, which is an improvement of £0.083m from the reported position at Month 9. Seeing reduced demand and this projection is modelled on current activity levels being paid via the Council's Client Information Service (CIS) system; Net pressure £0.660m.
- Offset by savings on demand budgets in Supported Living £0.157m, Direct Payments, £0.621m, additional £0.698m Leeds-ICB monies (BCF & non-BCF agreements) and £0.529m additional Partnership income from other Health settings in Leeds and £0.297m additional iBCF grant income.

**Pay**

This projection reflects the agreed Employers 2022-23 pay offer of £1,925 per employee. The impact of this is an additional £2.4m pay related pressure, over and above the 2% budgeted position. This includes £0.3m for Passenger Transport pay costs (reflected in Internal Charges above). £0.4m will be recovered from higher charges to partnerships and grant funding. At Month 10 there is a pay pressure of £0.64m, which is £1.76m lower than the budgeted pay impact due to recruitment difficulties in social work and social care. The balance will be funded from the use of iBCF grant monies.

**Partnerships and Grant funding**

On 22<sup>nd</sup> September 2022 the DHSC set out the Government's new 'Our plan for patients' to improve care for patients this winter and the next. They announced a £500m Adult Social Care Discharge fund to help people get out of hospitals and into social care support. Leeds City Council was awarded £2.76m (payable 40% December and 60% January) and Leeds-ICB was awarded £5.19m; making a total for Leeds £7.95m. The guidance requires this funding to be pooled via the Better Care Fund. There was a further announcement regarding the £200m NHS grant funding to assist the NHS in dealing with immediate winter pressures and this will be allocated directly to the WY-ICB.

Included in the 2022-23 budget is £2.235m of grant funding for Market Sustainability and Fair Cost of Care. This is new funding linked to the White paper, 'People at the Heart of Care – ASC Reform', announced earlier in the year. This was upfront funding in preparation for go-live in October 2023 of the new Care Act reforms, however this has now been slipped to October 2025. The monies have been committed in line with this year's guidance; a minimum of 75% was allocated directly to support the market and 25% for resources to implement the requirements of the Care Act. Additionally, we've received a further £0.01m for ASC charging reform: implementation support funding grant for 2022-23 to support capacity for assessments and DIS requirements for the Care Act



Public Health (PH) Grant funding for 2022/23 is £47.126m, an increase of £1.288m from 2021/22 (2.7%). Since the 2022/23 budget was approved, new PH grant of £2.785m for 'Substance misuse funding for drug and alcohol treatment' has been awarded. This is a three-year announcement for which Leeds will receive £2.785m in 2022/23, £4.445m in 2023/24 and £8.445m in 2024/25. PH funding is a ring-fenced grant.

A pressure of £0.645m is reflected for delayed discharges from hospital settings beyond 28 days at Month 10. Where a client who is assessed and ready for discharge resides beyond 28 days then the cost for that client becomes the responsibility for the local authority. This is a budget pressure for the 2022/23 financial year only as new systems will be in place for 2023/24 and beyond to mitigate this. This pressure will be offset by additional income under the iBCF Social Care Grant funding stream.

Since Month 9 we been made aware of an additional £300k charge relating to passenger transport provision for LD clients, which is allocated to the LD pooled budget. This takes the total increase to £670k, which is split 50:50 resulting in a £335k Leeds City Council share. The £670k comprises £300k for impact of employers pay offer as outlined in the pay section above and £370k for the inflationary impact on fleet operating costs. The Leeds share will be covered by additional BCF income, and we will need to risk assess the impact for the 2023/24 budget.

COVID grant funding (£0.7m) relating to Clinically Extremely Vulnerable (CEV) has been carried forward, against which we are currently assuming associated expenditure.

**3.7.2 Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £16.545m. This represents an increase of £0.733m since the last reported position at Month 9. The main movements from Month 9 are:

- Care Leavers: Semi Independent Living £0.800m
- Additional UASC Income (£0.632m)
- Staffing costs £0.323m
- External Residential Placements £0.095m
- Other movements £0.147m

Overall, the main variations included within the Month 10 position are:

	<b>£m</b>
Care Leavers: Semi Independent Living	4.218
Care Leavers: Leaving Care Allowances	0.351
UASC Income	(1.235)
CLA: In House Carers	3.357
CLA: External Residential Placement	1.389
Independent Support Work	0.625
Little Owls Nurseries	1.623
Transport	3.637
IFA Placements	0.588
Secure Welfare	0.299

Projected Net Staff pressures	0.562
Contribution from Housing Support Fund	(1.000)
ICB Contribution	1.900
Non Essential Spend Savings	(0.336)
Reduced DSG expenditure	0.250
Other Variances	0.317
<b>Total</b>	<b>16.545</b>

### **Task And Finish Group**

A Task and Finish group has been established providing a joined up approach between Childrens and Families and other services to identify and progress mitigating action plans to reduce these pressures. A number of key actions have been identified and progress has been made against these as detailed within the narrative below.

The Month 10 position includes assumed savings of £0.768m which have been attributed to the actions identified and progressed within the Task and Finish group:

- CLA Leaving Care - £498k
- Transport - £200k
- Little Owls Nurseries - £70k

### **Care Leavers: Semi-Independent Living**

The budget for Semi-Independent Placements is £5.8m. Currently there are 288 placements, including 115 placements for 16 and 17 year olds, which is an increase from previous years. This increase has been driven by a number of factors including an increase in 16 year olds exiting foster care, a bulge cohort of CLA in 15-17 year olds including the majority of UASC, and a continued flow of young people being remanded to our care by the courts or released from custody. Within these groups there are some who have high support needs which result in higher average placement costs.

The Our Way Leeds (OWL) contract is now delivering the capacity of provision originally anticipated, following some early challenges. However, in terms of transitioning out of OWL there is significant competition for suitable council tenancies, as well as an oversaturated private rental market which is not easy to access for universal credit claimants.

A number of key actions have been identified within the Task and Finish Group and progress has been made against these challenges including:

- A review of young people ready to move out of OWL provision and into independent living within a short timescale has been undertaken, working closely to match these to suitable one-bed council tenancies.
- As a result of this work capacity across 83 OWL units has been created, or is in the pipeline of being created, resulting in:
  - 38 young people moved into OWL provision from external placements
  - 20 matches have been made, awaiting viewings and/or repair works
  - A further 25 units identified as vacant, or soon to be, with matching currently taking place

- Work continues to support moves both out of and into OWL, as well as designing/embedding a process to ensure continued flow, as and when young people are ready to move onto independent living.

The Semi-Independent position at Month 10 includes £498k of projected savings as a result of the task and finish actions highlighted above.

The Semi-Independent pressure has been mitigated by an additional £1,235k of projected income for unaccompanied asylum seekers (UASC)

### **CLA In House Carers**

The Month 10 position includes the impact of the uplift of the weekly fees and maintenance allowances paid to Leeds Foster Carers of £2.931m, which was backdated to April 2022. This pressure has been mitigated with a contribution of £1.000m from the Household Support Fund.

The overall placement numbers for (Fostering, Family Placement, Placed for Adoption) cohorts are slightly higher than the budgeted numbers leading to an additional pressure on fees and allowances. However, the main pressure is on Placement support with a number of home adaptations being approved for carers, resulting in a pressure of £426k within placement support.

### **External Residential Placements**

The External Residential budget for 2022/23 is £18.043m, supporting 74 External Residential placements. As of 22<sup>nd</sup> January, there were 79 placements - assuming these placements stay in their current provision (same weekly £ rate) to year-end and those turning 18 in-year fall out, an overspend of £1.389m is forecast.

### **Little Owls Nurseries**

The Little Owls nursery settings are projecting a net pressure of £1,623k, a projected income pressure of £2,140k offset by projected staff savings of £517k. Whilst the Little Owls nurseries did experience some recovery in 2021/22, 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 have increased by 5% from October 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. The Little Owls fee increase with effect from October should generate projected additional income of £70k in 2022/23 with a full year impact of £135k. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing.

### **Transport**

The overall transport budget is showing a projected overspend of £3.637m. This position includes additional charges of £412k from WYCA due to increased drivers pay and fuel costs, with a further £3.311m pressure due to increased charges from Passenger Transport within CEL as a result of increased pupil numbers and increased costs.

### **Independent Support Work**

There is a projected pressure of £625k against the Independent Support Work budget which reflects the projected costs of supporting the needs of one child. The complexity and level of support provided in this case are under review.

### **ICB Health Contribution**

The Month 10 position assumes that an additional budgeted health contribution of £1.9m will not be received. Childrens and Families are working with the ICB to consider alternative funding or budget savings. Working collectively in this way will produce a plan that is much better for vulnerable children and young people by supporting them earlier and reducing the need for out of area placements.

### **Budget Action Plans**

Of the £1.661m of budget action plans included within the base budget 2022/23 the Month 10 position assumes that £575k of the action plans will not be achieved as below:

- Diversifying Childrens Residential Provision £295k
- Passenger Transport £280k

### **Dedicated Schools Grants**

The approved DSG budget 2022/23 assumed that there would be a carry forward surplus of £0.119m as at the end of the year. The position at Month 10 projects an in year underspend of £2,351k and a surplus balance to carry forward into 2023/24 of £2,426k. The projected surplus equates to 0.5% of the total DSG funding 2022/23. This position will continue to be closely monitored throughout the remainder of 2022/23 with updated projections to be presented to Schools Forum and Executive Board.

