

Financial Reporting 2023/24 – Month 4

Date: 20th September 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

The purpose of this report is to inform the Executive Board of the financial health of the Authority.

Financial Health Monitoring 2023/24 – Month 4 (Appendix A)

1. This report comments on financial performance against the 2023/24 budget, which has targeted resources towards the Council's policies and priorities as set out in the Best City Ambition.
2. This report sets out the projected 2023/24 financial position in respect of both the General Fund revenue budget and the Housing Revenue Account. The 2023/24 Budget supports the Council's strategic ambitions, policies and priorities aimed at tackling poverty and reducing inequalities, whilst also supporting our ongoing journey to strengthen the Authority's financial resilience and sustainability.
3. At Month 4 (July) the position reflects a forecast overspend of £33.9m on the Authority's General Fund Service, a position which needs to be understood within the wider national context - council 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 current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions.
4. The increasing cost of social care, particularly within Children's Services where Government has to date failed to recognise the significantly higher costs resulting from increasing numbers of children in care, combined with the impact of pay and price pressures which are in excess of the level of resources provided for by Government, has resulted in a number of local authorities issuing or raising the possibility of issuing Section 114 notices, which give notice that a Council cannot balance its budget.
5. Consequently, the freeze on recruitment, agency and overtime spend, and the freeze on non-essential spend introduced in 2022/23 will continue in 2023/24. Work continues to review 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 are considering where Service Review proposals identified as part of the Financial Challenge can be delivered to generate savings during 2023/24.
6. Any Collection Fund income shortfall arising in 2023/24 will impact on the Revenue Budget in 2024/25.
7. The budget for 2023/24 requires delivery of £58.6m of savings. At Month 4 it is anticipated that most of the budgeted savings will be delivered or mitigating actions found, however a £12m shortfall has been identified and is reflected in the reported directorate positions, except where noted, in Appendix A.
8. Where known, increased inflation and the rising cost of living, including the employer's final pay offer for 2023/24 and demand and demographic pressures in Social Care have been incorporated into this reported financial position.
9. The report updates Executive Board on the use of Invest to Save, Covid Backlog and Flexible Capital Receipt resources to date in 2023/24.
10. At Month 4 the Housing Revenue Account is forecasting an overspend of £3.2m. Further work is required to balance this position.

Brief summary

Recommendations

Executive Board are asked to:

- a) Note that at Month 4 the Authority's General Fund revenue budget is forecasting an overspend of £33.9m for 2023/24 within a challenging national context, and that a range of actions are being undertaken or are proposed to achieve a balanced budget position.
- b) Approve the virement of identified non-essential spend budgets out of respective Chief Officer budgets and into specific strategic costcentres within each directorate as a measure to prevent further spend against these budgets where it has been identified that this spend is not required.
- c) Approve the release 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.
- 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 2019.
- e) Note that known inflationary increases including demand and demographic pressures in Social Care and known impacts of the rising cost of living, including the employer's 2023/24 NJC pay offer 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 Boards as more information becomes available. Proposals would need to be identified to absorb any additional pressures.
- f) Note the Month 4 positions with regard to the use of Invest to Save, Covid Backlog and Flexible Capital Receipt resources and also note the additional planned use of £5.3m of capital receipts in 2023/24 to support transformation projects and deliver savings in addition to the budgeted use.
- g) Note that at Month 4 the Authority's Housing Revenue Account is forecasting an overspend of £3.2m for 2023/24.

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 four months of the financial year.
- 2 Nationally, council finances are in a critical state and there is growing concern with regard to an increasing number of councils reporting both overspends in the current financial year 2023/24 and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability.
- 3 The increasing cost of social care, predominantly within Children's Services where Government has to date not addressed the significantly higher costs resulting from increasing numbers of children in care, combined with the impact of pay and price pressures which are in excess of the level of resources provided for by Government in the annual local government finance settlements, has resulted in a number of local authorities either issuing or raising the possibility of issuing Section 114 notices, which give notice that a Council cannot balance its budget.

- 4 Within this wider national context, at Month 4 (July) this report reflects a forecast overspend of £33.9m on the Authority's General Fund and the Authority's Housing Revenue Account is forecasting an overspend of £3.2m for 2023/24.

What impact will this proposal have?

- 5 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

- 6 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.
- 7 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 Council 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

- 8 This is a factual report and is not subject to consultation. Public consultation on the Council's revenue 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?

- 9 Financial Health Monitoring 2023/24 – Month 4 is a 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?

- 10 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.
- 11 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.

- 12 This position reflects the forecast 2023/24 pay increase and the demand and demographic pressures being experienced in Social Care. 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. These will continue to be monitored throughout the year as will increases on interest rates and their impact on the Council's financial position.
- 13 Four key messages have been introduced in 2023/24 to advise and support the Council's financial position:
 - Stay within budget – reduce discretionary spend and minimise recruitment, including agency and overtime.
 - Absorb in-year pressures – Directorates required to absorb all in-year pressures.
 - Highlight issues early – use the budget monitoring process to raise issues with Financial Management as soon as possible.
 - Robust monitoring is essential – includes detailed discussion at relevant monitoring meetings.
- 14 In addition, given the significant forecast revenue overspend position reported here, the Council's Corporate Leadership Team 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.
- 15 It has also been agreed to continue the non-essential spend freeze introduced in 2022/23. The directorate positions reported reflect the impact of an initial review of areas of non-essential spend and further work is expected in this area. With Executive Board's approval, relevant non-essential spend budgets will be moved out of respective Chief Officer budgets to specific strategic costcentres within each directorate to prevent further spend where it has been identified that this spend is not required.
- 16 Work continues to review 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 are considering where Service Review proposals identified as part of the Financial Challenge to meet the MTFs funding gap can be delivered to generate savings during 2023/24.
- 17 Further budget savings proposals are actively being worked on and it is anticipated that these will contribute significantly towards reducing the current projected overspend in 2023/24. The proposals will include income generation, further savings from non-essential spend and savings resulting from reviews of key areas of expenditure which will both reduce activity levels and rationalise service provision. These proposals will be incorporated into the next Financial Health report which is timetabled to be received at the October meeting of this Board, and future reports as applicable.

What are the legal implications?

- 18 The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 19 Section 28 of the Local Government Act 2003 provides that the Council is under 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 Council 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.
- 20 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 Council'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.
- 21 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.
- 22 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?

23 Not applicable

How will success be measured?

24 Not applicable

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

25 The Council continues to face significant financial challenges over the next few years. Work is ongoing to address these challenges and to identify savings, which may be addressed in part through review of the Capital Programme and the impact on debt costs within the revenue budget. Further details have been provided to this meeting of the Executive Board as part of the Medium Term Financial Strategy proposals elsewhere on today's agenda.

Appendices

26 The following appendices are attached to this report:

- **Appendix A – Financial Health Monitoring 2023/24 – Month 4** – 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 A1** – Individual financial dashboards for directorates, DSG and the HRA.
- **Appendix A2** – Directorate Budget Action Plans.
- **Appendix A3** – Directorates Flexible use of Capital Receipts.

Background papers

27 None

Financial Health Monitoring 2023/24 – Month 4

1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2023/24 at Month 4.

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 4.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2023/24 was set at £573.4m.
- 2.2 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 contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 2.3 The Medium Term Financial Strategy assumes a balanced budget position for 2023/24 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves. Any adverse variation to a balanced budget position at the year end will require the identification of further savings in 2024/25.
- 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 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.

3. Main Issues

- 3.1 At Month 4 an overspend of £33.9m is projected across directorates, a 19.0% adverse movement from the Quarter 1 position. This position needs to be understood within the wider national context - council 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 current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions.
- 3.2 The increasing cost of social care, particularly within Children's Services where Government has to date failed to recognise the significantly higher costs resulting from increasing numbers of children in care, combined with the impact of pay and price pressures which are in excess of the level of resources provided for by Government, has resulted in a number of local authorities issuing or raising the

possibility of issuing Section 114 notices, which give notice that a Council cannot balance its budget.

- 3.3** As discussed in this report, the reported position reflects the effects of the employer's 2023/24 pay offer, known inflationary pressures, demand and demographic pressures in Social Care and the wider impact of rising cost of living pressures on the Council's financial position.
- 3.4** Any Collection Fund income shortfall arising in 2023/24 will impact on the Revenue Budget in 2024/25.
- 3.5** Directorate positions are summarised in **Table 1**.

Table 1: Summary Position Financial Year 2023/24 Month 4

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	(1,500)	16,817	(16,816)	0	0
Children and Families	Julie Longworth	(653)	22,602	2,593	25,195	18,172
City Development	Martin Farrington	(279)	(2,510)	2,127	(384)	635
Communities, Housing & Environmer	James Rogers	2,056	8,149	(4,358)	3,791	4,386
Strategy & Resources	Mariana Pexton	7,911	1,943	3,272	5,215	4,225
Strategic	Victoria Bradshaw	(62)	3,167	(3,063)	104	1,089
Total Current Month		7,473	50,168	(16,245)	33,921	28,507

Previous reported (under)/over spend	851	20,726	7,781	28,507
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Managing the Overspend

As noted in **Table 1**, at Month 4 the Council is projecting an overspend of £33.9m for the financial year 2023/24.

- 3.6** 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.
- 3.7** In 2022/23 cross-directorate Task and Finish working groups 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. This process will continue to be used in 2023/24 and the outcome will be reported to future Executive Boards.
- 3.8** As previously reported, four key messages have been introduced in 2023/24 to advise and support the Council's financial position:

- Stay within budget – reduce discretionary spend and minimise recruitment, including agency and overtime.
- Absorb in-year pressures – Directorates required to absorb all in-year pressures.
- Highlight issues early – use the budget monitoring process to raise issues with Finance colleagues as soon as possible.
- Robust monitoring is essential – includes detailed discussion at relevant monitoring meetings.

3.9 In addition, given the significant forecast overspend position reported here, the Council's Corporate Leadership Team agreed to continue the following two measures that were introduced in 2022/23:

Recruitment Freeze

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 will be required to identify how they will cover the costs of the post.

Non-essential Spend

To continue the non-essential spend freeze introduced in 2022/23, with the exceptions being spend on health & safety, to meet statutory service requirements, to prevent further costs, or to support income generation. It is intended to focus monitoring on smaller number of high spend areas applicable to most services and include in Financial Health monitoring reports to Executive Board.

