

Financial Reporting 2023/24 Month 10 (January)

Date: 13th March 2024

Report of: Chief Officer - Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

1. The purpose of this report is to update the Executive Board of the financial position at the end of the first ten months of this financial year. The report comments on performance against the 2023/24 Budget which targets resources in support of the council's strategic priorities as set out in the Best City Ambition, whilst also supporting our ongoing journey to strengthen the authority's financial resilience and sustainability. The report also updates the Board on the latest position on the Housing Revenue Account (HRA) and the Council Tax and Business Rates Collection Fund. For full details, please refer to **Appendices A1-A2**.

Financial Health Monitoring 2023/24 – Month 10 (January)

2. As at the end of January 2024, we are forecasting a General Fund overspend of £36.3m or 6.3% of the 2023/24 approved net revenue budget, an improvement from the £39.0m overspend position reported to this Board in February. Where known, pressures have been incorporated into the reported financial position, including those due to increased inflation and the resulting cost of living crisis, demand and demography in social care, and the employer's final pay award for 2023/24.
3. At the final Local Government Settlement Government announced that £100m will be refunded to councils from the Business Rates Levy Account in 2023/24. Final allocations have not yet been announced but the Leeds share is estimated to be £1.3m, which is reflected in the Strategic position reported for Month 10.
4. The budget for 2023/24 requires delivery of £58.6m of savings and as at end of January it is anticipated that most of these budgeted savings will be delivered or have mitigating actions found. However, a £13.5m shortfall has been identified, primarily due to the delayed delivery of savings within Children's social care. This shortfall is included within the £36.3m overspend being reported today, with further details provided in the appended directorate positions.
5. 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 increasing numbers of external placements and significantly higher costs of those placements, combined with the impact of pay and price pressures which are in excess of the level of government resources provided, has not yet been recognised. As a result, a number of local authorities issuing or raising the possibility of issuing Section 114 notices, effectively giving notice that a council cannot balance its budget. This current and future financial climate for local government represents a significant risk to Leeds City Council's priorities and ambitions.
6. Within Leeds, work continues to review the highest cost / spend areas (notably Children Looked After, Transport and Leeds Building Services) and all services are continuing to explore opportunities to secure in-year savings (such as holding vacancies where this will not have a detrimental effect on critical services and on staff wellbeing) and maximising income. Asset reviews are underway to ensure the council has the right numbers and mix of assets.

7. The freeze on recruitment, agency and overtime spend introduced in 2022/23 within a framework of agreed exceptions remains in place, as does the freeze on non-essential spend, with further controls brought in to strengthen oversight and monitoring. Using our Team Leeds approach, working across the council and with partners, we will continue to take all action necessary to meet our legal requirement to deliver a balanced budget.
8. Any adverse variation to a balanced budget position at the year-end will require further savings to be identified for 2024/25. As such this report sets out that the WYCA refund agreed in October 2023 and the year-end underspend on energy will be applied to any overspend remaining at year end, with any additional funding required to be provided from the Merrion Reserve.
9. Any Collection Fund income shortfall arising this year will impact on next year's revenue budget.
10. The council's Housing Revenue Account (HRA) is projecting a balanced position.

Recommendations

Executive Board is asked to:

- a) Note that at Month 10 (January) the authority's General Fund revenue budget is forecasting an overspend of £36.3m for 2023/24 (6.3% of the approved net revenue budget) within a challenging national context, and that a range of actions are being undertaken to address this position.
- b) Note that at Month 10 (January) the authority's Housing Revenue Account is forecasting a balanced position.
- c) Note that known inflationary increases, including demand and demographic pressures in Social Care, known impacts of the rising cost of living, including the NJC pay settlement of £1,925 and the JNC pay settlement of 3.5%, have been incorporated into this reported financial position. These pressures will continue to be reviewed during the year and reported to future Executive Board meetings as more information becomes available. Proposals would need to be identified to absorb any additional pressures.
- d) Note that where an overspend is projected, directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures and those of the council's wider financial challenge where possible, in line with the Revenue Principles agreed by Executive Board in February 2023 through the annual Revenue Budget report (details at Appendix 11 of the linked document).

What is this report about?

- 1 This report updates the Board on financial performance against the council's 2023/24 General Fund revenue and Housing Revenue Account budgets for the first 10 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 10 (January) 2024.
- 2 Executive Board will recall that the net revenue budget for 2023/24 was set at £573.4m. The Medium-Term Financial Strategy (refreshed for the period 2024/25 to 2028/29 and considered at September's Executive Board meeting) assumes a balanced budget position for 2023/24 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves.

- 3 Following the closure of the 2022/23 accounts, the Council’s general fund reserve stood at £33.2m. The 2023/24 budget assumes a £3m contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 4 At January directorates are reporting an overspend of £36.3m (6.3% of the approved 2023/24 net budget), an improvement compared with the Month 9 position (£39.0m, 6.8% of the net budget) and the HRA is forecasting a balanced position. 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 10 (January), financial year 2023/24

Directorate	Director	(Under) / Over spend for the current period				Previous Reported Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Caroline Baria	(102)	20,196	(20,196)	0	0
Children and Families	Julie Longworth	2,848	45,367	(6,034)	39,334	39,490
City Development	Martin Farrington	(525)	4,369	(5,389)	(1,020)	(979)
Communities, Housing & Environment	James Rogers	1,999	18,696	(13,563)	5,134	4,894
Strategy & Resources	Mariana Pexton	4,942	(1,958)	5,260	3,303	4,026
Strategic	Victoria Bradshaw	(62)	(10,154)	(332)	(10,487)	(8,432)
Total Current Month		9,100	76,516	(40,254)	36,264	38,999

Previous reported (under)/over spend	8,435	66,990	(27,991)	38,999
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- 6 This position reflects the 2023/24 pay increase and the demand and demographic pressures being experienced in social care. It also reflects the latest projections with regard to known inflationary pressures in respect of the costs of electricity, gas, fuel and the impact of the cost-of-living pressures on our residents and businesses which has significantly affected the cost of goods and services the council procures, demand for support and welfare services the council provides, and the activity levels that support a wide range of income streams. These will continue to be monitored 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. 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. The directorate positions reported reflect the impact of this review and at Month 10, a £0.5m projected underspend is being reported in those services where budgets have been reduced.
- 10 Cross-directorate work continues to support and challenge the highest cost/spend areas, such as Children Looked After, Transport and LBS and all services are continuing to explore opportunities to maximise income. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFS funding gap could be brought forward to generate savings during 2023/24. Updates on further in-year savings to contribute towards reducing the current projected overspend will continue to be incorporated into 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 Controls on spending has been further strengthened by the implementation of a range of measures that include the following:
 - No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; all meetings, where possible, should be conducted remotely / in the employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.
 - With a number of exceptions e.g., social work roles, a complete recruitment freeze is now in place.
 - Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
 - All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.
- 12 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are deemed to be at risk, for example the implementation of budget action plans and those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management-based support and reporting around the achievement of key budget actions plans. It is due to the robustness of this monitoring that the projected overspend was identified so early in the financial year, enabling action to be taken.

What impact will this proposal have?

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

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

Health and Wellbeing Inclusive Growth Zero Carbon

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

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

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

What are the resource implications?

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

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

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

What are the legal implications?

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

- 21 Section 28 of the Local Government Act 2003 provides that the council has a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 22 In addition, the council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The authority's Chief Finance Officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Executive Board to receive information about the revenue and capital budgets as set out in this report.
- 23 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and, therefore, this report also demonstrates compliance with that legal duty.
- 24 Under Section 1 of the Local Government Act 2003 ("LGA") ("Power to borrow"), a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs".

Options, timescales and measuring success

What other options were considered?

25 Not applicable

How will success be measured?

26 Not applicable.

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

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

Appendices

29 The following appendices are attached to this report:

- **Appendix A – Financial Health Monitoring 2023/24 – Month 10 (January):** detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the HRA, update on Council Tax and Business Rates including collection performance.
- **Appendix A1** – Individual financial dashboards for directorates, DSG and the HRA
- **Appendix A2** – Directorate Budget Action Plans

Background papers

30 None

Financial Health Monitoring 2023/24 – Month 10 (January)

1. Directorate Positions at Month 10 (January)

- 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 10 (January), financial year 2023/24

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1.2 Adults & Health

Adult Social Care 2023/24 Budget

Budget Overview

At Month 10 (January) Adults and Health is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023-24 is £198.8m, comprised of £430.0m Gross Expenditure offset by £231.2m income. Reflected in the 2023/24 budget are Budget Action Plans totalling £16.19m. At Month 10 all Budget Action Plans have been delivered or alternative savings & income identified allowing the Directorate to report a balanced position. All Action Plans are now actioned and there will be no impact on future years budgets. Some risks remain to deliver this position, predominately around demand budgets for Adult Social Care.

Social Care Grants

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

- 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 £4.52m of Adult Social Care & Public Health reserves. At Month 10 the directorate is projecting to utilise an additional £7.93m, therefore £12.45m in total. The additional £7.93m comprises of £2.6m Newton Europe Home First programme, £2m Community Health & Wellbeing Service, £0.8m Leeds Older People's Forum for delivery of the Enhance programme; all three programmes funded by Health, and £2.53m for investment in additional social work and social care capacity.

