

Financial Health Monitoring 2022/23 – Provisional Outturn Month 11(February)

Date: 19th April 2023

Report of: Chief Officer - Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Recommendations

1. The purpose of this report is to inform the Executive Board of the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account. At Month 11 (February) this Provisional Outturn position reflects an overspend of £16.3m on the Authority's General Fund services.
2. Where Directorates are projecting an overspend, any savings actions implemented to mitigate these pressures are included in the reported overspend position.
3. Any adverse variation to a balanced budget position at the 2022/23 year-end will require the use of Strategic Contingency Reserve balance. Ongoing pressures identified in the current year have been built into the 2023/24 budget.
4. In 2021/22 the Council received Government funding towards the costs of COVID-19. This was fully utilised in 2021/22 with no balance of funding available for 2022/23.
5. Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
6. This report comments on financial performance against the 2022/23 budget, which has targeted resources towards the Council's policies and priorities as set out in the Best City Ambition.
7. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The position remains challenging and the budget for 2022/23 requires delivery of £16.5m of savings. At Month 11 Provisional Outturn it is anticipated that the majority of budgeted savings will be delivered or mitigating actions found.
8. Where known, increased inflation and the rising cost of living, including the 2022/23 agreed pay award, have been incorporated into this reported financial position.
9. This report provides the Board with information on the monitoring of the decision to freeze non-essential spend as one of the measures to balance the 2022/23 budget. Expenditure to Month 11 on a range of financial codes in scope shows that spend is 14.4% lower than over the same period in 2021/22. This reduction in expenditure has been included in the forecasts for the year being reported by Directorates.
10. At Provisional Outturn (Month 11) the Housing Revenue Account is forecasting a balanced position, by the use of the major Repairs reserve.
11. Further, this report explains the intention to apply the remaining balance of the Merrion House capital receipt to redeem debt in 2022/23, to reduce the MRP budget by a corresponding amount and then to contribute the resulting revenue saving to an earmarked revenue reserve.

Executive Board are asked to:

- a) Note that at Month 11 (February) the Authority's General Fund services are forecasting an overspend of £16.3m and that the Housing Revenue Account is forecasting a balanced position.
- b) Note that where an overspend is projected Directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures, in line with the Revenue Principles agreed by Executive Board in 2019. Savings actions identified to date are included in the reported overspend position and actions will continue to be identified which will contribute towards improving this projected financial outturn position.
- c) Note that known increased inflation and known impacts of the rising cost of living, including the agreed 2022/23 pay award, have been incorporated into this reported financial position. These pressures will continue to be assessed, with the final position being incorporated into Final Outturn position for 2022/23 to be received by this Board in June.
- d) Note that the report 'Financial Performance – Outturn financial year ended 31st March 2023', which will be received at this Board in June 2023, will recommend that the final overspend at Outturn is balanced through use of the Strategic Contingency Reserve.
- e) Approve the application of the remaining balance of the Merrion House capital receipt to redeem debt in 2022/23, to reduce MRP by the same amount and to contribute the resulting revenue saving to an earmarked revenue reserve.

What is this report about?

- 1 This report updates the Board on financial performance against the Council's 2022/23 General Fund and Housing Revenue Account budgets for the first eleven months of the financial year. At Month 11, the Provisional Outturn position reflects an overspend of £16.3m on the Authority's General Fund while the Housing Revenue Account is forecasting a balanced position. The adverse variation to a balanced budget position for the General Fund at the 2022/23 year-end will require the use of Strategic Contingency Reserve balances.

What impact will this proposal have?

- 2 The budget proposals contained in the 2022/23 Budget have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures put in place or planned where appropriate. As such, an Equality Impact Assessment was provided at Appendix 6 to the 2022/23 Revenue Budget and Council Tax Report.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 3 The Best City Ambition is the 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. This is the primary purpose of the Medium Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget.
- 4 This report needs to be seen in the context of the requirement for the Council to be financially sustainable and deliver a balanced budget position in 2022/23 so that resources can continue to be targeted at the Council's priorities.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

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

What are the resource implications?

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

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

- 7 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy. These risks are included on the Council's corporate risk register.
- 8 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management based support and reporting around the achievement of key budget actions plans is in place for 2022/23.
- 9 This position reflects the agreed 2022/23 pay increase. Further this position reflects the latest projections with regard to known inflationary pressures in respect of the increased cost of electricity, gas, fuel and the impact of the cost of living pressures on our residents or businesses which 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.
- 10 The final position for 2022/23 will be reported to this Board in the report 'Financial Performance – Outturn financial year ended 31st March 2023', in June 2023. Should an overspend position be confirmed at final Outturn, it will be recommended that this be balanced through use of the Strategic Contingency Reserve. Whilst this will achieve the required balanced position for 2022/23, it will reduce the resources available to support the Council's financial position in future years.
- 11 However, this report seeks Executive Board's approval to apply the remaining balance of the Merrion House capital receipt to redeem debt in 2022/23, to reduce MRP by the same amount and to contribute the resulting revenue saving to an earmarked revenue reserve. Once established, this new reserve will be available to fund future unforeseen budget pressures and to ensure the Council continues to become more financially resilient, particularly given the likely use of the Strategic Contingency Reserve to balance the 2022/23 position.

What are the legal implications?

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

Options, timescales and measuring success

What other options were considered?

13 Not applicable

How will success be measured?

14 Not applicable

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

15 Not applicable.

Appendices

16 The following appendices are attached to this report:

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

Background papers

17 None

Financial Health Monitoring 2022/23 – Provisional Outturn Month 11 (February)

1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2022/23 at Provisional Outturn (Month 11).
- 1.2. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations at Month 11.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2022/23 was set at £521.9m.
- 2.2 Following the closure of the 2021/22 accounts, the Council's general fund reserve stands at £33.2m. The 2022/23 budget assumes no contribution to this reserve during the current financial year.
- 2.3 The 2023/24 Revenue Budget and Council Tax report, received by the Executive Board in February 2023, assumed a balanced budget position for 2022/23 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves and the Council's share of the additional funding announced at the Final Local Government Finance Settlement in February 2023 relating to the surplus on the national Business Rates Levy Account. Any adverse variation to a balanced budget position at the 2022/23 year end will require the use of Strategic Contingency Reserve balances. Any ongoing pressures identified in the current year have been built into the 2023/24 budget.
- 2.4 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are deemed to be at risk, for example to the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management based support and reporting around the achievement of key budget actions plans.

3. Main Issues

- 3.1 At Provisional Outturn an overspend of £16.3m is projected across directorates (an adverse change of £2.6m or 18.7% from the Month 10 position). As discussed in this report, this position encompasses the impact of the agreed national employers pay offer for 2022/23, increased energy costs and the impact of the Government's Energy Relief Bill and other inflationary rises and the wider impact of rising cost of living pressures.
- 3.2 Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
- 3.3 Directorate positions are summarised in **Table 1**.

Table 1: Summary Position Financial Year 2022/23 Month 11 (February)

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	953	9,469	(9,468)	0	0
Children and Families	Julie Longworth	1,201	18,380	(87)	18,294	16,545
City Development	Martin Farrington	(989)	1,605	(1,491)	115	0
Communities, Housing & Environment	James Rogers	3,267	1,056	225	1,283	762
Resources	Mariana Pexton	4,859	10,010	(6,118)	3,892	3,662
Strategic	Victoria Bradshaw	(232)	3,953	(11,244)	(7,292)	(7,249)
Total Current Month		9,060	44,473	(28,183)	16,291	13,720

Previous reported (under)/over spend	9,198	36,808	(23,089)	13,720
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Managing the Overspend

As noted in **Table 1**, at Month 11 the Council is projecting an overspend of £16.3m for the financial year 2022/23.

3.4 As requested at September's Executive Board, directorates have been required to identify action plans to both address reported overspends and absorb the financial impact of the national employers pay offer for 2022/23. These actions include, with a small number of exceptions, a freeze on recruitment (including on agency staff and overtime), and a freeze on non-essential spend. Exceptions to this may include expenditure needed for health and safety reasons, to meet a statutory service requirement, to prevent further costs, or that helps generate income that more than outweighs the cost of recruiting to these roles.

3.5 Cross-directorate Task and Finish working groups have worked with services projecting overspends to support them to reduce cost pressures. In order to monitor and identify progress on these working groups, savings action plans were developed to record pressures and proposals and to monitor improvement. The Provisional Outturn position includes the savings attributed to the actions identified and progressed by the Task and Finish groups.

Directorate Positions

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

3.6.1 Adults & Health – At Provisional Outturn, Adults & Health Directorate is projected to deliver a balanced budget, although there are remaining risks around demand and income targets outlined below. The Net Managed Budget (NMB) for 2022-23 is

£197.30m, comprised of £384.03m of gross expenditure offset by £186.73m of gross income. Reflected in the 2022-23 budget are Budget Action Plans totalling £6.994m.

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

Budget Action Plans

At Month 11 there are concerns around the delivery of 3 Budget Action Plans with a forecast impact of £2.214m:

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

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

Demand

The 2022-23 demand related budgets reflect £17.774m of additional funding for price, inflationary and demand & demography growth, taking the overall size of the demand led budgets up to £251.6m before reducing to £247.5m after netting off a £4.1m savings target reflected in the delivery of the 2022-23 budget action plans; principally the Strategic Review for Adult Social Work. Overall, the Month 11 projection shows an overspend of £4.864m on the 2022-23 demand related budget which is a minor improvement of £0.16m from Month 10, analysed below.

It should also be noted that there has been an in-year increase in the demand related budgets of £3.3m due to £1.7m for increased Homecare provider rates funded from Leeds-ICB and £1.6m for Residential provider rates funded from the Fair Cost of Care & Market Sustainability grant.