The projected variance is split across the following DSG funding blocks:

- Schools Block (£267k) This is mainly due to a saving against the growth fund budget (£258k) and a small overspend of (£44k) on de-delegated services.
- High Needs Block (£1,884k) The underspend is largely due to high needs supplementary funding of £947k which, following discussions at Schools Forum, was retained as a high needs contingency fund. In addition, there is a projected underspend of £1,061k on services provided by Children & Families due to vacancies and difficult market conditions causing difficulties in recruiting to the sensory services and Invest to Save budget.
- Early Years Block (£198k)
- Central School Services Block (£2k)

**3.7.3 City Development** – at Month 10, City Development is forecasting a balanced position overall. Although inflationary pressures in respect of energy are shown centrally within Strategic accounts, the reported position for the directorate includes the impact of the local government pay award, estimated at £1.7m for pay (net of amounts that will be charged on to capital schemes and grants).

There are still some areas of risk within this position as described below but these continue to be mitigated through the implementation of action plans.

The restrictions on spending across the Council, including tighter vacancy controls and restrictions on non-essential spending are contributing towards delivering these action plans and achieving a balanced budget by the year end.

- **Active Leeds** – based on income received to date, including the recent review of fees and charges, a shortfall to budget of £0.45m is anticipated, primarily on swimming and membership income. The impact of the pay award is projected £0.7m for the service, although this is partially offset by anticipated staffing and running cost savings of £0.95m, giving an overall forecast year end overspend of £0.2m.
- **Arts & Heritage** – the service is projecting an overspend of £0.4m which includes the impact of the pay award (£0.3m), and income shortfalls in a number of areas including box office, cafes, room hire, Breeze pass, Pudsey Civic Hall car parking and admission charges at Kirkstall Abbey, offset by staffing vacancies and running cost savings.
- **Asset Management & Regeneration** – a small overspend of £0.05m is projected which reflects anticipated shortfalls in respect of the Strategic Investment Fund and Estate Rationalisation savings targets, offset by one-off sources of income such as income from restrictive covenants and other mitigating savings plans including a review of commercial rental income.
- **Planning & Sustainable Development** - high volumes of caseloads and applications mean it is necessary to recruit to all vacant posts which impacts on the service's ability to achieve its budgeted vacancy factor. A projected staffing overspend of £0.5m is therefore currently projected, which includes the impact of the pay award (£0.3m). However, additional planning fee and CIL administration income is forecast to the year end and an overall balanced position is anticipated for the service.
- **Highways and Transportation** – an overall projected overspend of £0.15m includes the net impact of the pay award after taking into account additional income from charge out rates; an anticipated increase in the cost of hired transport and fuel; contract savings in respect of Street Lighting; and savings from vacant posts offset by additional agency and partner costs required to assist with delivery of the work programs.
- **Markets and City Centre** – a shortfall of £0.7m in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets. Whilst this position represents a variance from budget, the budget is based upon a surplus position, therefore the service is currently forecasting a relatively small deficit. In addition, income shortfalls of £0.5m are projected within City Centre in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre. Although the services will continue to look for mitigating savings to offset the income shortfalls, there is limited scope within these service areas

- **Resources & Strategy** – staffing and running cost savings of £0.3m have been identified within Resources & Strategy to partially offset the pressures identified in other service areas. In addition, to further help mitigate pressures across the directorate, it is proposed to utilise £1.5m of commuted sum balances received from developers to meet the future maintenance cost of adopted Highways, leading to an overall underspend of £1.8m within Resources & Strategy.
- **Staffing** – within the overall reported position described above there is a projected staffing underspend of £0.6m across the directorate including the estimated net impact of the pay award.

### **Budget Action Plans**

The 2022/23 budget contained £3.2m of new savings plans and it is anticipated that most have been delivered or are on track to be delivered, with projected shortfalls in some areas reflected within the overall reported directorate position.

In addition, as referred to above, there are projected shortfalls on the existing Strategic Investment Fund and Estate Rationalisation budget savings plans. Although these are unlikely to be achieved within the current financial year as originally envisaged, mitigating savings have been identified to offset these pressures.

- 3.7.4 Communities, Housing & Environment** – At Month 10, the Directorate is forecasting a pressure of £0.76m compared to a balanced budget at Month 9. The main change from the previous month relates to a significant reduction in the level of recycling income being received from the Green Bin waste as market prices have fallen significantly.

The Directorate position reflects the net impact of the pay award offer, £3.2m, and fuel related pressures of £0.3m. These figures are contained within the service explanations below:

- **Car Parking (£0.2m saving)** - Staff costs are £0.2m below budget due to vacancies. Income continues a recovery trajectory; however, based on 9 months of data in 2022/23 the projection suggests that receipts are projected to fall £0.56m below the budget (compared to £2.7m in 2021/22 and £7.7m in 2020/21). As full provision for this has been made within corporate contingencies, a nil variance in income has been reported within the Directorate's budget. This forecast use of the contingency budget has reduced by £0.5m since Month 9, i.e., the income position continues to improve.
- **Environmental Services (£0.9m pressure)** - Staffing costs of £2.2m, mainly pay award and fuel costs of £0.3m.

Transport costs, excluding fuel are estimated at an additional £1.2m. A review of all vehicles on fleet and hire is underway.

Historically there is a net cost associated with the disposal of green bin

recyclable materials, however currently the Council is receiving a net income for this material. It is forecast that this could generate additional gain of £1.0m in 2022/23, although this is significantly lower than previous projections

Kerbside 'black bin' waste volumes are now reducing from the peak of lockdown period levels and are assumed to continue at the current level for the remainder of 2022/23, which would generate a saving a £1.7m on disposal costs.

A PFI rebate, other disposal costs and additional trade waste income totalling £1m are also forecast.

- **Parks (£0.3m pressure)** - Staff costs are projected to be £0.4m under, after the pay award. Fuel costs are £0.2m.

Cancellation of bonfires has saved £0.1m against the budget and £0.3m of prudential borrowing savings have been identified. Inflationary pressures associated with the events programme are also expected to be £0.1m in 2022/23.

Additional transport costs are now projected at £0.3m

Delays to construction of the new Parks attractions are expected to reduce net income by £0.2m in 2022/23 and bereavement services income is projected to fall £0.5m below budget.

- **Customer Access and Welfare (£0.3m saving)** - Staffing costs after pay award are £0.5m. £0.21m of income pressures are expected.

A £1.0m pressure on Housing Benefit Rent Allowances is anticipated where the Council cannot reclaim a 100% subsidy from the Government. However, £1.8m of additional New Burdens Funding, benefit overpayment income and other grant income is expected to cover all of these pressures.

£0.2m of net savings from reducing non-essential spend have been projected.

- **Registrars, Licencing and Environmental Health (£0.1m saving )** - Staff costs are £0.4m after pay award. Latest trend suggests £0.4m of additional income for 2022/23 from registrars and funding from the COVID recovery fund.
- **Other variations** – minor variations across the Directorate total less than £0.1m.

**3.7.5 Resources** - Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £3,662k at this reporting period. This is an increase from the previous month of £453k.

Within the Resources Directorate, Commercial Enterprise Leeds (CEL) has a savings target of £2.6m in the 2022/23 budget strategy. As well as this savings target, the service has also tried to manage an additional net pay award pressure of £2m requiring total savings of £4.6m to achieve a balanced position (this excludes other running cost inflationary pressures which the service has had to mitigate). The Month 10 position shows that the service is broadly on track to deliver the £2.6m budget savings, however it is reporting a net pressure of £1.3m arising mainly as a result of the service being unable to fully mitigate the £2m pay award pressure.

The overall increase of £453k for the Resources Directorate is due to:

- Procurement and Commercial Services, increase of £170k, due to reassessment of anticipated income from Adults and Health.
- Catering, improvement of £170k due to funding from Adults and Health
- Legal Services, increase in costs of £33k.
- Democratic Services, reduction in cost of £48k.
- Leeds Building Services, increase in costs of £60k.
- Corporate Property Management, reduction of £25k.
- Shared Services, increase in staffing costs of £40k.
- Fleet, increased costs of £240k due to increased external hire costs.
- School Crossing Patrol, improvement of £63k on staffing savings.
- Presto, £115k pressure, mostly due to reassessment of income projections.
- Facilities Management, increase in costs of £75k, due to New Market House running costs.

**This is summarised into the following areas across the Directorate's services:**

- **Procurement £477k** - A target of £4m Procurement savings across the authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, £2.3m had yet to be identified. Additional unbudgeted income from the Revolving Investment Fund is expected to mitigate some of this pressure and has therefore been included in the projection. In addition, the Procurement service has been successful in identify further savings of £0.25m across two large contracts. In year mitigations amounting to £1.6m have also been identified to reduce the savings target. The PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate. The inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.
- **Legal Services £237k** - Agency overspend of £182k, expenditure overspends of £19k and income pressures of £295k are being offset by staffing savings of £259k.
- **Democratic Services £31k** - Pay award pressure of £129k offset by savings of £50k.



