Leeds CITY COUNCIL

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Financial Reporting 2023/24 Month 7 (October)

Date: 13th December 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 update the Executive Board of the financial position at the end of the first seven 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. It 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. As at the end of October 2023, we are forecasting a General Fund overspend of £35.3m or 6.2% of the 2023/24 approved net revenue budget, an adverse movement from the previous month's £30.5m overspend reported to this Board in November. 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.
3. The budget for 2023/24 requires delivery of £58.6m of savings and as at October it is anticipated that most of these budgeted savings will be delivered or mitigating actions found. However, an £11.3m shortfall has been identified, primarily due to the significant pressures within Children's social care. This shortfall is included within the £35.3m overspend being reported today, with further details provided in the appended directorate positions.
4. The overspend needs 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 significantly higher costs resulting from increasing numbers of children in care, 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.
5. 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.

6. 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.
7. Any adverse variation to a balanced budget position at the year-end will require further savings to be identified for 2024/25. In addition, any Collection Fund income shortfall arising this year will impact on next year's revenue budget.
8. With regard to the council's Housing Revenue Account (HRA), an overspend of £1.3m (0.5% of the approved gross HRA expenditure budget) is forecast. Further work is required to balance this position.

Recommendations

Executive Board is asked to:

a) Note that at Month 7 (October) the authority's General Fund revenue budget is forecasting an overspend of £35.3m for 2023/24 (6.2% of the approved net revenue budget) within a challenging national context, and that a range of actions are being undertaken to address this position. However, reserves will have to be used to mitigate any forecast overspend at the year end.

b) Note that at Month 7 (October) the authority's Housing Revenue Account is forecasting an overspend of £1.3m for 2023/24 (0.5%) of the approved gross expenditure budget.

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 7 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 the end of Month 7 (October) 2023.

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 October directorates are reporting an overspend of £35.3m (6.2% of the approved 2023/24 net budget), an adverse movement against the Month 6 position (£30.5m, 5.3% of the net budget) and the HRA is forecasting an overspend of £1.3m. As noted in the summary at the start of this report, this reflects a national picture whereby local government finances are in a critical state.

5 Directorate positions are summarised in Table 1:

Table 1: Summary position Month 7 (October), financial year 2023/24

		(Under) / Over spend for the current period				
Directorate	**Director**	**Staffing**	**Total Expenditure**	**Income**	**Total (under) /overspend**	**Previous Reported Position**
		£000	**£000**	**£000**	**£000**	**£000**
Adults & Health	Caroline Baria	(621)	14,593	(14,593)	0	0
Children and Families	Julie Longworth	2,932	37,166	(4,470)	32,696	27,848
City Development	Martin Farrington	(1,009)	(917)	273	(643)	(155)
Communities, Housing & Environment	James Rogers	1,873	16,976	(12,428)	4,547	3,861
Strategy & Resources	Mariana Pexton	6,164	464	3,662	4,126	4,129
Strategic	Victoria Bradshaw	(62)	(5,102)	(300)	(5,402)	(5,184)
Total Current Month		**9,278**	**63,180**	**(27,855)**	**35,324**	**30,499**
Previous reported (under)/over spend		**6,956**	**53,898**	**(23,399)**	**30,499**	

6 This position reflects the forecast 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 throughout the year, as will any further increases 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 here, 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. The directorate positions reported reflect the impact of an initial review of areas of non-essential spend and further work is expected in this area. Following Executive Board's approval in September through the previous Financial Health report, 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.

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 further in-year savings to contribute towards reducing the current projected overspend will be incorporated into future Financial Health reports. These will include income generation, additional non-essential spend savings and savings resulting from reviews of key areas of expenditure which will both reduce activity levels and rationalise service provision.

11 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?

12 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

13 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.

14 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

15 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?

16 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?

17 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. It should be noted that a balanced budget position for 2024/25 is being presented to the Board in the 'Proposed Budget for 2024/25 and Provisional Budgets for 2025/26 and 2026/27' report elsewhere on today's agenda.

18 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?

19 The council has a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

20 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.

21 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.

22 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.

23 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?

24 Not applicable

How will success be measured?

25 Not applicable.

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

26 Work is ongoing to address the financial challenges outlined in this report and to identify savings to reduce the level of projected overspend. Further updates will be provided in future Financial Health Monitoring reports to this Board.

27 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

28 The following appendices are attached to this report:

- **Appendix A** – **Financial Health Monitoring 2023/24 – Month 7 (October):** 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

29 None

Appendix A

Financial Health Monitoring 2023/24 – Month 7 (October)

1. Directorate Positions at Month 7 (October)

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 Month 7 (October), financial year 2023/24

Directorate	Director	Staffing	Total Expenditure	Income	Total (under) /overspend	Previous Reported Position
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1.2 Adults & Health

Adult Social Care 2023/24 Budget

<u>Budget Overview</u>

At October Adult Social Care is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023/24 is £198.8m, comprised of £428.9m Gross Expenditure offset by £230.1m income. Reflected in the 2023/24 budget are Budget Action Plans totalling £16.19m of which £4.1m are still to be delivered; an improvement of £1.0m from Month 6. Significant risks remain to deliver this position and are outlined in Table 2, particularly around the demand budgets for Adult Social Care.

Table 2: Adults & Health 2023-24 Month 7 financial risks potentially impacting on delivery of a balanced budget:

	£'000s	£'000s
Demand:-		
Month 7 reflects rolling 12 month average for OP Residential settings. Should the trend follow 2022-23 then further demand pressure.		2,100.0
Actions plans around demand led pressures still to be delivered in FMS ***(Relevant BAP owner committed to these actions)***		
Mid Price Range Review LD	500.0	
Individualisation of Block Contracts WAA	250.0	
Direct Payment Supported Bank Account	50.0	
Homecare Performance Management	1,500.0	
CHC Eligibility	150.0	
Social Work review (Front Door & Reassessment)	990.0	
Newton Europe Part year saving	500.0	
Develop a Direct Payment Plan	200.0	
Total Demand Budget Actions Plans to deliver		4,140.0
Other		
Passenger Transport costs. Month 5 has a shortfall on the advised pressure from CEL of £1.238m (£7.303m -v- £6.065m budget):-		223.0
Further CEL pressures (Catering, Fleet and Cleaning). Based on previous outturns		150.0
Total Risks		**6,613.0**

Social Care Grants

Included in the Adult Social Care budget for 2023/24 is additional social care grant funding of £27.6m, as detailed in the Month 4 Financial Health report. On 28th July the DHSC announced £5.04m of new in-year grant funding titled, 'Market Sustainability and Improvement Fund – Workforce Fund Grant Determination (2023 to 24)'. Subject to confirmation later, LCC are in line for further funding for 2024/25 of £2.83m. This funding comes with tight restrictions around use of the grant, with it being targeted specifically at three target areas: -

- Increase fee rates for providers in local areas.
- Increase 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 October the directorate is projecting to utilise an additional £6.6m, comprising £2.6m Newton Europe Home First programme, £2m Community Health & Wellbeing Service pilot and £0.8m Leeds Older People's Forum for delivery of the Enhance programme, with all three programmes funded by Health, and £1.2m for investment in additional social work capacity. This brings the total use of reserves to £11.1m.

Budget Action Plans

At October there are concerns around the delivery of five Budget Action Plans with a forecast impact of £0.74m, comprising of £0.29m relating to the strategic review for Social Work due to slippage in recruiting staff, £0.12m relating to slippage in the budget action plan for the refurbishment of the 3 LCC run residential homes and their delayed refurbishment and £0.33m slippage in the delivery of commissioning savings. These are offset by two action plans which are over-recovering: £0.5m homecare commissioning programme and £0.24m additional income from the roll out of 'billing engine' and the recovery of client income contributions.

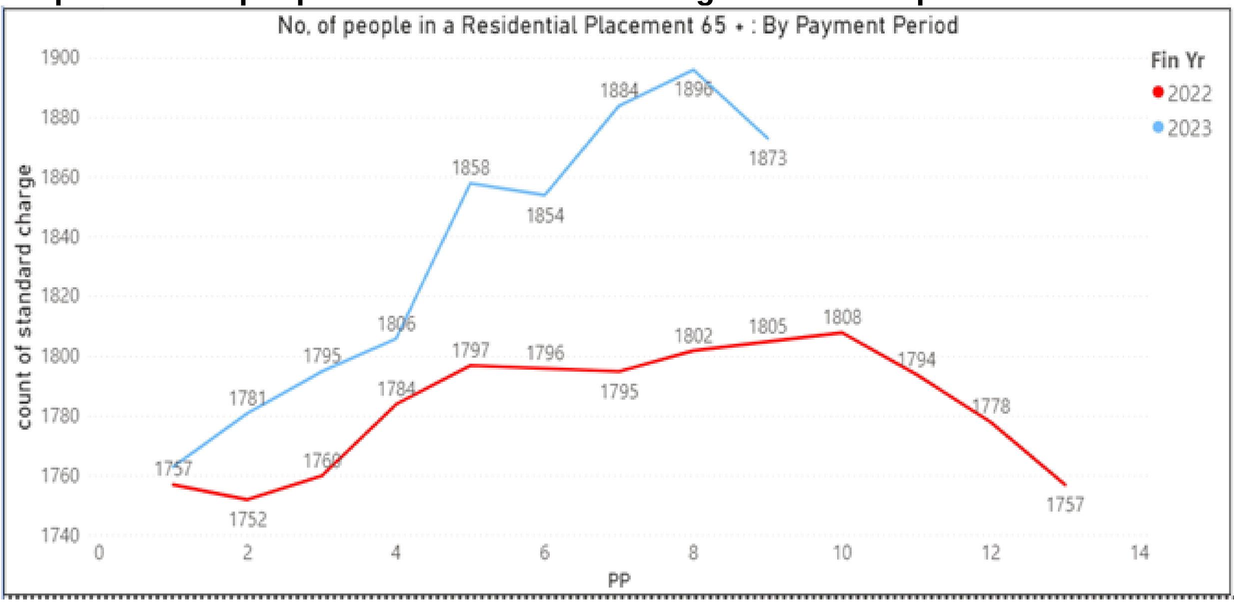
Demand Budgets

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 October projection is a pressure of £9.4m, a split of £2.6m Learning Disability and £6.8m Older People and Working Age Adults Physical Impairment. This projection assumes delivery of £4.14m of the action plans without which the position will be worse off than outlined above. This is an adverse movement of £1.4m from the Month 6 position, principally in residential settings shown below:

- +£2.1m (+£0.4m from Month 6) Working Age Adults and Learning Disability
- +£10.8m (+£1.2m from Month 6) Residential and Nursing settings.
- -£2.1m (-0.1m from Month 6) Homecare.
- -£1.4m (-£0.1m from Month 6) for Direct Payments and Individualised Care.

This pressure will be covered by staff savings and additional income. It should be noted that the projection for older people residential & nursing settings is based on a rolling twelve-month average. Should trend be in line with 2022/23 then there would be a further in-year pressure of +£2.1m. This will not come through in the data until Month 8 / 9 reporting. See the graph below noting the current high numbers.

Graph 1: No. of people in a Residential/Nursing Placement 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.
- the impact of the Newton Europe Home First programme on demand budgets for both residential and homecare to be quantified.
- increasing numbers and winter pressures in the health system.

The drop in numbers in the last payment run is due to a specific piece of work reviewing Provisional Home Care Individual Service Agreements, PCHISA, claimants, where 97 clients were assessed, with some of the cohort classed as self-funders, thus no longer the financial responsibility of the Council.

Income
At October we are projecting: -

- Additional government grant income £4.4m; utilising £2.9m of the £5.04m Market Sustainability Improvement Fund grant mentioned above.
- Additional Health income £3.2m (of which £5.2m for Newton Europe programme mentioned in 'Other' below).
- Additional Income from Service Users £2.6m; £1.1m additional residential & nursing income (excluded from table below), £1.9m additional community-based income, £0.7m additional Mental Health income, £0.8m shortfall Telecare (offset by staff savings) and £0.3m shortfall Learning Disability income.

Table 3: Income Recovery Highlight Report Month 7 (October)

Income Recovery Board (finance) - highlight report

Financial position reported : period 7 2023-24

Description	Previous Year Total	Budget 2023-24	Actual YTD	Projection (period 7 2023-24)	Variance to Budget + pressure/- Saving	Assumption (remaining periods)	Projection (period 5 2023-24)	Movement in projection from previous period
Community Based Income (excluding LD & Telecare)	(11,059,067)	(14,540,000)	(7,003,537)	(10,184,515)	4,355,485	Based on latest period + increase in recovery in 2023-24 based on uplift in rates (FNC)	(11,769,850)	1,585,335
Community Based Income - Billing Engine (Older People & WAA PI)			(1,769,034)	(6,218,200)	(6,218,200)	Action Plan value excluded from projection - overall reported position for community based income to budget.	(4,090,910)	(2,127,290)
Telecare	(577,742)	(2,291,000)	(1,357,911)	(1,486,000)	805,000	Income pressure matched to staffing savings reported. Actual income reduced in latest month due to credit notes	(1,986,000)	500,000
Mental Health	(347,197)	(298,000)	(401,925)	(979,440)	(681,440)	Based on latest periods data.	(929,904)	(49,536)
LD	(8,267,970)	(10,482,000)	(4,792,420)	(10,214,013)	267,987	Based on latest periods data.	(10,258,806)	44,793
Total	**(20,251,976)**	**(27,611,000)**	**(15,324,827)**	**(29,082,168)**	**(1,471,168)**	0	**(29,035,470)**	**(46,698)**

Pay
The impact of the 2023/24 pay award is a pressure of £1.1m over and above the 4% pay award built into the 2023-24 pay budget. This will be covered by additional social grant that was not reflected in the 2023-24 Adult Social Care budget.

Adult Social Care at October is projecting pay savings of £0.6m. Leeds City Council employee pay savings (-£6.2m) principally around social worker recruitment & retention reflecting the national position and pay savings in Provider Services. This is offset by additional use of Agency staff (+£5.0m) and Overtime (+£0.6m). Some of the pressures in Agency are covered by income from Health and DHSC grant funding for specific programmes of short-term intervention programmes.

Other staffing issues are around retention payments for Social Workers (£1,220k) to be funded from the DHSC MSIF Workforce Development grant.

Other
Additional CEL charges of £1.3m have been reflected in the October projection – of which £1.0m is for passenger transport, £0.2m for catering charges and £0.1m vehicle hire. Not reflected in this position are £0.2m of October Passenger Transport charges as advised by colleagues within Civic Enterprise Leeds. We are working with CEL to develop action plan to mitigate this over the remainder of the financial year.

The Newton Europe, Home First programme commences in 2023/24. The cost of this programme is £7.8m, £2.6m from Leeds City Council (funded from reserves above) and £5.2m from Health. Within the October projection we are assuming £0.5m of savings from this programme. Significant future savings will be built into the Medium Term 2024-25 to 2029-30 programme.

Leeds City Council is the regional host for the Yorkshire & Humber International Recruitment fund. The grant awarded and received is £1.38m. The majority of funding allocated across the Yorkshire & Humber region is on a relative needs basis and the Leeds allocation is £0.14m.

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.66m; this is an increase of £1.54m from 2022/23 (3.3%). After taking account of the Office for National Statistics population increase for Leeds, the actual percentage increase per head of population for Leeds is 3.1%. This is the first year of an announced two-year grant funding allocation for Public Health. For 2024/25 the Public Health funding increases by 1.3% to £49.31m, which will be a challenge in the current inflationary environment. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At October 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 for 2022/23 and is due to receive £4.45m for 2023/24 £4.445m 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.

On 5th October 2023 the Government announced additional investment of £70m per annum to support local authority-led stop smoking services (SSS), covering financial years 2024/25 to 2028/29 (five-years). Leeds City Council will receive additional funding of £985k per annum for the 5-year programme. As part of the conditions existing public health funds earmarked for SSS must continue as well, taking the annual investment up to £1,395k per annum.

1.3 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £32.696m. This represents an increase of £5.478m from the position reported at Month 6. The main movements since Month 6 are summarised below:

- CLA External Residential Placements £1.69m
- CLA IFAs £0.33m
- Transport £2.100m
- Additional staffing costs Learning £0.43m
- Non delivery of additional 23/24 savings £0.650m
- Other net movements £0.278m

Overall, the main variations included within the October position are:

	£m
CLA: External Residential Placements	17.190
CLA: Semi Independent / Leaving Care	4.480
CLA: In House Placements	2.048

IFA Placements	3.180
Little Owls Nurseries	1.075
Secure Welfare	0.420
Transport	3.544
Projected Net Staff savings	(1.513)
Cost of additional pay award	1.225
Mitigation of pay award	(1.225)
Social Worker Retention Payment (allowance)	0.881
Learning Inclusion	1.205
Reprofiling of School Balances	(0.500)
Non-Essential Spend Savings	(0.500)
Non-Delivery of Action Plans	0.719
Other Variances	0.467
Total	**32.696**

As such the October position reflects a continuing increase in the General Fund forecast, now standing at an overall overspend of £32.696m.

The reported position for October includes 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 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. In addition, additional work is underway 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.

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 £17.190m. External Residential placements have increased from 95 at the start of the year to 138 at October. The October position includes a further contribution from DSG of £0.821m to reflect the increased external residential placements and a further £3.238m of 23/24 savings proposals. The projection also assumes 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 253 placements, including 113 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 £7.1m against this budget. This pressure has been partly mitigated with projected additional UASC income £2.0m and 23/24 saving proposals of £0.468m.

IFA Placements:
The number of Independent Fostering Agency placements have increased from 209 to 221 since the beginning of 2023/24. The October projection assumes that £2m 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 £1.075m, a projected income pressure of £1.992m offset by projected staff savings of £0.917m. 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 £3.544m 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 £6,260; 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 3,051 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 15%, compared to the 6% increase 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, representing an unfunded pressure of £471k 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 £1.204m. This pressure includes the Education Psychologist Team £0.526m and SENSAP £0.707m. The Education Psychologists Team has had increased

demands on the statutory service and recruitment difficulties and 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.

Pay Award:
The projected differential between the 4% pay award assumed in the budget and the proposed NJC pay award of £1,925k equates to £1,225k. This pressure will be mitigated from an additional contribution of £1,225k from the Social Care Grant.