Mitigating actions have been identified to balance:

- Increased demand in all residential settings of £3.983m, which is an improvement of £0.512m from the reported position at Month 10. The residential settings variation comprises of: £1.543m Residential, £1.474m Nursing Complex, £1.112m Residential Complex and savings of £0.146m Nursing. This is offset by additional income of £1.626m giving a net pressure £2.357m.
- Learning Disability (LD) demand budgets are £0.683m over budget, offset by additional client income of £1.486m giving a net saving £0.803m.
- Homecare and Community Support placements, £0.960m above budget, which is an adverse movement of £0.3m from the reported position at Month 10. This service area has seen an increased number of packages and this projection is modelled on current activity levels being paid via the Council's Client Information Service (CIS) system with a net pressure £0.960m.
- Also offsetting budget variation above are the savings on demand budgets in Supported Living £0.013m, Direct Payments, £0.749m, additional £0.698m Leeds-ICB monies (BCF & non-BCF agreements) and £0.529m additional Partnership income from other Health settings in Leeds and £0.525m additional iBCF grant income.

Pay

This projection reflects the agreed Employers 2022-23 pay offer of £1,925 per employee. The impact of this is an additional £2.4m pay related pressure, over and above the 2% budgeted position. Also, this includes £0.3m for Passenger Transport pay costs (reflected in Internal Charges above). £0.4m will be recovered from higher charges to partnerships and grant funding. At Month 11 there is a pay pressure of £0.953m, which is £1.45m lower than the budgeted pay impact due to recruitment difficulties in social work and social care. The balance will be funded from the use of iBCF grant monies.

Partnerships and Grant funding

On the 22nd of September 2022 the DHSC set out the Government's new 'Our plan for patients' to improve care for patients this winter and next announcing a £500m Adult Social Care Discharge fund to help people get out of hospitals and into social care support. LCC was directly awarded £2,758,941 and Leeds-ICB was awarded £5,188,000; Total for Leeds, £7,946,941. The guidance requires the funding to be pooled via the Better Care Fund.

Included in the 2022-23 budget is £2.235m of new grant funding for Market Sustainability and Fair Cost of Care. This was upfront funding in preparation to go-live in October 2023 of the new Care Act reforms, however the go-live date has slipped to October 2025. A minimum of 75% must be allocated directly to support the market and 25% for resources to implement the requirements of the Care Act. Additionally, we've received a further £0.01m for ASC charging reform: implementation support funding grant determination for 2022-23 to support capacity for assessments and DIS requirements for the Care Act.

A pressure of £1.2m is reflected for delayed discharges from hospital settings beyond 28 days at Month 11. Where a client who is assessed and ready for discharge resides beyond 28 days then the cost for that client becomes the responsibility for the local authority. This is offset by additional income under the iBCF Social Care Grant funding stream and reserves. A Savings Action Plan is being undertaken to mitigate any impact on the 2023-24 budget.

The Month 11 projection for Passenger Transport reflects a pressure of £858k, split £772k LCC and £86k Leeds-ICB. £308k relates to the in-year pay pressure from the 2022-23 pay award and outlined in the pay section above and £558k for inflationary impact on fleet operating costs, private hire, and increased driver costs to cover sickness absence. The LCC share will be covered by additional BCF income.

There is £0.7m of COVID grant funding relating to Clinically Extremely Vulnerable (CEV) carried forward against which we are currently assuming associated expenditure, in particular winter grants.

New grant funding of £19k for 2022-23 and £19k for 2023-24 has been announced to support the 'Care data matters: a roadmap for better data for adult social care', agenda and switch to Client Level data.

Public Health

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

3.6.2 Children and Families – The current year-end forecast for the Children and Families directorate is an overspend of £18.294m. This represents an increase of £1.749m since the last reported position at Month 10. The main movements from Month 10 are:

- External Residential Placements £0.650m
- Care Leavers: Semi Independent Living £0.377m
- Additional UASC Income (£0.323m)
- Little Owls Nurseries £0.418m
- Legal Costs £0.648m
- Additional Non Essential Spend savings (£0.322m)
- Other movements £0.301m

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

	£m
Care Leavers: Semi Independent Living	4.530
Care Leavers: Leaving Care Allowances	0.400
UASC Income	(1.558)
CLA: In House Carers	3.498
CLA: External Residential Placement	2.039
Independent Support Work	0.695
Little Owls Nurseries	2.041
Transport	3.490
IFA Placements	0.570
Secure Welfare	0.299
Projected Net Staff pressures	1.070
Legal Costs	0.648
Contribution from Housing Support Fund	(1.000)
ICB Contribution	1.900

Non Essential Spend Savings	(0.668)
Other Variances	0.340
Total	18.294

Task And Finish Group

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

The Month 11 position includes assumed savings of £0.769m which have been attributed to the actions identified and progressed within the Task and Finish group.

- CLA Leaving Care - £0.499m
- Transport - £0.200m
- Little Owls Nurseries - £0.070m

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £5.8m. Currently there are 292 placements, including 108 placements for 16 and 17 year olds, which is an increase from previous years. This increase has been driven by a number of factors including an increase in 16 year olds exiting foster care, a bulge cohort of CLA in 15-17 year olds including the majority of UASC, and a continued flow of young people being remanded to our care by the courts or released from custody. Within these groups there are some who have high support needs which result in higher average placement costs.

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

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

- A review of young people ready to move out of OWL provision and into independent living within a short timescale has been undertaken, working closely to match these to suitable one-bed council tenancies.
- The result of this work has been creation of capacity across a significant number of OWL units, including 49 movements into or within OWL provision, made up of:
 - 26 young people moved into OWL provision from external placements
 - 23 young people moved within OWL to free up other units, or new into OWL through Leeds Housing Options (young people who would otherwise be deemed homeless)
- There remain a number of units which are expected to become available and matching to suitable young people will continue against these properties.

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

The Semi-Independent position at Month 11 includes £0.499m projected savings as a result of the task and finish actions highlighted above.

The Semi-Independent pressure has been mitigated by an additional £1.558m of projected income for unaccompanied asylum seekers (UASC).

CLA In House Carers:

The Month 11 position includes the £2.969m impact of the uplift of the weekly fees and maintenance allowances paid to Leeds Foster Carers which was backdated to April 2022. This pressure has been mitigated with a contribution of £1.000m from the Household Support Fund.

The overall placement numbers for (Fostering, Family Placement, Placed for Adoption) cohorts are slightly higher than the budgeted numbers leading to an additional pressure on fees and allowances. However, the main pressure is on Placement support with a number of home adaptations being approved for carers, resulting in a pressure of £529k within placement support.

External Residential Placements:

The External Residential budget for 2022/23 is £18.043m, which supports 74 External Residential placements. As of 20th February, there were 85 placements - assuming these placements stay in their current provision (same weekly £ rate) to year-end and those turning 18 in-year fall out, an overspend of £2.039m is forecast. This is an increase of 6 placements since the last reported position.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £2.041m, a projected income pressure of £2.499m and non staffing cost pressures £0.175m offset by projected staff savings of £0.633m. Whilst the Little Owls nurseries did experience some recovery in 2021/22, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties.

To recognise increased costs, fees for Little Owls has increased by 5% from October to £51.70 per day, an increase of £2.50 per day. For comparison, the average market rate in Leeds is between £45 and £58 per day. The Little Owls fee increase with effect from October should generate projected additional income of £0.070m in 2022/23 with a full year impact of £0.135m. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing.

Transport:

The overall transport budget is showing a projected reduced overspend of £3.490m. This position includes additional charges of £0.298m from WYCA due to increased drivers pay and fuel costs, with a further £3.360m pressure due to increased charges from Passenger Transport within CEL as a result of increased pupil numbers and increased costs.

Independent Support Work:

There is a projected pressure of £0.695m against the Independent Support Work budget which reflects the projected costs of supporting the needs of one child. The complexity and level of support provided in this case is under review.

ICB Health Contribution:

The Month 11 position assumes that an additional budgeted health contribution of £1.900m will not be received. Children and Families are working with the ICB to consider alternative funding or budget savings. Working collectively in this way will produce a plan that is much better for vulnerable children and young people by supporting them earlier and reducing the need for out of area placements.

Budget Action Plans

Of the £1.661m of budget action plans included within the base budget 2022/23 the Month 11 position assumes that £0.575m of the action plans will not be achieved as below:

- Diversifying Childrens Residential Provision £0.295m
- Passenger Transport £0.280m

Dedicated Schools Grants

The approved DSG budget 2022/23 assumed that there would be a carry forward surplus of £0.119m as at the end of the year. The position at Month 11 projects an in year underspend of £2,307k and a surplus balance to carry forward into 2023/24 of £2,426k.

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

- Schools Block (£224k) - This is mainly due to a saving against the growth fund budget (£258k) and a small overspend of (£44k) on de delegated services.
- High Needs Block (£1,886k) - The underspend is largely due to high needs supplementary funding of £947k which following discussions at Schools Forum was retained as a High Needs contingency fund. In addition, there is a projected underspend of £1,061k on services provided by Children & Families due to vacancies and difficult market conditions causing difficulties in recruiting to the sensory services and Invest to Save budget.
- Early Years Block (£197k)
- Central School Services Block (£2k)

The projected surplus equates to 0.5% of the total DSG funding 2022/23. Although this position projects a carry forward surplus into 2023/24, beyond this there remains a high level of uncertainty with regards to the future DSG position especially in regard to future pressures against the High Needs block. This position will continue to be closely monitored with updated projections to be presented to Schools Forum and Executive Board

- 3.6.3 City Development** – at Month 11, City Development is forecasting a small overspend of £0.1m which represents an increase from the balanced position reported previously. However, although this is based on the latest available information, the directorate will work towards achieving a balanced position at the year end.