- **Sustainable Energy and Air Quality -£211k** - Premises savings as a result of the decision in the Spring Statement to exempt District Heating networks from Business rates have resulted in a saving of £211k.
- **Shared Services £1,314k** - Staffing overspends of £2,062k, Salary Sacrifice pressure of £270k are being offset by supplies and services savings of £345k and additional income of £673k.
- **Integrated Digital Services £Balanced** - Staffing underspends of £102k including £1,094k Pay Award are assisting to offset overspends of £568k, the remaining overspend is being offset by increased income of £466k. The additional income includes £700k flexible use of Capital Receipts.
- **Strategy and Improvement £39k** - Staffing overspends of £137k, and other expenditure of £53k are being offset by £152k additional income.
- **Finance £283k** - Staffing overspends of £803k offset by additional Court Fee income of £304k, release of reserve £100k and other savings of £116k.
- **Human Resources £183k** - Staffing overspends of £1,120k and other expenditure overspends of £77k offset by use of reserves and government income to pay for interns and Kickstart posts of £1,014k.
- **Leeds Building Services (LBS) £550k** - Following an examination of the pipeline of work for LBS for the remainder of the year from client departments, the turnover position for 2022/23 is expected to be in the region of £68.75m, which is a reduction of £4m over this year's original identified turnover. This has a consequential impact on the LBS rate of recovery. In short, slippage, cancellations or delays in programmes of work in client departments impact the revenue position of LBS.

The reported position includes mitigations as a result of; staff savings, further improvement in sickness levels, use of contingency and anticipated overhead savings. Whilst sickness levels have improved considerably over the year, they have not yet reached the budgeted levels of reduction.

- **Corporate Property Management £0 Balanced** - The service is reporting a balanced position.
- **Catering £390k** - Staffing overspends of £63k, inflation increases on food and other costs of £18k and income shortfall of £479k, offset by additional income from Adults and Health of £170k in relation to in year inflationary pressures on the Meals and Home and Day centre provision.
- **Cleaning £131k** - Staffing overspends of £896k and equipment expenditure of £130k, are offset by £695k increases in income and £200k use of the Covid Recovery Fund.
- **Fleet £303k** - Staffing overspends of £63k and £240k overspends due to the impact of Vehicle Pool External Hire costs.

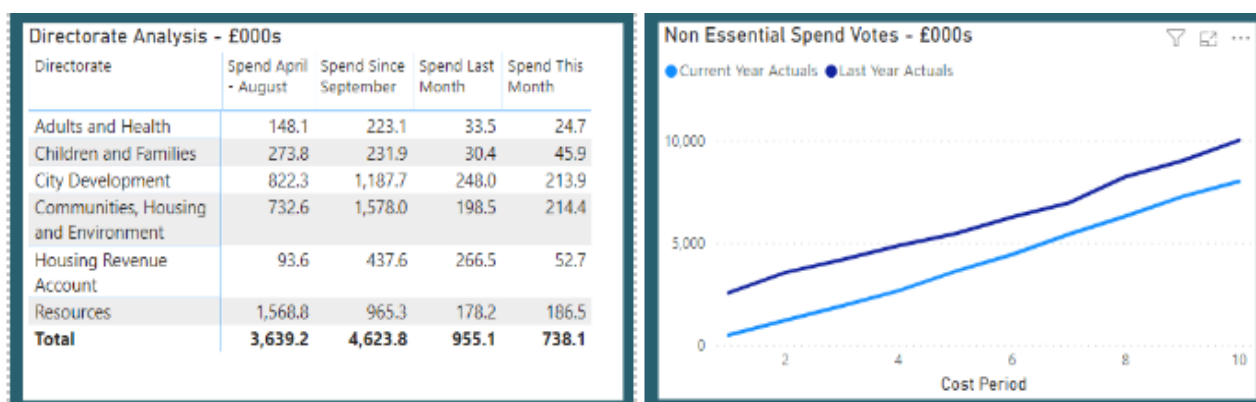
- **Presto £150k** - Staffing overspends of £70k and £80k shortfall in income.
- **School Crossing Patrol -£80k** - Staffing savings of £80k.
- **Security £29k** - Staffing overspends of £84k offset by income of £55k.
- **Facilities Management -£167k** - £50k of savings related to building running costs, and £300k procurement savings, are offsetting costs of £75k for New Market House along with a pay award pressure of £100k.

**3.7.6 Strategic & Central Accounts** - At Month 10, the Strategic & Central accounts projection is for an underspend of £7.2m. This position includes a forecast £0.4m pressure for increased energy costs across the council, which reflects recent reductions in projected energy prices. The position also includes recently announced grant income of £1.3m which is the Council's share of the national business rates levy account surplus for the year, and an additional one-off £1.7m use of earmarked reserves. Further to this, savings recognised include a projected underspend of £4.4m in the debt budget, reflecting slippage in the capital programme and a reduced forecast for MRP, an additional recharge of £0.5m to the public health budget for its pension costs, and £0.3m of minor underspends across the Miscellaneous and the Joint Committees budgets. However a potential £0.5m reduction in the level of S278 income has been recognised due to slippage in some projects.

### 3.8 Monitoring Non-essential Spend

**3.8.1** As referenced at paragraph 3.2, one of the agreed actions to address the overspend position in 2022/23 is a freeze on non-essential spend. A process to monitor a range of financial codes where spend on non-essential supplies and services is likely to occur has been established and Executive Board will be updated each month on the outcome of this monitoring. It is not expected that no spend will be incurred on these codes as a variety of supplies and services will be included and spend on similar items may be essential in one service but non-essential in another. Despite rising price inflation expenditure on these non-essential supplies and services remains below that of 2021/22.

**Table 2: Non-essential Spend Month 10 (January)**



**3.8.2** The table on the left shows the spend incurred between April and August 2022 and spend incurred after August 2022 following implementation of the freeze. At Month 10, spend in scope between April and August 2022 totalled £3.64m and spend

since September 2022 totalled £4.62m including £0.96m in December and £0.74m in January, a reduction of £0.22m (22.9%) on December's spend. Whilst this may reasonably reflect the profile of the different types of expenditure in scope it will need to be monitored and challenged where appropriate.

**3.8.3** The graph on the right compares 2021/22 and 2022/23 spend on these financial codes. At Month 10 2021/22 £10.043m of expenditure had been incurred, compared with £8.263m in the current year, a £1.78m or (17.7%) reduction in spend to date against these codes.

### **3.9 Budget Action Plans**

**3.9.1** The budget for 2022/23 requires the delivery of £16.5m of savings. Detailed budget action plans have been developed to identify how these savings will be achieved and progress against these action plans will be monitored and reported throughout the year. Further detail is provided at Appendix 3.

At Month 10 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or through mitigating actions identified by each Directorate, the exceptions being:

- Children & Families – £0.575m shortfall expected savings on Passenger Transport and Diversifying Childrens Residential Provision.
- Resources - £2.046m shortfall in the anticipated level of procurement savings within PACS.

**3.9.2** Although other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans totalling £2.877m, they have identified other mitigating measures to offset these shortfalls as discussed in section 3.7.

### **3.10 Inflationary Pressures**

**3.10.1** At the end of Month 10 (January) an overspend of £13.7m is projected against the Council's 2022/23 revenue budget. This reported position reflects the agreed national employers' pay offer and known inflationary rises and cost of living pressures.

**3.10.2 Pay Award** – The 2022/23 budget allows £9.5m for an assumed 2022/23 pay award incorporating a Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. The agreed pay offer for 2022/23 resulted in a pay increase of £1,925 to all employees. The additional cost associated with this was incorporated into the Council's reported financial position at Month 4. In September the Real Living Wage was announced at £10.90 per hour and this increased rate will be required to be incorporated into future Council's budgets.

**3.10.3 Energy** – In September, the then Chancellor of the Exchequer delivered the Growth Plan 2022 to the House of Commons and reiterated recent steps taken by Government to tackle high energy bills. The Government committed to a six month Energy Bill Relief Scheme for businesses and other non-domestic energy users, including charities and public sector organisations, providing them with a discount on energy prices. As Leeds City Council has forward purchased over 80% of its energy for winter, the majority of its energy has been purchased at prices that are

lower than the cap – although it should be noted that the prices secured are still significantly higher than we have ever paid before. However, the cap still provides the Council with protection against the extreme day ahead prices that we have seen for the balance of our energy and if these were to continue, the cap could save the Council up to £2m.

The 2022/23 budget allows for a 5% increase in energy costs for gas and electricity. In addition, the Council has set aside £3.9m of energy contingency funding. The reported position at Month 10 (January) assumes projected General Fund expenditure on energy of £20.6m against a budget of £14.36m. Applying energy contingency funding of £3.9m and further reserves of £2m reduces the projected General Fund overspend to £0.4m, which is reflected in the Strategic Directorate reported position. The reported position takes account of the Government's energy cap arrangements for 2022/23. Actions being taken to review energy usage across the Authority's estate may continue to reduce this projected overspend.