Budget Action Plans

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

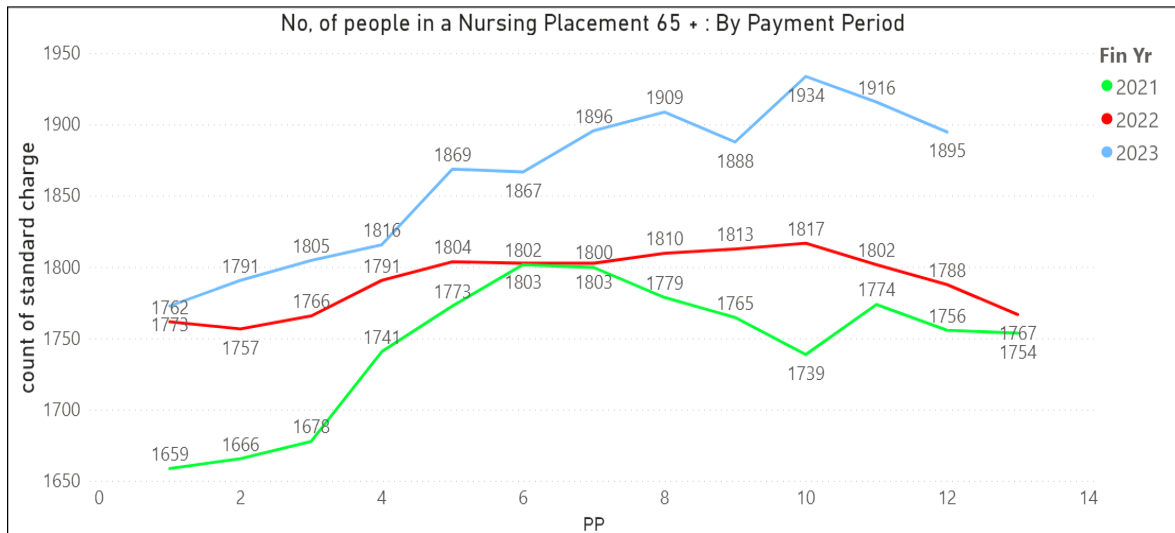
Demand Budgets

The 2023/24 demand related budgets reflect £29.83m additional funding for price, inflation, and demand & demography growth, taking the overall size of the demand led budgets up to £280.17m before reducing to £277.33m after netting off the £2.84m savings target reflected in the delivery of the 2023/24 budget action plans. The Month 10 projection is a pressure of £17.1m split £4.6m Learning Disability, £9.6m Older People, Working Age Adults Physical Impairment and Drugs & Alcohol service and £2.9m removal of Action Plan credits which were showing against demand budgets but now removed, as can be seen above in Budget Action Plans, an increase of £4.0m from the Month 9 reported position. Analysis of the £17.1m demand budget related pressures is detailed below:

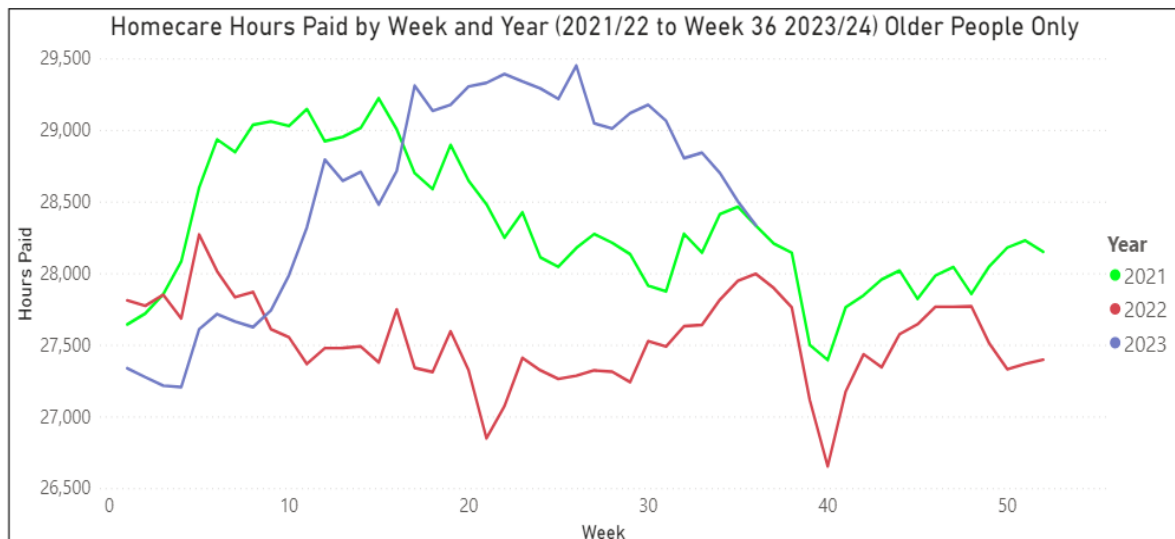
- +£3.6m (+£1.2m change from Month 9) Working Age Adults and Learning Disability
- +£14.4m (+£1.1m from Month 9) Residential and Nursing settings.
- +£1.0m (+1.8m from Month 9) Homecare
- -£1.9m (-£0.1m from Month 9) for Direct Payments and Individualised Care.

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

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



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



There are further risks:

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

Income

At Month 10 we are projecting: -

- Additional government grant income £5.7m, a £0.6m favourable movement from the Month 9 reported position. It should be noted that all the £5.04m Market Sustainability Improvement Fund grant mentioned above will be utilised.
- Additional Health income £2.6m. a £0.2m improvement from Month 9.
- Additional Income from Service Users £7.1m, a £1.7m improvement from the Month 9 reported position: £2.0m additional residential & nursing income (not included in the table below), £5.4m additional community-based income and £0.9m additional Mental Health income, offset by a £0.8m shortfall in Telecare

income (overall Telecare is reporting a net managed budget pressure of £0.3m) and a £0.4m shortfall in Learning Disability income. Details are provided in the table below.

Table 2: Income Recovery Highlight Report Month 10 (January)

Income Recovery Board (finance) - highlight report								
Financial position reported : period 10 2023-24								
Description	Previous Year Total	Budget 2023-24	Actual YTD	Projection (period 10 2023-24)	Variance to Budget + pressure/- Saving	Assumption (remaining periods)	Projection (period 9 2023-24)	Movement in projection from previous period
Community Based Income (excluding LD & Telecare)	(11,059,067)	(14,540,000)	(7,255,543)	(7,255,543)	7,284,457	Based on latest period + increase in recovery in 2023-24 based on uplift in rates (FNC)	(7,253,573)	(1,970)
Community Based Income - Billing Engine (Older People & WAA PI)			(6,217,577)	(12,694,733)	(12,694,733)	Action Plan value excluded from projection - overall reported position for community based income to budget.	(10,646,703)	(2,048,030)
Telecare	(577,742)	(2,291,000)	(1,357,911)	(1,460,000)	831,000	Income pressure matched to staffing savings reported. Actual income reduced in latest month due to credit notes	(1,800,000)	340,000
Mental Health	(347,197)	(298,000)	(721,697)	(1,195,315)	(897,315)	Based on latest periods data.	(1,132,207)	(63,108)
LD	(8,267,970)	(10,482,000)	(7,860,978)	(10,130,675)	351,325	Based on latest periods data - some credit notes issued since P9	(10,185,785)	55,110
Total	(20,251,976)	(27,611,000)	(23,413,706)	(32,736,266)	(5,125,266)		0	(31,018,268)

Pay

Adults & Health at Month 10 are projecting pay savings of £0.1m: Leeds City Council employee pay savings of (£6.0m) principally around social worker recruitment & retention reflecting the national position and pay savings in Provider Services are offset by additional use of Agency staff +£5.0m, Overtime +£0.7m and other employee cost pressures of £0.2m relating to severance payments. Some of the pressures in Agency are covered by additional use of reserves, income from Health and DHSC grant funding for specific programmes of short-term intervention programmes and detailed above.

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

Other

Additional CEL charges of £1.6m have been reflected in the Month 10 projection: £1.3m for passenger transport, £0.2m for catering charges and £0.1m vehicle hire. This position now reflects the advised full year cost of the passenger transport service.

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.66m, an increase of £1.54m from 2022/23 (3.3%). This is the first year of a two-year grant funding settlement for Public Health. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At Month 10 we are projecting a balanced position.

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

1.3 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £39.334m. This represents a decrease of £0.157m from the position reported at Month 9. The main movements since Month 9 are summarised below:

- Transport £0.592m
- Semi-independent placements (£0.730m)
- Adel Beck Welfare Beds income (£0.408m)
- CLA placements £0.232m
- Legal Fees £0.100m
- Other net movements £0.057m

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

	£m
CLA: External Residential Placements	22.098
CLA: Semi Independent / Leaving Care	3.551
CLA: In House Placements	1.275
IFA Placements	4.365
Chad	0.714
Little Owls Nurseries	1.176
Secure Welfare	0.131
Transport	4.256
Learning Inclusion	1.282
Mindmates	0.250
Learning Improvement	0.225
Legal	0.200
Adel Beck welfare bed income	(0.408)
Reprofiling of School Balances	(0.500)
Non-Essential Spend Savings	(0.500)
Non-Delivery of Action Plans	0.823
Other Variances	0.396
Total	39.334

The Month 10 position reflects a reduction in the General Fund forecast, now standing at an overall overspend of £39.334m. The narrative supplied to Executive Board in previous months included:

- The continuing significant element of volatility in the number of children in high-cost residential placements and the cost of those placements. (As previously stated, this reflects a national position of demand and demography challenges along with increasing costs, in part reflecting the wider cost of living challenges experienced more broadly in the economy).

- Significant additional challenges around transport costs estimated at £2m, whilst this reflects additional demand relating to issued Education, Health and Care plans (EHCPs), urgent work is being undertaken to model the impact of the increased demand and additional work will be undertaken on possible mitigation. EHCP demand is also driving increased costs on Educational Psychologist provision which cannot be avoided without increased risk of non-compliance by the Council. The issues of additional costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

For this reporting period, the Directorate continues to report that a number of budget action plans (relating to CLA and Learning) are unlikely to be delivered in 2023/24. Whilst work continues to deliver on these actions plans over the remaining months in 2023/24 it is felt appropriate to report them as being undelivered in-year so that the full picture of risk can be seen.