Social Care Worker Retention Payment:
The latest estimated cost of the proposed social worker retention payments equates to £0.881m. It should be noted that this October forecast includes this as an allowance as currently no formal decision has been taken on the payment.

Foster Carer Fee Uplift:
The proposed cost of the Foster Carer fee uplift for 2023/24 is £1.833m, based on a fee uplift of 5% fee uplift and 7% allowance uplift. It should be noted that this October forecast includes this as an allowance as currently no formal decision has been taken on the uplift.

Additional Savings Proposals 2023/24:
The October position assumes that the savings proposals as summarised below for 2023/24 will be delivered. The additional savings originally put forward equated to £5.249m of which £0.650m will now not be delivered, £0.200m EHCP review and staffing reductions £0.450m.

<table>
<tr><th></th><th></th><th>£000s</th></tr>
<tr><td rowspan="3">Social Care costs</td><td>Placements - numbers/costs</td><td>(2,118)</td></tr>
<tr><td>Financial support - S17 etc.</td><td>(67)</td></tr>
<tr><td>Emergency accommodation</td><td>(50)</td></tr>
<tr><td>Other costs</td><td>Restrict budgets: Non-essential spend/transport/misc property budget</td><td>(570)</td></tr>
<tr><td>Other costs Staffing/service changes</td><td>Partnership contributions</td><td>(16)</td></tr>
<tr><td rowspan="3">Staffing/service changes Funding</td><td>Restructure (Workforce Development)</td><td>(45)</td></tr>
<tr><td>Service rationalisation (Little Owls)</td><td>(100)</td></tr>
<tr><td>Placements - ICB funding</td><td>(1,588)</td></tr>
<tr><td rowspan="2">Funding Total</td><td>DSG funding for posts</td><td>(95)</td></tr>
<tr><td></td><td>(4,649)</td></tr>
</table>

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m. The October position assumes that £11.792m 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 October position.

- Review of Placement Commissioning £2.715m: only £1.285m of the £4m action plan savings is currently expected to be delivered, however work continues on this workstream
- Turning the Curve £3m
- Review of Childrens Centres £0.350m
- Review of Contracts £0.369m
- Efficiencies across the directorate £1.556m
- Transport Efficiencies £0.323m

Dedicated Schools Grants

The approved DSG budget for 2023/24 assumed a balanced in year budget. The position at October projects an in-year pressure of £0.924m. This projected pressure is within the high needs block and equates to 0.18% 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 October pressure of £0.924m, DSG reserves at the end of 2023/24 are projected to be a surplus of £6.569m. This comprises £6.136m for general DSG and £0.433m contingency for de-delegated contributions.

1.4 **City Development** – the financial position for City Development at October is a projected underspend of £0.64m. This position includes the estimated additional cost of the recently agreed 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 some areas of risk within individual service areas as described below but it is anticipated that these will largely be mitigated through the development of action plans to achieve the reported position at the year end.

The main variations forecast at this stage of the year are:

- **Active Leeds** – the service is projecting an underspend of £1.2m which reflects the cost of the additional pay award of £0.48m offset by vacancies and expected running cost savings of £1.6m. In addition, although income receivable is subject to a degree of variability, current projections assume that it will £0.08m above the budget.

- **Arts & Heritage** – the forecast underspend of £0.87m reflects the estimated additional cost of the pay award of £0.27m, as well as projected income shortfalls mainly in respect of Breeze card charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts (£0.1m), and running cost savings of £1.3m, mainly in respect of refunds received as a result of Business Rates appeals at Heritage sites.
- **Asset Management & Regeneration** – a shortfall to budget of £0.24m 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 staffing savings of £0.3m and other one-off sources of income of £0.7m such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.4m reflects final balances in respect of programmes which have now concluded, vacant posts and further 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 in the DLO and additional fleet costs across the service. However, further savings of £900k in respect of the capitalisation of Highways minor works 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 £0.7m for the Markets service mainly reflects an estimated shortfall of £0.6m in respect of Markets income which reflects vacant units mainly within the Kirkgate and Outdoor markets. In addition, income shortfalls of £0.24m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre, partially offset by additional income anticipated from the Christmas market.
- **Planning & Sustainable Development –** the forecast position is an overspend of £1.3m which reflects staffing pressures of £0.47m 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 there is a significant risk that the budgeted level of planning fee income will not be achieved due to a reduction in planning applications. The current forecast assumes shortfall of planning fee income of £1m. Although this is partially offset by other sources of income of £0.15m, there are indications that this position could deteriorate further before the year end if current trends continue.
- **Resources and Strategy –** the forecast underspend of £0.63m relates to further 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 and £0.1m of anticipated savings from the implementation of tighter vacancy release controls

across the directorate in addition to those already reported in individual service areas.

- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £1m reflecting vacant posts offset by the additional cost of the pay award.

Budget Action Plans

The 2023/24 budget contained £10.9m of new savings plans. At this stage of the year, it is anticipated that most have been delivered or are on track to be delivered. There remains a risk around the achievement of the £250k savings assumption relating to the national planning fee increase which will take effect from December and 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 need 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 will be identified where possible to offset these pressures.

1.5 **Communities, Housing & Environment -** At October, an overspend of £4.547m has been projected for the directorate. This is an £0.7m higher than the position reported at Month 6, primarily due to transport recharges coming in above the budgeted level.

The projected overspend at October includes the anticipated additional cost of the local government pay award which is currently estimated at £3.8m which 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 (+£2.5m) alongside other inflation and demand led service pressures.

The staffing projections are primarily based on maintaining existing staffing levels with exceptions around the filling of grant funded/income generating posts. Actions over holding posts vacant, reducing non-essential spend (and other line by line savings), additional use of reserves and maximisation of income have been projected to deliver savings of £8.8m and are embedded within the projections for each service area.

The main variations anticipated are:

- **Waste Management +£4.6m –** The service is facing a significant number of pressures, most of which only become known after the 2023/24 budget was approved.

  New guidance has been received that the Environment Agency (EA) will regulate the disposal of upholstered furniture that contain POPs. These materials are now required to be separated and disposed of in accordance with the new EA regulations, resulting in significantly higher disposal costs. 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 +£2.2m a temporary sorting solution has been identified.

In late June 2023 the Government announced an intention to remove the ability of Councils to charge for the disposal of inert waste (typically soil and rubble) at Household Waste Recycling Centres, possibly in the winter of this year – although as yet no date has been confirmed. The in-year pressure is projected to be a minimum of £0.1m, with a greater full year effect in 2024/25.

Net income from Green Bin waste is now forecast to be £1.3m lower because the ongoing market price of recycled materials has dropped. Residual and trade waste demand led pressures are expected to be £0.6m for the year based on activity levels during the first four months of the year. An NNDR pressure of £0.1m is anticipated relating to the PFI contract. The impact of the pay award and pressures on staffing is forecast at £1.6m and transport pressures of £0.7m are also anticipated.

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.

- **Cleaner Neighbourhoods Teams & City Centre +£1.8m.** The variation reflects the impact of the pay award at £0.5m, although there are significant pressures on overtime and achievement of vacancy factor targets within the service. Transport pressures of £0.6m have been identified.

- **Welfare and Benefits +£2.3m.** 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 £4.0m, with assumed one off recovery of benefit overpayment income of £1.3m. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has already delivered £0.25m of the budgeted action plan saving of £0.6m at Quarter 1, with a full year effect of this action being £0.39m. £0.3m of non-essential spend and income maximisation savings are assumed; along with £0.3m from use of the Homelessness reserve to cover Temporary Accommodation subsidy shortfalls.

- **Climate, Energy and Greenspaces +£0.2m.** 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 +£0.4m, transport pressures of £0.2m and Parks operations income maximisation savings of -£0.3m. Within the figures above, the impact of the pay award is £0.7m, but this can be offset with charges to capital and management of vacancies within the service.

- **Elections, Licensing and Registration and Environmental Health +£0.2m –** Only minor variations are expected across these services. Operational spend savings and additional registrars income are offsetting the impact of the pay award.

- **Car Parking Services -£0.3m.** Income has continued on a recovery trajectory since COVID lockdowns, and at October the projected receipts are now £0.4m better than budgeted. Staffing costs are £0.1m under after pay award and £0.2m of non-pay award related staffing pressures have been identified.

- **Safer Stronger Communities -£1.1m –** Staffing pressures +£0.2m are projected. However, has been fully offset by a combination of additional grant and balances and passporting the pay award on to the HRA/grants.

- **Statutory Housing Services -£1.2m** Staffing savings are projected to cover the cost of the pay award and deliver an overall underspend on employees of £0.5m. It is expected an additional (£0.7m) can be delivered by maximising charges of existing staffing into new grant income, charges to capital and by maximising collection from other income streams.

- **Customer Access -£1.4m** – Review of non-essential spend and grant income maximation are projected to deliver net savings of £1.7m in 2023/24. NNDR 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 and holding posts vacant.

- **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.