As reported previously, inflationary pressures in respect of energy are shown centrally within Strategic accounts but the directorate position does include the impact of the local government pay award, estimated at £1.7m for pay (net of amounts that will be charged on to capital schemes and grants).

The restrictions on spending across the Council, including tighter vacancy controls and restrictions on non-essential spending have contributed towards mitigating pressures experienced during the year as described below for each service area and it is envisaged that the directorate will achieve close to a balanced budget by the year end.

- **Active Leeds** – based on income received to date, including the recent review of fees and charges, a shortfall to budget of £0.5m is anticipated, primarily on swimming and membership income. The impact of the pay award is projected £0.7m for the service, although this is partially offset by anticipated staffing and running cost savings of £1m, giving an overall forecast year end overspend of £0.2m.
- **Arts & Heritage** – the service is projecting an overspend of £0.6m which includes the impact of the pay award (£0.3m) and income shortfalls in a number of areas including box office, cafes, city centre room hire, Breeze pass, Pudsey Civic Hall car parking and admission charges at Kirkstall Abbey, partially offset by staffing vacancies and running cost savings.
- **Employment and Skills** – a projected underspend of £0.37m reflects staffing savings of £0.14m and final balances in respect of schemes which have now concluded.
- **Asset Management & Regeneration** – an overspend of £0.2m is projected which reflects anticipated shortfalls in respect of the Strategic Investment Fund and Estate Rationalisation savings targets, offset by one-off sources of income such as income from restrictive covenants and other mitigating savings plans including a review of commercial rental income. The position also includes a projected shortfall of £0.1m in respect of budgeted NPS profit share income.
- **Planning & Sustainable Development** – high volumes of caseloads and applications mean it is necessary to recruit to all vacant posts which impacts on the service's ability to achieve its budgeted vacancy factor. A projected staffing overspend of £0.5m is therefore currently projected, which includes the impact of the pay award (£0.3m). However, additional income, including building control and CIL administration income, is forecast to the year end and an overall balanced position is anticipated for the service.
- **Highways and Transportation** – an overall projected overspend of £0.2m includes the net impact of the pay award after taking into account additional income from charge out rates; an anticipated increase in the cost of hired transport and fuel; contract savings in respect of Street Lighting; and savings from vacant posts offset by additional agency and partner costs required to assist with delivery of the work programs.
- **Markets and City Centre** – a shortfall of £0.7m in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets. Whilst this position represents a variance from budget, the budget is based upon a surplus position, therefore the service is currently forecasting a relatively small deficit. In addition, income shortfalls of £0.5m are projected

within City Centre in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre. The position reflects the limited scope to achieve mitigating savings within these service areas.

- **Resources & Strategy** – staffing and running cost savings of £0.3m have been identified within Resources & Strategy to partially offset the pressures identified in other service areas. In addition, to further help mitigate pressures across the directorate, it is proposed to utilise £1.5m of commuted sum balances received from developers to meet the future maintenance cost of adopted Highways, leading to an overall underspend of £1.8m within Resources & Strategy.
- **Staffing** – within the overall reported position described above there is a projected staffing underspend of £0.9m across the directorate including the estimated net impact of the pay award.

Key Budget Action Plans

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

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

3.6.4 Communities, Housing & Environment – At Provisional Outturn, the Directorate is forecasting a pressure of £1.28m with ongoing pressures on Housing Benefit subsidy income being the main reason for the increased pressure.

The Directorate position reflects the net impact of the pay award offer, £3.2m, and fuel related pressures of £0.2m. These figures are contained within the service explanations below:

- **Car Parking (£0.2m saving)** - Staff costs are £0.2m below budget due to vacancies. Income continues a recovery trajectory; the Provisional Outturn position suggests that receipts are projected to fall £0.38m below the budget (compared to £2.7m in 2021/22 and £7.7m in 2020/21). As full provision for this has been made within corporate contingencies, a nil variance in income has been reported within the Directorate's budget.
- **Environmental Services (£1.2m pressure)** - Staffing costs of £3.1, mainly pay award and fuel costs of £0.3m.

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

Historically there is a net cost associated with the disposal of green bin recyclable materials, however currently the Council is receiving a net income for this material. It is forecast that this could generate additional gain of £1.1m in 2022/23, although this is significantly lower than previous projections

Kerbside 'black bin' waste volumes are now reducing from the peak of lockdown period levels and are assumed to continue at the current level for the remainder of 2022/23, which would generate a saving a £1.6m on disposal costs.

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

- **Parks (£0.3m pressure)** - Staff costs are projected to be £0.5m under, after the pay award. Fuel costs are £0.2m.

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

Additional transport costs are now projected at £0.3m

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

- **Customer Access and Welfare (£0.5m pressure)**

Community Hubs budgets are forecast to be £0.1m over, with £0.3m of staffing cost pressures, offset by income.

Within Benefits, staffing pressures are £0.3m, and this is offset by additional new burdens and other grant income of £0.8m.

Housing Benefit Rent Allowances anticipated pressures are £3.0m where the Council cannot reclaim a 100% subsidy from the Government. However, £1.7m of additional benefit overpayment income is expected to partially offset these pressures.

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

3.6.5 Resources – Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £3,892k at this reporting period. The increase from the previous period is £230k.

The pay award for Resources will result in a £10m cost in 2022/23 against a budgeted 2% rise of £4m. The overall Resources pressure of £3.9m includes the

£6m unbudgeted pay award pressure which has been partly mitigated through vacancy controls and passing on appropriate charges to client departments.

Within the Resources Directorate, Civic Enterprise Leeds (CEL) has a savings target of £2.6m in the 2022/23 budget strategy. As well as this savings target, the service has also tried to manage an additional net pay award pressure of £2m requiring total savings of £4.6m to achieve a balanced position (this excludes other running cost inflationary pressures which the service has had to mitigate). The Month 11 position shows that the service is broadly on track to deliver the £2.6m budget savings, however it is reporting a net pressure of £1.3m arising mainly as a result of the service being unable to fully mitigate the £2m pay award pressure.

The £230k increase since Month 10 is due to;

- Procurement and Commercial Services, increase of £150k, due to forecast income from PACs work now reflected in the appropriate directorate schemes.
- Legal Services, £29k increase in agency costs.
- Catering, increase in costs of £24k and a reduction in income of £90k due to impact of snow on service delivery in March.
- Cleaning, improvement in costs of £20k.
- Human Resources, improvement of £75k due to secondment income from Adults and Health.
- SEAQ, improvement of £72k due to staff vacancies and staff costs chargeable to grant funded schemes.
- Leeds Building Services, reduction in income of £115k due to impact of snow on service delivery in March.

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

- **Procurement £627k** - A target of £4m Procurement savings across the authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, £2.3m had yet to be identified. Additional unbudgeted income from the Revolving Investment Fund is expected to mitigate some of this pressure and has therefore been included in the projection. In year mitigations amounting to £1.45m have also been identified to reduce the savings shortfall. The PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate. The inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.
- **Legal Services £266k** - Agency overspend of £211k, expenditure overspends of £19k and income pressures of £295k are being offset by staffing savings of £259k.
- **Democratic Services £31k** - Staffing overspends of £74k are offset by expenditure savings of £43k.
- **Sustainable Energy and Air Quality -£283k** - Premises savings as a result of the decision in the Spring Statement to exempt District Heating networks from

Business Rates have resulted in a saving of £211k, with further savings of £72k due to savings from vacant posts and additional staff costs eligible to be charged to grant funded schemes.

- **Shared Services £1,314k** - Staffing overspends of £2,129k which consists primarily of the pay award of £1,781k, agency overspend of £102k and overtime overspend of £107k. The overtime and agency overspend is mainly due to staffing pressures within the Business Admin Service and Contact Centre due to vacancies and high turnover of staff, while still providing statutory services. Also included in this overspend is a Salary Sacrifice pressure of £278k. Pressures are being offset by supplies and services savings of £304k and additional income of £789k.
- **Integrated Digital Services £0k Balanced** - Staffing underspends of £102k including £1,094k Pay Award are assisting to offset overspends of £568k, the remaining overspend is offset by increased income of £466k. The additional income includes £700k flexible use of Capital Receipts.
- **Strategy and Improvement £39k** - Staffing overspends of £137k, and other expenditure of £53k are offset by £152k additional income.
- **Finance £276k** - Staffing overspends of £892k, income shortfall of £53k, and other overspends of £87k are being offset by additional Court Fee income of £304k, release of reserve £100k and Government funding of £352k.
- **Human Resources £108k** - Staffing overspends of £1,120k and other expenditure overspends of £77k offset by use of reserves and Government income to pay for interns and Kickstart posts of £1,014k, and £75k income from Adults and Health to pay for a staff secondment.
- **Leeds Building Services (LBS) £665k** - Following an examination of the pipeline of work for LBS for the remainder of the year from client departments, the turnover position for 2022/23 is expected to be in the region of £68.75m, which is a reduction of £4m over this year's original identified turnover. This has a consequential impact on the LBS rate of recovery. In short, slippage, cancellations or delays in programmes of work in client departments impact the revenue position of LBS.

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

- **Corporate Property Management £0k Balanced** - The service is reporting a balanced position.
- **Catering £504k** - Staffing overspends of £260k, inflation increases on food and other costs of £127k and income shortfall of £287k, offset by additional income

from Adults and Health of £170k in relation to in year inflationary pressures on the Meals and Home and Day centre provision.