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

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

External Residential Placements:

The External Residential budget for 2023/24 is £14.617m. Due to known inflation and demand pressures over and above what was assumed in the budget for 2023/24 there is a projected overspend of £22.098m. External Residential placements have increased from 95 at the start of the year to 148 at Month10. The projection includes the non-delivery of £2.966m of action plan savings against this budget including a proportion of Turning the Curve and the Commissioning Review which have experienced delays in delivery and a reassessment of potential deliverables.

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £6.78m. Currently there are 322 placements, including 141 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 old's requiring higher support packages is seeing a pressure of £6.9m against this budget. This pressure has been mitigated with projected additional UASC income £2.33m.

IFA Placements:

The number of Independent Fostering Agency placements have increased from 209 to 213 since the beginning of 2023/24. The Month 10 projection assumes that £3.3m of action plan savings will not be delivered against this budget.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1.176m: a projected income pressure of £2.064m offset by projected staff savings of £0.888m. The Covid 19 pandemic had a significant impact on all Little Owls nurseries and whilst settings have reported increased recovery, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties.

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

Transport:

Based on recent trends, the overall transport budget is showing a projected overspend of £4.256m 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 3051 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%. This was more than had been provided in the base budget and represents 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 £1.282m. This pressure includes the Education Psychologist Team £0.659m and SENSAP £0.623m. The Education Psychologist Team has had increased demands on the statutory service and recruitment difficulties, and the service is projecting a reduction in its trading capacity and so a loss of trading income, in addition to increased locum costs. The SENSAP team has pressure due to additional agency and complaint costs in addition to non-delivery of budget action plans.

Foster Carer Fee Uplift:

The proposed cost of the Foster Carer fee uplift for 2023/24 is £1.833m, this is based on a 5% fee uplift and 7% allowance uplift. This proposed uplift was

approved by Executive Board on 7th February and, as it was not implemented by Month 10, the position includes a forecast for this anticipated amount.

Additional Savings Proposals 2023/24:

Additional in year savings were originally put forward to the amount of £5.249m, and the Month 10 position assumes that £1.614m of these saving will be delivered as summarised below.

Table 3: Additional Savings Update at Month 10 (January)

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

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m, and the Month 10 position continues to assume that £13.077m 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 it is not included as a C&F pressure in the Month10 position.
- Review of Placement Commissioning £4.00m
- 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 Month 10 projects an in-year pressure of £2.572m. This projected pressure is within the high needs block and equates to 0.49% of the total estimated DSG funding.

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

A proportion of the surplus came from previous contributions from maintained mainstream schools for de-delegated services. As a result, it was agreed £0.5m would be used to fund de-delegated services, thereby reducing contributions

required from those schools. In addition, it was agreed £1.25m would be refunded to maintained mainstream schools pro-rata to their original contributions.

Other options were also considered for increasing school funding by effectively reversing the £3.127m schools block to high needs block transfer in 2022/23, which would need to be actioned within the 2024/25 funding formula. However, the projected overspend in 2024/25 means that a proposed reversal of the 2022/23 transfer from the schools block is no longer recommended.

Taking into account the proposals for using £1.75m de-delegated contributions, plus the Month 10 pressure of £2.572m, DSG reserves at the end of 2023/24 are projected to be a surplus of £4.688m. This comprises £3.980m for general DSG and £0.708m contingency for de-delegated contributions.

- 1.4 **City Development** – the financial position for City Development at Month 10 is a projected underspend of £1.02m. This position includes the estimated additional cost of the local government pay award of £1m (net of amounts charged to capital and grant schemes) as well as other identified service pressures but it also includes additional savings which have been identified as part of the in-year directorate wide savings programme.

There are still some areas of risk within individual service areas, but it is anticipated that these will be mitigated through the implementation 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 £1.31m 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 are that it will £0.1m above the budget.
- **Arts & Heritage** – the forecast underspend of £1.29m reflects the estimated additional cost of the pay award of £0.27m, as well as projected income shortfalls in respect of Breeze card charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts (£0.16m) and running cost savings of £1.6m in respect of refunds received as a result of Business Rates appeals at Heritage sites.
- **Asset Management & Regeneration** – a shortfall to budget of £0.16m is currently projected which mainly reflects pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.55m), partially offset by net staffing savings of £0.25m and other one-off sources of income of net £0.8m such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.77m reflects final balances in respect of programmes which have now concluded, vacant posts and other running cost savings.
- **Highways and Transportation** – the overall balanced position includes staffing vacancies offset by the associated loss of income recoveries and additional external spend required to deliver the work programs. In addition, there is an anticipated shortfall in income from operating licences at Park and Ride sites

and from the major schemes contractor procurement framework as well as inflationary Plant and Material costs incurred in the DLO and additional fleet costs across the service. However, 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 £0.62m for the Markets service mainly reflects an estimated shortfall of Markets income resulting from vacant units mainly within the Kirkgate and Outdoor markets. In addition, total income shortfalls of £0.2m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from promotional event spaces in the city centre.
- **Planning & Sustainable Development** – the forecast position is an overspend of £1.97m which reflects staffing pressures of £0.52m due to the impact of the pay award and a projected shortfall in meeting the budgeted vacancy factor. In addition, based on income received to date there it is likely that the budgeted level of planning fee income will not be achieved due to a reduction in planning applications. The latest forecast assumes a shortfall of planning fee income of £1.4m to the year end. There is a risk that this position could deteriorate further before the year end but the recently introduced increase in planning fees is anticipated to maintain the shortfall at the current projected levels. Further shortfalls in Building Control and CIL administration income are largely offset by other sources of grant income and running cost savings.
- **Resources and Strategy** – the forecast underspend of £0.54m mainly relates to savings identified as part of the in-year directorate wide savings programme. This includes £0.53m identified savings in respect of tighter restrictions on non-essential spending across the directorate.
- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £0.7m reflecting vacant posts offset by the additional cost of the pay award.

Key Budget Action Plans

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

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

- 1.5 **Communities, Housing & Environment** - At Month 10, an overspend of £5.13m has been projected for the directorate. This is an increase of £0.24m from the previously reported position.

The projected overspend at Month10 includes the additional cost of the local government pay award which is approximately £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 (+£3.0m) alongside other inflation and demand led service pressures.

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

The main variations anticipated are:

- **Waste Management +£6.1m** – The service is facing a significant number of pressures, most of which only become known after the 2023/24 budget was approved.

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

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

The cost of the disposal and recycling of Green Bin waste is now forecast to be £1.2m due to below budgeted market prices for recycled materials. Residual and trade waste demand led pressures are expected to be £1.0m for the year based on activity levels during the first nine months of the year. An NNDR pressure of £0.1m is anticipated relating to the PFI contract. The impact of the pay award offer and pressures on staffing is forecast to be £3.2m.

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

- **Welfare and Benefits +£2.8m.** Pressures arising from placement of people in Supported Accommodation with providers who are not registered and placement of people in temporary accommodation. The forecast subsidy pressure is £4.8m, offset with an assumed £1.4m from one off additional income from recovery of benefit overpayments. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has delivered £0.48m of the budgeted action plan saving of £0.6m at Quarter 3, and the assumption that the remainder will be delivered.

Other mitigations are £0.3m from use of the Homelessness reserve to cover Temporary Accommodation subsidy shortfalls and £0.3m DWP grant income.

- **Cleaner Neighbourhoods Teams & City Centre Cleansing +£1.6m.** The variation reflects the impact of the pay offer at £0.5m, although there are significant pressures £0.4m on overtime and achievement of vacancy factor targets within the service. Transport pressures of £0.7m have been identified.
- **Climate, Energy and Greenspaces +£0.0m.** The service is experiencing pressures across several areas, which are mitigated by staff savings and non-essential spend savings. The key variances are inflationary pressures of +£0.2m on the cultural events programme, net pressures on estates and attractions +£0.3m, Bereavement services income pressures of +£0.5m, transport pressures of £0.2m, pay award impact £0.7m less Parks operations and maintenance income maximisation savings of -£0.5m. This net pressure is expected to be offset in full by charges to capital, management of vacancies within the service and utilisation of grant funding.
- **Elections, Licensing and Registration and Environmental Health -£0.1m –** Only minor variations are expected across these services. Operational spend savings, additional registrars income and external funding are offsetting the impact of the pay award and other service pressures.
- **Car Parking Services -£0.6m.** Income has continued on a recovery trajectory since COVID lockdowns, and at Month 10 the projected receipts are now £0.7m better than budgeted. Staffing costs are £0.1m under after pay award and £0.2m of other pressures have been identified.
- **Directorate wide - £0.5m -** A sum of -£538k has been removed from Directorate budgets as part of the review of all non-essential spend items.
- **Safer Stronger Communities -£1.1m –** Staffing pressures +£0.2m are projected but have been fully offset by a combination of the use of additional grant income and passporting the pay award on to the HRA/grants.
- **Customer Access -£1.6m –** Grant income maximisation is projected to deliver net savings of £1.1m in 2023/24, business rate costs are now expected to come in £0.2m below budget. The pay award pressure of £0.4m has been offset by charges to grant/HRA, holding posts vacant and non-essential spend savings with £0.3m of further savings arising from non-essential spend and identification of alternative funding sources.
- **Statutory Housing Services -£1.4m** Staffing savings are projected to cover the cost of the pay award and deliver an overall underspend on employees of £0.8m. It is expected an additional £0.6m saving can be delivered by maximising charges of existing staffing into new grant income, charges to capital and by maximising collection from other income streams.