The directorate positions below reflect the impact of an initial review of areas of non-essential spend and further work is expected in this area. Executive Board are asked to approve the virement of identified non-essential spend budgets out of respective Chief Officer budgets and into specific strategic costcentres within each directorate as a measure to prevent further spend against these budgets where it has been identified that this spend is not required.

3.10 Work continues to review the Council's highest cost/spend areas, such as Children Looked After, Transport and LBS and all services are continuing to explore opportunities to maximise income, including a review of Fees and Charges to consider where these might be increased further in year. Asset reviews are underway to consider buildings, land, heritage assets and IT hardware to ensure the Council has the right numbers and mix of assets. Directorates are also considering where Service Review proposals identified as part of the Financial Challenge process supporting the MTFs 2024/25 – 2028/29 can be delivered sooner to generate savings during 2023/24.

Directorate Positions

3.11 The major Directorate variations in **Table 1** are outlined below, with additional detail provided on the Directorate dashboards at **Appendix A1** to this report.

3.11.1 Adults & Health

Adult Social Care 2023/24 Budget

Budget Overview

At Month 4 Adults Social Care is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023/24 is £198.8m, comprised of £422.4m Gross Expenditure offset by £223.6m income. This is a small increase of 0.54% from the original NMB 2022-23 budget of £197.643m, agreed at Full Council in February 2023. Reflected in the 2023/24 budget are Budget Action Plans totalling £16.19m, of which £5.3m are still to be delivered; an increase of £0.4m against the position reported to Executive Board in July. Significant risks remain to deliver this position and are outlined below, particularly around the demand and income 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:

- Additional Social Care Grant of £15.41m.
- New Adult Social Care Discharge Funding of £4.44m. This grant is to be pooled into the Better Care Fund with Leeds Integrated Care Board. Additional to the award to Leeds City Council, Leeds Integrated Care Board have directly received £4.7m; therefore £9.1m combined for the City of Leeds. There are new reporting requirements attached to this funding stream and funding is ringfenced for specific social care discharge activities.
- New Adult Social Care Market Sustainability and Improvement Funding of £7.75m. This incorporates the £2.25m 2022/23 Market Sustainability funding awarded last financial year. Like the Discharge Funding above, this grant comes with new reporting requirements and is ringfenced for specific social care activities, supporting market providers, growing the market, and developing and supporting social care workforce recruitment and retention.
- On 28th July the Department for Health and Social Care (DHSC) announced £5.04m new in-year grant funding titled, 'Market Sustainability and Improvement Fund – Workforce Fund Grant Determination (2023 to 2024)'. Subject to confirmation at a later date, the Council is in line for further funding for 2024/25 of £2.83m. Funding comes with tight restrictions around use of the grant, and it is aimed 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 £4.4m Adult Social Care & Public Health reserves. At Month 4 the directorate is projecting to utilise an additional £4.0m: £2.6m Newton Europe Home First programme, £0.8m Leeds Older People's Forum for delivery of the Age Friendly programme which is funded by Health and £0.6m for investment in additional social work capacity and continuation of the winter 2022/23 support programme.

Budget Action Plans

At Month 4 there are concerns around the delivery of five Budget Action Plans with a forecast impact of £0.735m, comprising of £0.29m relating to the strategic review for Social Work due to slippage in recruiting staff, £0.12m relating to slippage in the

budget action plan for the refurbishment of the 3 LCC run residential homes and their delayed refurbishment and £0.325m slippage in the delivery of commissioning savings. Offsetting this are two actions plans which are over recovering; £0.5m Homecare commissioning programme and £0.235m additional income from the roll out of 'billing engine' and the recovery of client income contributions.

Demand Budgets

The 2023/24 demand related budgets reflect £29.83m additional funding for price, inflation, and demand & demography growth, taking the overall size of the demand led budgets up to £280.173m before reducing to £277.33m after netting off £2.84m savings target reflected in the delivery of the 2023/24 budget action plans; principally the Strategic Review for Adult Social Work. The Month 4 projection is a pressure of £5.5m: -

- +£2.1m Working Age Adults and Learning Disability
- -£2.4m Homecare
- +£6.4m Residential and Nursing settings and includes £0.5m relating to delayed hospital discharge beyond 28 days.
- -£0.7m for Direct Payments and Individualised Care.

This pressure will be covered by staff savings and additional income.

There is a risk around providers challenging the percentage uplift in fees, particularly within the Working Age Adult settings, and another risk around delays in implementing the new delivery model for mitigating against delayed discharges over 28 days and the financial impact for Leeds City Council. Also, there is a risk of increasing numbers and winter pressures in the health system.

Income

At Month 4 we are projecting additional government grant income of £6.7m, additional Health income of £8.5m (of which £5.2m for Newton Europe programme is mentioned in 'Other' below), additional income from Service Users £1.8m; £2.1m additional residential & nursing income, £0.2m additional community-based income, £0.3m shortfall Telecare (offset by staff savings) and £0.2m shortfall Learning Disability income.

Pay

The impact of the employers pay offer is a pressure of £1.1m over and above the 4% pay award built into the 2023/24 pay budget. This will be covered by additional social grant that was not reflected in the Adult Social Care budget. The potential impact could be greater subject to final pay settlement.

Adult Social Care at Month 4 is projecting pay savings of £1.5m, principally around social workers and the national difficulty with recruitment and retention. Other savings on pay are in Provider Services. Some posts are being covered by Agency staff and the Month 4 projection reflects £3.6m of additional costs, with the projection being £5.2m.

Other

Additional CEL charges of £1m have been reflected in the Month 4 projection, made up of £0.8m for passenger transport and £0.2m for catering charges. The Newton Europe, Home First programme commences in 2023/24. The cost of this programme is £7.8m, funded by £2.6m from Leeds City Council (funded from reserves above) and £5.2m from Health. Also, within the Month 4 projection we are

assuming £0.5m of savings from this programme. Significant future savings will be built into the Medium Term programme.

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

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.663m; this is an increase of £1.537m from 2022/23 (3.3%). After taking account of the Office for National Statistics population increase for Leeds, the actual increase per head of population is 3.1%. This is the first year of an announced two-year grant funding for Public Health. For 2024-25 the Public Health funding increases by 1.3% to £49.305m, which will be a challenge in the current inflationary environment. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At Month 4 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 £2.785m for 2022/23 and is due to receive £4.445m for 2023/24 and £8.445m for 2024/25. It should be noted that 2023/24 is the second year of the programme and there are specific terms and conditions attached to this grant award.

3.11.2 Children and Families – The current year-end forecast for the Children and Families directorate is an overspend of £25.195m. This represents an increase of £7.0m from the headline figure reported at Quarter 1, however the report at Quarter 1 indicated that there was potential for the reported position to change. Currently the forecast of £25.195m is below the potential position which was set out, but there remains significant volatility across a range of functions. The main movements from Quarter 1 are:

- Care Leavers: Semi Independent Living £1.725m
- CLA In House Carers £1.252m
- IFA Placements £0.185m
- External Residential Placements £3.569m
- Staffing Pressures £0.563m
- Reprofiling of School Balances (£0.500m)
- Other movements £0.216m

Overall, the main variations included within the Month 4 position are:

	£m
CLA: External Residential Placements	14.658
CLA: Semi Independent / Leaving Care	4.695
IFA Placements	2.854
Little Owls Nurseries	1.200
Secure Welfare	0.388
CHAD Direct Payments	0.200
Transport	1.212
Projected Net Staff savings	(1.204)
Cost of additional pay award	1.225

Mitigation of pay award	(1.225)
Learning Inclusion	0.642
Reprofiling of School Balances	(0.500)
Non Delivery of Action Plans	0.719
Other Variances	0.331
Total	25.195

Whilst the Month 4 position reflects a General Fund forecast overspend of £25.195m, there remains a significant element of volatility in the number of children in high-cost residential placements and the cost of those placements. 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.

Work continues within the Directorate on seeking to deliver effective practice which results in a lower number of children being subject to these high-cost placements. This continuing work is subject to significant scrutiny and any potential change in the forecast position will be highlighted.

In addition, the Directorate is participating in the Council's overall response to mitigating costs pressures and is engaging in corporate processes which seek to identify savings in non-essential spend, vacancy control and minimising recruitment (where possible) and income maximisation.

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 £14.658m. External Residential placements have increased from 95 at the start of the year to 121 at Month 4. This projection assumes the non-delivery of £2.966m of action plan savings against this budget including a proportion of the Turning the Curve and the Commissioning Review which have experienced delays in delivery and a reassessment of potential deliverables.

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £6.78m. Currently there are 253 placements, including 108 placements for 16 and 17 year olds, which is an increase from previous years. A continued increase in demand and price with particular reference to 16 to 17 year olds requiring higher support packages is seeing a pressure of £6.75m against this budget. Other Leaving Care costs including fees and allowances is projecting a saving of £27k. This pressure has been further mitigated with projected additional UASC income £1.8m.

IFA Placements:

The number of Independent Fostering Agency placements have increased from 209 to 221 since the beginning of 2023/24. The Month 4 projection assumes that £2m of action plan savings will not be delivered against this budget.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1.2m, a projected income pressure of £2.3m offset by projected staff savings of £1.1m. 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:

The overall transport budget is showing a projected overspend of £1,212k due to further increases in inflation and demand

Learning Inclusion:

Within the Learning Inclusion service there is a projected budget pressure of £642k which mainly relates to the Education Psychologist Team. Due to increased demands on the statutory service and recruitment difficulties the service is projecting a reduction in its trading capacity and so a loss of trading income, in addition to increased locum costs.

Pay Award:

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

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m. The Month 4 position assumes that £11.469m of these action plans will not be achieved as below:

- Diversifying Children's Residential and Fostering provision £3.479m: it has been agreed that the slippage in this action plan will be funded corporately and so is not included as a C&F pressure in the Month 4 position.
- Review of Placement Commissioning £2.715m: only £1.285m of the £4m action plan saving is currently expected to be delivered however work continues on this workstream
- Turning the Curve £3m
- Review of Childrens Centres £0.350m
- Review of Contracts £0.369m
- Efficiencies across the directorate £1.556m

Dedicated Schools Grants

The approved DSG budget for 2023/24 assumed a balanced in year budget. The position at Month 4 projects an in year pressure of £0.085m. This projected pressure is within the high needs block.