Budget Action Plans
£6.6m of budget action plans are being monitored each month with an overall positive variance against the plans reported at October 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 £4,126k at October. This is summarised into the following areas across the Directorate's services:

Finance £50k

A staffing overspend of £713k (including £208k to reflect the additional unbudgeted pay pressure based on the current offer), is being offset by (£487k) of additional income from the maximisation of grant funding. A £378k increase resulting from a shortfall in Court Fee income primarily due to the cancellation of a court hearing and slight reduction in Business Rate Allowances is offset against (£366k) following a review of chargeable costs to Core Business Transformation, (£125k) of COVID recovery funding and (£63k) savings from across operational budgets.

Integrated Digital Services (£1,352k)

(£147k) 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) 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 (£205k) underspend.

Procurement £66k

Staffing overspends of £66k to reflect the additional unbudgeted pay pressure based on the agreed pay award.

Legal Services £49k

By not recruiting to posts, a staffing underspend of (£273k) is now forecast. An agency locum pressure of £207k, and other additional pressures of £206k are partly offset by additional reimbursement income from a legal case of (£91k).

Democratic Services £40k

Staffing overspends of £53k, including £37k to reflect the additional unbudgeted pay pressure based on the pay award, are being offset by expenditure savings of (£13k).

Shared Services £1,492k

Staffing overspends of £2,556k including the agreed pay award, and income pressures of £180k on electronic goods salary sacrifice scheme, are being offset by income mitigations of (£573k), additional funding of (£250k) and other expenditure savings of (£421k).

Strategy and Improvement (£40k)

A review of staffing has led to a forecast underspend of (£81k), including the pay award pressure. A pressure of £150k of budgeted savings on communications and marketing are being offset by (£109k) savings on expenditure and additional income.

Human Resources £45k

The staffing overspend of £651k includes the provision for pay award. £239k expenditure pressures are being offset by additional funding from Adults and Health for HR support of (£81k), income mitigations of (£367k) and use of reserves of (£397k).

Leeds Building Services (LBS) £1,375k

The pressure reflects the current understanding of the level of work likely to be commissioned by clients (£75.4m) relative to the £80.9m required turnover and the consequent impact on the rate of return.

£147k of the pressure is attributable to a review of the accruals position from the previous two years. Enhanced reporting, developed as a result of the LBS improvement review, has established an additional pressure. This 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 budget will impact to the LBS business plan.

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

Corporate Property Management £512k

The £512k projection reflects pressures from construction inflation, an increased volume of repairs due to a backlog of jobs during COVID-19, a reduced budget and staffing overspends to reflect the additional unbudgeted pay pressure based on the pay award. The service will continue to seek to mitigate the pressure where possible.

School Crossing Patrol (£50k)

Staffing savings of £50k.

Catering £522k

The additional unbudgeted pay pressure based on the agreed pay award results in a projected staffing overspend of £810k, also an increase in food costs of £46k, which the service is partially mitigating through additional income of (£334k).

Cleaning £223k

The additional unbudgeted pay pressure based on the pay award results in a projected staffing overspend of £173k, and an increase in transport charges of £50k. This is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.

Fleet £650k

The Fleet position reflects the ongoing 2022/23 pressure of an aging fleet consequently, increased 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

The additional unbudgeted pay pressure based on the pay award results in a projected staffing overspend of £70k.

Presto £240k

Staffing overspends of £20k reflect the additional unbudgeted pay pressure based on the pay award as well as a £120k income pressure on the Meals at Home service; the service is seeing a reduction in demand following an increase during COVID-19. There is a £100k income pressure on the Civic Flavour service.

Facilities Management £234k

Staffing overspends of £74k reflect the additional unbudgeted pay pressure based on the pay award, £75k pressure for additional security, increase of £50k for Static Guard costs and £50k pressure for front of house staffing costs, offset by (£15k) saving due to a reduction in drivers.

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 October the projection for the Strategic and Central Accounts is an underspend of (£5.4m). This position is primarily due to a projected (£5.1m) savings to reflect corporate actions identified where the incidence across directorates has not yet been determined.

The Strategic and Central Accounts position also includes a projection that the debt budget will underspend by (£0.5m). 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 short term borrowing will be obtainable at an average of 5.25% during the year. However, although some recent data on inflation has been encouraging and the Bank of England chose not to raise interest rates at its last two meetings, there does remain a risk that interest rates could peak at a higher rate than this, which could further increase the Council’s borrowing costs.

A pressure of £0.3m has been recognised 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. This pressure has been partly offset by the recognition of £0.2m of residual COVID-19 sales, fees and charges compensation grant income, which had previously been uncertain but is now expected to be received during the current year. However, a potential shortfall of £0.1m in S278 income has 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 October 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 £11.3m has been identified and is reflected in the reported directorate positions except where noted, including:

- Children & Families - £11.8m shortfall on the budgeted level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £2.715m: Turning the Curve £3m; review of Children's Centres £0.350m; review of Contracts £0.369m, Transport £0.323m and efficiencies across the directorate £1.556m. 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 £11.8m shortfall reported, will be funded corporately and so does not appear in the projected October 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.

As discussed above, 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.

2. Inflationary Pressures

2.1 At the end of October an overspend of £35.3m is projected against the Council's 2023/24 revenue budget.

2.2 **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.

2.3 **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 £3.2m 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.

2.4 **Fuel** – The average UK pump prices for diesel and unleaded petrol saw decreases of (14.8%) and (7.2%) respectively between October 2022 and October 2023. 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 throughout the year.

2.5 **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.

3.4 At its meeting of 12th October 2023, the West Yorkshire Combined Authority (WYCA) confirmed a one off refund of transport levy reserves to member authorities aimed at reducing the financial pressures faced in the region, with Leeds to receive £17.7m. As agreed at the October meeting of this Board, this will be added to the Strategic Contingency Reserve. Whilst this would bring the total projected balance on this reserve to £17.7m, these funds are likely to applied to balance the 2023/24 budget position.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of October 2023 was 61.17%. Whilst this is a slight decrease from the October 2022 in-year collection rate of 61.76% it should be noted that this 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.

The current collection rate is still lower than the October 2019 in-year collection rate of 63.29%, 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 and are to be repaid by the Council, the Fire Authority and the Police in 2023/24.

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 £6.602m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.298m. Leeds share of this projected closing deficit would be £1.930m, with the remainder being paid by the Fire Authority and the Police.

New charges in addition to the original billing at the start of the year have been lower than assumed in projections. If this trend is repeated throughout the year it will be the most significant underlying cause generating the projected deficit. However, this projected position only reflects six months of data and close monitoring of the growth in council tax liabilities in the city will be required in the coming months.

4.2 Business Rates

The Business Rates collection rate at the end of October 2023 is 65.01% which is significantly higher than the October 2022 in-year collection rate of 61.76% but slightly lower than the October 2019 in-year collection rate of 65.07% 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 £949.68m as at 29th October 2023, a fall of £4.76m. Around £1.6m 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 increase. 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 £1.41m is projected, driven mainly by recent reductions to Rateable Value on the 2017 ratings list, which have resulted in backdated repayments to ratepayers that have exceeded the provisions held for those appeals, although this is partially offset by an improvement in bad debt provisions due to improved collection rates and a reduced demand for Empty Rate Relief compared to the years immediately after the pandemic. 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 £5.39m, which will have to be repaid to the collection fund by the Council in 2024/25.

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.

On 31st October 2023, there were 10 appeals outstanding against the 2010 ratings list and 48 appeals relating to 2010 have been settled in this financial year. No new appeals have been received in 2023/24.

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 thirteen 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 October 2023, the Council is providing for a net of 545 Checks and Challenges against the 2017 ratings list. The position will be monitored closely over the coming months to ensure that the Councils provisions for the 2017 list remain adequate. There are also 246 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 in the coming months.

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 October the HRA is projecting a pressure of £1.259m or 0.5% of gross budget.

As a result of significant pressures on the repairs budget a virement was input at Month 3 to reduce the capital investment programme in 2023/24 to fund these pressures.

At this stage the HRA is not able to produce a balanced budget. The position on repairs and capital budgets is being closely monitored and an action plan will be worked up to bring the budget into balance should this position remain.

5.2 The key projected variations are:

- Dwellings Rent £782k– a forecast reduction in rental income due to the number of void properties being higher than budgeted and an increase in the projected number of Right to Buy sales compared with the budget.

- Service Charges (£103k) – an additional £103k mainly reflecting the impact of Gascoigne House.

- Employees Net £19k - there is a forecast underspend against the employee budget of (£1,111k) due to vacant posts, this position includes a projection for the pay award. However, this underspend on employee costs is offset with a reduction in capitalised salaries of £942k and a £188k pressure regarding internal services for recharged staff in the Council House Growth Programme.

- Repairs to Dwellings £717k - reflects the forecast pressure on the repairs budget.

- Premises (£144k) – reflects the projected costs of utilities following recent reductions in energy costs.

- Internal Services (£88k) – This pressure reflects the impact of the pay award of £1925 per FTE on charges from internal LCC services and savings on the discretionary housing payments.

- Contribution to the capital programme £157k – the current forecast level of overprogramming on the capital programme 2023/24.