- **Cleaning £111k** - Staffing overspends of £896k and equipment expenditure of £110k, are offset by £695k increases in income and £200k use of the Covid Recovery Fund.
- **Fleet £303k** - Staffing overspends of £63k and £240k overspends due to the impact of Vehicle Pool External Hire costs.
- **Presto £150k** - Staffing overspends of £55k, running cost overspends of £25k and £70k shortfall in income.
- **School Crossing Patrol -£80k** - Staffing savings of £60k and expenditure savings of £20k.
- **Security £29k** - Staffing overspends of £84k offset by income of £55k.
- **Facilities Management -£167k** - £50k of savings related to building running costs, and £300k procurement savings, are offsetting costs of £75k for New Market House along with a pay award pressure of £100k.

3.6.6 Strategic & Central Accounts - At Month 11, the Strategic & Central accounts projection is for an underspend of £7.3m. This position includes a forecast £0.6m pressure for increased energy costs across the Council, which reflects the latest information available on energy prices. This pressure will be allocated to the appropriate services in the final outturn position.

Savings recognised within the Strategic and Central accounts include a projected underspend of £4.9m in the debt budget, reflecting slippage in the capital programme and a reduced forecast for MRP. The position also includes recently announced grant income of £1.3m which is the Council's share of the national business rates levy account surplus for the year, and an additional one-off £1.7m use of earmarked reserves. An additional recharge of £0.5m to the public health budget for its pension costs has also been recognised, together with £0.4m of minor underspends across the Strategic, Miscellaneous and the Joint Committees budgets.

However, a potential £0.5m reduction in the level of S278 income has been recognised due to slippage in some projects. A pressure of £0.4m in relation to income distributions which are not now expected to be received from the regional Business Rates pool has also been included.

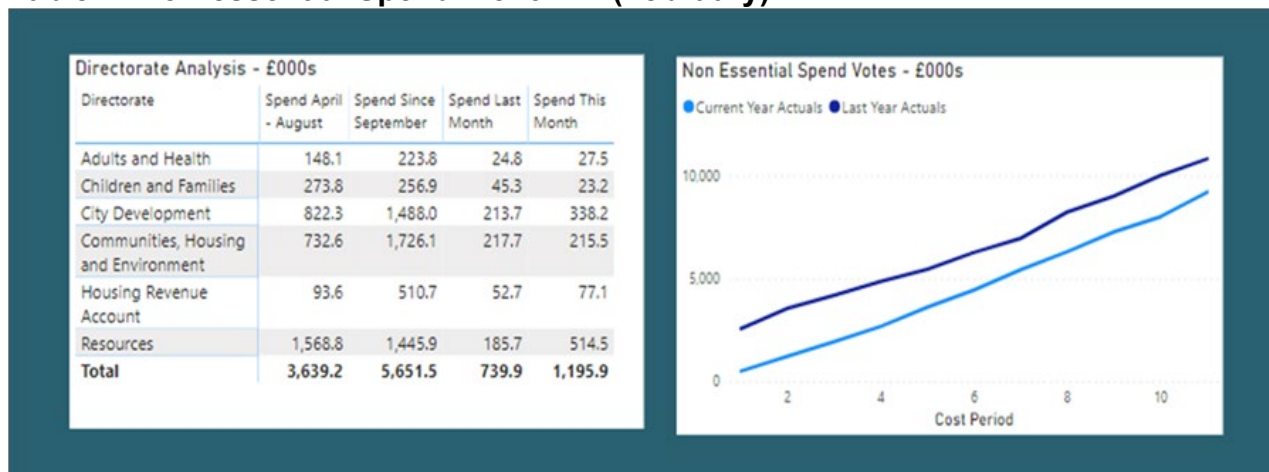
The position also reflects a projected additional £8.3m of S31 grants for business rates which will be transferred to reserves to be carried forward for use in future years.

3.6.7 Directorate dashboards highlight a projected overspend of £16.3m. Although work continues to reduce this overspend position, it is expected that there will still be an overspend at the 2022/23 year end and that this overspend will be funded by the utilisation of earmarked reserves, namely the Strategic Contingency Reserve. Ongoing pressures identified in the current year have been built into the 2023/24 budget.

3.7 Monitoring Non-essential Spend

3.7.1 As referenced at paragraph 3.4, one of the agreed actions to address the overspend position in 2022/23 is a freeze on non-essential spend. A process to monitor a range of financial codes where spend on non-essential supplies and services is likely to occur has been established and Executive Board will be updated each month on the outcome of this monitoring. It is not expected that no spend will be incurred on these codes as a variety of supplies and services will be included and spend on similar items may be essential in one service but non-essential in another. Despite rising price inflation expenditure on these non-essential supplies and services remains below that of 2021/22.

Table 2: Non-essential Spend Month 11 (February)



3.7.2 The table on the left shows the spend incurred between April and August 2022 and spend incurred after August 2022 following implementation of the freeze. At Month 11, spend in scope between April and August 2022 totalled £3.64m and spend since September 2022 totalled £5.65m, which includes spend of £0.74m in January and £1.2m in February. Whilst this may reasonably reflect the profile of the different types of expenditure in scope it will need to continue to be monitored and challenged where appropriate.

3.7.3 The graph on the right compares 2021/22 and 2022/23 spend on these financial codes. At Month 11 2021/22 £10.848m of expenditure had been incurred, compared with £9.291m in the current year, a £1.6m or (14.4%) reduction in spend to date against these codes.

3.8 Budget Action Plans

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

At Month 11 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or through mitigating actions identified by each Directorate, the exceptions being:

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

3.8.2 Although other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans totalling £2.967m, they have identified other mitigating measures to offset these shortfalls as discussed in section 3.7.

3.9 Inflationary Pressures

3.9.1 At the end of Month 11 (February) an overspend of £16.3m is projected against the Council’s 2022/23 revenue budget. This reported position reflects the agreed national employers’ pay offer and known inflationary rises and cost of living pressures.

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

3.9.3 Energy – In September, the then Chancellor of the Exchequer delivered the Growth Plan 2022 to the House of Commons and reiterated recent steps taken by Government to tackle high energy bills. The Government committed to a six month Energy Bill Relief Scheme for businesses and other non-domestic energy users, including charities and public sector organisations, providing them with a discount on energy prices. As Leeds City Council has forward purchased over 80% of its energy for winter, the majority of its energy has been purchased at prices that are lower than the cap – although it should be noted that the prices secured are still significantly higher than we have ever paid before. However, the cap still provides the Council with protection against the extreme day ahead prices that we have seen for the balance of our energy and if these were to continue, the cap could save the Council up to £2m.

The 2022/23 budget allows for a 5% increase in energy costs for gas and electricity. In addition, the Council has set aside £3.9m of energy contingency funding. The reported position at Month 11 (February) assumes projected General Fund expenditure on energy of £20.9m against a budget of £14.36m. Applying energy contingency funding of £3.9m and further reserves of £2m reduces the projected General Fund overspend to £0.6m, which is reflected in the Strategic Directorate reported position. The reported position takes account of the Government’s energy cap arrangements for 2022/23. Actions being taken to review energy usage across the Authority’s estate may continue to reduce this projected overspend.

3.9.4 Fuel – The average UK pump prices for diesel and unleaded petrol saw increases of 11.4% and 0.1% respectively between February 2022 and February 2023. Although prices have fallen significantly during 2022/23, the 2022/23 budget did not

allow for any increases in fuel prices. Increases above the total 2022/23 budgeted amount of £7.7m have required directorates to develop action plans to mitigate.

3.9.5 Cost of Living Pressures – Further to the inflationary pressures detailed here, there has been a wider inflationary impact to the Council due to the impact of the 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 as a consequence of rising inflation. The position will continue to be closely monitored.

3.10 Reserves

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

Strategic Contingency Reserve

3.10.2 The 2022/23 budget includes use of reserves to support the Council's General Fund; this includes the Strategic Contingency Reserve which was established in 2020/21 to fund future unforeseen budget pressures and to ensure the Council becomes more financially resilient.

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

3.10.4 The closing balance on the Strategic Contingency Reserve for 2021/22 was £37.5m. The 2022/23 budget provided a further net contribution of £8.4m to this reserve, but also budgeted to use £15.0m to support the General Fund position. In year contributions to this reserve of £2.1m in respect of additional New Homes Bonus receipts and £1.6m in respect of provisions no longer required by Adults and Health (see paragraph 3.7.1) have been added to this reserve. At Month 11, £1.49m of this balance has been committed to fund backlog recovery from COVID and £0.97m to offset prior year targeted savings within Fleet Management, with a further £0.8m committed to fund smaller projects including £0.5m set aside to support Recruitment and Workforce Capacity work, leaving a projected balance of £31.3m at 31st March 2023. If £16.3m is to be required to balance the 2022/23 position, then this will reduce the available balance in this reserve to £15m. Since the approved 2023/24 budget requires a contribution of £14.3m from this reserve, this would leave a projected balance on the Strategic Contingency Reserve of £0.7m at 31st March 2024.