**3.10.4 Fuel** – The average UK pump prices for diesel and unleaded petrol saw increases of 14% and 1.7% respectively between January 2022 and January 2023. The 2022/23 budget did not allow for any increases in fuel prices. Any increase above the total 2022/23 budgeted amount of £7.7m will require an action plan to be developed for how this increase will be mitigated in year.

**3.10.5 Cost of Living Pressures** – Further to the inflationary pressures detailed here, there is likely to be a wider inflationary impact to the Council due to the impact of the increased cost of living on our residents and businesses. We would expect to see 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 as a consequence of rising inflation. The position will continue to be closely monitored.

### **3.11 Reserves**

**3.11.1** Following the closure of the 2021/22 accounts, the Council's general fund reserve stands at £33.2m. The 2022/23 budget assumes no contribution to this reserve during the current financial year.

**3.11.2** The 2022/23 budget includes use of reserves to support the Council's General Fund; this includes 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.

**3.11.3** A sum of £2m from this reserve is also being used to fund the backlog recovery of affected services following the COVID pandemic, including targeting the backlogs of work which have built up in some services.

**3.11.4** The closing balance on the Strategic Contingency Reserve for 2021/22 was £37.5m. The 2022/23 budget provided a further net contribution of £8.4m to this reserve, but also proposed use of (£15.0m) to support the General Fund position. In year contributions to this reserve of £2.1m in respect of additional New Homes Bonus receipts and £1.6m in respect of provisions no longer required by Adults and Health (see paragraph 3.7.1) have been added to this reserve. At Month 10, £2.0m

of this balance has been committed to fund backlog recovery from COVID, with £1.49m of projected expenditure in year and a further £0.8m has been committed to fund smaller projects, leaving a projected balance of £32.2m at 31st March 2023.

**3.11.5** In addition, a specific COVID Reserve was created in the 2021/22 Budget to be applied to any pressures arising which exceed the initial estimate of the COVID impact. A balance of £3.5m was carried forward into 2022/23 and is expected to be applied in full.

## **4. Other Financial Performance**

### **4.1 Council Tax**

The Council Tax in-year collection rate at the end of January 2023 was 87.9%. For comparison, in January 2022 the in-year collection rate was 87.82% and in January 2020, a 'normal' year, the in-year collection rate was 89.53%. Although improving compared to previous years, with the collection rate continuing to be below pre-pandemic years in this challenging economic environment it has been decided that, to be prudent, the target collection rate in the fullness of time should be reduced from 99% to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. This is included in the figures quoted below.

Leeds' share of the declared Council Tax deficit for 2021/22 (at 31<sup>st</sup> December 2021) has been incorporated into the 2022/23 budget. The declared deficit was £3.704m. This has been adjusted for the 3-year spreading legislated by Government in order that authorities can better manage deficits arising as a result of the economic impact of COVID-19. Consequently, the Leeds share of the deficit that is budgeted to be repaid in 2022/23 is £2.249m. This repayment is now a fixed amount and does not impact on the 2022/23 in year position.

The actual closing deficit on the 2021/22 Council Tax Collection Fund was £8.7m, including the Police and Fire Authority shares. In 2022/23 it is projected there will be an in-year deficit on Council Tax at declaration of £0.1m. The closing deficit will therefore be £8.8m. Included in the projected deficit is the final instalment of the declared unfunded deficit from 2020/21 which, including the Police and Fire Authorities' shares, will be £5.3m. This therefore means that an additional deficit of £3.5m will have to be funded by the Council, the Police and the Fire Authority in 2023/24, Leeds share of which will be £2.9m. In January 2023 the Council declared the 2022/23 additional deficit at £2.9m.

The collection rate for Council Tax remains an area of concern as Council Taxpayers continue to struggle with the cost of living crisis and collection will require continued close monitoring over the coming months and beyond the end of the financial year.

### **4.2 Business Rates**

The Business Rates collection rate at January 2023 is 87.62% which is 4.12% higher than in the same period in 2021/22 but 1.87% behind performance in 2019/20, the last 'normal' year. Collection rates will be closely monitored over the coming months. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £296.5m of business rates income.

The total rateable value of business properties in Leeds has decreased from £923.8m at the time of the 2022/23 budget to £921.8m as at 31<sup>st</sup> January 2023, a decrease of £2.0m. The 2022/23 budget includes an expected reduction in Rateable Value of £0.3m for the 2022/23 full year. It should be noted that some of the reductions identified are due to redevelopment work which would likely increase rateable values again once complete, and demolitions in advance of new development on the site. The size of the Business Rates tax base in Leeds continues to be monitored closely.

Leeds' share of the declared Business Rates deficit from 2021/22 (at 31<sup>st</sup> December 2021) has been incorporated into the 2022/23 budget. The total declared deficit on the Business Rates Collection Fund was £28.2m. 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 second of the three repayments of £12.2m will be paid in 2022/23 and is fixed and included in the £28.2m declared deficit.

Due to reassessing the level of the bad debt and appeals provisions, the actual closing deficit for 2021/22 is an improvement of £8.0m from the position declared and this improvement will be carried forward as a gain to the 2023/24 budget but will be required to offset future reduction in grant funding.

In 2022/23, an in-year deficit of £3.0m has arisen due to an increased demand for the extended Retail Relief introduced by the Government to assist the High Street in the wake of the pandemic and the backdated award of further COVID Additional Relief Fund (CARF) reliefs against 2021/22 income. These reliefs are fully funded, and this funding will be held in reserve to part meet the cost of the impact of the overall deficit to the 2023/24 General Fund.

Taking the £12.2m final repayment of the unfunded deficit from 2020/21, the £8.0m improvement from the end of 2021/22 and the £3.0m in-year deficit from 2022/23, the declared deficit for 2022/23 is projected to be £7.3m, which will impact the 2023/24 General Fund. Of this projected deficit, £8.0m is projected to be funded by grant received from Government for the extended Retail Relief and CARF relief. In January 2023, the Council declared a total declared deficit on the collection fund of £7.2m.

### **4.3 Business Rates Appeals**

The opening appeals provisions for 2022/23 are £24.2m, made up of £5.1m relating to appeals received against the 2010 ratings list and £19.1m 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.

On 31<sup>st</sup> January 2023, there were 79 appeals outstanding against the 2010 ratings list. In this financial year until 31<sup>st</sup> January, 39 appeals have been settled, 12 of which have resulted in changes to rateable values. No new appeals have been received in 2022/23. Currently, 1.91% of the city's total rateable value on the 2010 list is subject to at least one appeal.

Before the COVID-19 public health crisis, the introduction of the new Check Challenge Appeal system on 1<sup>st</sup> 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 eleven appeals have so far been submitted to the Valuation Tribunal, the final stage of the new process.

As at 31<sup>st</sup> January 2023, the Council is providing for a net of 388 Checks and Challenges against the 2017 ratings list. The 2017 ratings list ends on 31<sup>st</sup> March 2023 and this would end, in most cases, ratepayers right to appeal against their Rateable Value on that list. As such the number of Checks received by the Valuation Office Agency increased to 154 in January 2023 from an average of about 35 in previous months. This was expected and an allowance has been included in the forecast of the declared deficit. The level of appeals, and the losses incurred, will require close monitoring in the coming months.

In addition, the Authority has made provisions for specific issues such as the removal of ATMs located in shops from the 2017 list, expected reductions to hospitals, ambulance and fire stations and expected reductions to several GP surgeries.

#### **4.4 Impact of Covid 19 and cost of living on the Collection Fund in 2022/23 and beyond**

There is still some impact of COVID-19 on council tax and business rates income as recovery action is reintroduced and additional reliefs brought in to support businesses during the pandemic are phased out. Council Tax collection rates are showing the effects of the cost of living crisis and the level of voids is a current concern. The team have been working on ways to mitigate this by improving void levels (for example, through automation of some processes, going live in February 2023) and working through the backlog of recovery action. Recovery rates can be seen to be improving as a result. For Business Rates, the reductions in reliefs granted are impacting on collection rates. The pressures of the cost of living crisis have become more noticeable over the last couple of months and the long-term impact of this on collection rates and tax base will require continued close monitoring.

#### **5. Housing Revenue Account (HRA)**

- 5.1** At Month 10 the HRA is projecting a balanced position. Significant price pressures in the construction industry and energy markets along with the ongoing impact of the pandemic have resulted in financial pressures in 2022/23. Options to balance have been considered and included in the projections which mean that the HRA is projecting a balanced position
- 5.2 Dwellings Rent and service charges £2.89m** – there is a forecast reduction in rental income and service charges which is mainly due to the number of void properties being higher than budgeted because of the ongoing impact of COVID-19. There is a recovery plan in place to get the void rate back to pre-pandemic levels.
- 5.3 External Income £(0.8m)** – there is forecast additional telecoms, solar panel and RHI income.
- 5.4 Employees £0.3m (and related charges)** – there is a forecast underspend against the employee budget of £0.62m due to vacant posts in the service; the forecast

reflects the 2022/23 agreed employee pay award. However, the underspend is offset with a reduction in capitalised salaries of £1.0m.

