

## Financial Health Monitoring 2022/23 – Quarter 1

Date: 27<sup>th</sup> July 2022

Report of: Chief Officer Financial Services

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

- The purpose of this report is to inform the Executive Board of the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account. At Quarter 1 an overspend of £1.8m is projected for the Authority.
- This overspend is comprised of £2.3m Directorate pressures, netted down by £0.5m Strategic savings. Directorates will provide proposals to mitigate these pressures to September's Executive Board.
- In 2021/22 the Council received Government funding towards the costs of COVID-19. This was fully utilised in 2021/22 with no balance of funding available for 2022/23.
- Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
- This report comments on financial performance against the 2022/23 budget, which has targeted resources towards the Council's policies and priorities as set out in the Council's Best City Ambition.
- The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The position remains challenging and the budget for 2022/23 requires delivery of £16.5m of savings. At Quarter 1 it is anticipated that the required level of savings will largely be delivered or mitigating actions found.
- Increased inflation and the rising cost of living, including the 2022/23 pay award, are expected to impact the Authority's financial position, however until decisions are made regarding these pressures it is difficult to establish the impact for 2022/23. As such, the projections that comprise this report do not include these potential pressures. This will continue to be assessed and reported to this Board at a later date.
- At Quarter 1, the Housing Revenue Account is forecasting a balanced position

## Recommendations

Executive Board are asked to:

- a) Note that at Quarter 1 the Authority is forecasting an overspend of £1.8m for 2022/23, comprised of Directorate pressures of £2.3m, netted down by a Strategic saving of £0.5m.
- b) Note that Directorates will be required to present action plans to mitigate £2.3m pressures, in line with the Revenue Principles agreed by Executive Board in 2019, to be received at September Executive Board.
- c) Note that the position reported does not reflect the potential effects of the 2022/23 pay award negotiations, other inflationary rises or the wider impact of rising cost of living pressures on the Council's financial position, above that which has already been included in the 2022/23 Budget. Any pressures arising from emerging issues will be reported to a future Executive Board. Proposals will need to be identified by Directorates to absorb these pressures and included in the action plans detailed in recommendation b.

### What is this report about?

- 1 This report updates the Board on financial performance against the Council's 2022/23 General Fund and Housing Revenue Account budgets for the first quarter of the financial year. At Quarter 1 an overspend of £1.8m is projected for the Authority's General Fund and the Housing Revenue Account is forecasting a balanced position.

### What impact will this proposal have?

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

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 3 The Best City Ambition is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget.
- 4 This report needs to be seen in context of the requirement for the Council to be financially sustainable and deliver a balanced budget position in 2022/23 so that resources can continue to be targeted at the Council's priorities.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

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

### **What are the resource implications?**

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

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

- 7 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy. These risks are included on the Council's corporate risk register.
- 8 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management based support and reporting around the achievement of key budget actions plans is in place for 2022/23.
- 9 Pay negotiations for 2022/23 are ongoing. The 2022/23 budget allows £9.5m for an assumed 2022/23 pay award incorporating the recently announced Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. Should any pay award above this level be agreed, this will exceed the current provision in the budget. Any variations to the budgeted assumption will have to be funded from the approved budget. As the outcome of negotiations is not yet known no additional costs are reflected in the reported position. It should be noted that for every increase of 1% above the budgeted pay award, this will lead to a £4m pressure.
- 10 Further, the reported position does not reflect other potential inflationary pressures such as increased costs of electricity, gas and fuel above provision in the approved budget, or the potential impact of cost of living pressures on our residents or businesses which is likely to affect the cost of goods and services the Council procures, demand for support and welfare services, and a wide range of income streams. It is too early in the year to establish this impact, which will continue to be assessed and reported to this Board.

### **What are the legal implications?**

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

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 12 None

#### **How will success be measured?**

- 13 Not applicable

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

- 14 Not applicable.

## **Appendices**

The following appendices are attached to this report:

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

## **Background papers**

- None

## Financial Health Monitoring 2022/23 – Quarter 1

### 1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2022/23 at Quarter 1.
- 1.2. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the second month of the year.