Budget Action Plans

£6.6m of budget action plans are being monitored each month with an overall positive variance against the plans reported at Month 10 and savings embedded in the projections above. £0.9m of plans have been marked as delivered in full.

1.6 **Strategy and Resources** - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £3,303k at this reporting period. This is summarised into the following areas across the Directorate's services:

- **Finance (£481k)** - A staffing overspend of £520k (including an unbudgeted pay award pressure, overtime and agency) has been offset by (£487k) from holding vacant posts and additional income from the maximisation of grant funding. A £125k pressure resulting from a shortfall in Court Fee income (primarily due to the cancellation of a court hearing and slight reduction in Business Rate Allowances), and a £72k increase in external audit fees has been offset by (£711k) following a review of chargeable costs to Core Business Transformation, a contribution from the covid recovery reserve, and additional income from charging staff to a range of projects.
- **Integrated Digital Services (£1,573k)** - (£269k) of this underspend relates to the net impact of vacant posts savings offset by the cost of contractors for priority projects. Revenue savings of (£1.0m) have been achieved by the reallocation of equipment costs to the Essential Services Programme capital scheme. The flexible use of 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 (£304k) underspend.
- **Procurement (£60k)** - Staffing overspends of £7k to reflect the additional unbudgeted pay pressure based on the agreed pay award offset against vacant posts held and £16k shortfall in income expected due to delayed recruitment offset against additional Schools Management fee income of (£82k).
- **Legal Services £108k** - By not recruiting to posts, a staffing underspend of (£273k) is now forecast. An agency locum pressure of £266k, and other additional pressures of £206k are partly offset by additional reimbursement income from a legal case of (£91k).
- **Democratic Services (£7k)** - Staffing overspends of £16k including £37k to reflect the additional unbudgeted pay pressure based on the current offer, are being offset by expenditure savings of (£23k).
- **Shared Services £1,330k** - Staffing overspends of £2,393k including the unbudgeted pay award, income pressure 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 (£436k) offset against reduced income of £16k for Advertising and DBS checks.
- **Strategy and Improvement (£56k)** - A review of staffing has led to a forecast underspend of (£9k), including the pay award pressure. A pressure of £150k against budgeted savings on communications and marketing is being offset by (£99k) savings on expenditure and additional income of (£98k).

- **Human Resources (£59k)** - The staffing overspend of £594k includes the provision for the agreed pay award, and £283k expenditure pressures are being offset by additional funding from Adults and Health for HR support of (£81k), income mitigations of (£367k), use of reserves of (£397k) and COVID recovery Fund of (£100k) and a reduction in HRA chargeable income £9k.
- **Leeds Building Services (LBS) £1,953k** - The pressure reflects the current understanding of the level of work likely to be commissioned by clients (£73.8m) relative to the £80.1m required turnover and the consequent impact on the rate of return.

Part of the pressure is attributable to a review of the accruals position from the previous two years. Enhanced reporting, developed through the LBS improvement review, has established an additional pressure. 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 budgets will impact the LBS business plan. Other risks are; assumptions in the forecast that the level of Work in Progress (WIP) will result in the expected rate of return, accruals once fully charged will be paid at the expected rate by clients, non-chargeable time remains as forecast, and that the new e-trading system for materials will result in expenditure costs as forecast.

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

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

- **Corporate Property Management £12k** - The £12k projection reflects pressures from the pay award impact. This is a net figure based on the assumption that £500k of additional capitalisation is identified from current and projected spend against decarbonisation and general capitalisation budgets. Work on this area is ongoing, therefore there remains a risk to the revenue budget if this is not identified.
- **School Crossing Patrol (£90k)** - Staffing savings of £90k.
- **Catering £489k** - The service has a net additional unbudgeted pay award pressure of £711k which is partly mitigated by price increases and vacant posts leaving a net staffing pressure of £285k. The service also has a pressure on running cost budgets of approximately £489k (including food costs) partially offset by additional income of £285k.
- **Cleaning £308k** - The service has a net additional unbudgeted pay award pressure of £804k which is partially mitigated by price increases but results in a projected staffing overspend of £173k, and an increase in transport charges of £50k and £85k reduction in income due to specialist job requests slowing down. This is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.

- **Fleet £580k** - The Fleet position reflects the ongoing 2022/23 pressures of an aging fleet 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 led to a projected staffing overspend of £70k.
- **Presto £280k** - Staffing overspends of £20k reflect the additional unbudgeted pay pressure based on the pay award as well as £120k income pressure on the Meals and Home service; the service is seeing a reduction in demand following an increase during Covid. There is a £140k income pressure on the Civic Flavour service.
- **Facilities Management £500k** - Staffing overspends of £74k to reflect the additional unbudgeted pay pressure based on the pay award, £125k pressure for additional security and £50k pressure for front of house staffing costs, offset by (£15k) saving due to a reduction in drivers. Additional pressures have arisen from Joint Service Centres due to loss of service charge income and inflationary increases in rent charges disproportionately increasing the variance between the rent charged and grant received resulting in a net pressure of £266k. Significant additional pressure on the Hard FM (Mechanical and Electrical) contract on planned and responsive works to the Merrion House building have limited the scope to mitigate the pressures further.

Budget Action Plans

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

- 1.7 **Strategic & Central Accounts** - At the end of January the projection for the Strategic and Central Accounts is an underspend of (£10.5m) an improvement from the December position of (£8.4m). This position includes a projection that the debt budget will underspend by (£4.6m). 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 remainder of the financial year, a forecast which is in line with the predictions of most market commentators. Currently market interest rates for short term borrowing are above the base rate, however this is anticipated to be manageable for the remainder of the

current year due to the continued strength of revenue balances. The overall (£4.6m) saving in the debt budget also includes a saving of (£1.9m) in the MRP charge in relation to 2022/23 capital spend.

A projected underspend of (£4.9m) has also been included within the Strategic Accounts, which reflects corporate savings where the incidence across directorates has not yet been determined.

Additional grant income of £1.3m has been recognised within the Strategic accounts in Month 10, following the announcement within the final Local Government settlement that the surplus held in the national Business Rates levy pool will be distributed to councils before the end of 2023/24. 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, and a further pressure of £0.1m in amounts rechargeable to the HRA for central functions. 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 end of January, 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 £13.5m (an adverse movement from the Month 9 (December) position which was £12.7m), has been identified and is reflected in the reported directorate positions except where noted, including:

- Children & Families - £13.1m shortfall on the budgeted level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £4.0m; Turning the Curve £3.0m; review of 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 £13.1m shortfall reported, will be funded corporately and so does not appear in the projected January position.

- Strategy and Resources – £0.2m shortfall in the budgeted level of savings from the following projects: £0.15m Communications & Marketing synergies and £0.08m BSC Shared Cost Salary Sacrifice.

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

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

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

As detailed above, an overspend of £36.3m is currently projected against the 2023/24 revenue budget.

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

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

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

Following Executive Board's approval in September, £1.85m of non-essential spend budgets 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. At Month 10, a £0.5m projected underspend is being reported in those services where budgets have been reduced.

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

- No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; all meetings, where possible, should be conducted remotely / in the employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.
- With a number of exceptions e.g., social work roles a complete recruitment freeze is now in place.

- Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
- All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to “zero” in the majority of cases and only those approved by the respective Directors remain in use.

Whilst the Council continues to deliver a wide range of measures to reduce the overspend position this report also explains that there are still significant risks in the position being reported. The actions detailed above will impact upon the level of forecast overspend but it is inevitable that the Council will need to apply funding from reserves to achieve a balanced position for 2023/24. As indicated in paragraphs 2.3 and 3.4, the WYCA refund and the year-end underspend on energy will be applied to the 2023/24 overspend position.

In addition, at the final Local Government Finance Settlement for 2024/25, announced on 5th February 2024, Government announced that there is a surplus on the national Business Rates Levy Account in respect of 2023/24, and that £100m will be distributed to local authorities on a one-off basis, apportioned using the 2013/14 Settlement Funding Assessment. Although allocations have not been announced, this is the same basis of apportionment as the distribution of £100m in 2022/23, where Leeds received £1.3m. This funding is reflected in the Month 10 Strategic position at paragraph 1.7.

After application of these sources of funding, any remaining overspend will be funded by use of the Merrion Reserve.

2. Inflationary Pressures

- 2.1 At the end of January an overspend of £36.3m 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 £3.4m lower than allowed for in the 2023/24 General Fund budget. At July's meeting Executive Board approved in principle that any underspend on energy would be transferred to the Strategic Contingency Reserve to support the Council to deal with pressures in other areas. As referenced in Paragraph 1.9 above the underspend on energy will now be required to balance the 2023/24 position.

- 2.4 **Fuel** – The average UK pump prices for diesel and unleaded petrol saw decreases of (12.9%) and (5.6%) respectively between January 2023 and January 2024. The 2023/24 budget has allowed for an increase of £1.2m, largely attributable to the significant price increases in 2022/23. Fuel costs will continue to be monitored 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. These funds will be applied towards balancing the 2023/24 budget position.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of January 2024 was 86.55%. This is a 0.98% decrease from the January 2023 in-year collection rate of 87.54%. Initial worsening in collection can be attributed to application of around £4m in £150 cost of living 'rebates' to Council Tax accounts in July 2022, thereby artificially increasing the amount collected at that point in the year and impacting on the comparison. There is still the effect of post-covid backlogs in that, for example, the attachment to benefits practice employed to recoup arrears can be against multiple years, but earliest debts are taken first, therefore current year arrears will be left outstanding until prior years are cleared. This has been compounded by the ongoing cost-of-living crisis making collection of Council Tax more challenging as residents are financially impacted.