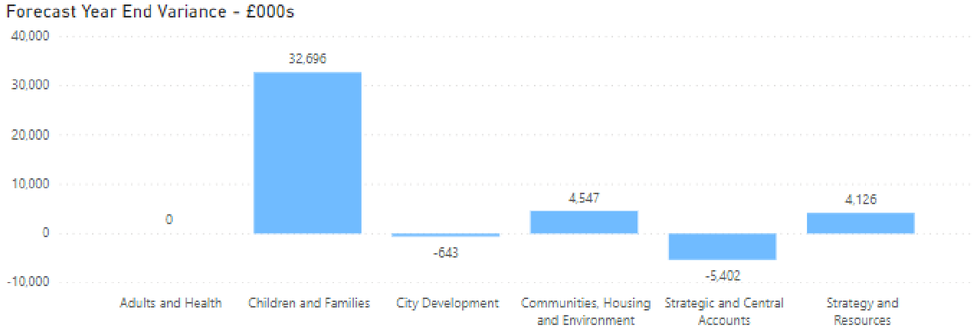
Overall Summary Sheet **Month 7 (October 2023)**

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

35,324

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	537,154	545,988	8,835
Premises	65,436	65,518	81
Supplies and Services	260,302	263,355	3,053
Transport	54,029	58,663	4,633
Internal Charges	92,093	96,287	4,194
Third Party Payments	499,737	545,080	45,343
Transfer Payments	181,573	188,605	7,031
Capital	91,351	91,757	406
Transfer to/from Reserves	-22,813	-33,210	-10,397
Internal Income	-340,414	-341,035	-622
External Income	-845,091	-872,325	-27,233
Total	**573,358**	**608,682**	**35,324**

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	4,848
City Development	-488
Communities, Housing and Environment	686
Strategic and Central Accounts	-218
Strategy and Resources	-4
Total	**4,825**

Directorate: Adults and Health   Month 7 (October 2023)

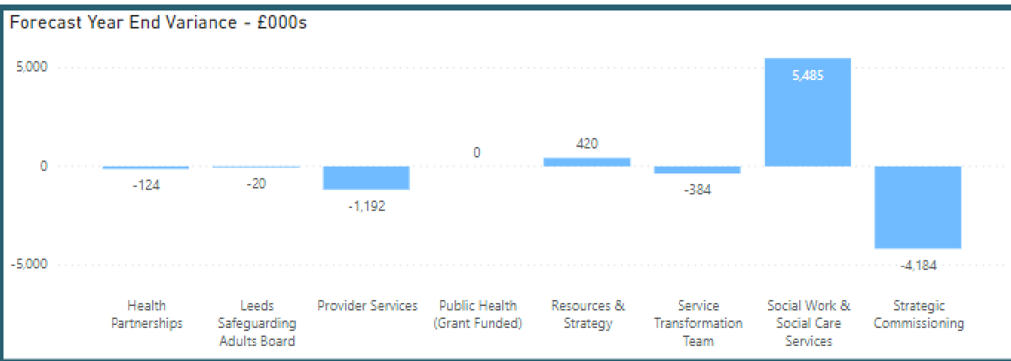
Financial Dashboard 2023/24 Financial Year

Leeds CITY COUNCIL

Budget Variation £000s

0

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	70,508	69,887	-621
Premises	1,381	1,290	-91
Supplies and Services	7,524	15,193	7,668
Transport	1,011	867	-144
Internal Charges	14,404	15,599	1,194
Third Party Payments	325,165	339,747	14,582
Transfer Payments	13,488	12,041	-1,447
Transfer to/from Reserves	-4,521	-11,069	-6,548
Internal Income	-4,989	-4,818	171
External Income	-225,139	-239,903	-14,764
Total	**198,832**	**198,832**	**0**

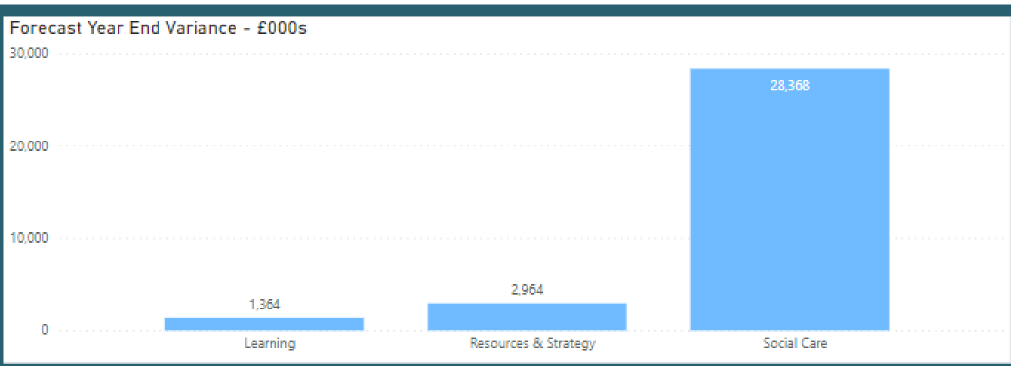
Directorate	Change in Variance £000s
Adults and Health	0
Total	**0**

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

32,696

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	110,978	113,467	2,489
Premises	4,734	4,686	-48
Supplies and Services	65,667	66,627	960
Transport	11,794	12,522	728
Internal Charges	36,206	39,383	3,177
Third Party Payments	113,911	144,434	30,524
Transfer Payments	3,882	3,526	-356
Capital		0	0
Transfer to/from Reserves	-819	-1,127	-308
Internal Income	-35,773	-36,241	-468
External Income	-169,214	-173,216	-4,002
Total	**141,365**	**174,061**	**32,696**

Directorate	Change in Variance £000s
Children and Families	4,848
Total	**4,848**

Directorate: Dedicated Schools Grant

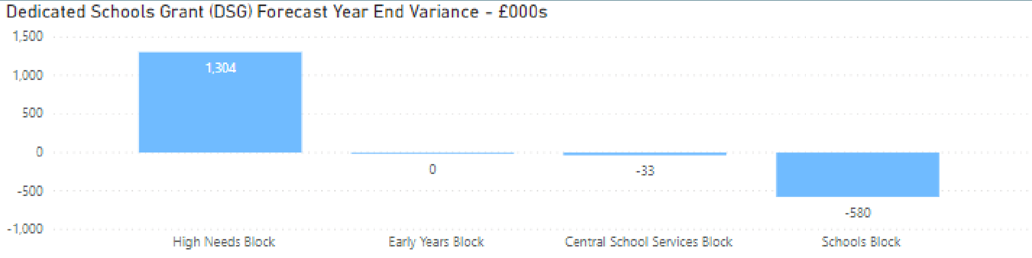
Month 7 (October 2023)

Financial Dashboard 2023/24 Financial Year

DSG Variation £000s

691

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	-341,721	-339,322	2,399	341,721	338,742	-2,979	0	-580	-580
High Needs Block	-117,035	-117,171	-136	117,035	118,475	1,440	0	1,304	1,304
Early Years Block	-57,538	-61,989	-4,451	57,538	61,989	4,451	0	0	0
Central School Services Block	-5,106	-5,106	0	5,106	5,073	-33	0	-33	-33
Total	**-521,400**	**-523,588**	**-2,188**	**521,400**	**524,279**	**2,879**	**0**	**691**	**691**

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 (+) / Suplus (-) c/fwd
De-delegated	-1,950	500	-1,450	-233	1,750	-433
General	-7,060	0	-7,060	924	0	-6,136
Total	**-9,010**	**500**	**-8,510**	**691**	**1,750**	**-6,569**

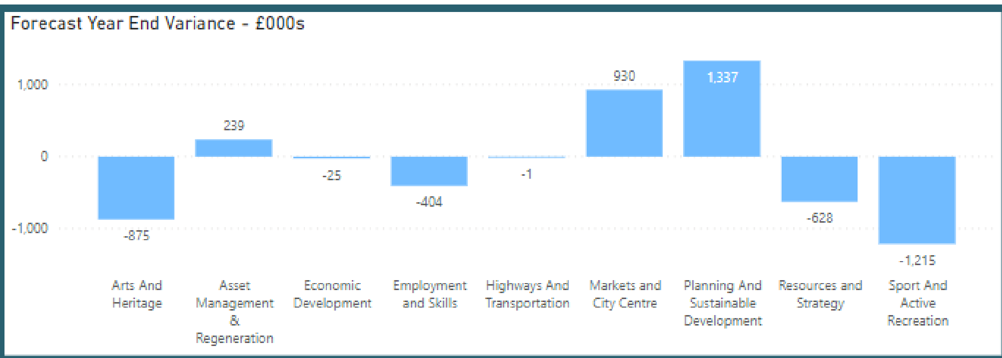
Directorate: City Development — Month 7 (October 2023)

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

-643

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	75,764	74,755	-1,009
Premises	31,520	31,484	-35
Supplies and Services	50,065	48,986	-1,079
Transport	6,827	8,609	1,782
Internal Charges	10,566	10,967	401
Third Party Payments	215	215	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,695	-4,671	-977
Internal Income	-46,465	-47,430	-965
External Income	-83,924	-82,686	1,238
Total	**40,873**	**40,230**	**-643**