### 2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2022/23 was set at £521.9m.
- 2.2 Following the closure of the 2021/22 accounts, the Council's general fund reserve stands at £33.2m. The 2022/23 budget assumes no contribution to this reserve during the current financial year.
- 2.3 The Medium Term Financial Strategy assumes a balanced budget position for 2022/23 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 2023/24.
- 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 judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

### 3. Main Issues

- 3.1 At Quarter 1 an overspend of £1.8m is projected across directorates. This overspend is comprised of £2.3m Directorate pressures, netted down by £0.5m Strategic savings. Directorates will provide proposals to mitigate these pressures to September's Executive Board.
- 3.2 As discussed in this report, this position does not yet reflect the potential effects of 2022/23 pay award negotiations or other inflationary rises or the wider impact of rising cost of living pressures on the Council's financial position.
- 3.3 Directorate positions are summarised in Table 1.
- 3.4 Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.

## Summary Position - Quarter 1 Financial Year 2022/23

Directorate	Director	(Under) / Over spend for the current period			
		Staffing	Total Expenditure	Income	Total (under) /overspend
		£000	£000	£000	£000
Adults & Health	Cath Roff	18	2,986	(2,986)	0
Children and Families	Sal Tariq	(500)	155	1,048	1,203
City Development	Martin Farrington	(346)	(737)	1,460	722
Communities, Housing & Environment	James Rogers	0	(1,469)	1,469	0
Resources	Neil Evans	0	364	0	364
Strategic	Victoria Bradshaw	(1)	(1,209)	690	(518)
<b>Total Current Month</b>		<b>(828)</b>	<b>90</b>	<b>1,681</b>	<b>1,771</b>

3.5 The major variations are outlined below, with additional detail provided on the Directorate dashboards at Appendix 2 of this report;

3.5.1 **Adults & Health** – is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2022-23 is £197.643m, comprised of £380.92m Gross Expenditure offset by £183.27m income. This is a small increase of 1.24% from the original estimate NMB 2021-22 budget which was £195.211m. Reflected in the 2022-23 budget are Budget Action Plans totalling £6.994m. Also included in the 2022-23 budget is £2.235m new grant funding for Market Sustainability and Fair Cost of Care, which is new funding linked to the White paper, 'People at the Heart of Care – ASC Reform', announced earlier in the year. This is upfront funding in preparation to the go-live in October 2023 of the new Care Act reforms.

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

At Quarter 1 there are concerns around the delivery of two Budget Action Plans with a forecast impact of £0.436m - £0.341m relating to the strategic review for Social Work due to slippage in recruiting staff and £0.095m relating to slippage in the budget action plan for the refurbishment of the 3 LCC run residential homes. Mitigating actions have already been identified to ensure the service is projected to deliver a balanced budget; principally application of additional grant funding announced under the iBCF Social Care Grant funding stream.

The 2022-23 demand related budgets reflect £17.774m of additional funding for price, inflationary and demand & demography growth, taking the overall size of the demand led budgets up to £251.6m before reducing to £247.5m after netting off a £4.1m savings target reflected in the delivery of the 2022-23 budget action plans; principally the Strategic Review for Adult Social Work. The Q1 projection is on-target in terms of the 2022-23 demand related budget.

Hospital Discharge related pressures of £0.223m have been identified, offset by additional income under the iBCF Social Care Grant funding stream. Hospital Discharge related cost pressures for continuing the service at Elmet House of £0.447m have been identified, however these costs are funded 50:50 with the CCG, therefore the net impact for LCC is £0.223m. The operational timeline for this joint funded partnership with the CCG has been extended from 1st April 2022 to 30th September 2022, with the possibility to extend for the full financial year if required. £0.7m of COVID grant funding relating to Clinically Extremely Vulnerable (CEV) has been carried forward, against which we are currently assuming associated expenditure.

**3.5.2 Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £1.203m, broken down as follows:

	£m
Semi-Independent Living	0.655
Little Owls Nurseries	0.548

#### **Semi-Independent Living:**

The budget for Semi Independent Placements is £5.8m. Currently there are 209 placements, including 70 placements for 16 and 17 year olds. This increased use of semi-independent living provision at an earlier age has resulted in higher average placement costs than anticipated, as these younger placements have higher needs resulting in increased costs.