COVID Reserve

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

3.11 Use of the Merrion House Capital Receipt

- 3.11.1** In 2018/19 the Council entered into a Rent Advance agreement with the TCS (Town Centre Securities) Group (the other 50% shareholder in Merrion House Limited Liability Partnership LLP) to make a prepayment of its rent under the 25 year lease at a discounted rate, which would then be distributed to the two partners of the LLP.
- 3.11.2** At the time that this agreement was entered into, the Council had anticipated being able to apply the amount distributed to it as revenue income to offset the gross annual rental each year. However, an agreed change in the accounting treatment in 2019/20 led to the distribution being converted to a capital receipt.
- 3.11.3** The Council initially had a reasonable level of flexibility to apply this capital receipt and had intended to primarily apply it to fund transformational spend. However, in summer 2022, DLUHC issued a letter to councils stating that capital receipts generated from disposals to organisations in which a council held an interest could not be used to fund transformational spend capitalised under the Regulations. As the Council is a 50% shareholder in the LLP, this prevents the Council from using the Merrion House receipt to fund transformational spend.
- 3.11.4** In light of the above, the Council intends to apply the remaining balance of the Merrion House capital receipt to redeem debt in 2022/23, to reduce its MRP by the same amount, and to contribute the resulting revenue saving to an earmarked revenue reserve. This is in line with the Council's approved MRP policy and is permissible under current Regulations and statutory MRP guidance.
- 3.11.5** The remaining value of the Merrion House capital receipt is £23.4m. The Council's expected MRP for 2022/23 without any application of capital receipts would be £60.2m. The Council therefore intends to set aside revenue MRP of £36.8m and apply the Merrion House capital receipt of £23.4m. It should be noted that this will have no impact on the revenue position for 2022/23.
- 3.11.6** As such, this report seeks Executive Board's approval to apply the remaining balance of the Merrion House capital receipt to redeem debt in 2022/23, to reduce MRP by the same amount and to contribute the resulting revenue saving to an earmarked revenue reserve. Once established, this new reserve will be available to fund future unforeseen budget pressures and to ensure the Council continues to become more financially resilient, particularly given the likely use of the Strategic Contingency Reserve to balance the 2022/23 position as discussed at paragraph 3.10.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of February 2023 was 92.41%. For comparison, in February 2022 the in-year collection rate was 91.25% and in February 2020, a 'normal' year, the in-year collection rate was 92.99%. Although improving compared to previous years, with the collection rate continuing to be below pre-pandemic years in this challenging economic environment it has been decided that, to be prudent, the target collection rate in the fullness of time should

be reduced from 99% to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. This is included in the figures quoted below.

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

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

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

4.2 Business Rates

The Business Rates collection rate at February 2023 is 91.96% which is 4.05% higher than in the same period in 2021/22 but 2.35% behind performance in 2019/20, the last 'normal' year. Collection rates will continue to be closely monitored in the current year and into future years. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £296.5m of business rates income.

The total rateable value of business properties in Leeds has decreased from £923.8m at the time of the 2022/23 budget to £921.1m as at 28th February 2023, a decrease of £2.7m. The 2022/23 budget includes an expected reduction in Rateable Value of £0.3m for the 2022/23 full year. It should be noted that some of the reductions identified are due to redevelopment work which would likely increase rateable values again once complete, and demolitions in advance of new development on sites. The size of the Business Rates tax base in Leeds continues to be monitored closely.

Leeds' share of the declared Business Rates deficit from 2021/22 (at 31st December 2021) has been incorporated into the 2022/23 budget. The total declared deficit on the Business Rates Collection Fund was £28.2m. Leeds' share of the unfunded declared deficit from 2020/21 was £36.7m, which has been spread over three years in accordance with Government legislation. The second of the three repayments of £12.2m will be paid in 2022/23 and is fixed and included in the £28.2m declared deficit.

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

In 2022/23, an in-year deficit of £5.3m has arisen due to an increased demand for the extended Retail Relief introduced by the Government to assist the High Street in the wake of the pandemic and the backdated award of further COVID Additional Relief Fund (CARF) reliefs against 2021/22 income. These reliefs are fully funded, and this funding will be held in reserve to part meet the cost of the impact of the overall deficit to the 2023/24 General Fund. Additionally, there is an increase in provisions for appeals of £4.2m as we reach the end of the 2017 Ratings List and much higher numbers of appeals are being put forward. This increase is offset by a reduction of £2.7m in provision for bad debts as collection rates continue to improve. This net loss has been compounded by an increased projection for Empty Rate Relief of £0.5m and reduction in projected growth of £0.3m.

The deficit declared for 2022/23 was £7.3m, which is now fixed and will impact the 2023/24 General Fund. As at the end of February 2023 £8.1m in grant funding received from Government for the extended Retail Relief and CARF relief is expected to be held in reserve in 2022/23 and applied to the General Fund in 2023/24 to partially offset the Council Tax and Business Rates deficits. In February 2023, latest data shows a total deficit on the collection fund of £9.4m. This increase has arisen due to the projected net increase in provisions on appeals and bad debts as explained above, increased projected cost of Empty Rates Relief, and reduction in growth.

4.3 Business Rates Appeals

The opening appeals provisions for 2022/23 are £24.2m, made up of £5.1m relating to appeals received against the 2010 ratings list and £19.1m estimated costs in relation to the 2017 ratings list. Under 50% Business Rates Retention, Leeds' budget is affected by 49% of any appeals provision made in this year.

On 28th February 2023, there were 66 appeals outstanding against the 2010 ratings list. In this financial year until 28th February, 52 appeals have been settled, 12 of which have resulted in changes to rateable values. No new appeals have been received in 2022/23. Currently, 1.90% of the city's total rateable value on the 2010 list is subject to at least one appeal.

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

As at 28th February 2023, the Council is providing for a net of 503 Checks and Challenges against the 2017 ratings list. The 2017 ratings list ends on 31st March 2023 and in most cases this would end 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 by another 199 in February 2023 from an

average of about 25 in previous months. This was greater than expected and although an allowance has been included in the forecast of the declared deficit it has now been assessed that further provisions are going to be required at an additional cost of £4.2m to the General Fund. The level of appeals, and the losses incurred, will continue to be closely monitored in the coming month.

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

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

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

5. Housing Revenue Account (HRA)

- 5.1** At Provisional Outturn the HRA is projecting a balanced position. Significant price pressures in the construction industry and energy markets along with the ongoing impact of the pandemic have resulted in financial pressures in 2022/23. Options to balance have been considered and included in the projections which mean that the HRA is projecting a balanced position by the use of the Major Repairs reserve
- 5.2 Dwellings Rent and service charges £3.06m** – there is a forecast reduction in rental income and service charges which is mainly due to the number of void properties being higher than budgeted because of the ongoing impact of COVID-19. There is a recovery plan in place to get the void rate back to pre-pandemic levels.
- 5.3 External Income £(0.6m)** – there is forecast additional telecoms, solar panel and RHI income.
- 5.4 Employees £0.4m (and related charges)** – there is a forecast underspend against the employee budget of £0.7m due to vacant posts in the service; the forecast reflects the 2022/23 agreed employee pay award. However, the underspend is offset with a reduction in capitalised salaries of £1.1m.
- 5.5 Repairs to Dwellings £6.4m** – the budget is projected to be overspent due to the price pressures in the construction industry, although this will be fully funded from the Repairs / Major Repairs reserve.

- 5.6 Disrepair provision £2.6m** – the budget is projected to overspend due to the continuing trend of increasing case numbers and the average cost of the cases.
- 5.7 Premises £2.1m** – comprised of: £1.0m pressure on the energy budget due to the rising cost of gas and electricity, costs which have not been passed on to tenants in year; £0.3m dilapidations costs claims at Navigation House; a £0.4m pressure on the cleaning charge due to the pay award; and £0.4m pressure on council tax on voids.
- 5.8 Provision for doubtful debt £0.5m** – it is estimated that an additional amount will be added to the provision to cover potential increases in bad debt due to the cost-of-living crisis.
- 5.9 Contribution to the Capital Programme £(2.4m)** – a one off reduction in the revenue contribution to the capital programme is offset by utilising RtB balances to fund the investment programme.
- 5.10 Debt Costs £(1.7m)** – a projected in year saving of £1.7m following a review of the forecast spend levels within the Council House Growth Programme
- 5.11 Supplies and services and Internal services £(2.7m)** – projected to underspend after a line by line review of the budgets.

Overall Summary Sheet

Month 11 (February 2023)

Financial Dashboard 2022/23 Financial Year

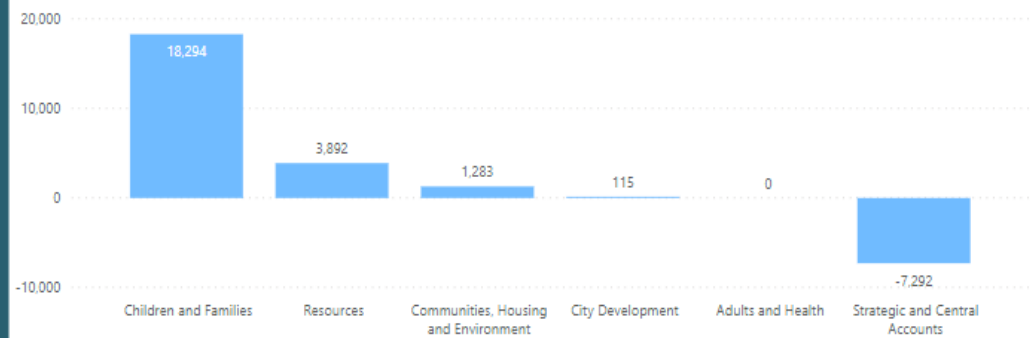


Budget Variation £000s

16,291

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	497,053	506,113	9,060
Premises	55,218	56,934	1,716
Supplies and Services	235,529	241,251	5,722
Transport	47,990	51,984	3,995
Internal Charges	81,027	84,502	3,476
Third Party Payments	474,411	492,207	17,796
Transfer Payments	185,936	185,003	-933
Capital	79,820	75,215	-4,605
Transfer to/from Reserves	-51,846	-43,598	8,248
Internal Income	-317,093	-327,489	-10,396
External Income	-766,100	-783,887	-17,787
Total	521,943	538,234	16,291

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	1,749
City Development	115
Communities, Housing and Environment	521
Resources	230
Strategic and Central Accounts	-43
Total	2,572