With regard 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. A review of the Funding for Inclusion (FFI) applications process was also considered. It was agreed that decisions on these options should wait until the 2024/25 ESFA funding announcement was received and the Council's DSG MTFs had been updated in September, to reflect both the latest funding and forecasts for inflation and demand.

Taking into account the proposals for using £1.75m de-delegated contributions, plus the Month 4 pressure of £0.085m, DSG reserves at the end of 2023/24 are projected to be a surplus of £7.175m. This comprises £6.975m for general DSG and £0.2m contingency for de-delegated contributions. The reserves forecast may change later in the year once the DSG MTFs has been updated as this will enable the options put to Schools Forum in July to be considered.

3.11.3 City Development - The financial position for City Development at Month 4 is a projected underspend of £0.38m. This position includes the anticipated additional cost of the local government pay award which is currently estimated at £1m (net of amounts charged to capital and grant schemes) over and above the budgeted amount but it also includes additional savings which have been identified to offset this and achieve the reported position.

There are a number of areas of risk within individual service areas as described below but it is anticipated that these will largely be mitigated through the development of action plans to achieve the reported position at the year end.

The main variations anticipated at this early stage of the year are:

- **Active Leeds** – the service is projecting an underspend of £1.02m which reflects the cost of the additional pay award of £0.48m offset by expected running cost savings of £1.5m. Based on income achieved during the first few months of the year, there is a potential risk of £0.25m in respect of swimming income, although this is subject to a degree of variability and current projections assume that it will recover as the year progresses.
- **Arts & Heritage** – the forecast underspend of £0.77m reflects the anticipated additional cost of the pay award of £0.27m, as well as projected income shortfalls in respect of Breeze pass charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts (£0.02m) and refunds received in respect of Business Rates appeals totalling £1.22m in respect of Heritage Assets.

- **Asset Management & Regeneration** – a shortfall to budget of £0.22m is currently projected but mainly reflects pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.55m), partially offset by staffing savings of £0.3m and other one-off sources of income of £0.7m such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.27m mainly reflects final balances in respect of programmes which have now concluded.
- **Highways and Transportation** – the projected overspend of £0.15m includes the net impact of the pay award, vacant posts, anticipated additional external spend to deliver the work programs, and a shortfall in assumed income from the major schemes contractor procurement framework.
- **Markets and City Centre Management** – a shortfall of £0.6m in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets, partially offset by an assumption of additional income from the Block Shops redevelopment in the latter part of the financial year. In addition, income shortfalls of £0.4m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre.
- **Planning & Sustainable Development** – the current forecast position is an overspend of £0.25m which reflects the impact of the assumed pay award and a projected shortfall in meeting the budgeted vacancy factor. Based on income received in the first few months of the year there is a risk around achieving the budgeted level of planning fee income. The forecast position assumes that it will recover as the year progresses, but this remains subject to variation and will continue to be monitored.
- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £0.2m.

Key Budget Action Plans

The 2023/24 budget contained £10.9m of new savings plans. At this stage of the year, it is anticipated that most have been delivered or are on track to be delivered, with only minor shortfalls forecast within the overall directorate position.

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

3.11.4 Communities, Housing & Environment - At Month 4, an overspend of £3.8m has been projected for the Communities, Housing and Environment directorate. This is an improvement of £0.6m from the position reported at Quarter 1, with an additional £0.3m forecast saving to the corporate contingency fund relating to Parking income.

This position includes the anticipated additional cost of the local government pay award which is currently estimated at £3.8m which can be netted down by £1.1m by passing on the impact of the pay award to capital schemes, HRA and grant funding.

Other significant pressures have arisen due to changes in Waste Management legislation (£1.7m) and Housing Benefits where the Council is unable to claim subsidy (£1.9m) alongside other inflation and demand led service pressures.

The staffing projections are primarily based on maintaining existing staffing levels with exceptions around the filling of grant funded/income generating posts. Actions to hold posts vacant, reduce non-essential spend and maximise income have been projected to deliver savings of £6.1m.

The main variations anticipated are:

- **Waste Management +£2.2m** – The service is facing a significant number of pressures, all of which only become known after the 2023/24 budget was approved.

New guidance has been received that the Environment Agency (EA) will regulate the disposal of upholstered furniture that contain POPs. These materials are now required to be separated and disposed of in accordance with the new EA regulations, resulting in significantly higher disposal costs. Higher disposal charges are now being incurred for all collections (typically collections of bulky waste and the general waste skips at Household Waste sites) that contain any POPs materials. To mitigate the in-year cost to a forecast +£1.6m a temporary sorting solution has been identified, but there may be a need for capital works at Kirkstall Road (circa £0.3m).

In late June 2023 the Government announced an intention to remove the ability of Councils to charge for the disposal of inert waste (typically soil and rubble) at Household Waste Recycling Centres, possibly in the Autumn of this year – although as yet no date has been confirmed. The in-year pressure is likely to be a minimum of £0.2m, with a greater FYE in 2024/25.

Income from Green Bin waste is now forecast to be £0.4m lower because of the ongoing market price of recycled materials. This pressure will increase further if material prices continue to be lower than had been assumed in the budget.

Offsetting these pressures is an additional £1.0m 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 £0.2m can be saved by utilising the Waste Strategy reserve to fund the costs of the glass collection pilot.

The impact of the pay award offer is forecast at £1.4m.

- **Cleaner Neighbourhoods Teams & City Centre +£0.8m.** The variation mainly reflects the impact of the pay offer at £0.5m, although there are significant pressures on overtime within the service.
- **Welfare and Benefits +£1.6m.** 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 £3.2m, with assumed one off recovery of benefit overpayment income of £1.3m. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has already delivered £250k of the budgeted action plan saving of £600k at Quarter 1, with a full year effect of this

action being £390k.

Staffing costs are projected at +£0.1m, but this is offset by expenditure savings and new burdens grant income of (£0.3m) and non-essential spend savings of (£0.1m).

- **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 highlighted below:
 - Inflationary pressures of £0.2m on the cultural events programme
 - Net pressures on estates and attractions £0.6m (£0.3m is income related)
 - Bereavement services income pressures of £0.5m
 - Parks operations income maximisation savings of (£0.3m)

Within the figures above, the impact of the pay award is £0.7m, but this can be offset with charges to capital and management of vacancies within the service.

- **Car Parking Services +£0m.** Income continues the recovery trajectory witnessed in 2022/23; however, at Month 4 the projection suggests that receipts are projected to fall £0.7m below the budget. As full provision has been made within a corporate contingency for this amount, a nil income variance is reported. Staffing costs are £0.1m under after pay award and £0.1m of non-pay award related staffing pressures have been identified.
- **Customer Access -£0.5m** – Review of non-essential spend and income maximisation are projected to deliver net savings of £0.5m in 2023/24. Staffing pressures of £0.2m are offset by charges to grant/HRA and holding posts vacant.
- **Safer Stronger Communities +£0m** – Staffing pressures +£0.3m are projected. However, this can be offset by a combination of additional grant income and passporting the pay award on to the HRA/other grants.
- **Elections, Licensing and Registration and Environmental Health -£0.1m** – No significant variations are expected across these services. Operational spend savings and additional registrars income are offsetting the impact of the pay award.
- **Statutory Housing Services -£0.3m** - Staffing savings are projected to cover the cost of the pay award and it is expected an additional (£0.3m) can be delivered by maximising charges of existing staffing into new grant income and maximise collection from other income streams.

Budget Action Plans

A total of £6.6m of budget action plans are being monitored each month with a £0.3m positive variance against the plans reported at Month 4. £0.9m of plans have been marked as delivered in full.

3.11.5 Strategy & Resources - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £5.2m at this reporting period.

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

Finance £Balanced

A staffing overspend of £550k, which includes £208k to reflect the additional unbudgeted pay pressure based on the current offer. The total overspend is being offset by £487k additional income from the maximisation of grant funding and £63k savings from across operational budgets.

Integrated Digital Services £Balanced

Staffing overspends of £0.9m, including pay award £1.05m, contractor projected costs of £1.5m and an assumed vacancy factor of £1.3m. Overspends across supplies and services of £1.5m are being offset by additional income of £2.4m, which includes use of £2.5m of unbudgeted Capital Receipts.

Procurement £87k

Staffing overspends of £87k to reflect the additional unbudgeted pay pressure based on the current offer.

Legal Services £154k

Staffing overspends of £140k, including agency pressure of £140k, and other additional pressures of £105k offset by additional reimbursement income from a legal case of £91k.

Democratic Services £17k

Staffing overspends of £45k, this includes £37k to reflect the additional unbudgeted pay pressure based on the current offer, are being offset by expenditure savings of £28k.

Shared Services £1,568k

Staffing overspends of £2,645k including the current offer of pay award, income pressure of £180k on electronic goods salary sacrifice scheme, are being offset by income mitigations of £955k, additional funding of £250k and other expenditure savings of £52k.

Strategy and Improvement £123k

Staffing overspends of £141k and a pressure of £150k of budgeted savings on communications and marketing are being offset by £60k savings on expenditure and £109k additional income.

Human Resources £275k

Staffing overspends of £732k, £150k expenditure pressures, are being offset by additional funding from Adults and Health for HR support of £93k, income mitigations of £182k, use of reserves of £300k.

School Crossing Patrol £Balanced

Leeds Building Services (LBS) £1,228k

The pressure reflects the current understanding of the level of work likely to be commissioned by clients relative to the £80.9m required turnover and the consequent impact on the rate of return. There remains a risk that any variance from the current understanding of client budget will impact to the LBS business plan. LBS are also working to forecast all the inflationary pressures which have been seen throughout the industry which may further adversely impact the position.

Corporate Property Management £12k

Staffing overspends of £12k to reflect the additional unbudgeted pay pressure based on the current offer.

Catering £484k

The additional unbudgeted pay pressure based on the current offer results in a projected staffing overspend of £712k which the service is partially mitigating through additional income of £228k.

Cleaning £210k

The additional unbudgeted pay pressure based on the current offer results in a projected staffing overspend of £210k. This is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.