The OWL contract has not delivered as much provision as anticipated, and they are still not seeing the throughput of placements as a result of a slowdown in the housing market following the Covid-19 pandemic which has not yet recovered. There is more competition for suitable council tenancies, and an oversaturated private rental market which is not easy to access for universal credit claimants. A review of processes is being undertaken to ensure all relevant Housing Benefits amounts are being reclaimed which may be able to generate some future savings to partially offset this amount.

#### **Little Owls Nurseries:**

The Little Owls nursery settings are projecting a net pressure of £0.548k. Whilst the 'Little Owls' nurseries did experience some recovery in 2021/22 income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties. The service is considering mitigating actions to increase both Nursery income and capacity.

#### **Dedicated Schools Grants**

In relation to the Dedicated Schools Grant (DSG), the approved DSG budget 2022/23 assumed that there would be a carry forward surplus of £0.119m as at the end of the 2021/22 year. At 2022/23 Quarter 1 the projected carry forward surplus is £0.119m as forecast.

**3.5.3 City Development** – The financial position for City Development is a projected overspend of £0.7m. Within this position there are a number of specific areas of risk 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 impact of COVID on these projections is expected to be much reduced from the previous financial year but the position will continue to be monitored throughout the year.

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

- **Active Leeds** – based on income achieved during the first two months of the year, a shortfall to budget of £1,155k is anticipated, primarily on swimming and membership income, although this is subject to a degree of variability and will be carefully monitored as the year progresses. The projected income loss is estimated to be partially offset by staffing and running cost savings of £162k, and the service will develop and implement plans for the remaining £993k to achieve a balanced budget by the year end.
- **Asset Management & Regeneration** – a potential overspend of £664k is projected which reflects an anticipated shortfall in respect of the Strategic Investment Fund savings target. However, the service will develop and implement mitigating savings plans to achieve a balanced budget by the year end.
- **Markets and City Centre** – a shortfall of £630k in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets. Whilst this position represents a variance from budget, the budget is based upon a surplus position, therefore the service is currently forecasting a relatively small deficit. In addition, income shortfalls of £380k are projected within City Centre in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre. Although the services will look to identify savings where possible to offset the income shortfalls, there is limited scope within these service areas.
- **Resources & Strategy** – staffing and running cost savings of £265k have been identified within Resources & Strategy to partially offset the pressures identified in other service areas.
- **Staffing** – within the overall reported position described above, net staffing savings of £0.3m are projected across all services.

The 2022/23 budget contained £3.2m 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, as referred to above, there is a projected shortfall on the existing Strategic Investment Fund budget savings plan. Although this may not be achieved within the current financial year as originally envisaged, mitigating savings will be identified where possible to offset the pressure.

### 3.5.4 **Communities, Housing & Environment** – At Quarter 1 the Directorate is projecting a balanced budget.

There were significant pressures in 2021/22 in the two areas below, however early projections are more favourable in 2022/23 and therefore no budgeted variation are yet forecast.

- **Car Parking Services**

Income continues a recovery trajectory; however, an early projection suggests that receipts are projected to fall £1.3m below the budget in 2022/23 (compared to £2.7m in 2021/22 and £7.7m in 2020/21). As full provision for this has been made within corporate contingencies, a nil variance has been reported within the Directorate's budget.

- **Waste Management**

The 2022/23 budget was increased to reflect significant demand increases in the volume of black bin waste collected by the waste management service. The available data for 22/23 indicates that the budget will be sufficient to cover existing levels of disposal. Potential pressures on bulky waste collections are expected to be covered from the current high price being achieved from the sale of recyclable materials. However, these volatile areas will be monitored closely in the coming months.

### 3.5.5 **Resources** - Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £364k at this reporting period. This is due to Procurement and Commercial Services (PACS) procurement savings not being achieved in full due to the current economic position ie rising prices.

A target of £4m Procurement savings across the Authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, further work is underway to identify the remaining £2.3m of savings required across all contracts due to be procured this year. There may be some mitigating areas of additional unbudgeted income, and the PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate, however the inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area. The £364k pressure reported represents 2/12ths of the £2.3m

All other services are expected to be in line with budget at this early stage in the financial year.

### 3.5.6 **Strategic & Central Accounts** - At Quarter 1, the Strategic & Central accounts projection is for an underspend of £0.5m. The main factor in this position is a projected underspend of £0.6m in the debt budget, primarily as a result of the impact of capital programme rephasing during 2021/22 on the total borrowing requirement and on the level of MRP. However it should be noted that in the current economic climate there is a risk of interest costs on new borrowing during the year being greater than is currently projected.