The current collection rate is still lower than the January 2020 in-year collection rate of 89.53%, however the profile of taxpayers' payments has changed significantly since the pandemic, with many more residents choosing to pay their council tax over twelve months rather than ten. Due to the challenging conditions following the pandemic, the target collection rate in the fullness of time was reduced for 2022/23 to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. It has been assumed collection rates will return to the normal 99% recovery rate from 2023/24 onwards.

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

remaining £0.123m, the difference between the estimated declared deficit in December 2022 and the end of the 2022/23 financial, being carried forward into 2024/25.

This repayment of the 2020/21 and 2022/23 deficits would be expected to generate a surplus on the collection fund, however current projections, based on historical trends of growth and movements in discounts and local council tax support, are that an in-year surplus of only £6.528m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.373m. Leeds share of this projected closing deficit would be £1.99m, 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 reflects ten months of data and close monitoring of the growth in council tax liabilities in the city will be required in the coming two months.

4.2 Business Rates

The Business Rates collection rate at the end of January 2024 is 88.13% which is significantly higher than the January 2023 in-year collection rate of 87.64% but slightly lower than the January 2020 in-year collection rate of 89.49% before the pandemic. As with Council Tax, the profile of ratepayers' payments has changed after the pandemic with many more local businesses choosing to pay their rates bill over twelve months rather than ten. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.8%, collecting £347.4m of business rates income. The collection rates will continue to be closely monitored in the current year and into future years.

The total rateable value of business properties in Leeds has decreased from £954.44m at the time of the 2023/24 budget to £947.26m as at 31st January 2024, a fall of £7.17m. Around £4.8m of this reduction is due to hereditaments undergoing redevelopment or major works and so it is anticipated that in time the rateable value of these properties will be revised upwards with the remainder losses being due to reductions in Rateable Values from the Valuation Office Agency. The 2023/24 budget includes an expected increase in Rateable Value of £2.5m for the full year. The size of the Business Rates tax base in Leeds continues to be monitored closely.

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

After reassessing the level of the bad debt and appeals provisions for end-of-list appeals and reduction in the multiplier cap compensation, the actual closing deficit for 2022/23 was £9.08m; a worsening of £1.93m from the position declared. This will be carried forward as a loss to the 2024/25 budget.

In 2023/24, an in-year deficit of £1.2m is projected, driven mainly by recent reductions to Rateable Value on the 2017 and 2023 ratings list. The impact of Valuation Officer Reports (VORs), which occur in areas outside of Leeds but have an impact on properties within the Councils borders, has particularly affected the 2017 list with a total loss of £7.8m. These losses cannot be charged against provisions for appeals and are an in-year cost. However, because the VOR costs have been charged to income rather than provisions, and a reassessment of the requirement for provisions for outstanding appeals, the VOR costs are offset by a reduction in those provisions of £4.8m.

Further reductions in Rateable Values on the 2023 List have an ongoing impact on growth which is now £4.3m below expectations. Increased demand for Small Business Rates Relief is £1.4m above the budgeted forecast, which has also added to the deficit.

These losses are partially offset by an improvement in bad debt provisions of £3.6m. This is due to improved in-year collection rates and a reassessment of collection of prior year debt. Also, a £1.9m lower cost for extended retail relief and a reduced demand for Empty Rate Relief of £1.1m contribute to reducing the deficit. Other smaller changes to Business Rates income result in a further £0.9m saving.

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 £3.09m, 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.

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

Before the COVID-19 public health crisis, the introduction of the new Check Challenge Appeal system on 1st April 2017 saw a significant reduction in the number of appeals submitted by ratepayers against their Rateable Value on the 2017 ratings list compared to the 2010 ratings list. Only 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 January 2024, the Council is providing for a net of 407 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 224 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 Month 10, the HRA is projecting a balanced position.

5.2 The key projected variations are:

- Dwellings Rent £787k – a forecast reduction in rental income due to the number of void properties being higher than budgeted and some slippage in the new build schemes.
- Non-Dwellings Rent £60k - pressure on garage rent.
- External Income (£80k) –this reflects an increase in telecoms income compared to the budget.
- Service Charges (£93k) – mainly reflecting the impact of Gascoigne House.
- Employees Net £60k - there is a forecast underspend against the employee budget of (£1,109k) 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 £1,025k and a £144k pressure regarding internal services for recharged staff in the Council House Growth (CHG) Programme.
- Repairs to Dwellings £1,062k - reflects the forecast pressure on the repairs budget.

- Premises (£512k) – reflects the updated energy and cleaning agency projected costs.
- PFI £0k - a forecast pressure on the Unitary Charge of £532k is offset by a projected underspend on internal income (£51k) and the use of PFI Sinking funds (£481k).
- Internal Services excluding staff recharge for CHG (£258k) – savings identified on internal recharges partly offset with a projected pressure on disrepair legal costs.
- Provision for Doubtful Debt £225k – to reflect the updated arrears position.
- Capital Charges (£448k) – reflects savings from slippage in the CHG programme borrowing.
- Contribution to the capital programme (£874k) – the current forecast underspend on the capital programme 2023/24.

Financial Dashboard 2023/24 Financial Year

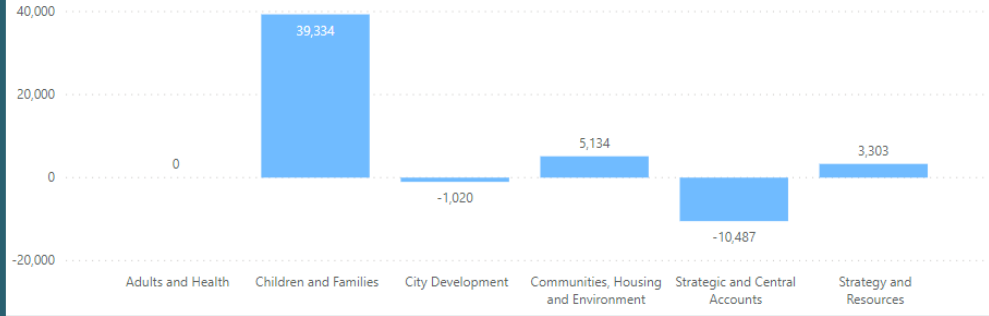


Budget Variation £000s

36,264

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	538,124	547,223	9,100
Premises	65,604	69,293	3,689
Supplies and Services	263,016	267,947	4,932
Transport	54,040	60,680	6,641
Internal Charges	92,218	95,989	3,771
Third Party Payments	500,810	558,520	57,710
Transfer Payments	181,696	190,274	8,579
Capital	91,351	87,995	-3,356
Transfer to/from Reserves	-22,959	-37,406	-14,447
Internal Income	-345,177	-344,387	790
External Income	-845,365	-886,509	-41,144
Total	573,358	609,622	36,264

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	-157
City Development	-40
Communities, Housing and Environment	240
Strategic and Central Accounts	-2,055
Strategy and Resources	-723
Total	-2,735

Financial Dashboard 2023/24 Financial Year

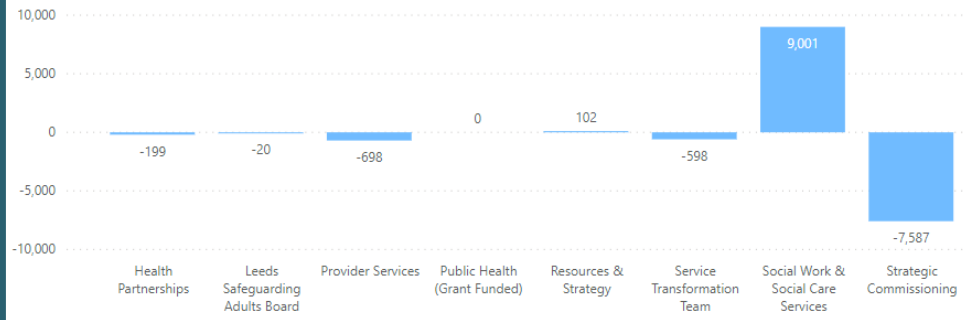


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	70,508	70,406	-102
Premises	1,381	1,298	-83
Supplies and Services	7,509	14,575	7,065
Transport	1,011	855	-156
Internal Charges	14,404	16,177	1,772
Third Party Payments	326,198	347,707	21,510
Transfer Payments	13,488	11,604	-1,884
Transfer to/from Reserves	-4,521	-12,447	-7,926
Internal Income	-5,016	-5,347	-331
External Income	-226,157	-246,022	-19,865
Total	198,806	198,806	0

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

Financial Dashboard 2023/24 Financial Year

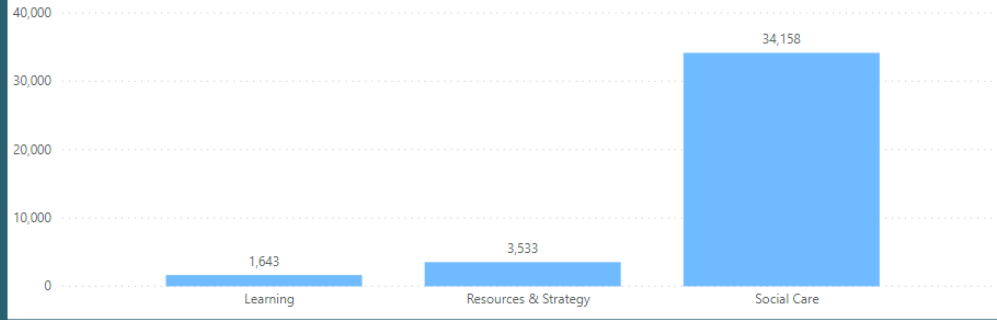


Budget Variation £000s

39,334

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	112,443	115,291	2,848
Premises	4,698	4,704	6
Supplies and Services	65,692	66,824	1,132
Transport	11,794	15,377	3,583
Internal Charges	36,311	38,070	1,759
Third Party Payments	113,725	149,819	36,095
Transfer Payments	3,882	4,112	230
Capital		0	0
Transfer to/from Reserves	-819	-1,105	-286
Internal Income	-35,820	-36,157	-336
External Income	-170,592	-176,289	-5,698
Total	141,312	180,646	39,334