Fleet £650k

The Fleet position reflects the ongoing 2022/23 pressure of an aging fleet resulting in increased demand and inflationary pressures leading to 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. Consequently, this report asks Executive Board to approve the use of £1.3m from the Strategic Contingency Reserve to address this in year pressure. The reported position shown assumes the contribution from reserve.

Security £70k

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

Presto £140k

Staffing overspends of £20k to reflect the additional unbudgeted pay pressure based on the current offer 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.

Facilities Management £199k

Staffing overspends of £74k to reflect the additional unbudgeted pay pressure based on the current offer, £75k pressure for additional security and £50k pressure for front of house staffing costs.

Budget Action Plans

A total of £9.2m of budget action plans are being monitored each month. Against which a shortfall of £0.5m is forecast in respect of Staffing efficiencies £0.28m, Communications & Marketing synergies £0.15m and BSC Shared Cost Salary Sacrifice £0.08m.

3.11.6 Strategic & Central Accounts - At Month 4 the projection for the Strategic and Central Accounts is an overspend of £0.1m. This position includes a projection that the debt budget will be in balance. 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. This projection assumes that short term borrowing will be obtainable at an average of 5.25% during the year. However there remains a risk that interest rates could peak at a higher rate than this, which could further increase the Council's borrowing costs.

A pressure of £0.3m has been recognised in the levy payable to WYCA (the West Yorkshire Combined Authority). This arises because, although WYCA's overall budget has remained unchanged, the proportion which is charged to the Council has increased due to changes in the relative population sizes of the five West Yorkshire councils. This pressure has been partly offset by the recognition of £0.2m of residual Covid sales, fees and charges compensation grant income, which had previously been uncertain but is now expected to be received during the current year.

3.11.7 Directorate dashboards highlight a projected overspend of £33.9m. As discussed in this report a range of actions are being undertaken or are proposed to achieve a balanced budget position. Ongoing pressures identified in the current year have been built into the Medium Term Financial Strategy, elsewhere on today's agenda, and will be included in the 2024/25 budget.

3.12 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 Month 4 it is anticipated that most savings will be delivered in full through the identified saving plans or through mitigating actions identified by each Directorate, however a £12m shortfall has been identified and is reflected in the reported directorate positions except where noted:

- Children & Families - £11.5m shortfall on the anticipated level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £2.715m; Turning the Curve £3m; review of Children's Centres £0.350m; review of Contracts £0.369m and efficiencies across the directorate £1.556m. More detail is provided at paragraph 3.11.2, where it is noted that the target for Children's Residential and Fostering provision £3.479m, which is included in the £11.5m shortfall reported, will be funded corporately and so does not appear in the projected Month 4 position.
- Strategy and Resources – £0.5m shortfall in the anticipated level of savings from the following projects: £0.277m Staffing efficiencies, £0.15m

Communications & Marketing synergies and £0.08m BSC Shared Cost Salary Sacrifice.

As discussed at paragraph 3.11.5, the Strategy and Resources savings position outlined here assumes 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. Executive Board are asked to approve this release from reserves.

Although other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans totalling £0.945m, they have identified other mitigating measures to offset these shortfalls.

3.13 Inflationary Pressures

3.13.1 At the end of Month 4 an overspend of £33.9m is projected against the Council's 2023/24 revenue budget.

3.13.2 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 a projected 2023/24 NJC pay award of £1,925 and the agreed JNC pay award of 3.5%. If the pay award is higher than the current forecasts then directorates will be required to implement contingency savings to offset any additional cost. Directorates have included any identified pay award mitigation measures in their 2023/24 budget action plans.

3.13.3 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 £10.7m or a 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. Recent advice from the Council's energy advisors has 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 and reducing the overall unit price. 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 £3m 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.

3.13.4 Fuel – The average UK pump prices for diesel and unleaded petrol saw decreases of 23.4% and 25.9% respectively between July 2022 and July 2023. The 2023/24 budget has allowed for an increase of £1.2m, largely attributable to the significant price increases in 2022/23. Fuel costs will continue to be monitored throughout the year.

3.13.5 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.

3.14 Reserves

General Reserves

3.14.1 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

3.14.2 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.

3.14.3 The opening balance on the Strategic Contingency Reserve for 2023/24 is £19.9m with budgeted use of the reserve being £14.3m with a further £0.6m committed to support Covid backlog recovery. As discussed at paragraph 3.11.5, this report seeks Executive Board's approval to use £1.3m from this reserve to fund budgeted

fleet savings which are not deliverable in year due to the costs of maintaining an ageing fleet and increased demand for services. If approved, the available balance in this reserve is currently forecast to be £3.7m at 31st March 2024.

3.15 Funding from other Resources

3.15.1 Flexible Use of Capital Receipts

Under guidance issued in March 2016 and updated in August 2022, Local Authorities are allowed to use capital receipts for funding “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”.

Table 2: Expenditure funded through flexible use of capital receipts Month 4

2023/24- EXPENDITURE FUNDED THROUGH FLEXIBLE USE OF CAPITAL RECEIPTS						
Directorate	2023/24 Planned Spend £m	2023/24 Projected Outturn £m	Variation to Budget £m	2023/24 Planned Savings £m	2023/24 Projected Outturn £m	Variation to Budget £m
Adults & Health	2.32	2.14	(0.18)	(4.00)	(4.00)	0.00
Children & Families	1.40	1.40	0.00	0.00	0.00	0.00
City Development	0.63	0.63	0.00	0.00	0.00	0.00
Communities, Housing & Environment	0.12	0.00	(0.12)	(0.12)	0.00	0.12
Strategic & Resources	9.46	9.36	(0.10)	(2.03)	(0.50)	1.53
Strategic/ Corporate	10.33	10.33	0.00	(1.00)	(1.00)	0.00
	24.25	23.86	(0.39)	(7.14)	(5.50)	1.64

Full Council approved allocation of £19m of capital receipts in the 2023/24 budget to support further transformational work/ projects. This Month 4 report updates the position with an additional £5.3m of planned use bringing the total planned use for 2023/24 to £24.3m, of which £2.4m reflects slippage against budgeted use in 2022/23 and £2.9m relates to new transformation spend. The total “Planned Spend” is as shown at **Table 2** and the movements against the budgeted position are detailed below, with further detail at **Appendix A3**:

2022/23 Slippage:

- Core Business Transformation £4.25m in total, of which £0.6m is required in 2023/24 and £3.65m in 2024/25
- IDS staffing to support delivery of key projects across the authority £1.8m in 2023/24.

2023/24 New Projects:

- Children & Families transformation team £1.4m
- Corporate Transformation Capacity Team £0.6m
- Leeds Building Services workstreams £0.3m

- PACS staffing for key transformational projects/work £0.6m

At Month 4 the estimated use of capital receipts for transformational projects is at £23.86m, a marginal variation from planned spend, and this spend is projected to achieve £5.5m of savings in 2023/24, with further savings in later years.

3.15.2 Invest to Save/Innovation Fund – The Invest to Save and Innovation Funds are designed to strengthen the Council's longer term financial resilience. The Invest to Save fund is used for service improvements or transformational projects where a proof of concept has already been delivered and an initial revenue investment would directly generate cost reductions or income for the Council. Allocations from the fund will be repaid from the savings generated and it is therefore self-financing. The Innovation Fund is designed to provide pump-priming investment for those more conceptual schemes which need to be developed further. It is acknowledged that not all of these schemes will be successful, but for those that are, the fund would be repaid with the aim of it becoming self-financing.

The total funds for Invest to Save and Innovation Fund schemes at the start of 2023/24 was £3.529m, of which £0.941m relates to funds committed before 2022/23. £0.318m relates to funds committed in 2022/23 which are projected to be entirely spent this year. At the end of Month 4 2023/24, £0.208m has been committed leaving an uncommitted and available balance of £2.062m. It is projected that £0.123m will be spent in year. This spend includes an external review of the Education, Health and Care Plans process (£98k). Although no in year savings are currently anticipated, this targeted expenditure will result in savings to be realised in future years, and is summarised in **Table 3**.

Table 3: Invest to Save/Innovation Fund Month 4

	£k	£k	Year End Projected Spend £k	Year End Projected Savings £k
Total Funds at start of 2023/24		(3,529)		
Less Funds Committed before 2022/23		941		
Less Funds Committed in 2022/23:				
City Development	0		0	0
Communities, Housing & Environment	245		245	0
Strategy & Resources	73		73	0
		318	318	0
Less Funds Committed 2023/24 to Qtr 1:				
Children & Families	98		98	0
Strategy & Resources	110		25	0
		208	123	0
Therefore Funds uncommitted and available		(2,062)		

3.15.3 COVID-19 Backlog Recovery Fund – This fund was established to meet costs related to clearing backlogs caused by the COVID-19 Pandemic. The total funds at the start of 2023/24 were £0.623m. At the end of Month 4, £0.619m has been committed leaving an uncommitted and available balance of £0.004m. It is

projected that £0.521m of the £0.619m will be spent in 2023/24. This position is summarised in **Table 4**.

The most significant uses of this Fund relate to Business Administration support to the Children and Families directorate (£0.250m) and additional staffing resource for Debt Recovery (£0.146m).

Table 4: COVID-19 Backlog Recovery Fund Month 4

	£k	£k	Year End Projected Spend
Total Funds at start of 2023/24		(623)	£k
Less Funds Committed to 2023/24 Qtr 1*:			£k
City Development	146		48
Communities, Housing & Environment Resources	66		66
	<u>407</u>		<u>407</u>
		619	521
Therefore Funds uncommitted and available		(4)	

*To note, where schemes involve two directorates, they have been included under the lead directorate.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of July 2023 was 35.59%. Whilst this is a slight decrease from the May 2022 in-year collection rate of 36.15% it should be noted that this can be attributed to application of around £4m in £150 cost of living 'rebates' to Council Tax accounts in July 2022, thereby artificially increasing the amount collected at that point in the year and impacting on the comparison.

The current collection rate is still significantly lower than the July 2019 in-year collection rate of 36.91%, however the profile of taxpayers' payments has changed significantly since the pandemic, with many more residents choosing to pay their council tax over twelve months rather than ten. Due to the challenging conditions following the pandemic, the target collection rate in the fullness of time was reduced for 2022/23 to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. It has been assumed collection rates will return to the normal 99% recovery rate from 2023/24 onwards.