Directorate	Change in Variance £000s
City Development	-488
Total	**-488**

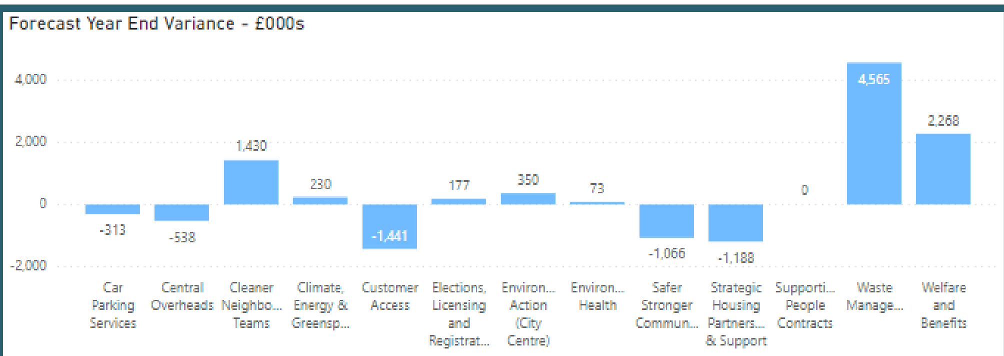
Directorate: **Communities, Housing and Environment** **Month 7 (October 2023)**

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

4,547

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	108,694	110,567	1,873
Premises	11,824	11,510	-314
Supplies and Services	69,927	75,209	5,282
Transport	11,315	13,106	1,791
Internal Charges	21,024	20,628	-395
Third Party Payments	23,212	23,147	-65
Transfer Payments	163,007	171,949	8,942
Capital		0	0
Transfer to/from Reserves	-1,768	-1,906	-138
Internal Income	-45,274	-46,541	-1,266
External Income	-267,851	-279,012	-11,162
Total	**94,110**	**98,657**	**4,547**

Directorate	Change in Variance £000s
Communities, Housing and Environment	686
Total	**686**

Directorate: Housing Revenue Account — Month 7 (October 2023)

Financial Dashboard 2023/24 Financial Year

Leeds CITY COUNCIL

Surplus (-) / Deficit (+) £000s

1,259

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
Dwelling Rents	-230,240	-229,458	782	73
Non Dwelling Rents	-3,347	-3,305	42	-5
Service Charges	-9,551	-9,654	-103	7
Internal Income	-9,349	-8,459	890	8
Grants	-21,385	-21,385	0	0
External Income	-1,778	-1,778	0	-100
Total	**-275,650**	**-274,039**	**1,611**	**-18**

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	65,820	717	717
Employees	33,708	32,597	-1,111	-36
Premises	11,732	11,588	-144	17
Supplies and Services	5,185	5,149	-36	-76
PFI Unitary Charge	12,662	12,783	122	0
Transport	304	295	-9	-9
Internal Services	39,815	39,915	100	-218
BITMO Management Fee	3,524	3,524	0	0
Provision for Doubtful Debts	1,136	1,136	0	0
Capital Charges	46,666	46,640	-26	0
Contribution to Captial Programme	51,891	52,048	157	-1,023
Total	**275,726**	**275,495**	**-231**	**-628**

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
Net Position	76	1,457	1,381	-646
Appropriation: Sinking Funds	-326	-448	-122	0
Appropriation: Reserves	250	250	0	0
Total	**0**	**1,259**	**1,259**	**-646**

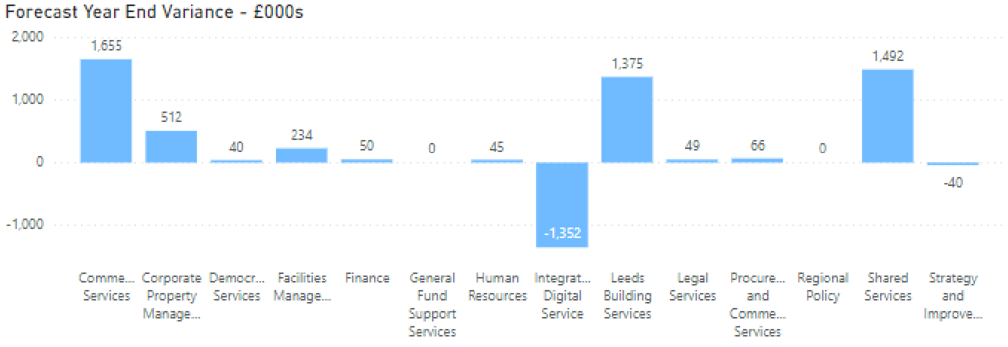
Directorate: Strategy and Resources **Month 7 (October 2023)**

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

4,126

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	166,480	172,644	6,164
Premises	15,977	16,547	570
Supplies and Services	63,445	57,684	-5,761
Transport	23,083	23,559	476
Internal Charges	4,931	4,689	-242
Third Party Payments	28	28	0
Transfer Payments	66	66	0
Transfer to/from Reserves	-74	-817	-743
Internal Income	-172,741	-169,228	3,513
External Income	-16,488	-16,339	149
Total	**84,707**	**88,833**	**4,126**

Directorate	Change in Variance £000s
Strategy and Resources	-4
Total	**-4**

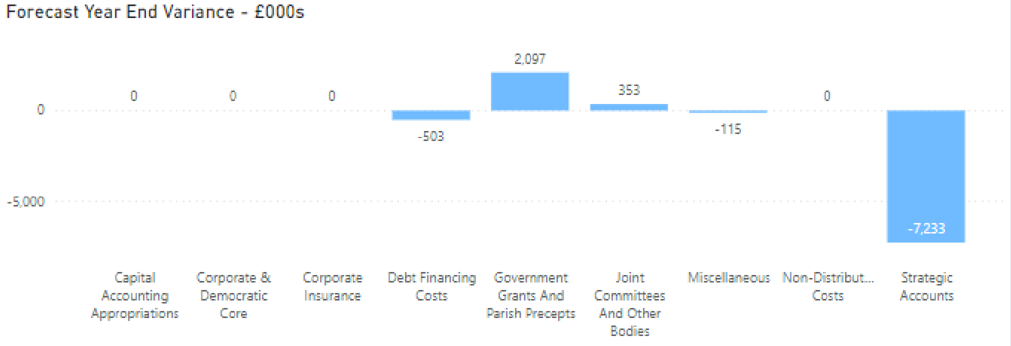
Directorate: Strategic & Central Accounts — Month 7 (October 2023)

Financial Dashboard 2023/24 Financial Year

Budget Variation £000s

-5,402

Overspend (+) / Underspend (-)

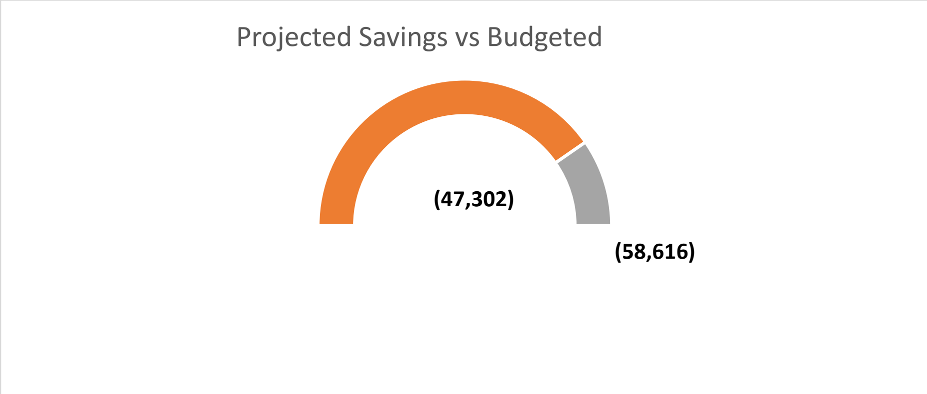


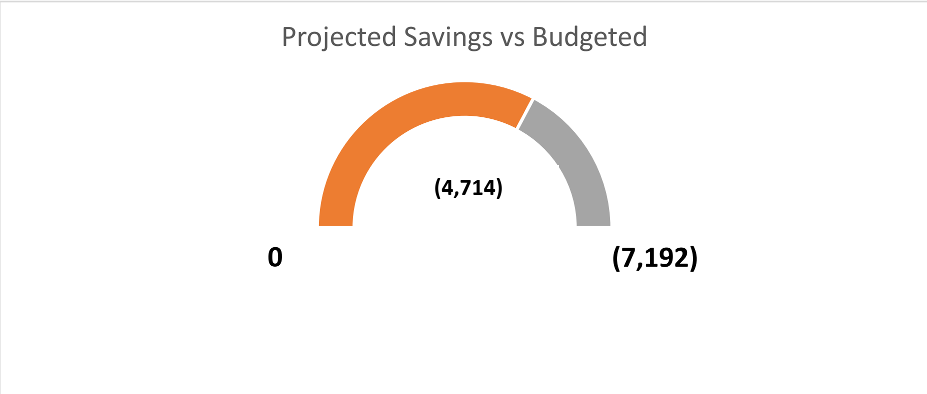
Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,729	4,667	-62
Premises		0	0
Supplies and Services	3,675	-343	-4,018
Internal Charges	4,962	5,022	60
Third Party Payments	37,207	37,508	302
Transfer Payments	1,130	1,023	-107
Capital	91,351	91,757	406
Transfer to/from Reserves	-11,936	-13,619	-1,683
Internal Income	-35,171	-36,778	-1,607
External Income	-82,476	-81,168	1,307
Total	**13,471**	**8,069**	**-5,402**