Directorate	Change in Variance £000s
Children and Families	-157
Total	-157

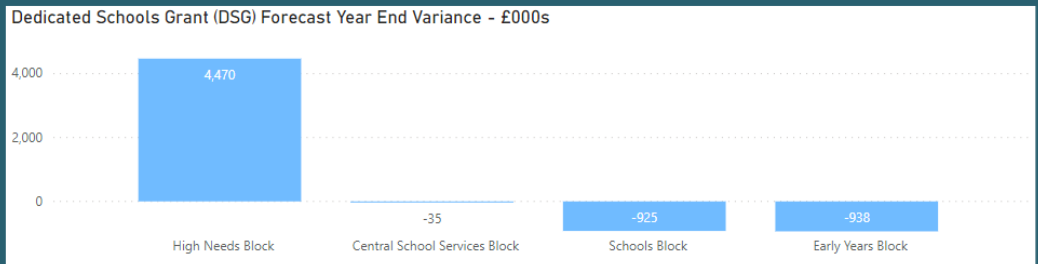
Financial Dashboard 2023/24 Financial Year



DSG Variation £000s

2,572

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	-338,402	3,319	341,721	337,477	-4,244	0	-925	-925
High Needs Block	-117,035	-117,171	-136	117,035	121,641	4,606	0	4,470	4,470
Early Years Block	-57,538	-60,387	-2,849	57,538	59,449	1,911	0	-938	-938
Central School Services Block	-5,106	-5,106	0	5,106	5,071	-35	0	-35	-35
Total	-521,400	-521,066	334	521,400	523,638	2,238	0	2,572	2,572

DSG Reserves

Reserve Type	Balance b/fwd	Net contribution to(-)/from (+) balances	Budgeted Deficit (+) / Surplus (-) c/fwd	Projected in year under(-)/over(+) spend	Planned use of reserves	Projected Deficit (+) / Surplus (-) c/fwd
De-delegated	-1,950	500	-1,450	-508	1,750	-708
General	-7,060	0	-7,060	3,080	0	-3,980
Total	-9,010	500	-8,510	2,572	1,750	-4,688

Financial Dashboard 2023/24 Financial Year

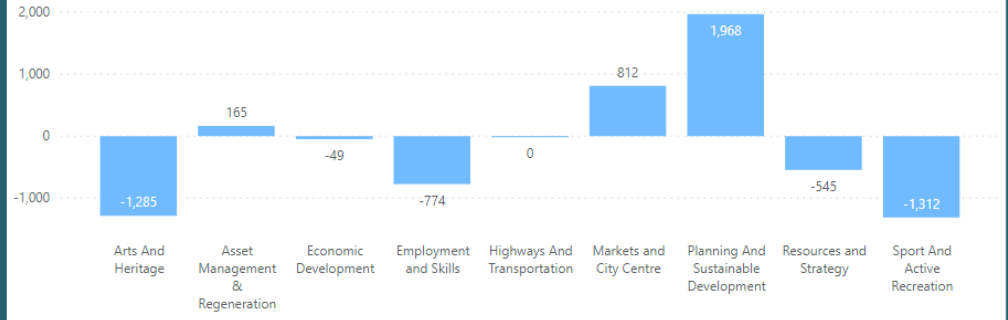


Budget Variation £000s

- 1,020

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	75,585	75,060	-525
Premises	31,551	34,916	3,365
Supplies and Services	50,470	50,347	-123
Transport	6,856	8,828	1,972
Internal Charges	10,610	11,330	720
Third Party Payments	189	187	-2
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,841	-4,878	-1,038
Internal Income	-46,938	-51,033	-4,095
External Income	-83,967	-85,261	-1,294
Total	40,516	39,496	-1,020

Directorate	Change in Variance £000s
City Development	-40
Total	-40

Financial Dashboard 2023/24 Financial Year

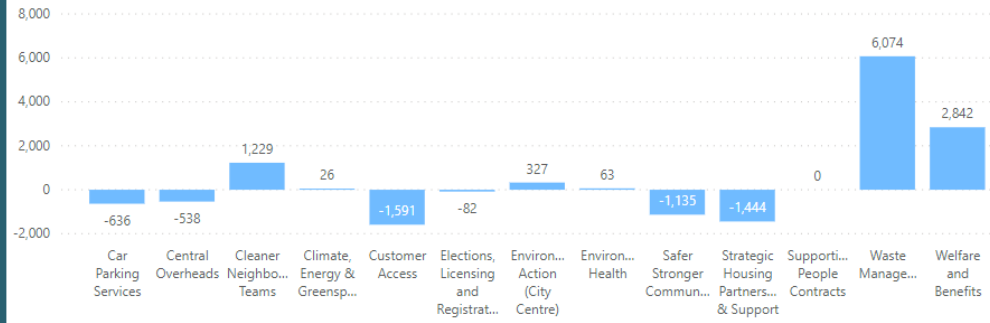


Budget Variation £000s

5,134

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	108,384	110,382	1,999
Premises	11,859	12,067	208
Supplies and Services	71,012	77,316	6,304
Transport	11,305	12,097	792
Internal Charges	21,000	20,644	-356
Third Party Payments	23,464	23,280	-185
Transfer Payments	163,130	173,469	10,339
Capital		0	0
Transfer to/from Reserves	-1,768	-2,173	-405
Internal Income	-49,348	-47,647	1,700
External Income	-265,711	-280,975	-15,263
Total	93,326	98,460	5,134

Directorate	Change in Variance £000s
Communities, Housing and Environment	240
Total	240

Financial Dashboard 2023/24 Financial Year



Surplus (-) / Deficit (+) £000s

0

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-230,240	-229,453	787	-146
Non Dwelling Rents	-3,347	-3,287	60	4
Service Charges	-9,551	-9,644	-93	-9
Internal Income	-9,349	-8,312	1,037	38
Grants	-21,385	-21,385	0	0
External Income	-1,778	-1,858	-80	-180
Total	-275,650	-273,938	1,712	-292

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Disrepair Provision	4,000	4,000	0	0
Repairs to Dwellings	65,103	66,165	1,062	-728
Employees	33,708	32,599	-1,109	220
Premises	11,732	11,220	-512	-334
Supplies and Services	5,486	5,496	10	547
PFI Unitary Charge	12,662	13,194	532	0
Transport	304	301	-3	6
Internal Services	39,815	39,701	-114	-127
BITMO Management Fee	3,524	3,524	0	0
Provision for Doubtful Debts	1,136	1,361	225	0
Capital Charges	46,666	46,218	-448	-422
Contribution to Captial Programme	51,891	51,017	-874	-256
Total	276,027	274,796	-1,231	-1,094

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	377	858	481	-1,386
Appropriation: Sinking Funds	-326	-807	-481	0
Appropriation: Reserves	-51	-51	0	0
Total	0	0	0	-1,386

Financial Dashboard 2023/24 Financial Year

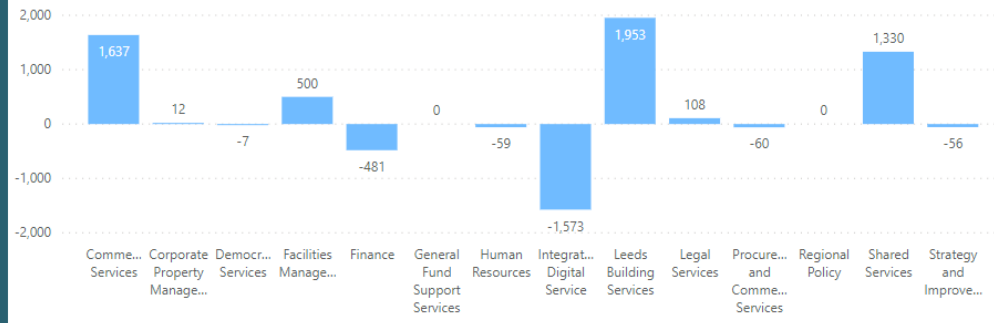


Budget Variation £0

3,303

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	166,475	171,417	4,942
Premises	16,116	16,308	192
Supplies and Services	63,303	57,525	-5,778
Transport	23,074	23,523	449
Internal Charges	4,931	4,750	-181
Third Party Payments	28	28	0
Transfer Payments	66	66	0
Transfer to/from Reserves	-74	-1,656	-1,582
Internal Income	-172,884	-167,789	5,095
External Income	-16,462	-16,296	165
Total	84,573	87,876	3,303

Directorate	Change in Variance £000s
Strategy and Resources	-723
Total	-723

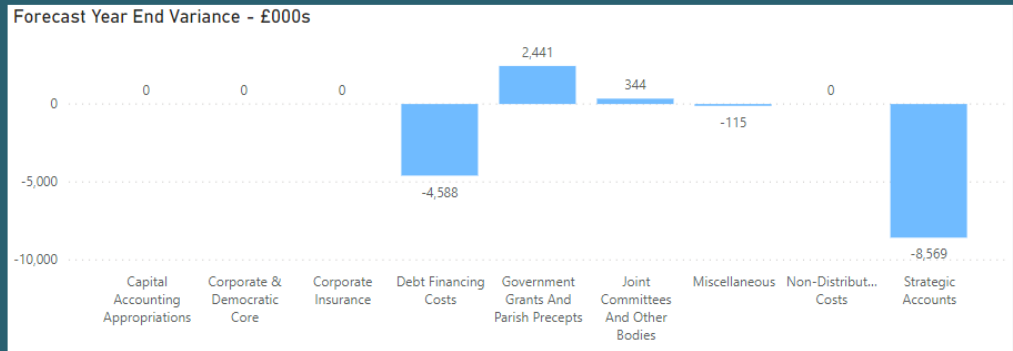
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