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

This repayment of the 2020/21 and 2022/23 deficits would be expected to generate a surplus on the collection fund, however current projections, based on historical trends of growth and movements in discounts and local council tax support, are that an in-year surplus of only £6.777m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.124m. Leeds share of this projected

closing deficit would be £1.784m, 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, which, if repeated throughout the year, will be the most significant underlying cause generating the projected deficit. However, this projected position only reflects four months of data and close monitoring of the growth in council tax liabilities in the city will be required in the coming months.

4.2 Business Rates

The Business Rates collection rate at the end of July 2023 is 38.86% which is significantly higher than the July 2022 in-year collection rate of 36.15% but slightly lower than the July 2019 in-year collection rate of 39.03% 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 £952.31m as at 31st July 2023, a decrease of £2.13m. Around £840k of this reduction is due to hereditaments undergoing redevelopment or major works and so it is anticipated that in time the rateable value of these properties will increase. The 2023/24 budget includes an expected increase in Rateable Value of £2.5m for the full year. The size of the Business Rates tax base in Leeds continues to be monitored closely.

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

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

In 2023/24, an in-year surplus of £0.54m is projected, driven mainly by a large reduction in the demand for Empty Rate Relief in the first two months of the year compared to the years immediately after the pandemic, in addition to an improvement in the projected bad debt provision. 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 £1.87m, which will have to be repaid to the collection fund by the Council in 2024/25.

4.3 Business Rates Appeals

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

On 31st July 2023, there were 58 appeals outstanding against the 2010 ratings list. No 2010 appeals have yet been settled in this financial year. No new appeals have been received in 2023/24.

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

The 2017 ratings list came to an end on 31st March 2023. In most cases this sees the end of the ratepayers' right to appeal against their Rateable Value on that list. As such the number of Checks received by the Valuation Office Agency increased significantly in the last few months of 2022/23. The increase was even greater than expected and although an allowance had been included in the forecast of the declared deficit further provisions were made to outturn at an additional cost of £4.2m to the General Fund and £1.93m worse than projected at declaration.

As at 31st July 2023, the Council is providing for a net of 2601 Checks and Challenges against the 2017 ratings list. This is significantly higher than the 605 received at the end of Quarter 1 and has resulted in the Council further increasing its appeals provisions at this time. The position will be monitored closely over the coming months to ensure that the Council's provisions for the 2017 list remain adequate. There are also 142 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 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 quarterly.

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.

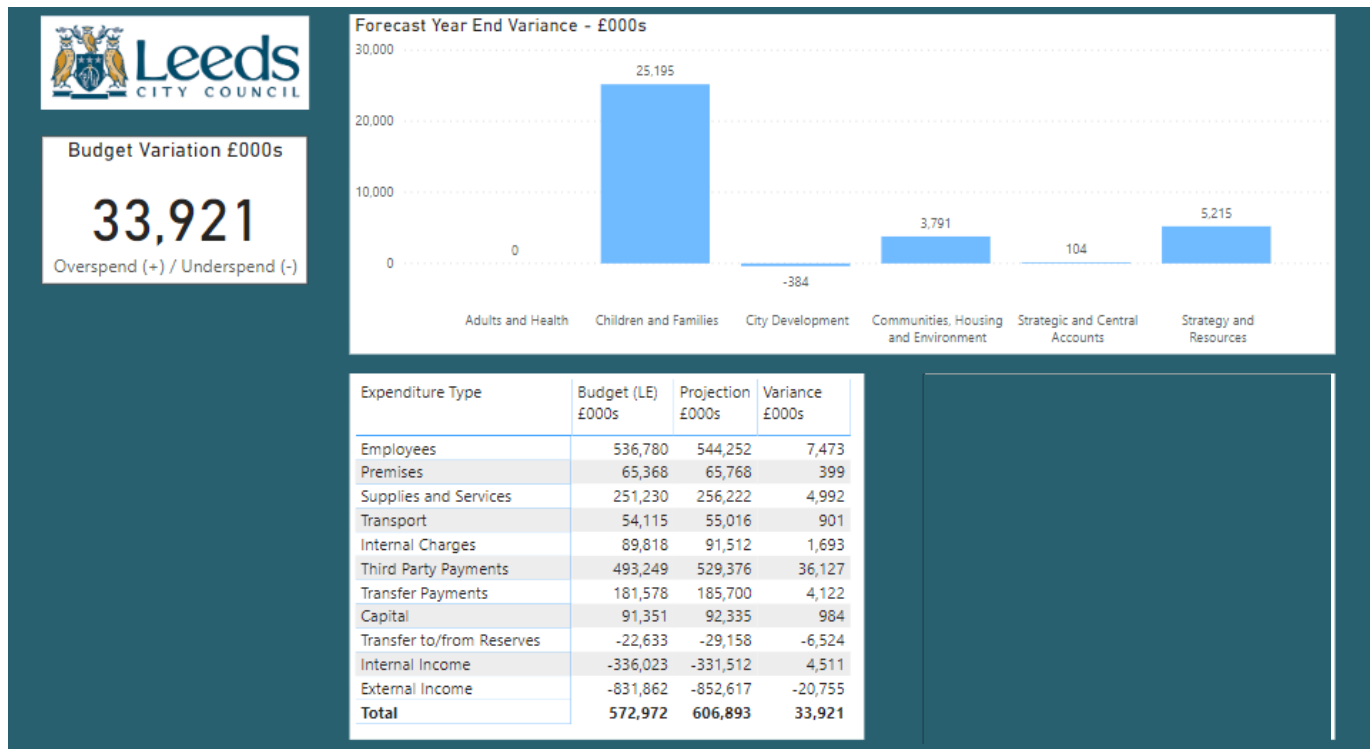
5 Housing Revenue Account (HRA)

- 5.1** At Month 4 the HRA is reporting a pressure of £3.17m.
- 5.2** As a result of significant pressures on the repairs budget of around £13m, a virement was input at Month 3 to reduce the capital investment programme in 2023/24 to provide the desired level of funding for responsive repairs.
- 5.3** Further work is still required to balance the HRA as there is an over programming pressure of £3.17m currently with no identified available funding. The position on repairs and capital budgets will be closely monitored and an action plan will be worked up to bring the budget into balance.

Overall Summary Sheet

Month 4 (July 2023)

Financial Dashboard 2023/24 Financial Year



Financial Dashboard 2023/24 Financial Year

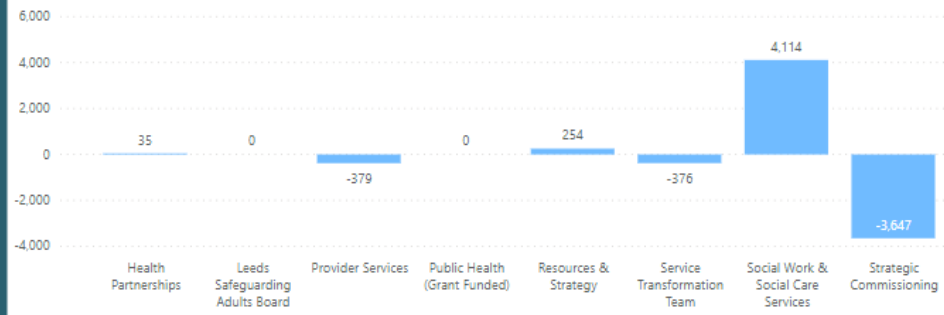


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	70,427	68,927	-1,500
Premises	1,381	1,374	-7
Supplies and Services	5,861	14,117	8,256
Transport	1,011	1,021	10
Internal Charges	14,108	14,990	881
Third Party Payments	320,681	334,563	13,882
Transfer Payments	13,488	12,776	-712
Transfer to/from Reserves	-4,521	-8,514	-3,993
Internal Income	-4,972	-4,713	259
External Income	-218,639	-235,715	-17,075
Total	198,826	198,826	0

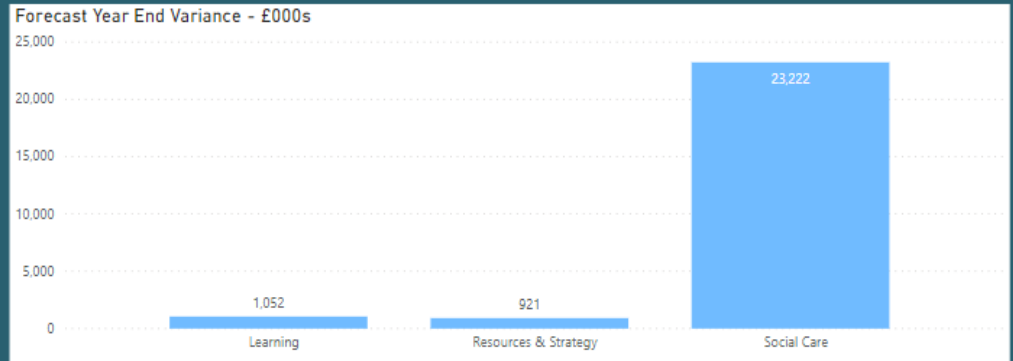
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

25,195

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	112,110	111,457	-653
Premises	4,749	4,752	3
Supplies and Services	66,098	66,889	791
Transport	11,822	11,832	10
Internal Charges	36,193	37,160	967
Third Party Payments	114,139	136,082	21,944
Transfer Payments	3,895	3,419	-476
Capital		0	0
Transfer to/from Reserves	-979	-963	16
Internal Income	-36,315	-35,382	933
External Income	-168,485	-166,825	1,660
Total	143,226	168,421	25,195

Financial Dashboard 2023/24 Financial Year

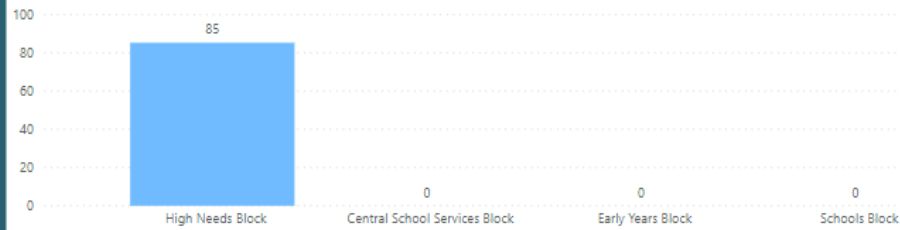


DSG Variation £000s

85

Overspend (+) / Underspend (-)