Financial Dashboard 2022/23 Financial Year

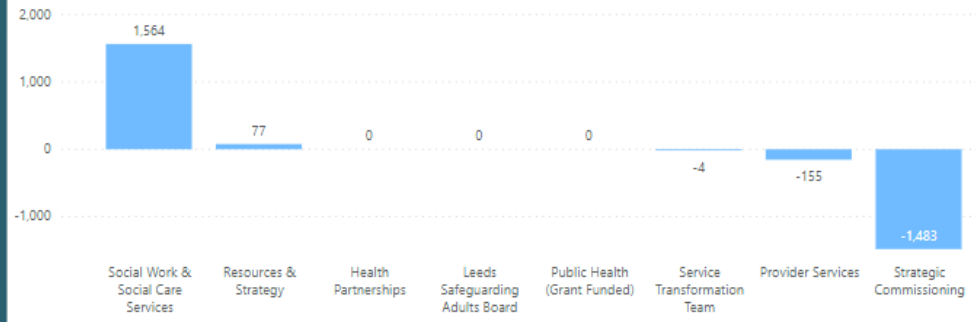


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	62,436	63,390	953
Premises	1,029	1,349	320
Supplies and Services	6,731	9,013	2,282
Transport	906	950	44
Internal Charges	12,578	14,670	2,092
Third Party Payments	302,680	306,914	4,234
Transfer Payments	11,395	10,695	-699
Capital		0	0
Transfer to/from Reserves	-12,378	-12,135	243
Internal Income	-5,277	-5,523	-246
External Income	-182,802	-192,025	-9,222
Total	197,298	197,298	0

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

Financial Dashboard 2022/23 Financial Year

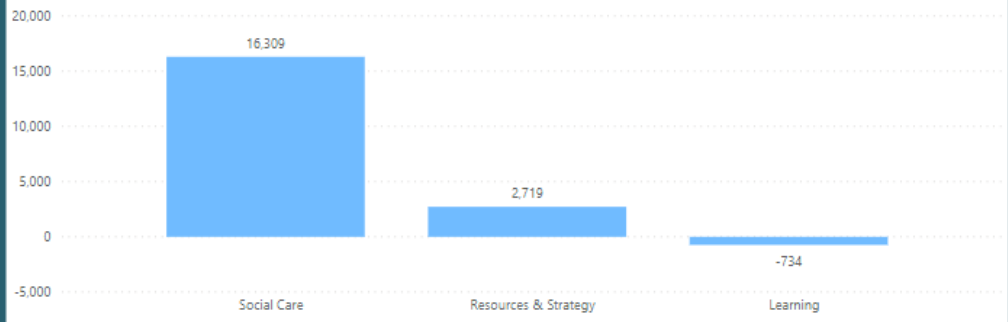


Budget Variation £000s

18,294

Overspend (+) / Underspend (-)

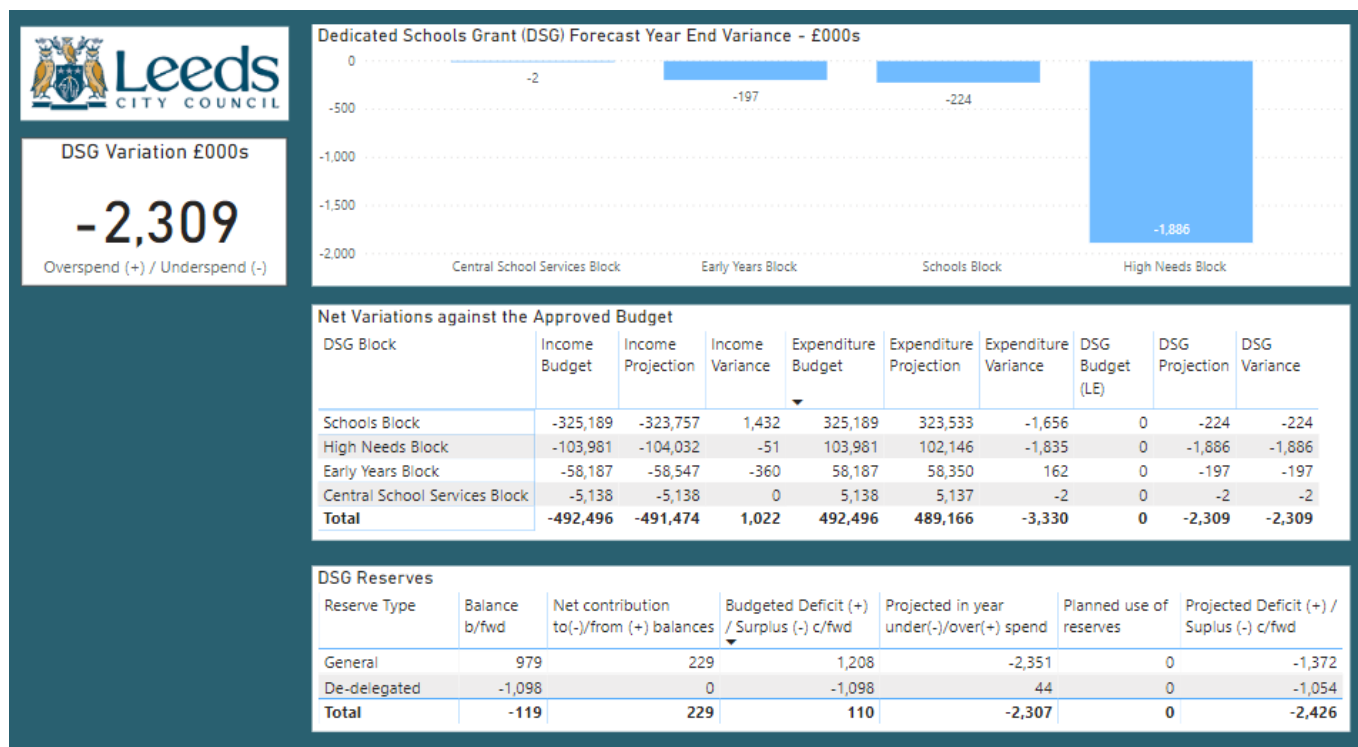
Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,473	105,674	1,201
Premises	3,342	3,577	234
Supplies and Services	64,241	64,140	-101
Transport	10,767	11,739	972
Internal Charges	29,357	33,023	3,667
Third Party Payments	112,905	124,826	11,921
Transfer Payments	2,040	2,556	516
Transfer to/from Reserves	-266	-296	-30
Internal Income	-32,459	-33,436	-977
External Income	-162,057	-161,167	890
Total	132,342	150,636	18,294

Directorate	Change in Variance £000s
Children and Families	1,749
Total	1,749

Financial Dashboard 2022/23 Financial Year



Financial Dashboard 2022/23 Financial Year

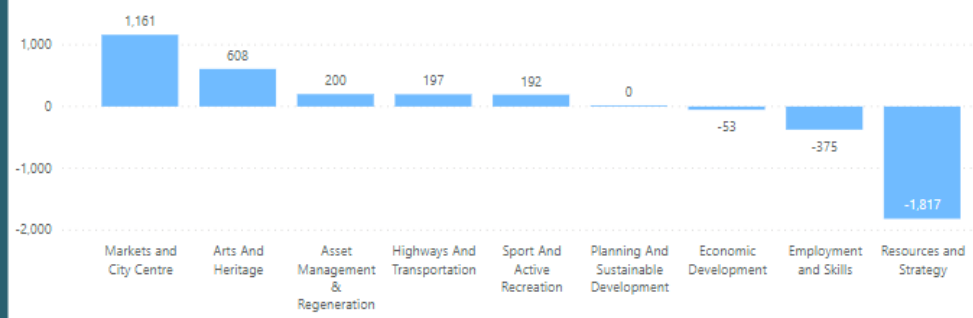


Budget Variation £000s

115

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	69,005	68,016	-989
Premises	25,660	26,393	733
Supplies and Services	44,666	45,286	620
Transport	5,894	6,916	1,022
Internal Charges	10,092	10,333	241
Third Party Payments	192	192	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,166	-3,188	-22
Internal Income	-43,284	-44,607	-1,323
External Income	-77,017	-77,185	-168
Total	32,041	32,155	115

Directorate	Change in Variance £000s
City Development	115
Total	115

Financial Dashboard 2022/23 Financial Year

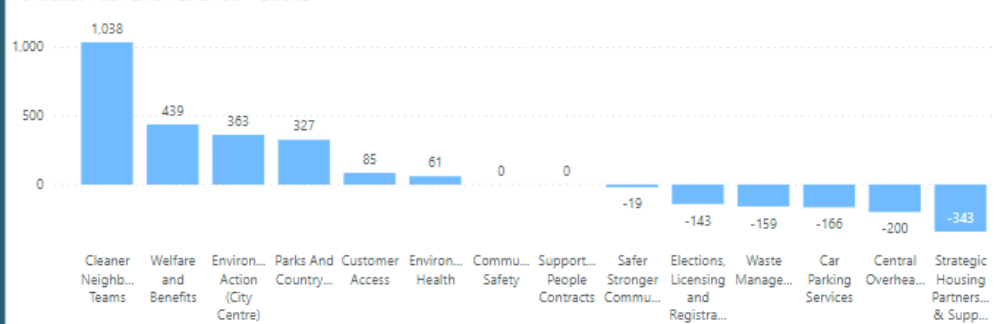


Budget Variation £000s

1,283

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	96,796	100,064	3,267
Premises	9,712	9,579	-133
Supplies and Services	56,787	54,835	-1,952
Transport	10,134	11,856	1,722
Internal Charges	20,360	17,975	-2,385
Third Party Payments	21,515	23,208	1,693
Transfer Payments	171,513	170,745	-768
Capital		0	0
Transfer to/from Reserves	-1,146	-1,534	-388
Internal Income	-39,344	-42,135	-2,791
External Income	-263,349	-260,333	3,016
Total	82,978	84,261	1,283