- 10,487

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,729	4,667	-62
Premises		0	0
Supplies and Services	5,029	1,361	-3,669
Internal Charges	4,962	5,019	57
Third Party Payments	37,207	37,499	293
Transfer Payments	1,130	1,023	-107
Capital	91,351	87,995	-3,356
Transfer to/from Reserves	-11,936	-15,146	-3,210
Internal Income	-35,171	-36,414	-1,242
External Income	-82,476	-81,665	810
Total	14,826	4,339	-10,487

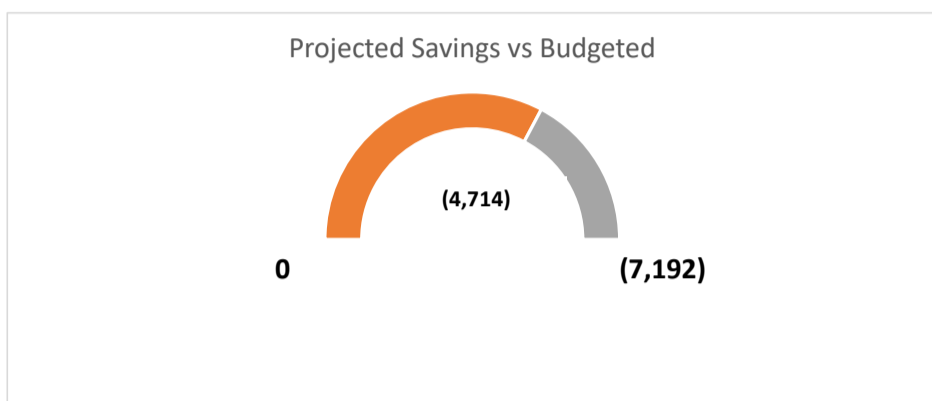
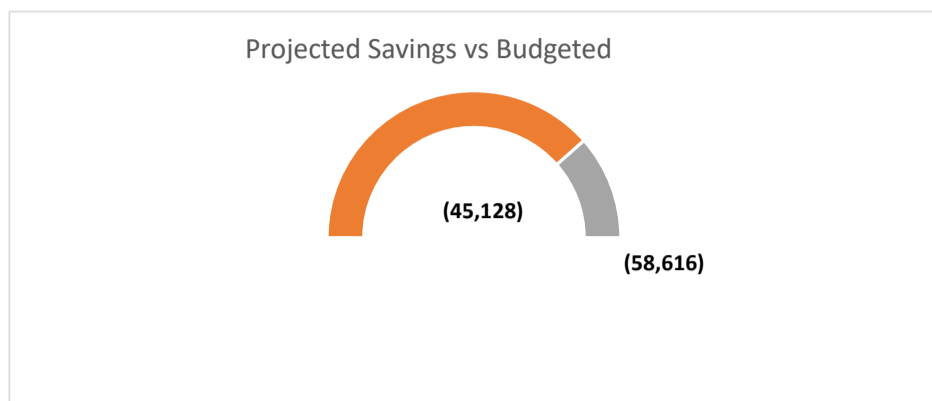
Directorate	Change in Variance £000s
Strategic and Central Accounts	-2,055
Total	-2,055

LEEDS CITY COUNCIL - SUMMARY

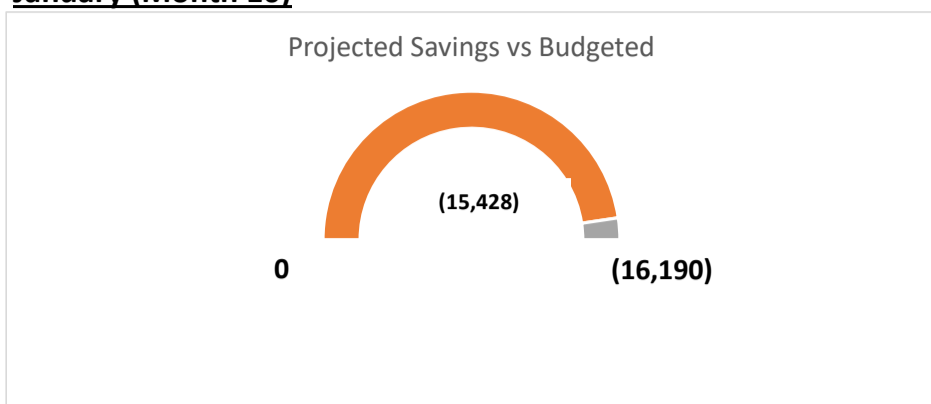
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(18,448)	(19,068)	(620)
On track, no issues	(13,438)	(15,205)	(1,767)
Some risk	(11,076)	(9,861)	1,215
High risk	(15,654)	(994)	14,660
Cancelled	0	0	0
Total	(58,616)	(45,128)	13,488

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



January (Month 10)



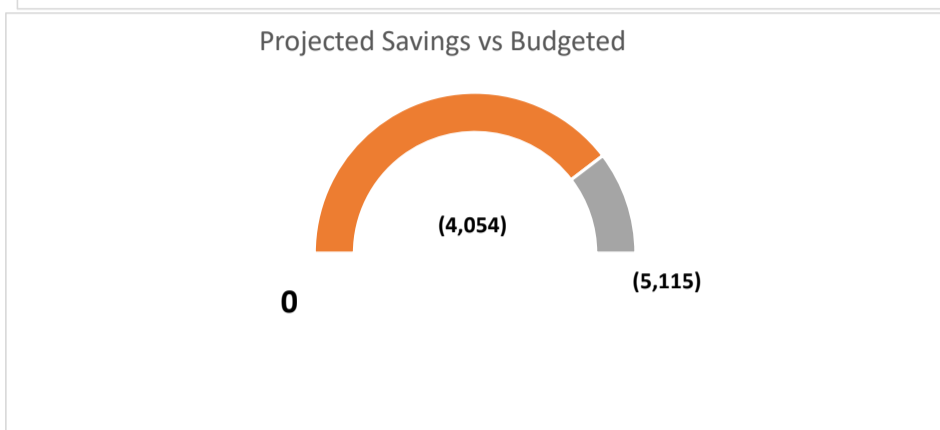
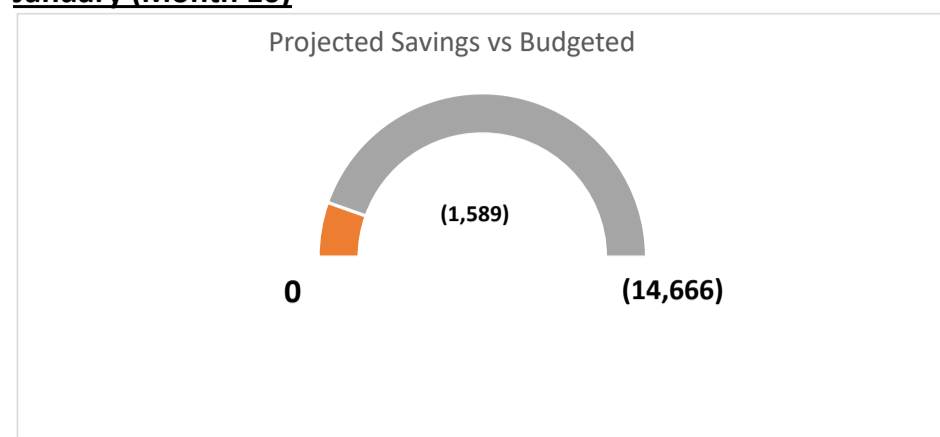
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(13,710)	(14,180)	(470)
On track, no issues	0	0	0
Some risk	(1,220)	(908)	312
High risk	(1,260)	(340)	920
Cancelled	0	0	0
Total	(16,190)	(15,428)	762

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	Spring Gardens completed November and now open. Dolphin Manor, scheme commenced December'23 with completion Spring'24. Knowl Manor on hold for now. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23).
Budgeted Savings	SR	Strategic Review of Adult Social Work provision	Shona McFarlane	Some risk	(1,120)	(830)	290	Reviewing Team operational and over achieving the action plan. Other element around front door still to be designed.
Budgeted Savings	BAU	Review of mental health placements (s117 health contribution)	Caroline Baria	Some risk	(100)	(78)	22	Alternative savings of £22k identified, Touchstone and their outreach offer which is expensive.
Budgeted Savings	BAU	Invest to save proposal for Home care - performance management	Caroline Baria	High risk	(1,000)	(250)	750	Delays in recruiting 2 new staff has meant that the action plan will under deliver by £750k but no impact on future years due to slippage.
Budgeted Savings	BAU	Review supported bank account contract (direct payments)	Caroline Baria	High risk	(100)	(50)	50	contract renewal late than originally thought. Sum will be contained within budget - or use of reserves as this is slippage and not non-delivery

January (Month 10)



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)	(654)	12,404
Cancelled	0	0	0
Total	(14,666)	(1,589)	13,077