Dedicated Schools Grant (DSG) Forecast Year End Variance - £000s



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	-341,721	0	341,721	341,721	0	0	0	0
High Needs Block	-117,035	-117,035	0	117,035	117,120	85	0	85	85
Early Years Block	-57,538	-57,538	0	57,538	57,538	0	0	0	0
Central School Services Block	-5,106	-5,106	0	5,106	5,106	0	0	0	0
Total	-521,400	-521,400	0	521,400	521,485	85	0	85	85

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	0	1,750	-200
General	-7,060	0	-7,060	85	0	-6,975
Total	-9,010	500	-8,510	85	1,750	-7,175

Financial Dashboard 2023/24 Financial Year

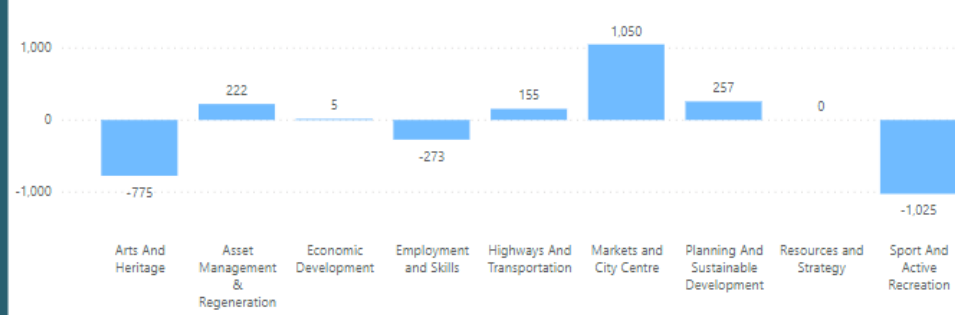


Budget Variation £000s

-384

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	75,860	75,580	-279
Premises	31,500	32,108	609
Supplies and Services	48,649	46,656	-1,994
Transport	6,852	7,235	383
Internal Charges	10,516	10,554	38
Third Party Payments	188	188	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-3,550	-4,817	-1,267
Internal Income	-46,345	-44,762	1,583
External Income	-81,276	-80,733	544
Total	42,394	42,010	-384

Financial Dashboard 2023/24 Financial Year

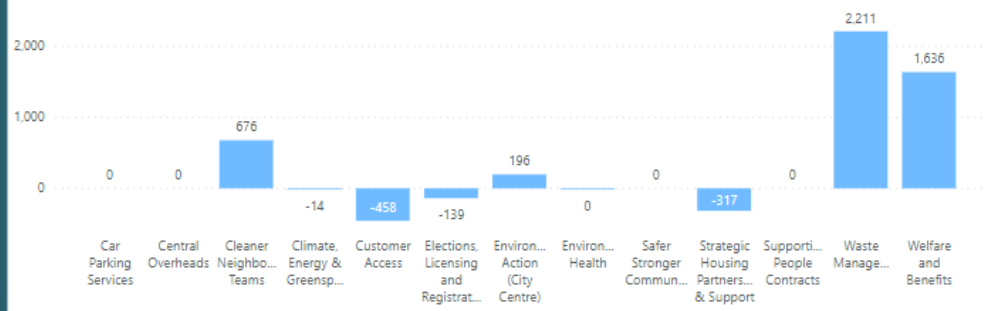


Budget Variation £000s

3,791

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	107,170	109,226	2,056
Premises	11,765	11,538	-227
Supplies and Services	63,818	66,005	2,186
Transport	11,350	11,473	123
Internal Charges	20,217	20,015	-201
Third Party Payments	21,007	21,007	0
Transfer Payments	163,004	168,314	5,310
Capital		0	0
Transfer to/from Reserves	-1,574	-2,672	-1,098
Internal Income	-41,721	-41,805	-84
External Income	-262,952	-267,226	-4,274
Total	92,086	95,876	3,791

Financial Dashboard 2023/24 Financial Year



Surplus (-) / Deficit (+) £000s

3,165

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-230,240	-229,976	264	0
Non Dwelling Rents	-3,347	-3,308	39	0
Service Charges	-9,551	-9,662	-111	0
Internal Income	-9,349	-8,921	428	-184
Grants	-21,385	-21,385	0	0
External Income	-1,778	-1,678	100	100
Total	-275,650	-274,929	721	-84

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Disrepair Provision	5,000	5,000	0	0
Repairs to Dwellings	65,103	65,103	0	0
Employees	33,708	33,272	-436	228
Premises	11,732	11,571	-161	-178
Supplies and Services	5,185	5,225	40	40
PFI Unitary Charge	12,662	12,662	0	0
Transport	304	304	0	0
Internal Services	39,315	39,702	387	63
BITMO Management Fee	3,524	3,524	0	0
Provision for Doubtful Debts	1,136	1,136	0	0
Capital Charges	46,666	46,666	0	0
Contribution to Capital Programme	51,391	54,006	2,615	0
Total	275,726	278,170	2,444	153

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	76	3,241	3,165	70
Appropriation: Sinking Funds	-326	-326	0	0
Appropriation: Reserves	250	250	0	0
Total	0	3,165	3,165	70

Financial Dashboard 2023/24 Financial Year

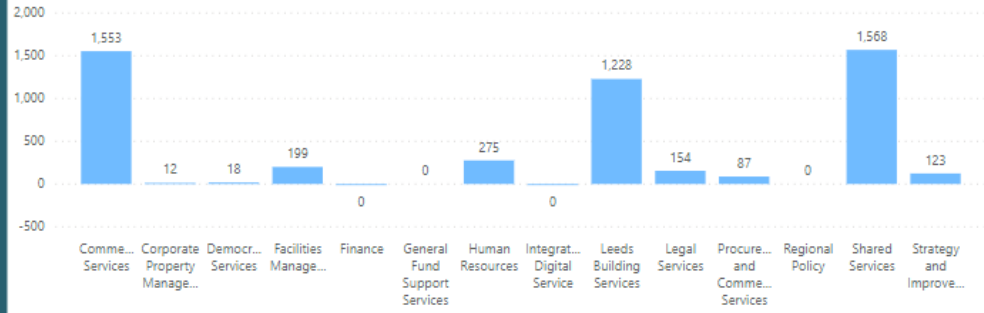


Budget Variation £000s

5,215

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	166,482	174,394	7,911
Premises	15,974	15,995	21
Supplies and Services	63,477	57,768	-5,709
Transport	23,080	23,455	375
Internal Charges	3,823	3,750	-73
Third Party Payments	28	28	0
Transfer Payments	61	61	0
Transfer to/from Reserves	-74	-656	-582
Internal Income	-171,498	-167,556	3,942
External Income	-18,034	-18,704	-670
Total	83,320	88,535	5,215



Financial Dashboard 2023/24 Financial Year

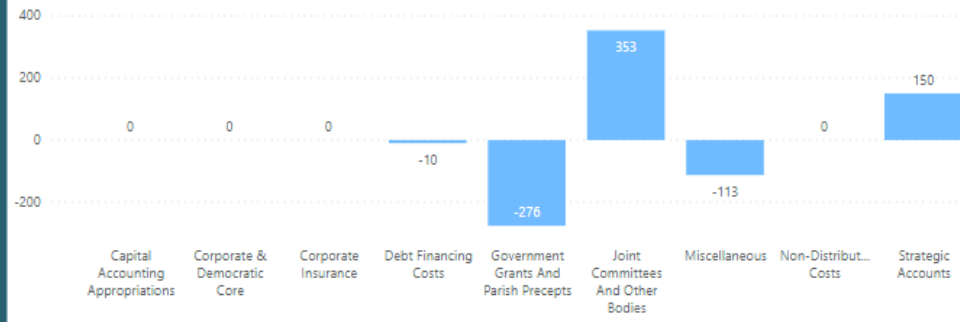


Budget Variation £000s

104

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s

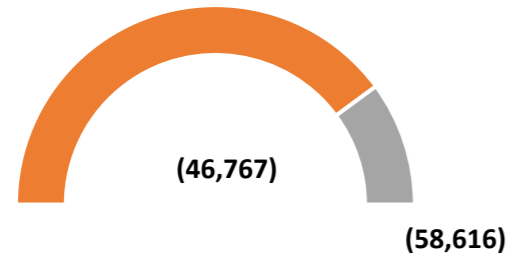


Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,729	4,668	-62
Premises		0	0
Supplies and Services	3,325	4,786	1,461
Internal Charges	4,962	5,044	82
Third Party Payments	37,207	37,508	302
Transfer Payments	1,130	1,130	0
Capital	91,351	92,335	984
Transfer to/from Reserves	-11,936	-11,536	400
Internal Income	-35,171	-37,294	-2,123
External Income	-82,476	-83,415	-940
Total	13,121	13,225	104

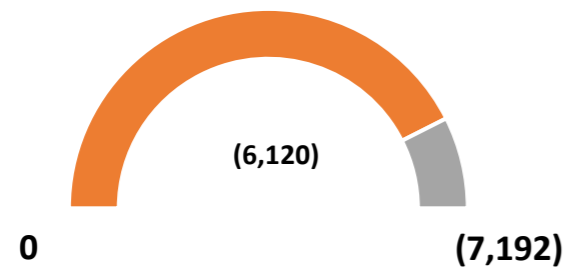
2023/24 BUDGET ACTION PLANS

July (Month 4)