- 5.5 Repairs to Dwellings £5.9m** – the budget is projected to be overspent due to the price pressures in the construction industry, although this will be fully funded from the Repairs / Major Repairs reserve.
- 5.6 Disrepair provision £2.6m** – the budget is projected to overspend due to the continuing trend of increasing case numbers and the average cost of the cases.
- 5.7 Premises £2.0m** – comprised of: £1.0m pressure on the energy budget due to the rising cost of gas and electricity, costs which have not been passed on to tenants in year; £0.3m dilapidations costs claims at Navigation House; a £0.4m pressure on the cleaning charge due to the pay award; and £0.3m pressure on council tax on voids.
- 5.8 Provision for doubtful debt £0.5m** – it is estimated that an additional amount will be added to the provision to cover potential increases in bad debt due to the cost-of-living crisis.
- 5.9 Contribution to the Capital Programme £(2.4m)** – a one off reduction in the revenue contribution to the capital programme is offset by utilising RtB balances to fund the investment programme.
- 5.10 Debt Costs £(1.7m)** – a projected in year saving of £1.7m following a review of the forecast spend levels within the Council House Growth Programme
- 5.11 Supplies and services and Internal services £(2.2m)** – projected to underspend after a line by line review of the budgets.



## Overall Summary Sheet

Month 10 (January 2023)

## Financial Dashboard 2022/23 Financial Year

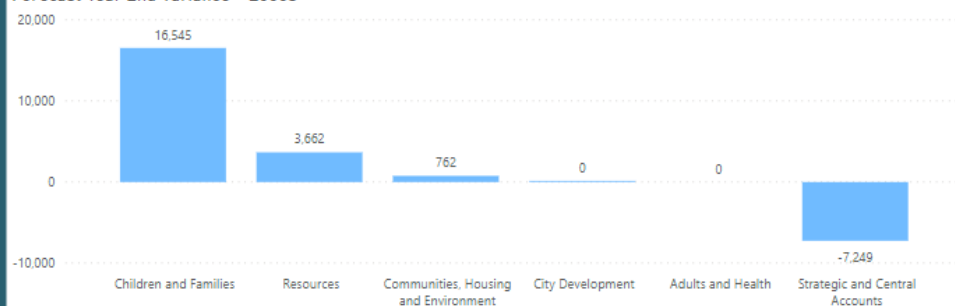


Budget Variation £000s

13,720

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	496,814	506,011	9,198
Premises	55,219	57,032	1,813
Supplies and Services	235,296	234,031	-1,264
Transport	47,993	51,558	3,566
Internal Charges	80,352	85,162	4,811
Third Party Payments	472,808	487,793	14,986
Transfer Payments	185,936	186,753	817
Capital	79,820	75,663	-4,157
Transfer to/from Reserves	-51,808	-44,768	7,039
Internal Income	-316,794	-319,650	-2,856
External Income	-763,691	-783,923	-20,232
<b>Total</b>	<b>521,943</b>	<b>535,663</b>	<b>13,720</b>

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	733
City Development	0
Communities, Housing and Environment	762
Resources	453
Strategic and Central Accounts	-1,582
<b>Total</b>	<b>366</b>

Financial Dashboard 2022/23 Financial Year

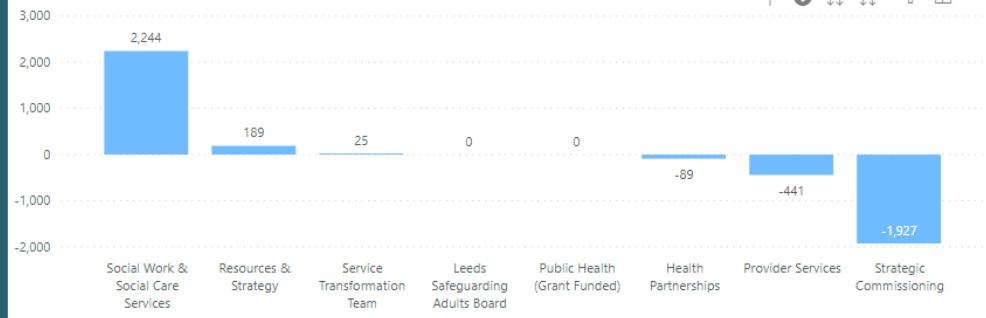


Budget Variation £000s

0

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	62,436	63,076	640
Premises	1,029	1,271	242
Supplies and Services	6,731	8,758	2,027
Transport	906	931	24
Internal Charges	12,578	14,669	2,091
Third Party Payments	302,680	307,706	5,026
Transfer Payments	11,395	10,874	-521
Capital		0	0
Transfer to/from Reserves	-12,378	-12,274	104
Internal Income	-5,277	-5,482	-204
External Income	-182,802	-192,231	-9,428
<b>Total</b>	<b>197,298</b>	<b>197,298</b>	<b>0</b>

Directorate	Change in Variance £000s
Adults and Health	0
<b>Total</b>	<b>0</b>

Financial Dashboard 2022/23 Financial Year

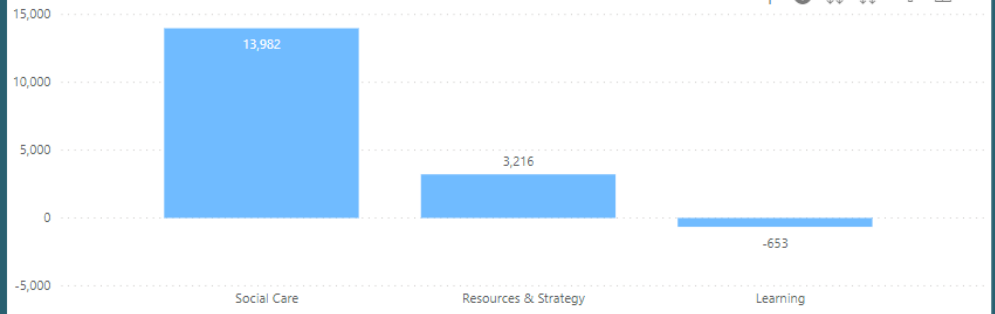


Budget Variation £000s

**16,545**

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,472	106,165	1,693
Premises	3,342	3,498	155
Supplies and Services	64,246	64,225	-21
Transport	10,767	11,775	1,008
Internal Charges	29,367	32,482	3,115
Third Party Payments	111,302	119,621	8,320
Transfer Payments	2,040	2,401	361
Transfer to/from Reserves	-266	-363	-96
Internal Income	-32,459	-32,172	287
External Income	-160,467	-158,744	1,723
<b>Total</b>	<b>132,342</b>	<b>148,887</b>	<b>16,545</b>

Directorate	Change in Variance £000s
Children and Families	733
<b>Total</b>	<b>733</b>

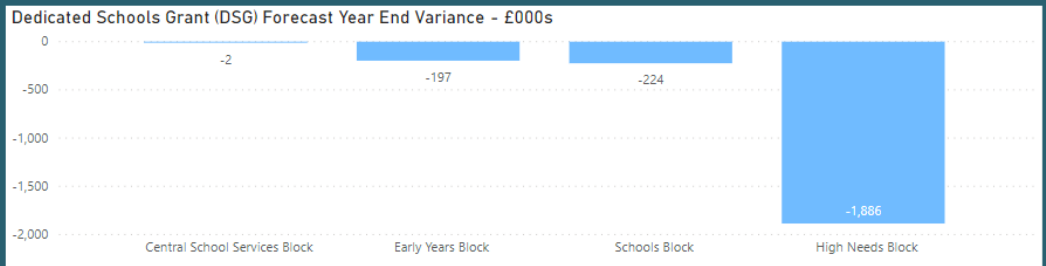
Financial Dashboard 2022/23 Financial Year



DSG Variation £000s

**-2,309**

Overspend (+) / Underspend (-)



Net Variations against the Approved Budget

DSG Block	Income Budget	Income Projection	Income Variance	Expenditure Budget	Expenditure Projection	Expenditure Variance	DSG Budget (LE)	DSG Projection	DSG Variance
Schools Block	-325,189	-323,757	1,432	325,189	323,533	-1,656	0	-224	-224
High Needs Block	-103,981	-104,032	-51	103,981	102,146	-1,835	0	-1,886	-1,886
Early Years Block	-58,187	-58,547	-360	58,187	58,350	162	0	-197	-197
Central School Services Block	-5,138	-5,138	0	5,138	5,137	-2	0	-2	-2
<b>Total</b>	<b>-492,496</b>	<b>-491,474</b>	<b>1,022</b>	<b>492,496</b>	<b>489,166</b>	<b>-3,330</b>	<b>0</b>	<b>-2,309</b>	<b>-2,309</b>

DSG Reserves

Reserve Type	Balance b/fwd	Net contribution to(-)/from (+) balances	Budgeted Deficit (+) / Surplus (-) c/fwd	Projected in year under(-)/over(+) spend	Planned use of reserves	Projected Deficit (+) / Surplus (-) c/fwd
General	979	229	1,208	-2,351	0	-1,372
De-delegated	-1,098	0	-1,098	44	0	-1,054
<b>Total</b>	<b>-119</b>	<b>229</b>	<b>110</b>	<b>-2,307</b>	<b>0</b>	<b>-2,426</b>