## 3.6 **Budget Action Plans**

3.6.1 The budget for 2022/23 requires the delivery of £16.5m of savings. Detailed budget action plans have been developed to identify how these savings will be achieved and progress against these action plans will be monitored and reported throughout the year. At Quarter 1 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or mitigating actions, the exception being a £0.4m shortfall in procurement savings.

### 3.7 Inflationary Pressures

3.7.1 At Quarter 1 an overspend of £1.8m is projected against the Council's 2022/23 revenue budget. However, this reported position does not reflect the potential effects of 2022/23 pay award negotiations, inflationary rises and the impact of rising cost of living pressures on the Council's financial position.

3.7.2 **Pay Award** – Pay negotiations for 2022/23 are ongoing. The 2022/23 budget allows £9.5m for an assumed 2022/23 pay award incorporating the recently announced Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. Should any pay award above this level be agreed, this will exceed the current provision in the budget. Any variations to the budgeted assumption will have to be funded from the approved budget. As the outcome of negotiations is not yet known no additional costs are reflected in the reported position, however the Board should note that a 1% increase in pay award would cost the Council around £4m.

3.7.3 **Energy** – The 2022/23 budget allows for a 5% increase for specific energy increases on gas and electricity. In addition, the Council has set aside £3.94m of energy contingency funding. The reported position at Quarter 1 assumes any variance above budget will be funded from this contingency, and the position will be monitored closely throughout the year.

3.7.4 **Fuel** – The average UK pump prices for diesel and unleaded petrol have seen increase of 40.0% and 36.4% respectively between June 2021 and June 2022. The 2022/23 budget did not allow for any increases in fuel prices. Any increase above the total 2022/23 budgeted amount of £7.7m will require an action plan to be developed for how this increase will be mitigated in year.

3.7.5 **Cost of Living Pressures** – Further to the inflationary pressures detailed here, there is likely to be a wider inflationary impact to the Council due to the impact of the increased cost of living on our residents and businesses. We would expect to see the impact of this in increased costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently as a consequence of rising inflation. The position will be closely monitored through the year.

### 3.8 Reserves

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

3.8.2 The 2022/23 budget includes use of reserves to support the Council's General Fund; this includes the Strategic Contingency Reserve which was established in

2020/21 to fund future unforeseen budget pressures and to ensure the Council becomes more financially resilient.

- 3.8.3 This reserve will also be used to fund the backlog recovery of affected services following the COVID pandemic, including targeting the backlogs of work which have built up in some services.
- 3.8.4 The closing balance on this reserve for 2021/22 was £37.5m. The 2022/23 budget provided a further net contribution of £8.4m to this reserve, but also proposed use of (£15.0m) to support the General Fund position, leaving a projected balance of £30.9m at the 31st March 2023. To date a further £1.8m has been committed, largely to fund backlog recovery, reducing this balance further to £29.0m.
- 3.8.5 In addition, a specific COVID Reserve was created in the 2021/22 Budget to be applied to any pressures arising which exceed the initial estimate of the COVID impact. A balance of £3.5m was carried forward into 2022/23 with the 2022/23 budget identifying additional resources of £1.4m. £4.9m in total will be available to address the ongoing impact of COVID in the 2022/23 financial year.

## **4. Other Financial Performance**

### **4.1 Council Tax**

The Council Tax in-year collection rate at the end of May 2022 was 18.46%. For comparison, in May 2021 the in-year collection rate was 19.10%. In May 2019, a 'normal' year, the in-year collection rate was 19.22%. The collection rate requires continued monitoring as we progress through a challenging economic period.

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

At this early stage of the financial year it is not possible to identify the full impact of the ongoing economic challenges. The position and collection rate will continue to be closely monitored and any shortfall in income collected will impact on the financial positions in 2023/24 or 2024/25.

### **4.2 Business Rates**

The Business Rates collection rate at May 2022 is 15.63% which is a 0.5% reduction on prior year and 7.98% behind performance in 2019/20, the last 'normal' year, although it is very early in the financial year, and collection rates will be closely monitored over the coming months. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.1%, collecting £363.4m of business rates income.