Projected Savings vs Budgeted



Projected Savings vs Budgeted



Appendix A2

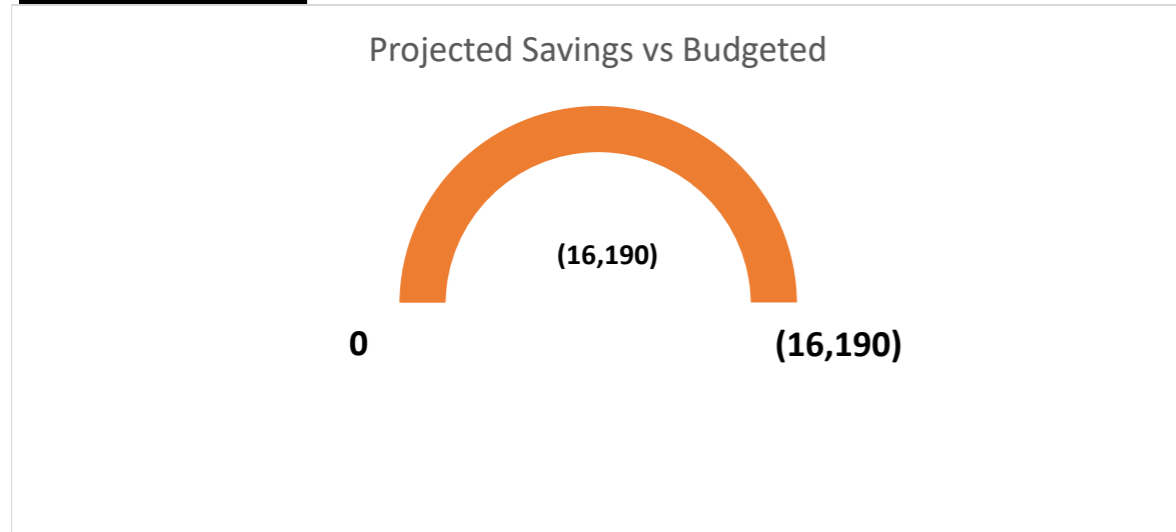
LEEDS CITY COUNCIL - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(12,482)	(12,482)	0
On track, no issues	(19,194)	(19,344)	(150)
Some risk	(11,395)	(11,757)	(362)
High risk	(15,545)	(3,184)	12,361
Cancelled	0	0	0
Total	(58,616)	(46,767)	11,849

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	(3,325)	(3,325)	0
Some risk	(1,420)	(1,320)	100
High risk	(2,447)	(1,475)	972
Cancelled	0	0	0
Total	(7,192)	(6,120)	1,072

July (Month 4)



ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(7,685)	(7,685)	0
On track, no issues	(3,625)	(3,625)	0
Some risk	(2,900)	(3,635)	(735)
High risk	(1,980)	(1,245)	735
Cancelled	0	0	0
Total	(16,190)	(16,190)	0

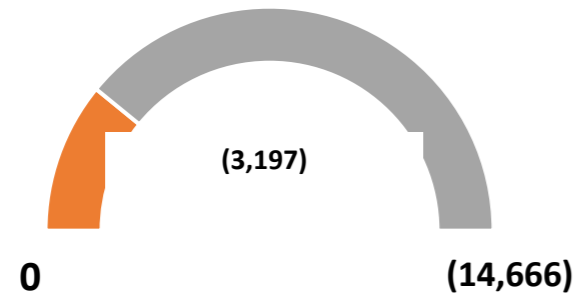
Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted Savings	BAU	Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost)	Shona McFarlane	High risk	(160)	(40)	120	LBS struggling to let contracts re low interest. One of three properties will have f.y.e. one, half year effect and one little impact next year. Detailed action plan can only be completed once details of works have been obtained. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23). Spring Gardens complete Q1 23-4. Dolphin & Knowle Manor still to start but both will commence at the same time. Final quotes received and on-line with approved budget. Complete late autumn.

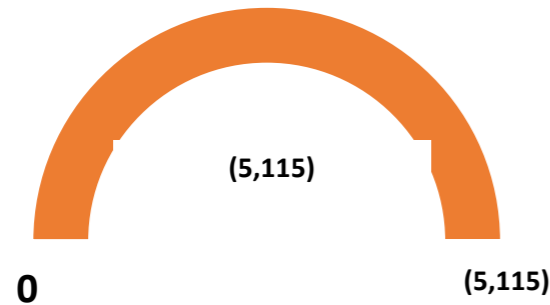
Budgeted Savings	BAU	Impact of telecare growth plan	Shona McFarlane	Some risk	(200)	(200)	0	0
Budgeted Savings	BAU	Improved collection of assessed client income (billing engine)	Shona McFarlane	Some risk	(1,000)	(1,235)	(235)	Analysis of client charges suggests there is more than £1m which could be achieved
Budgeted Savings	SR	Strategic Review of Adult Social Work provision	Shona McFarlane	High risk	(1,120)	(830)	290	risk associated with social work and OT recruitment and therefore f.y.e. Aiming for new model to start May. Potential to be impacted by getting the service ready for the CQC inspection. At Q1 assume 25% non-delivery but in all likelihood could be more.
Budgeted Savings	BAU	Review mid-price range Learning Disability packages	Shona McFarlane	Some risk	(500)	(500)	0	0
Budgeted Savings	BAU	Develop a direct payment plan that is easy to administer for social workers to become the default option; will improve client contributions and reduce instances of incorrect billing	Shona McFarlane	Some risk	(200)	(200)	0	Plan shared with Max & Nyoka. Target setting session with front line social work and targets set for each team.
Budgeted Savings	BAU	Review of mental health placements (s117 health contribution)	Caroline Baria	High risk	(100)	(75)	25	Alternative savings of £65k identified, Touchstone and their outreach offer which is expensive. WRAP?
Budgeted Savings	BAU	Individualisation of block contracts	Caroline Baria	High risk	(500)	(250)	250	Slow progress re individualisation of block contracts with Aspire and LYPFT. Assume 50% non-delivery Q1.
Budgeted Savings	BAU	Invest to save proposal for Home care - performance management	Caroline Baria	Some risk	(1,000)	(1,500)	(500)	Report approved to recruit 2 new staff. Expected to overachieve against BAP
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

July (Month 4)

Projected Savings vs Budgeted



Projected Savings vs Budgeted



CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0	0	0
On track, no issues	(1,158)	(1,158)	0
Some risk	(450)	(100)	350
High risk	(13,058)	(1,939)	11,119
Cancelled	0	0	0
Total	(14,666)	(3,197)	11,469

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	(2,695)	(2,695)	0
Some risk	(1,220)	(1,220)	0
High risk	(1,200)	(1,200)	0
Cancelled	0	0	0
Total	(5,115)	(5,115)	0

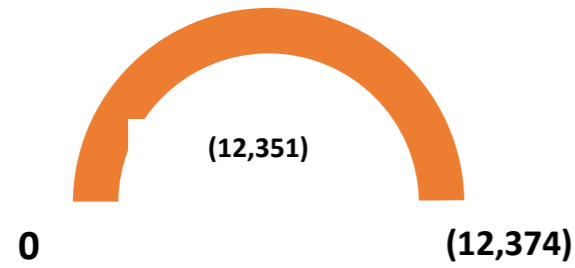
Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	SR	Diversifying children's residential and fostering provision	Farrah Khan	High risk	(3,479)	0	3,479	While the project still delivers savings over the longer term, the timing has changed and the original 23/24 savings are likely to be delivered later. This is to be cashflowed to reflect change in phasing of savings.

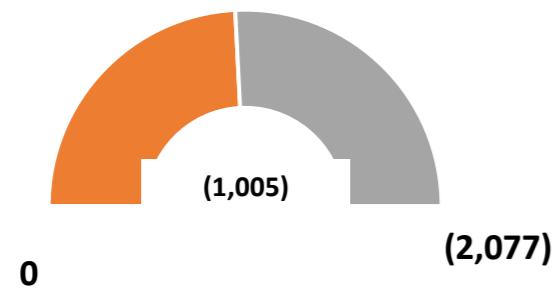
Budgeted	SR	Contracts: reduce costs and build on LCC's regional 'lead' role to maximise opportunities for income generation through additional investment in commissioning, contract management and placement reviews.	Phil Evans	High risk	(4,000)	(1,285)	2,715	Original savings plans assumed delivery of £4,750k savings with £750k investment in staffing. Savings plans are in place. However significant risk for delivery due to scale of savings and likely lead in period for delivery.
Budgeted	SR	Turning the curve – range of workstreams to reduce the forecast increase in Children Looked After number	Farrah Khan	High risk	(3,000)	0	3,000	Original plans required investment in an Edge of Care service to deliver the net savings of £3,000k. However this savings target overlaps with the fostering and residential plans, so is not expected to lead to additional savings in 23/24.
Budgeted	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)	(1,200)	0	Review ongoing to identify savings
Other	0	Grant income target	tbc	Some risk	(1,220)	(1,220)	0	Details being worked through to establish how grants announced for 23/24 can contribute to this target.

July (Month 4)

Projected Savings vs Budgeted



Projected Savings vs Budgeted



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	(8,083)	(8,083)	0
Some risk	(531)	(508)	23
High risk	0	0	0
Cancelled	0	0	0
Total	(12,374)	(12,351)	23

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	(200)	(100)	100
High risk	(1,247)	(275)	972
Cancelled	0	0	0
Total	(2,077)	(1,005)	1,072

Amber & Red Risk Areas

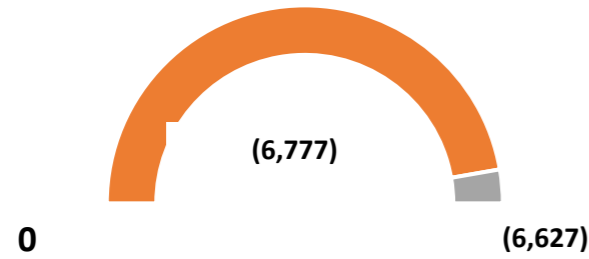
Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	SR	Leeds Museums & Galleries Invest to Save: relocation of Café	Eve Roodhouse	Some risk	(90)	(67)	23	0
Budgeted	BAU	Additional income from new contractor framework implemented in 22/23	Gary Bartlett	Some risk	(25)	(25)	0	0

Budgeted	SR	Street Lighting: Adaptive lighting via a Central Management System (CMS)	Gary Bartlett	Some risk	(166)	(166)	0	0
Budgeted	BAU	Planning & Levelling Up Bill: National fees	David Feeney	Some risk	(250)	(250)	0	0
Other	BAU	Estate Rationalisation	Angela Barnicle	High risk	(583)	(275)	308	0
Other	BAU	Strategic Investment Fund	Angela Barnicle	High risk	(664)	0	664	0

Other	BAU	Contractor Procurement Framework	Gary Bartlett	Some risk	(200)	(100)	100	0
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July (Month 4)