Financial Dashboard 2022/23 Financial Year

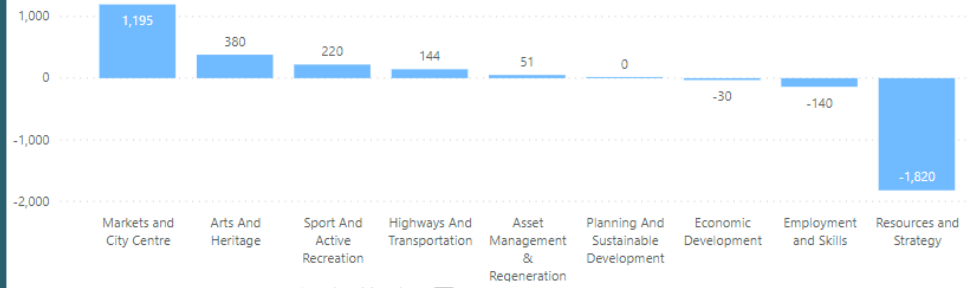


Budget Variation £000s

0

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	68,768	68,043	-725
Premises	25,661	26,423	763
Supplies and Services	44,359	44,857	499
Transport	5,897	6,834	936
Internal Charges	10,106	10,480	374
Third Party Payments	192	192	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,128	-3,048	80
Internal Income	-43,203	-44,798	-1,595
External Income	-76,611	-76,942	-331
<b>Total</b>	<b>32,041</b>	<b>32,041</b>	<b>0</b>

Directorate	Change in Variance £000s
City Development	0
<b>Total</b>	<b>0</b>

**Financial Dashboard 2022/23 Financial Year**

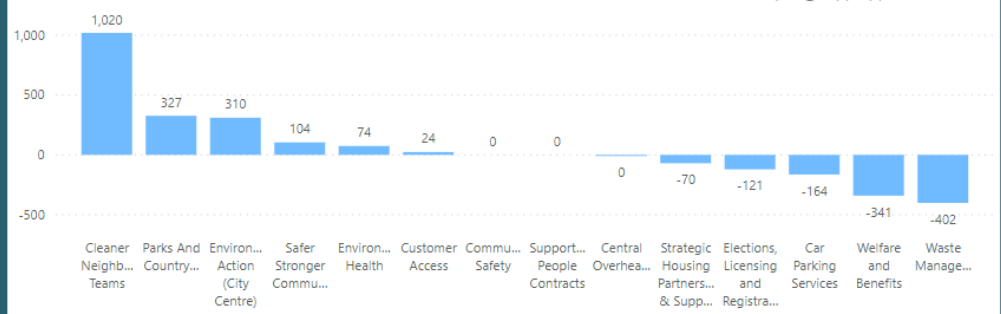


Budget Variation £000s

**762**

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	96,796	99,842	3,046
Premises	9,712	10,003	291
Supplies and Services	56,857	53,706	-3,151
Transport	10,134	11,495	1,361
Internal Charges	19,661	18,998	-663
Third Party Payments	21,515	23,208	1,693
Transfer Payments	171,513	172,472	959
Capital		0	0
Transfer to/from Reserves	-1,146	-1,738	-592
Internal Income	-39,126	-41,400	-2,274
External Income	-262,937	-262,846	91
<b>Total</b>	<b>82,978</b>	<b>83,739</b>	<b>762</b>

Directorate	Change in Variance £000s
Communities, Housing and Environment	762
<b>Total</b>	<b>762</b>

Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

0

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-216,541	-213,884	2,658	111
Non Dwelling Rents	-3,306	-3,229	78	0
Service Charges	-9,335	-9,049	286	0
Internal Income	-10,359	-9,425	934	26
Grants	-21,644	-21,580	64	-3
External Income	-1,598	-2,397	-799	218
<b>Total</b>	<b>-262,784</b>	<b>-259,563</b>	<b>3,221</b>	<b>351</b>

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Disrepair Provision	2,400	5,000	2,600	600
Repairs to Dwellings	46,795	52,635	5,840	-30
Employees	31,448	30,829	-619	-39
Premises	9,729	11,666	1,937	-259
Supplies and Services	3,744	3,630	-115	10
PFI Unitary Charge	10,953	11,772	819	0
Transport	298	318	20	0
Internal Services	45,230	42,989	-2,240	-172
BITMO Management Fee	3,235	3,235	0	0
Provision for Doubtful Debts	1,136	1,593	457	0
Capital Charges	45,942	44,235	-1,707	0
Contribution to Captial Programme	62,543	60,143	-2,400	0
<b>Total</b>	<b>263,453</b>	<b>268,045</b>	<b>4,593</b>	<b>109</b>

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	669	8,483	7,814	461
Appropriation: Sinking Funds	-412	-1,289	-877	0
Appropriation: Reserves	-257	-7,194	-6,937	-461
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial Dashboard 2022/23 Financial Year

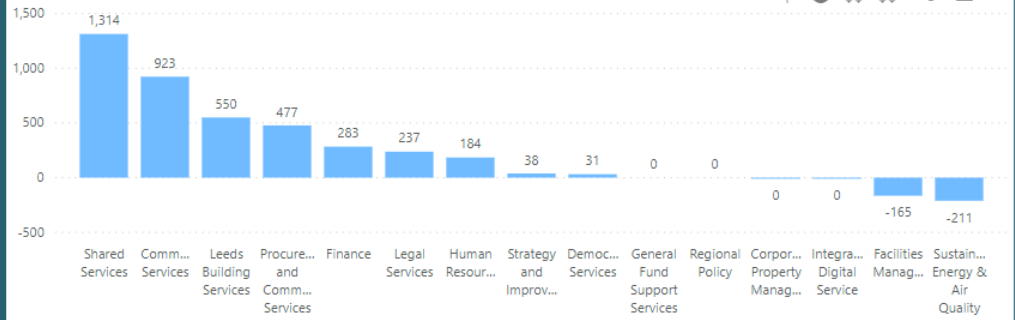


Budget Variation £000s

**3,662**

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,606	164,381	4,775
Premises	15,475	15,425	-51
Supplies and Services	54,558	53,591	-968
Transport	20,289	20,525	236
Internal Charges	4,355	4,331	-24
Third Party Payments	28	28	0
Transfer Payments	61	-31	-91
Capital		0	0
Transfer to/from Reserves	-90	-449	-359
Internal Income	-154,554	-152,341	2,213
External Income	-17,095	-19,165	-2,070
<b>Total</b>	<b>82,633</b>	<b>86,295</b>	<b>3,662</b>

Directorate	Change in Variance £000s
Resources	453
<b>Total</b>	<b>453</b>



Financial Dashboard 2022/23 Financial Year

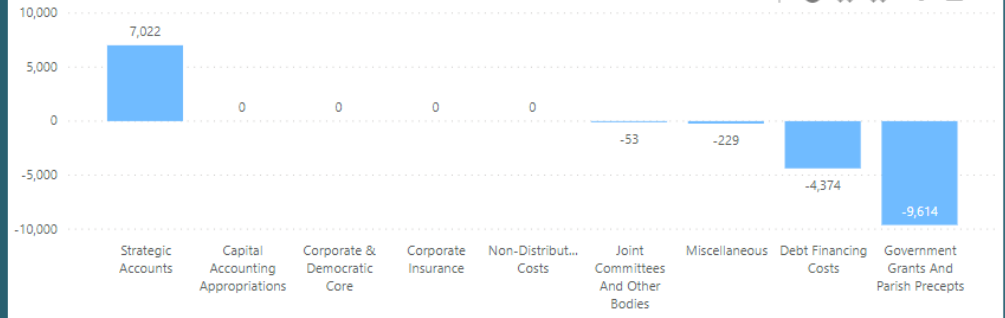


Budget Variation £000s

**-7,249**

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,736	4,504	-232
Premises		413	413
Supplies and Services	8,545	8,895	350
Internal Charges	4,285	4,202	-83
Third Party Payments	37,091	37,039	-53
Transfer Payments	928	1,038	110
Capital	79,820	75,663	-4,157
Transfer to/from Reserves	-34,800	-26,897	7,903
Internal Income	-42,174	-43,457	-1,283
External Income	-63,780	-73,996	-10,216
<b>Total</b>	<b>-5,349</b>	<b>-12,597</b>	<b>-7,249</b>

Directorate	Change in Variance £000s
Strategic and Central Accounts	-1,582
<b>Total</b>	<b>-1,582</b>