The total rateable value of business properties in Leeds has increased from £923.8m at the time of the 2022/23 budget to £926.9m as at 19<sup>th</sup> June 2022, an increase of £3.0m. The 2022/23 budget includes an expected reduction in Rateable Value of £0.3m for the 2022/23 full year and the size of the Business Rates tax base in Leeds will also require close monitoring.

Leeds' share of the declared Business Rates deficit from 2021/22 (at 31<sup>st</sup> December 2021) has been incorporated into the 2022/23 budget. The total declared deficit on the Collection Fund was £82.5m. Leeds' share of the unfunded declared deficit was £36.7m, which has been spread over three years in accordance with Government legislation. The second of the 3 repayments of £12.2m will be paid in 2022/23 and is fixed.

Due to reassessing the level of the bad debt and appeals provisions, the actual closing deficit for 2021/22 is an improvement of £8.0m from the position declared and will be used in the 2022/23 budget. This improvement will benefit the General Fund in 2023/24 but will be required to offset future reduction in grant funding.

The outlook for the in-year Business Rates deficit on the Collection Fund remains uncertain and will require close monitoring in the coming months.

#### 4.3 Business Rates Appeals

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

On the 31<sup>st</sup> May 2022, there were 96 appeals outstanding against the 2010 ratings list. During April and May 2022, 23 appeals have been settled, 8 of which have resulted in changes to rateable values. No new appeals have been received in April and May. Currently, 2.35% of the city's total rateable value on the 2010 list is subject to at least one appeal.

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

As at 31<sup>st</sup> May 2022 the Council is providing for a net of 313 Checks and Challenges against the 2017 ratings list.

Additionally, Government has now passed primary legislation to ensure that 'appeals' based on a Material Change of Circumstance due to the restrictions to economic activity during the COVID 19 lockdowns will not be successful and will not lead to a reduction in Rateable Value. Any outstanding appeals which had been deemed in this category have therefore been excluded from the Council's calculations.

In addition, the Authority has made provisions for specific issues such as the removal of ATMs located in shops from the 2017 list, expected reductions to

hospitals, ambulance and fire stations and expected reductions to several GP surgeries.

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

There is still some impact of COVID-19 on council tax and business rates income as recovery action is reintroduced and additional reliefs brought in to support businesses during the pandemic are phased out. It is expected that Council Tax collection rates will improve as the final £150 cost of living support payments hit accounts and the backlog of recovery action is worked through. For Business Rates, the reductions in reliefs granted are impacting on collection rates. The pressures of the cost of living crisis have become more noticeable over the last couple of months and the long term impact of this on collection rates and tax base will require continued close monitoring.

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

5.1 At Quarter 1 the HRA is projecting a balanced position.

5.2 There is a forecast reduction in rental income of £1,264k mainly due the number of void properties being higher than budgeted due to the ongoing impact of COVID-19. There is a recovery plan in place and it is projected that the void level will be back to pre-pandemic levels by the autumn. The projected pressure will be funded using the repairs reserve which was created to deal with the backlog.

Overall Summary

Month 2 (May 2022)

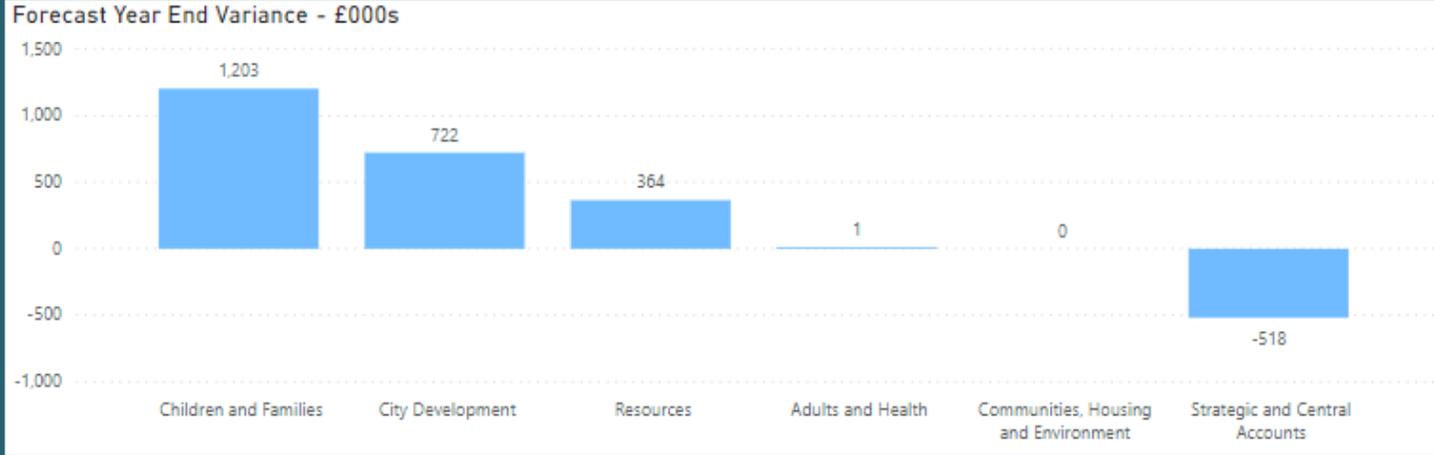
Financial Dashboard 2022/23 Financial Year