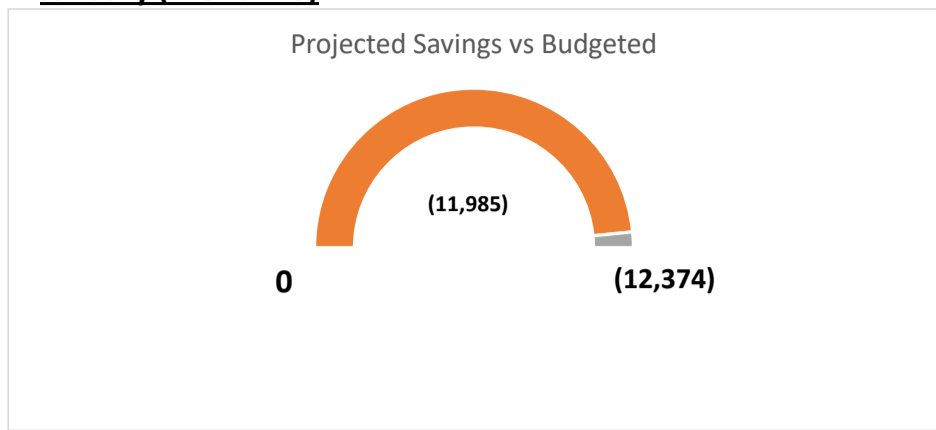
CHILDREN & FAMILIES - Other Savings Measures

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)	0	4,000	Original savings plans assumed delivery of £4,750k savings with £750k investment in staffing. Savings plans are in place. However significant risk for delivery due to scale of savings and likely lead in period for delivery.
Budgeted	SR	Turning the curve – range of workstreams to reduce the forecast increase in Children Looked After number	Farrah Khan	High risk	(3,000)	0	3,000	Original plans required investment in an Edge of Care service to deliver the net savings of £3,000k. However this savings target overlaps with the fostering and residential plans, so 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

January (Month 10)

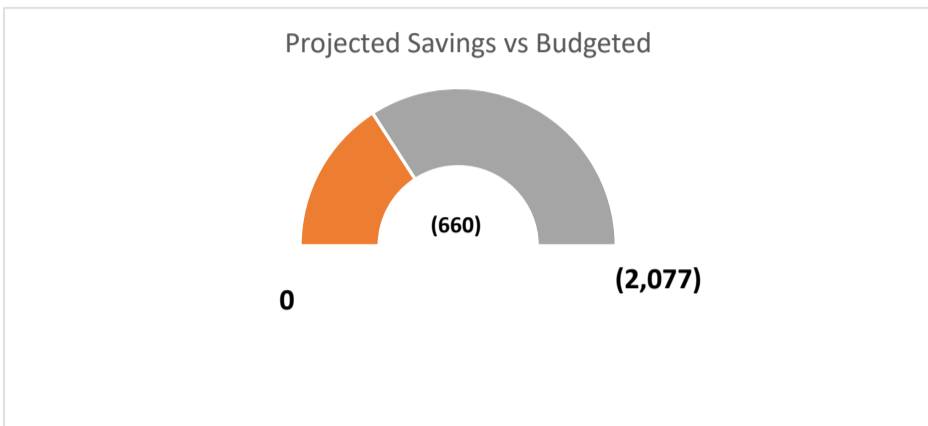


CITY DEVELOPMENT - SUMMARY

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

CITY DEVELOPMENT - Other Savings Measures

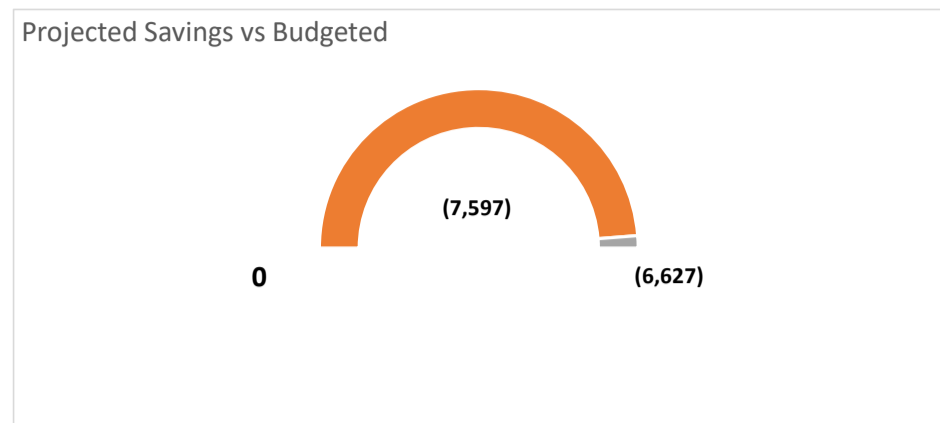
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(630)	(630)	0
Some risk	0	0	0
High risk	(1,447)	(30)	1,417
Cancelled	0	0	0
Total	(2,077)	(660)	1,417



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	Jane Walne	Some risk	(677)	(677)	0	0
Budgeted	SR	Leeds Museums & Galleries Invest to Save: relocation of Café	Eve Roodhouse	Some risk	(90)	(67)	23	0
Budgeted	BAU	Leeds Museums and Galleries commercial review	Eve Roodhouse	Some risk	(100)	(100)	0	0
Budgeted	BAU	Income Generation (New) - Provision of Services to other local authorities	Gary Bartlett	Some risk	(50)	(50)	0	0
Budgeted	BAU	Additional income from new contractor framework implemented in 22/23	Gary Bartlett	Some risk	(25)	(25)	0	0
Budgeted	SR	Street Lighting: Adaptive lighting via a Central Management System (CMS)	Gary Bartlett	High risk	(166)	0	166	0
Budgeted	BAU	Development Management - generation of additional income from pre-app advice service	David Feeney	High risk	(100)	0	100	0
Budgeted	BAU	Strategic Planning - consultancy advice (e.g. to other local authorities)	David Feeney	High risk	(50)	0	50	0
Budgeted	BAU	Building Control - additional income through providing expert technical services to other local authorities	David Feeney	High risk	(50)	0	50	0
Budgeted	BAU	Planning & Levelling Up Bill: National fees	David Feeney	Some risk	(250)	(250)	0	0
Other	BAU	Estate Rationalisation	Angela Barnicle	High risk	(583)	(30)	553	0
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

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COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

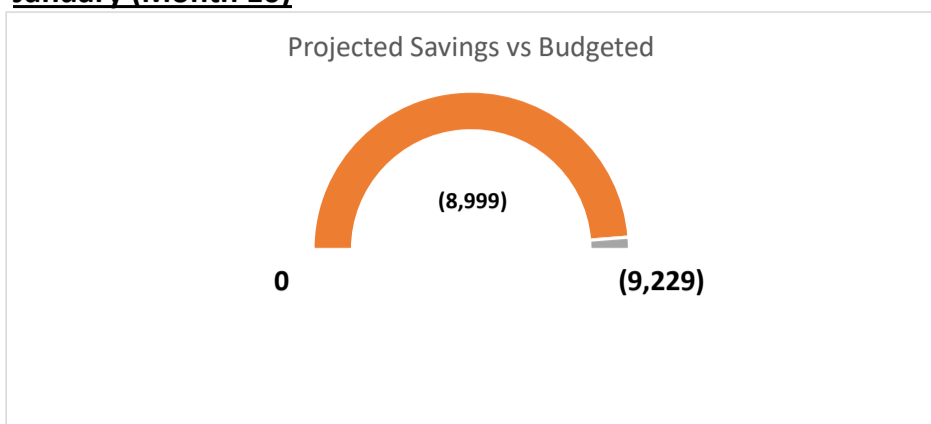
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(863)	(1,013)	(150)
On track, no issues	(3,747)	(5,514)	(1,767)
Some risk	(1,277)	(1,070)	207
High risk	(740)	0	740
Cancelled	0	0	0
Total	(6,627)	(7,597)	(970)

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
Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	Paul Money	Some risk	(33)	0	33	Reduced income projected in year.
Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	John Mulcahy	Some risk	(116)	(16)	100	Service has been insured but income is down compared to budget by approx £100k

Budgeted	BAU	Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge	John Woolmer	High Risk	(740)	0	740	The risk of significant volatility of market price of recycling income was is known when the budget was set. All disposal budgets are monitored each month and due to a reduction in the market price of recyclable materials the actions plan does not look like it will be achieved in 2023/24. This cost pressure has been partially offset by £269k of additional income on the recycling contract prices from October 2023.
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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 regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Cleaning / Facilities Management/Security: Review of cleaning materials procurement, pricing, Presto offer and insourcing.	Sarah Martin	Some risk	(200)	(200)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Catering: Before and After School Clubs, target increased take up, review high school offer to include cross border training, procurement.	Sarah Martin	Some risk	(165)	(165)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Fleet Services' efficiencies: including reduction in maintenance spend, introduction of new vehicle types, greater utilisation of existing fleet and an enhanced focus on supplier spend and emerging markets.	Sarah Martin	Some risk	(488)	(488)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	CEL Increased Productivity	Sarah Martin	Some risk	(345)	(345)	0	0
Budgeted	BAU	Cleaning/Facilities Management/Security - Increased productivity	Sarah Martin	Some risk	(30)	(30)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Armley Sports Centre Café	Sarah Martin	Some risk	(20)	(20)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Weddings	Sarah Martin	Some risk	(20)	(20)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: CEL: Corporate Property Management / Facilities Management	Sarah Martin	Some risk	(163)	(163)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Commercial Services: Improving attendance	Sarah Martin	Some risk	(225)	(225)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Improving attendance	Sarah Martin	Some risk	(110)	(110)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Review all routes to ensure contracted hours aligned with routes to give maximum efficiency	Sarah Martin	Some risk	(75)	(75)	0	To be regularly reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: Finance	Victoria Bradshaw	Some risk	(414)	(414)	0	0
Budgeted	BAU	Staffing efficiencies: Human Resources	Andy Dodman	Some risk	(440)	(440)	0	0