**2022/23 BUDGET ACTION PLANS**  
**January (Month 10)**

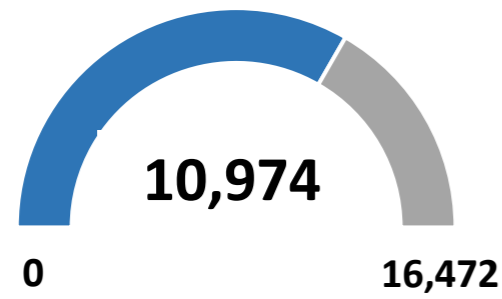
**LEEDS CITY COUNCIL - SUMMARY**

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	5,999	6,144	(145)
Some risk	2,418	1,201	1,217
High risk	4,736	310	4,426
Cancelled	0	0	0
<b>Total</b>	<b>16,472</b>	<b>10,974</b>	<b>5,498</b>

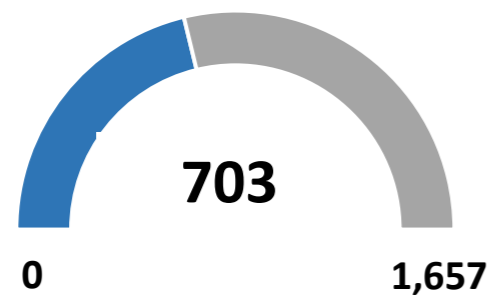
**LEEDS CITY COUNCIL - Other Savings Measures**

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	0	0	0
High risk	1,024	70	954
Cancelled	0	0	0
<b>Total</b>	<b>1,657</b>	<b>703</b>	<b>954</b>

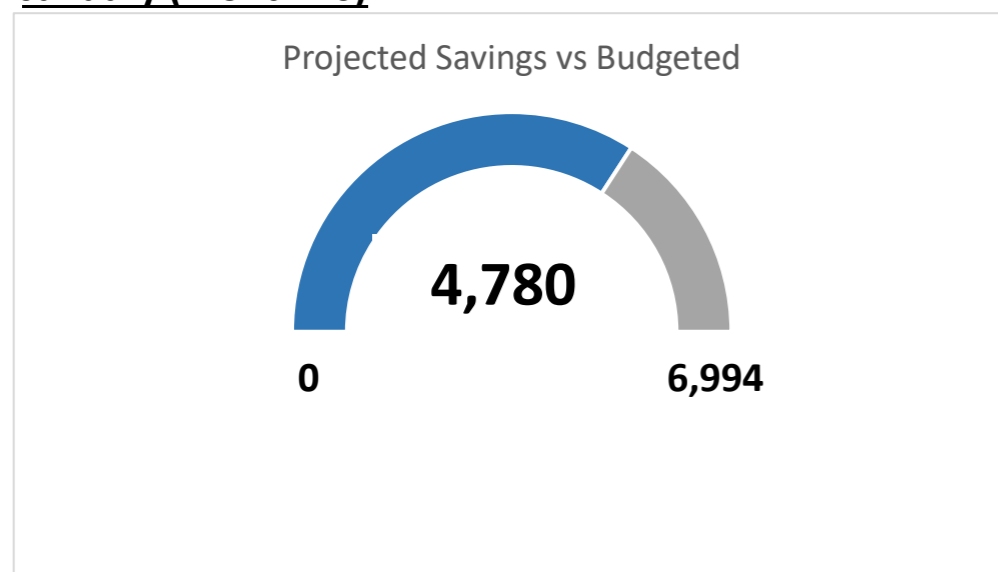
Projected Savings vs Budgeted



Projected Savings vs Budgeted



## January (Month 10)



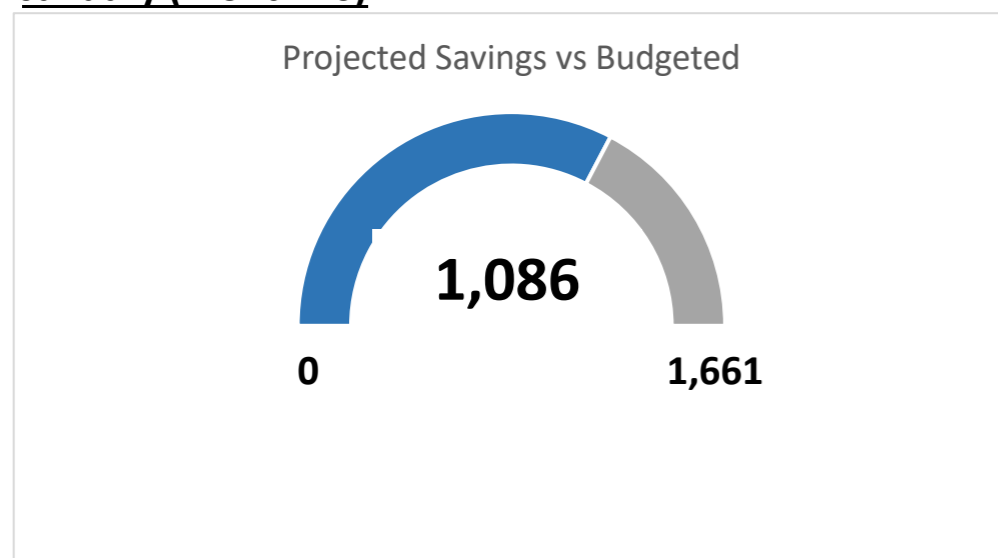
## ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	1,120	1,120	0
Some risk	1,365	341	1,024
High risk	1,190	0	1,190
Cancelled	0	0	0
<b>Total</b>	<b>6,994</b>	<b>4,780</b>	<b>2,214</b>

### Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected 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	190	0	190	Not expected to be achieved in 22/23
Budgeted savings	BAU	Improved collection of financially assessed client income	John Crowther	High risk	1,000	0	1,000	Additional income target linked to EB report re 2:1 and MAC charges. Phase 1 letters sent out to Clients end of May 2022. Actions are to take place in the second half of the year which should generate income and bring BAP on line. £0.5m of the £1m expected in 22/23 with full amount in 23/24.
Budgeted savings	SR	Strategic Review of Adult Social Work:	Shona McFarlane	Some risk	1,365	341	1,024	7-month slippage in the implementation of the social work review for the Front Line and Assessment Teams. Governance process now cleared and posts set up on the SAP system. Staff recruitment is ongoing which is affecting assessments. Depending upon recruitment times, savings may therefore decrease, beyond the shortfall already reported.

## January (Month 10)



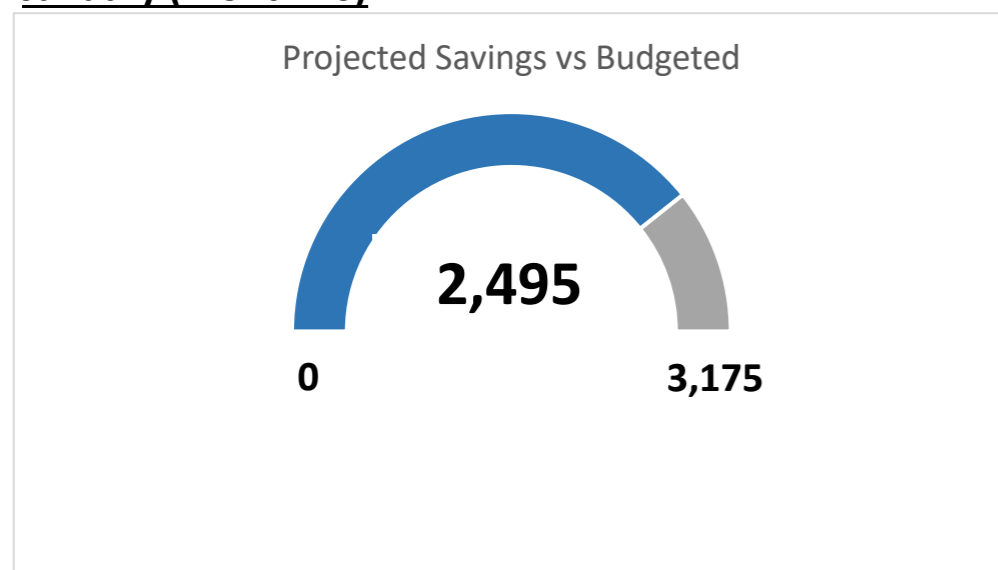
## CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,086	1,086	0
Some risk	0	0	0
High risk	575	0	575
Cancelled	0	0	0
<b>Total</b>	<b>1,661</b>	<b>1,086</b>	<b>575</b>

## Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	CF SR 22-24	Diversifying children's residential provision	Ruth Terry	High risk	295	0	295	Children and Families are currently reviewing the delivery plans and identifying actions required to deliver savings.
Budgeted savings	CF BAU 22-24	Passenger Transport	Tim Pouncey	High risk	200	0	200	The actions associated with this saving have been completed. However demand and inflation have exceeded original expectations, leading to an overall overspend on the transport budget. Actions to mitigate the overspend are detailed in the report.
Budgeted savings	CF BAU 22-24	Passenger transport-continuation from 21/22	Tim Pouncey	High risk	80	0	80	The actions associated with this saving have been completed. However demand and inflation have exceeded original expectations, leading to an overall overspend on the transport budget. Actions to mitigate the overspend are detailed in the report.