Directorate	Change in Variance £000s
Strategic and Central Accounts	-218
Total	**-218**

2023/24 BUDGET ACTION PLANS **Appendix A2**

October (Month7)





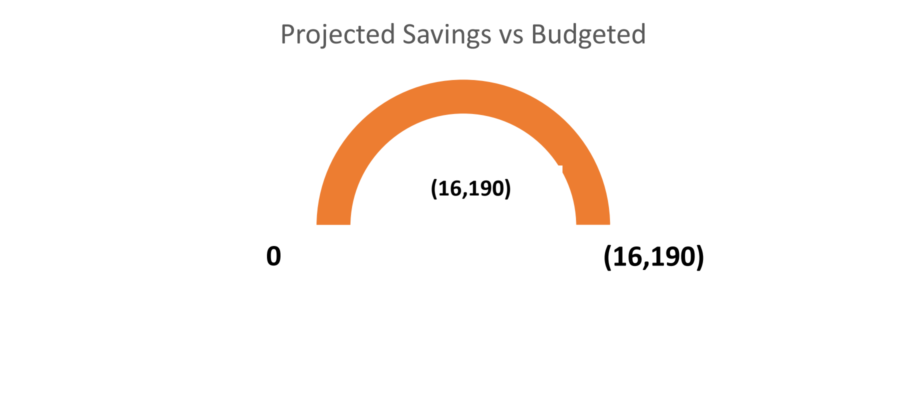
LEEDS CITY COUNCIL - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(14,423)	(14,573)	(150)
On track, no issues	(16,063)	(17,976)	(1,913)
Some risk	(12,222)	(11,644)	578
High risk	(15,908)	(3,109)	12,799
Cancelled	0	0	0
Total	**(58,616)**	**(47,302)**	**11,314**

LEEDS CITY COUNCIL - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'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)	(169)	2,478
Cancelled	0	0	0
Total	**(7,192)**	**(4,714)**	**2,478**

October (Month7)



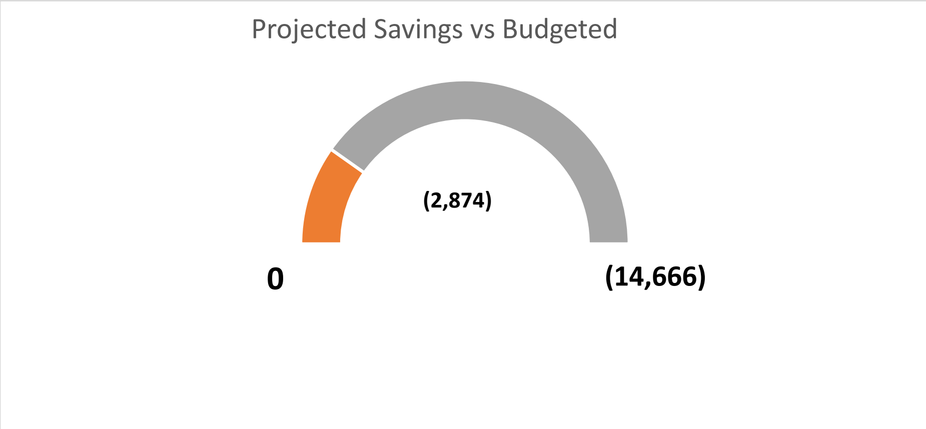
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(9,685)	(9,685)	0
On track, no issues	(2,475)	(2,710)	(235)
Some risk	(2,150)	(2,625)	(475)
High risk	(1,880)	(1,170)	710
Cancelled	0	0	0
Total	**(16,190)**	**(16,190)**	**0**

Amber & Red Risk Areas

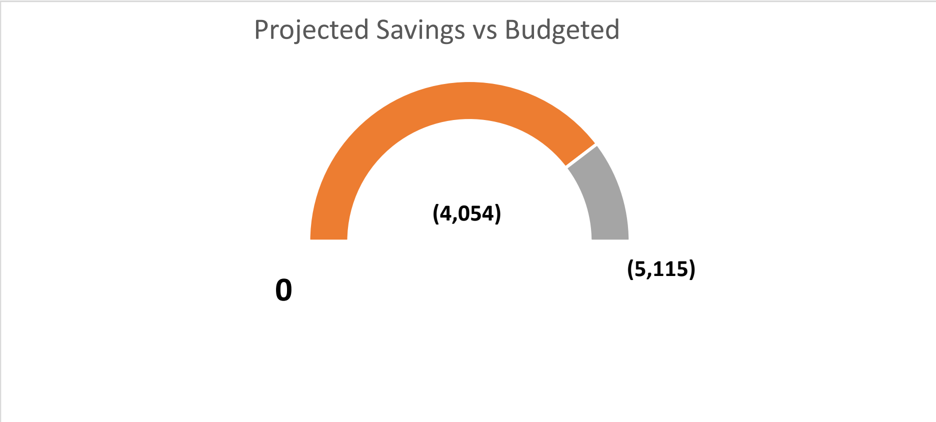
Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted Savings	BAU	Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost)	Shona McFarlane	High risk	(160)	(40)	120	LBS struggling to let contracts re low interest. One of three properties will have f.y.e. one, half year effect and one little impact next year. Detailed action plan can only be completed once details of works have been obtained. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23). Spring Gardens complete Q1 23-4. Dolphin & Knowle Manor still to start but both will commence at the same time. Final quotes received and on-line with approved budget. Complete late autumn.
Budgeted Savings	BAU	Impact of telecare growth plan	Shona McFarlane	Some risk	(200)	(200)	0	0
Budgeted Savings	BAU	Invest to save proposal for Direct Payments Audit team	John Crowther	Some risk	(100)	(100)	0	only risk is seen as recruitment to the role. DDN approved and recruitment on-going.
Budgeted Savings	BAU	Invest to save proposal for Deputy and appointeeship's team	John Crowther	Some risk	(50)	(50)	0	only risk is seen as recruitment to the roles. DDN approved and the recruitment on-going.
Budgeted Savings	SR	Strategic Review of Adult Social Work provision	Shona McFarlane	High risk	(1,120)	(830)	290	risk associated with social work and OT recruitment and therefore f.y.e. Aiming for new model to start May. Potential to be impacted by getting the service ready for the CQC inspection. At Q1 assume 25% non-delivery but in all liklihood could be more.
Budgeted Savings	BAU	Review mid-price range Learning Disability packages	Shona McFarlane	Some risk	(500)	(500)	0	0
Budgeted Savings	BAU	Develop a direct payment plan that is easy to administer for social workers to become the default option; will improve client contributions and reduce instances of incorrect billing	Shona McFarlane	Some risk	(200)	(200)	0	Plan shared with Max & Nyoka. Target setting session with front line social work and targets set for each team.
Budgeted Savings	BAU	Review of mental health placements (s117 health contribution)	Caroline Baria	Some risk	(100)	(75)	25	Alternative savings of £65k identified, Touchstone and their outreach offer which is expensive. WRAP?
Budgeted Savings	BAU	Individualisation of block contracts	Caroline Baria	High risk	(500)	(250)	250	Slow progress re individualistion of block contracts with Aspire and LYPFT. Assume 50% non-delivery Q1.
Budgeted Savings	BAU	Invest to save proposal for Home care - performance management	Caroline Baria	Some risk	(1,000)	(1,500)	(500)	Report approved to recruit 2 new staff. Expected to overachieve against BAP. Awaiting delivery from DIS of software to analyseHome Care provider data.
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

October (Month7)



CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(212)	(212)	0
Some risk	(1,396)	(723)	673
High risk	(13,058)	(1,939)	11,119
Cancelled	0	0	0
Total	(14,666)	(2,874)	11,792



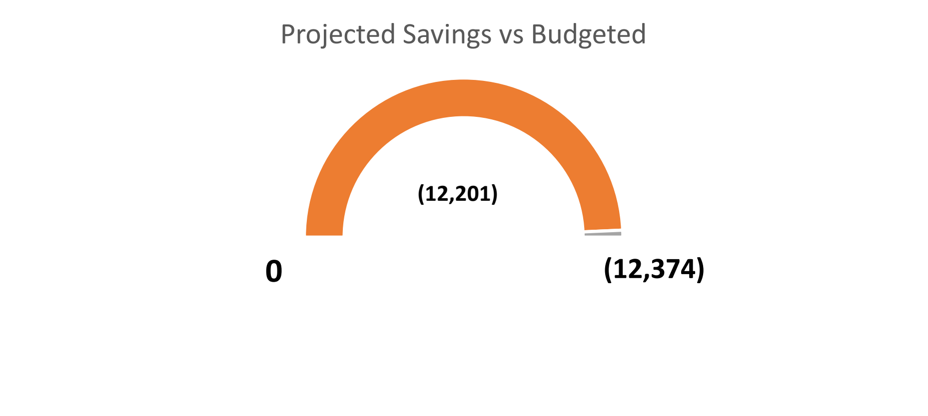
CHILDREN & FAMILIES - Other Savings Measures

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)	(139)	1,061
Cancelled	0	0	0
Total	(5,115)	(4,054)	1,061