Directorate	Change in Variance £000s
Communities, Housing and Environment	521
Total	521

Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

0

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-216,541	-213,767	2,774	116
Non Dwelling Rents	-3,306	-3,228	78	0
Service Charges	-9,335	-9,049	287	0
Internal Income	-10,359	-9,309	1,049	115
Grants	-21,644	-21,580	64	0
External Income	-1,598	-2,197	-599	200
Total	-262,784	-259,131	3,653	432

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Disrepair Provision	2,400	5,000	2,600	0
Repairs to Dwellings	46,795	53,196	6,401	561
Employees	31,448	30,754	-694	-75
Premises	9,729	11,810	2,081	144
Supplies and Services	3,744	3,622	-123	-8
PFI Unitary Charge	10,953	11,017	64	-755
Transport	298	318	20	0
Internal Services	45,230	42,519	-2,710	-470
BITMO Management Fee	3,235	3,235	0	0
Provision for Doubtful Debts	1,136	1,593	457	0
Capital Charges	45,942	44,235	-1,707	0
Contribution to Capital Programme	62,543	60,143	-2,400	0
Total	263,453	267,442	3,989	-604

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	669	8,311	7,642	-172
Appropriation: Sinking Funds	-412	-593	-181	696
Appropriation: Reserves	-257	-7,718	-7,461	-524
Total	0	0	0	0

Financial Dashboard 2022/23 Financial Year

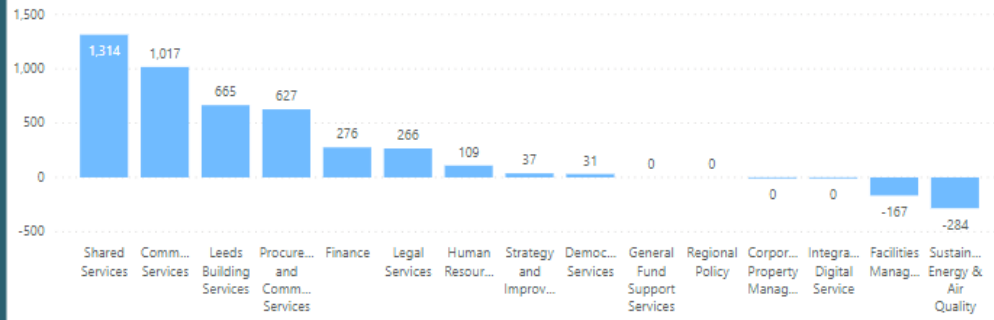


Budget Variation £000s

3,892

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,606	164,465	4,859
Premises	15,475	15,424	-51
Supplies and Services	54,558	60,031	5,473
Transport	20,289	20,523	235
Internal Charges	4,355	4,299	-56
Third Party Payments	28	28	0
Transfer Payments	61	-31	-91
Capital		0	0
Transfer to/from Reserves	-90	-449	-359
Internal Income	-154,554	-158,403	-3,849
External Income	-17,095	-19,364	-2,269
Total	82,633	86,525	3,892

Directorate	Change in Variance £000s
Resources	230
Total	230

Financial Dashboard 2022/23 Financial Year

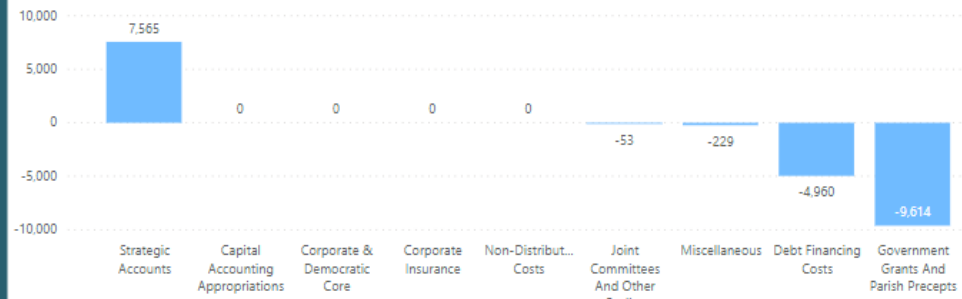


Budget Variation £000s

-7,292

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



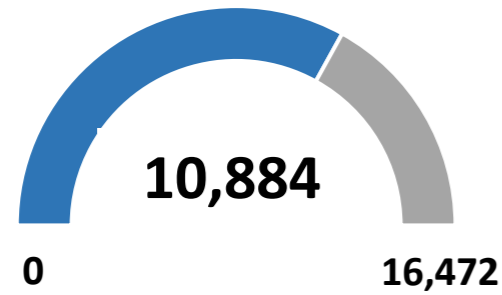
Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,736	4,504	-232
Premises		613	613
Supplies and Services	8,545	7,945	-600
Internal Charges	4,285	4,202	-83
Third Party Payments	37,091	37,039	-53
Transfer Payments	928	1,038	110
Capital	79,820	75,215	-4,605
Transfer to/from Reserves	-34,800	-25,997	8,803
Internal Income	-42,174	-43,385	-1,211
External Income	-63,780	-73,813	-10,033
Total	-5,349	-12,640	-7,292

Directorate	Change in Variance £000s
Strategic and Central Accounts	-43
Total	-43

2022/23 BUDGET ACTION PLANS
February (Month 11)

LEEDS CITY COUNCIL - SUMMARY

Projected Savings vs Budgeted

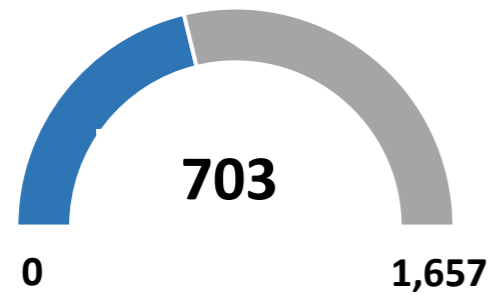


RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
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Savings achieved	3,319	3,319	0
On track, no issues	6,024	6,169	(145)
Some risk	2,313	1,116	1,197
High risk	4,816	280	4,536
Cancelled	0	0	0
Total	16,472	10,884	5,588

LEEDS CITY COUNCIL - Other Savings Measures

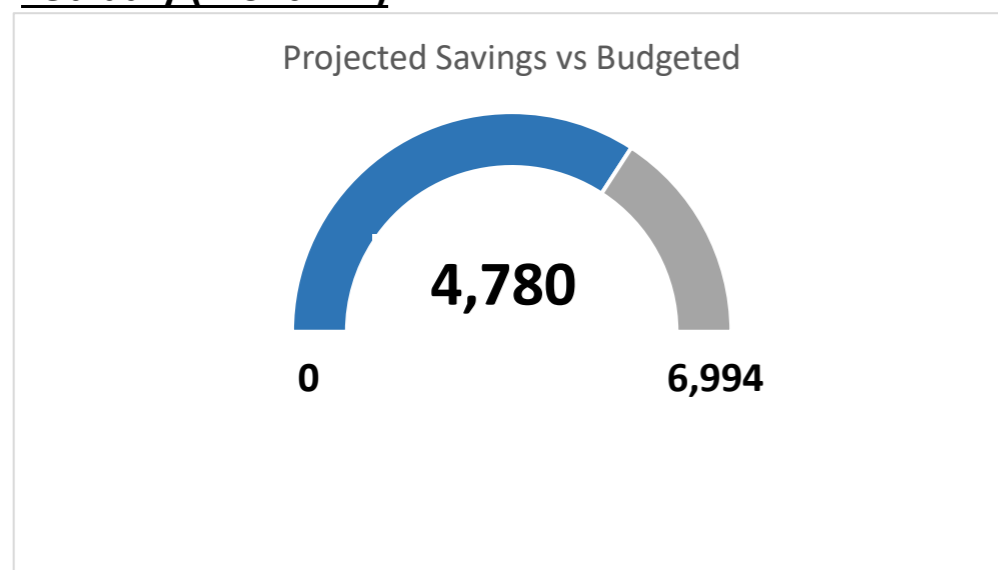
Projected Savings vs Budgeted



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

February (Month 11)



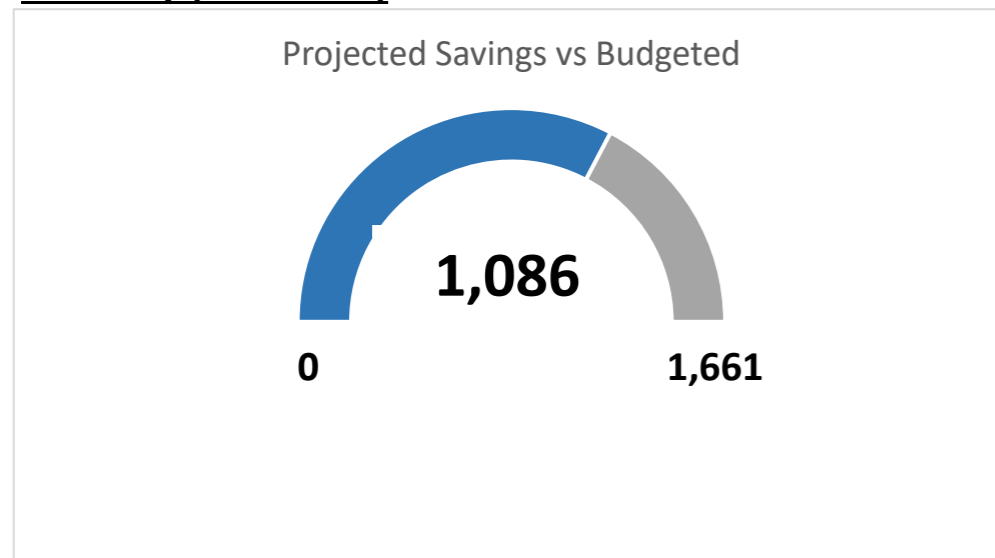
ADULTS & HEALTH - SUMMARY

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

Amber & Red Risk Areas

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

February (Month 11)