Projected Savings vs Budgeted



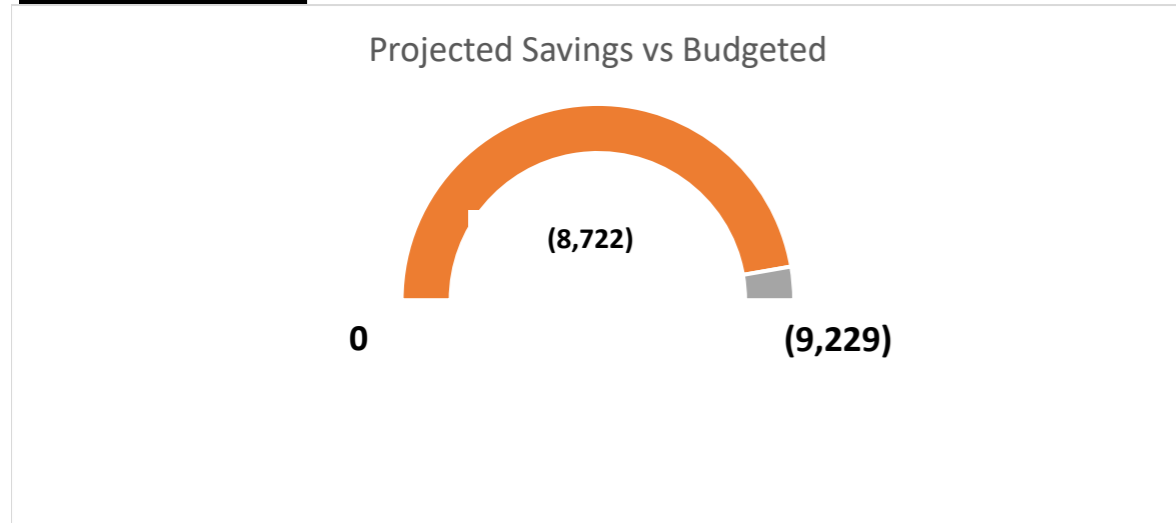
COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(922)	(922)	0
On track, no issues	(4,182)	(4,332)	(150)
Some risk	(1,523)	(1,523)	0
High risk	0	0	0
Cancelled	0	0	0
Total	(6,627)	(6,777)	(150)

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	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.
Budgeted	BAU	Benefits - Subsidy - target Supported Accommodation	Paul Money	Some risk	(33)	(33)	0	Reduced income. Consideration as to whether Net Nil strategy is right. Linked to wider locality asset review.
Budgeted	BAU	Community Centres - strategy to reduce the current subsidy to nil	John Woolmer	Some risk	(740)	(740)	0	Significant volatility of market price of recycling income is possible. All disposal budgets are monitored each month.
Budgeted	BAU	Recycling Disposal costs	John Woolmer	Some risk	(150)	(150)	0	Due to be implemented 1st July 2023 but full saving still anticipated

July (Month 4)



STRATEGY & RESOURCES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(115)	(115)	0
On track, no issues	(2,616)	(2,616)	0
Some risk	(5,991)	(5,991)	0
High risk	(507)	0	507
Cancelled	0	0	0
Total	(9,229)	(8,722)	507

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted	BAU	Additional LBS turnover as a result of capital work in the civic estate	Sarah Martin	Some risk	(1,500)	(1,500)	0	Will need to ensure future years' capital programme provision is recurrent in order to sustain the surplus.
Budgeted	BAU	Corporate Property Management - Various initiatives including: maximising Salix funding & review of building maintenance funding.	Sarah Martin	Some risk	(250)	(250)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Cleaning / Facilities Management/Security: Review of cleaning materials procurement, pricing, Presto offer and insourcing.	Sarah Martin	Some risk	(200)	(200)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Catering: Before and After School Clubs, target increased take up, review high school offer to include cross border training, procurement.	Sarah Martin	Some risk	(165)	(165)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Fleet Services' efficiencies: including reduction in maintenance spend, introduction of new vehicle types, greater utilisation of existing fleet and an enhanced focus on supplier spend and emerging markets.	Sarah Martin	Some risk	(488)	(488)	0	To be regulary reviewed as part of ongoing internal budget strategy review.

Budgeted	BAU	CEL Increased Productivity	Sarah Martin	Some risk	(345)	(345)	0	0
Budgeted	BAU	Cleaning/Facilities Management/Security - Increased productivity	Sarah Martin	Some risk	(30)	(30)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Armley Sports Centre Café	Sarah Martin	Some risk	(20)	(20)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Civic Flavour - Weddings	Sarah Martin	Some risk	(20)	(20)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: CEL: Corporate Property Management / Facilities Management	Sarah Martin	Some risk	(163)	(163)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Commercial Services: Improving attendance	Sarah Martin	Some risk	(225)	(225)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Improving attendance	Sarah Martin	Some risk	(110)	(110)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Passenger Transport: Review all routes to ensure contracted hours aligned with routes to give maximum efficiency	Sarah Martin	Some risk	(75)	(75)	0	To be regulary reviewed as part of ongoing internal budget strategy review.
Budgeted	BAU	Staffing efficiencies: Finance	Victoria Bradshaw	Some risk	(414)	(414)	0	0
Budgeted	BAU	Staffing efficiencies: Human Resources	Andy Dodman	Some risk	(440)	(440)	0	0
Budgeted	BAU	Staffing efficiencies: Integrated Digital Services: additional 2% vacancy factor	Leonardo Tantari	Some risk	(500)	(500)	0	Both IDS DAPs to be consolidated into one.

Budgeted	SR	Review of Network Management Centre	Leonardo Tantari	Some risk	(370)	(370)	0	This is a full year's cost - any delay will be mitigated by further IDS vacancy factors.
Budgeted	BAU	BSC Shared Cost Salary Sacrifice- This would generate Employer NI savings (as well as savings for the individual).	Andy Dodman	High risk	(80)	0	80	0
Budgeted	BAU	Staffing efficiencies: Business Support Centre	Gemma Taskas	Some risk	(276)	(276)	0	0
Budgeted	BAU	Staffing efficiencies: Contact Centre	Gemma Taskas	Some risk	(125)	(125)	0	0
Budgeted	BAU	Staffing efficiencies: Business Administration Service: additional 2% vacancy factor	Gemma Taskas	Some risk	(275)	(275)	0	0
Budgeted	BAU	Staffing efficiencies: Strategy and Improvement	Mariana Pexton	High risk	(277)	0	277	0
Budgeted	BAU	Communications & Marketing: Synergies from a co-ordinated approach to marketing and promotion	Mariana Pexton	High risk	(150)	0	150	0

2023/24 - Expenditure funded through Flexible Use of Capital Receipts								
Quarter 1								
Project Description	Directorate	HOFs/ Contact	Planned Spend	Projected Spend	Variation to Planned Spend	Planned Savings	Projected Savings	Variation to Planned Savings
			2023/24	2023/24		2023/24	2023/24	
			£m	£m	£m	£m	£m	£m
Service Transformation - supporting the delivery of key projects	Adults & Health	Alun Ellis	1.98	1.80	(0.18)	(4.00)	(4.00)	0.00
IDS -Planned recruitment of specialists supporting transformation Adults and Health Service	Adults & Health	Alun Ellis	0.10	0.10	0.00	0.00	0.00	0.00
Adults - Service Transformation- Chief Officer	Adults & Health	Alun Ellis	0.24	0.24	0.00	0.00	0.00	0.00
Children& Families transformation team	Children & Families	Mark Barrett	1.40	1.40	0.00	0.00	0.00	0.00
IDS - Highways Enterprise Architecture system	City Development	Kevin Mulvaney	0.63	0.63	0.00	0.00	0.00	0.00
Providing resources to deliver transformation activity within the Communities Directorate	Communities, Housing & Environment	Jonathan Thompson	0.12	0.00	(0.12)	(0.12)	0.00	0.12
IDS - Driving a digital approach across the Council	Strategy & Resources	Jonathan Thompson	0.50	0.50	0.00	(0.50)	(0.50)	0.00
IDS - Planned recruitment of specialists supporting the delivery of key projects across the Authority	Strategy & Resources	Jonathan Thompson	4.98	4.98	0.00	0.00	0.00	0.00
Council Tax Atomisation-digitising transactional activity	Strategy & Resources	Patrick McGuckin	0.08	0.08	0.00	0.00	0.00	0.00
CEL staff time spent on Transformational projects	Strategy & Resources	Patrick McGuckin	0.81	0.81	0.00	0.00	0.00	0.00
Legal - Staff supporting the Delivery of Documents and Time recording system	Strategy & Resources	Patrick McGuckin	0.10	0.00	(0.10)	(1.53)	0.00	1.53
Sharing back-office and administrative services	Strategy & Resources	Patrick McGuckin	0.47	0.47	0.00	0.00	0.00	0.00
Service Transformation - supporting the delivery of various projects	Strategy & Resources	Patrick McGuckin	0.70	0.70	0.00	0.00	0.00	0.00
LBS - Service Transformation - supporting the delivery of various projects	Strategy & Resources	Patrick McGuckin	0.24	0.24	0.00	0.00	0.00	0.00
Legal - Staff supporting the Delivery of DAT (Documents and Time recording system)	Strategy & Resources	Patrick McGuckin	0.06	0.06	0.00	0.00	0.00	0.00
Corporate Transformation Capacity Team	Strategy & Resources	Patrick McGuckin	0.52	0.52	0.00	0.00	0.00	0.00
Recruiting to the structure of Corporate Transformation Capacity Team	Strategy & Resources	Patrick McGuckin	0.10	0.10	0.00	0.00	0.00	0.00
LBS Work Streams	Strategy & Resources	Patrick McGuckin	0.27	0.27	0.00	0.00	0.00	0.00
Additional PACS staff to support transformation projects across the Council	Strategy & Resources	Patrick McGuckin	0.63	0.63	0.00	0.00	0.00	0.00
Statutory redundancy payments	Strategic/ Corporate	Naomi Eastwood	1.00	1.00	0.00	(1.00)	(1.00)	0.00
Driving a digital approach to the delivery of Core Business Transformation Programme ***see note	Strategic/ Corporate	Mark Barrett	9.33	9.33	0.00	0.00	0.00	0.00
Total			24.25	23.86	(0.40)	(7.14)	(5.50)	1.64