Amber & Red Risk Areas

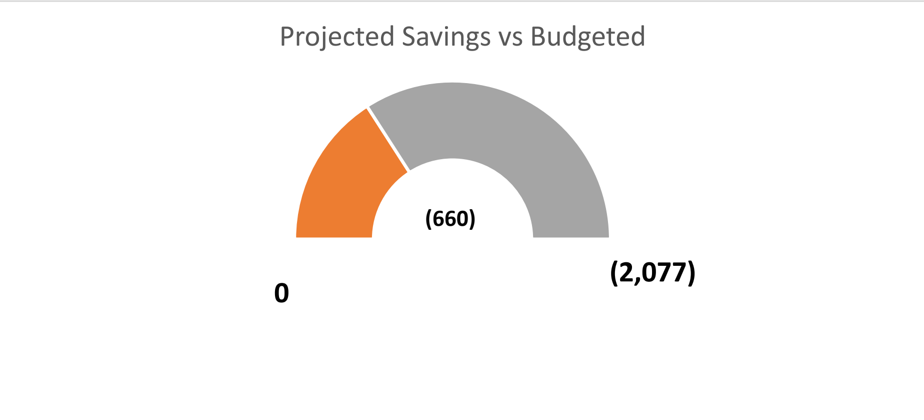
Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	SR	Diversifying children's residential 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 are likely to be delivered later. 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)	(1,285)	2,715	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 is not expected to 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	Review of Children's Centres and Commissioned Family Services	Farrah Khan	some risk	(450)	(100)	350	Unlikely the full £450k will be achieved in 23/24.
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)	(154)	1,556	Details being worked through, including a review of vacant posts
Budgeted	BAU	Staffing efficiencies: Social Care - Attendance and performance management	Farrah Khan	high risk	(369)	(369)	0	Reduced use of agency staff
Other	0	Little Owls	Farrah Khan	High risk	(1,200)	(139)	1,061	Review ongoing to identify savings

October (Month7)



CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(3,760)	(3,760)	0
On track, no issues	(7,206)	(7,206)	0
Some risk	(1,408)	(1,235)	173
High risk	0	0	0
Cancelled	0	0	0
Total	**(12,374)**	**(12,201)**	**173**



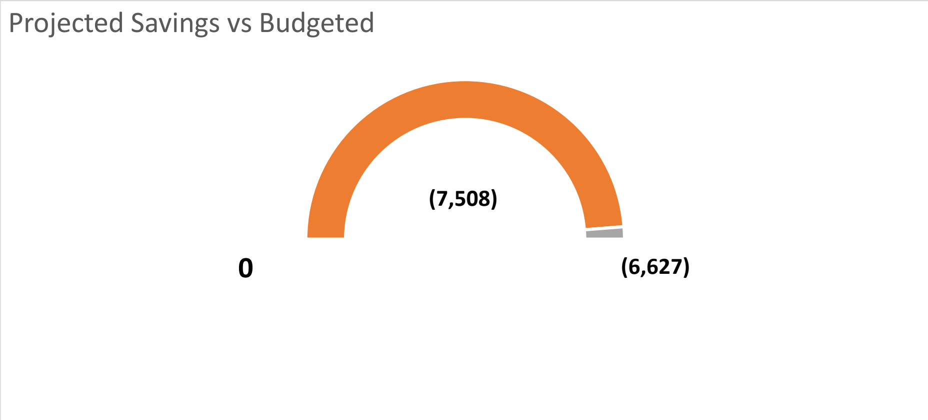
CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'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	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	BAU	1% increased vacancy provision	Phil Evans	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	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	Some risk	(166)	(166)	0	0
Budgeted	BAU	Development Management - generation of additional income from pre-app advice service	David Feeney	Some risk	(100)	(50)	50	0
Budgeted	BAU	Strategic Planning - consultancy advice (e.g. to other local authorities)	David Feeney	Some risk	(50)	0	50	0
Budgeted	BAU	Building Control - additional income through providing expert technical services to other local authorities	David Feeney	Some 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
Other	BAU	Strategic Investment Fund	Angela Barnicle	High risk	(664)	0	664	0
Other	BAU	Contractor Procurement Framework	Gary Bartlett	High risk	(200)	0	200	0

October (Month7)



COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(863)	(1,013)	(150)
On track, no issues	(3,747)	(5,425)	(1,678)
Some risk	(1,277)	(1,070)	207
High risk	(740)	0	740
Cancelled	0	0	0
Total	**(6,627)**	**(7,508)**	**(881)**

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	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	Some risk	(192)	(192)	0	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

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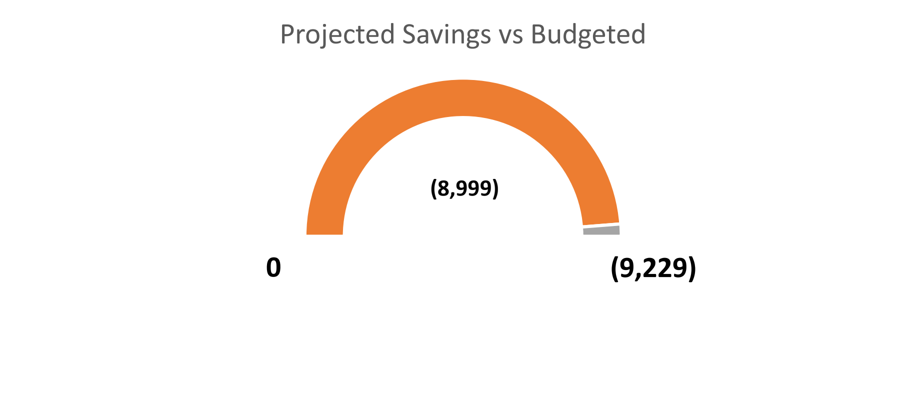


STRATEGY & RESOURCES - SUMMARY

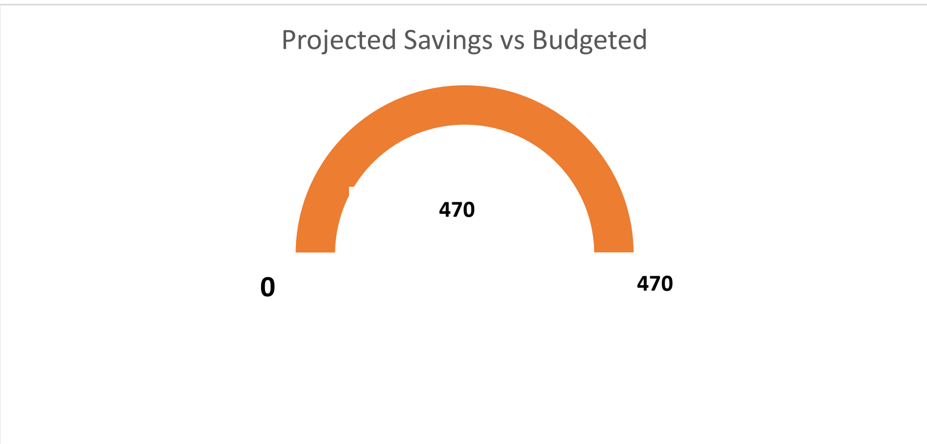
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(115)	(115)	0
On track, no issues	(2,893)	(2,893)	0
Some risk	(5,991)	(5,991)	0
High risk	(230)	0	230
Cancelled	0	0	0
Total	**(9,229)**	**(8,999)**	**230**

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 regulary 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 regulary 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 regulary 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 regulary 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 regulary 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 regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Weddings	Sarah Martin	Some risk	(20)	(20)	0	To be regulary 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 regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Commercial Services: Improving attendance	Sarah Martin	Some risk	(225)	(225)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Improving attendance	Sarah Martin	Some risk	(110)	(110)	0	To be regulary 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 regulary 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

Budgeted	BAU	Staffing efficiencies: Integrated Digital Services: additional 2% vacancy factor	Leonardo Tantari	Some risk	(500)	(500)	0	Both IDS DAPs to be consolidated into one.
Budgeted	SR	Review of Network Management Centre	Leonardo Tantari	Some risk	(370)	(370)	0	This is a full year's cost - any delay will be mitigated by further IDS vacancy factors.
Budgeted	BAU	BSC Shared Cost Salary Sacrifice- This would generate Employer NI savings (as well as savings for the individual).	Andy Dodman	High risk	(80)	0	80	0
Budgeted	BAU	Staffing efficiencies: Business Support Centre	Gemma Taskas	Some risk	(276)	(276)	0	0
Budgeted	BAU	Staffing efficiencies: Contact Centre	Gemma Taskas	Some risk	(125)	(125)	0	0
Budgeted	BAU	Staffing efficiencies: Business Administration Service: additional 2% vacancy factor	Gemma Taskas	Some risk	(275)	(275)	0	0
Budgeted	BAU	Communications & Marketing: Synergies from a co-ordinated approach to marketing and promotion	Jane Maxwell	High risk	(150)	0	150	0

October (Month7)



STRATEGIC - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	470	470	0
Some risk	0	0	0
High risk	0	0	0
Cancelled	0	0	0
Total	**470**	**470**	**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	Achieved Savings to date £'000s	Savings Achieved %	Including mitigating actions for Reds & Ambers