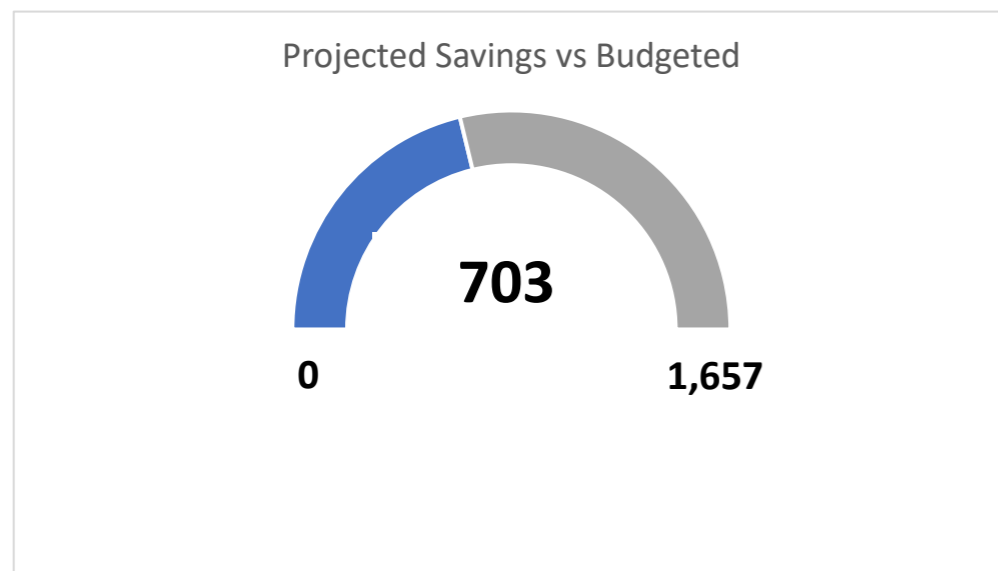
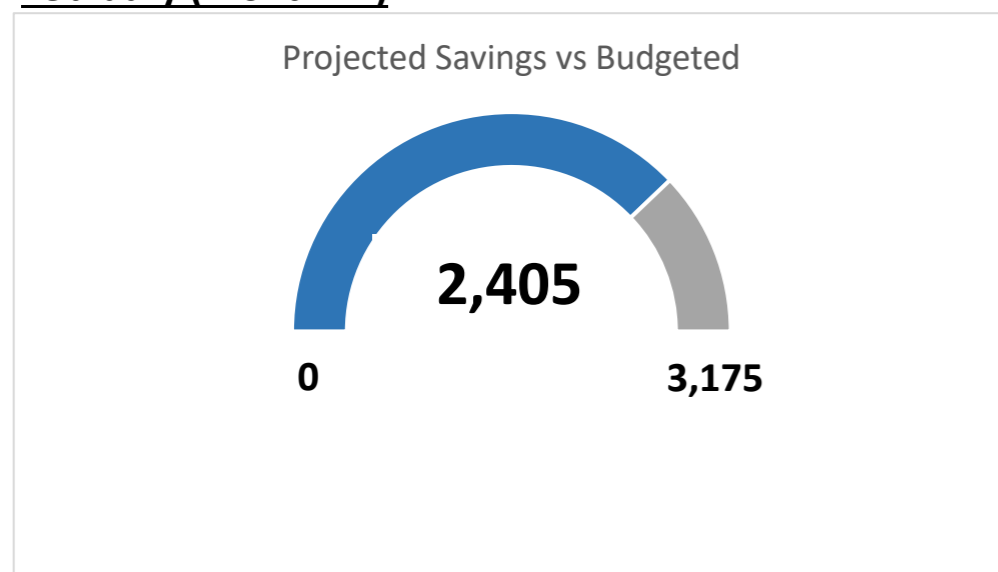
CHILDREN & FAMILIES - SUMMARY

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

Amber & Red Risk Areas

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

February (Month 11)



CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	2,245	2,245	0
Some risk	175	130	45
High risk	755	30	725
Cancelled	0	0	0
Total	3,175	2,405	770

CITY DEVELOPMENT - Other Savings Measures

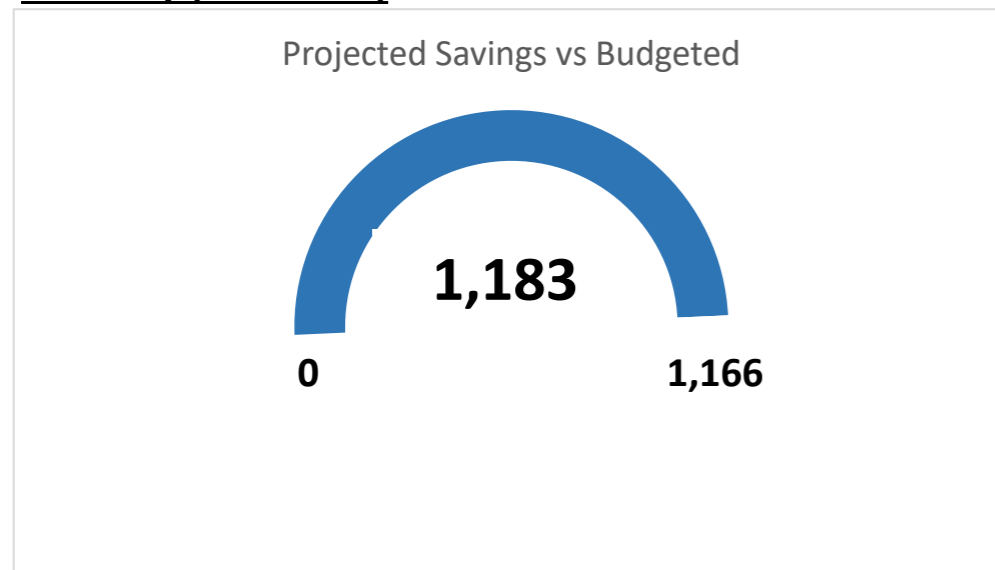
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	0	0	0
High risk	1,024	70	954
Cancelled	0	0	0
Total	1,657	703	954

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Active Leeds - Health & Wellbeing offer	Phil Evans	Some risk	50	5	45	Shortfall mitigated by Other Income across Service
Budgeted savings	BAU	Active Leeds - Procurement savings	Phil Evans	Some risk	125	125	0	Subject to Insurance savings being identified by Procurement
Budgeted savings	BAU	Arts, Events, Venues - ticketing solution	Eve Roodhouse	High risk	80	0	80	Risks regarding achievement of required turnover

Budgeted savings	BAU	Highways and transportation - Major Schemes Framework	Gary Bartlett	High risk	200	0	200	delay in implementing the service.
Budgeted savings	BAU	Highways and transportation - deliver S38 agreement process for other WY Authorities	Gary Bartlett	High risk	40	0	40	delay in implementing the service.
Budgeted savings	BAU	Asset Management - Estate rationalisation	Angela Barnicle	High risk	275	0	275	Unlikely to be achieved in 22/23, options being explored re use of building
Budgeted savings	SR	Leeds Museums & Galleries Invest to Save: Kirkstall Abbey Admissions (Non-Leeds Residents)	Eve Roodhouse	High risk	160	30	130	Admission income currently below anticipated level
Other savings measures	0	Estate Rationalisation	Angela Barnicle	High risk	360	70	290	Plan to identify mitigating savings to be developed
Other savings measures	0	Strategic Investment Fund	Angela Barnicle	High risk	664	0	664	Plan to identify mitigating savings to be developed

February (Month 11)



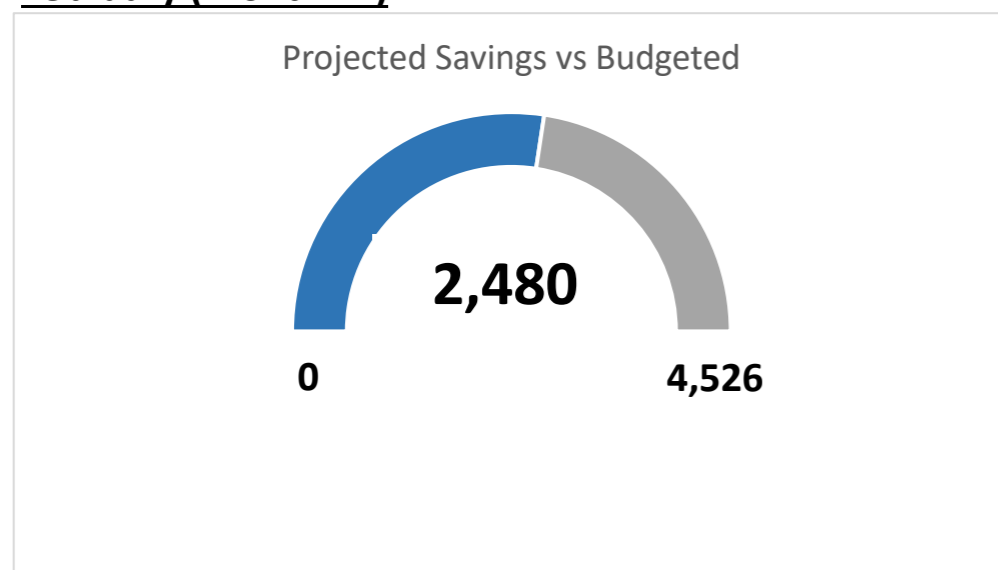
COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

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

Amber & Red Risk Areas

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

February (Month 11)



RESOURCES - SUMMARY

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

Amber & Red Risk Areas

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