## January (Month 10)

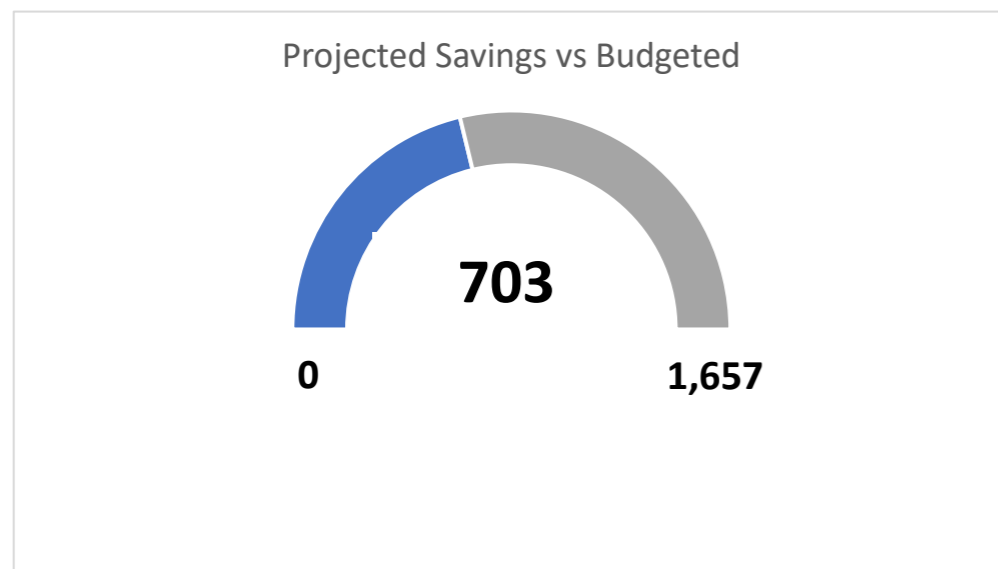


## CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	2,220	2,220	0
Some risk	280	215	65
High risk	675	60	615
Cancelled	0	0	0
<b>Total</b>	<b>3,175</b>	<b>2,495</b>	<b>680</b>

## CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	0	0	0
High risk	1,024	70	954
Cancelled	0	0	0
<b>Total</b>	<b>1,657</b>	<b>703</b>	<b>954</b>

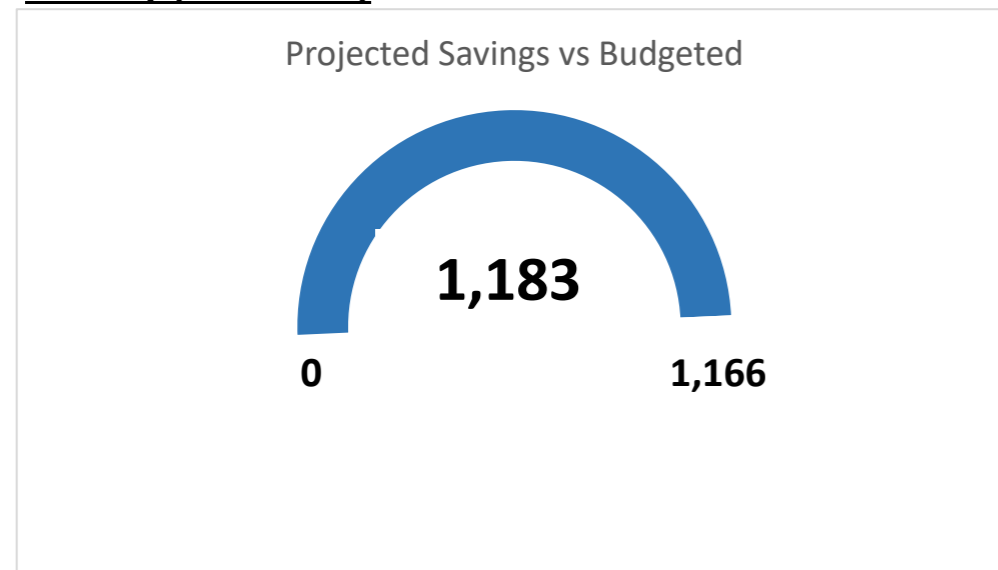


## Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Active Leeds - Increase in swimming tuition income	Phil Evans	Some risk	150	150	0	Some risks regarding capacity but no shortfall currently anticipated
Budgeted savings	BAU	Active Leeds - Health & Wellbeing offer	Phil Evans	Some risk	50	20	30	Shortfall mitigated by Other Income across Service
Budgeted savings	BAU	Arts, Events, Venues - ticketing solution	Eve Roodhouse	Some risk	80	45	35	Risks regarding achievement of required turnover but alternative savings identified to partially offset

Budgeted savings	BAU	Highways and transportation - Major Schemes Framework	Gary Bartlett	High risk	200	0	200	
Budgeted savings	BAU	Highways and transportation - deliver S38 agreement process for other WY Authorities	Gary Bartlett	High risk	40	0	40	delay in implementing the service.
Budgeted savings	BAU	Asset Management - Estate rationalisation	Angela Barnicle	High risk	275	0	275	Unlikely to be achieved in 22/23, options being explored re use of building
Budgeted savings	SR	Leeds Museums & Galleries Invest to Save: Kirkstall Abbey Admissions (Non-Leeds Residents)	Eve Roodhouse	High risk	160	60	100	Admission income currently below anticipated level
Other savings measures	0	Estate Rationalisation	Angela Barnicle	High risk	360	70	290	Plan to identify mitigating savings to be developed
Other savings measures	0	Strategic Investment Fund	Angela Barnicle	High risk	664	0	664	Plan to identify mitigating savings to be developed

## January (Month 10)



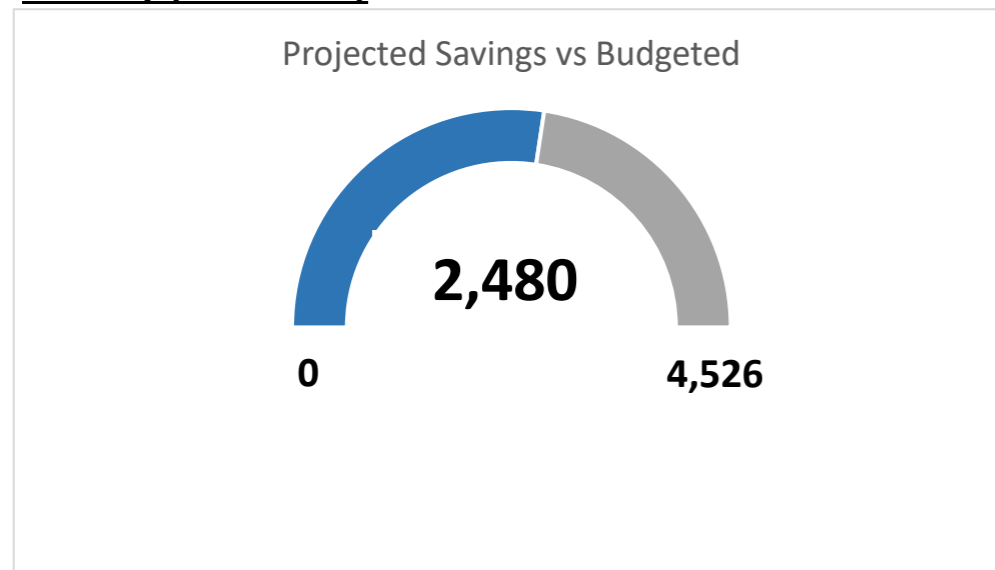
## COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	778	923	(145)
Some risk	388	260	128
High risk	0	0	0
Cancelled	0	0	0
<b>Total</b>	<b>1,166</b>	<b>1,183</b>	<b>(17)</b>

### Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Support for In Bloom	Sean Flesher	Some risk	31	10	21	Delayed implementation. Revised timescales to be confirmed.
Budgeted savings	BAU	Increase bereavement services fees and charges by 3%	Sean Flesher	Some risk	210	197	13	£12k Arium on track for floor expansion. Delay in Playbarn opening. Latest timescale for Playbarn is Feb 23.
Budgeted savings	BAU	Parks attractions income	Sean Flesher	Some risk	78	18	60	Planning permission delayed.
Budgeted savings	BAU	Income - traded services & partner income-continuation from 21/22	Sean Flesher	Some risk	41	30	11	Delays in camera infrastructure meaning 2 staff remaining in post. Saving anticipated in 23/24.

## January (Month 10)



## RESOURCES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,845	1,845	0
Some risk	385	385	0
High risk	2,296	250	2,046
Cancelled	0	0	0
<b>Total</b>	<b>4,526</b>	<b>2,480</b>	<b>2,046</b>

## Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	BSC Shared Cost AVC	Mariana Pexton	Some risk	130	130	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Electrical Goods Salary Sacrifice.	Mariana Pexton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Shared Cost Additional Voluntary Contributions (AVC).	Mariana Pexton	Some risk	55	55	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Lease Car Salary Sacrifice.	Mariana Pexton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	SR	Procurement - 2022/23 allocations (23/24 + to follow)	Victoria Bradshaw	High risk	2296	250	2046	Whilst there may be some mitigating areas of additional unbudgeted income from the Revolving Investment Fund and the Social Value Fund, and the PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate, the inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.