**Budget Variation £000s**

# 1,771

**Forecast Year End Variance - £000s**



Directorate	Variance (£000s)
Children and Families	1,203
City Development	722
Resources	364
Adults and Health	1
Communities, Housing and Environment	0
Strategic and Central Accounts	-518

**Financial Year**

2022/23

**Cost Period**

2

**Officer Selection**

All

**Directorate, Service**

All

**Division, Costcentre & ...**

All

**CostCentre RAG**

All

**Managed In/Outside Se...**

Managed Budget

Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	495,452	494,623	-829
Premises	55,347	55,348	0
Supplies and Services	229,980	230,680	700
Transport	47,977	47,974	-3
Internal Charges	74,629	74,495	-134
Third Party Payments	469,535	473,167	3,632
Transfer Payments	196,841	196,132	-709
Capital	79,820	78,522	-1,298
Transfer to/from Reserves	-48,135	-49,404	-1,269
Internal Income	-312,580	-312,043	537
External Income	-766,922	-765,779	1,143
<b>Total</b>	<b>521,943</b>	<b>523,714</b>	<b>1,771</b>

Directorate	Change in Variance £000s
Adults and Health	
Children and Families	
City Development	
Communities, Housing and Environment	
Resources	
Strategic and Central Accounts	
<b>Total</b>	

Change to Table

For Reporting

Financial Dashboard 2022/23 Financial Year

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Guide



**Budget Variation £000s**

1

**Financial Year**  
2022/23

**Cost Period**  
2

**Officer Selection**  
All

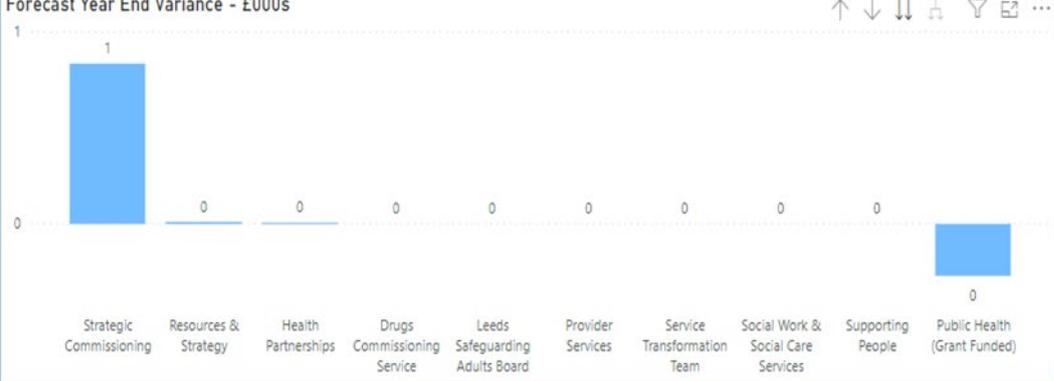
**Directorate, Service**  
Adults and Health

**Division, Costcentre & ...**  
All

**CostCentre RAG**  
All

**Managed In/Outside Se...**  
Managed Budget

**Forecast Year End Variance - £000s**



Department	Variance (£000s)
Strategic Commissioning	1
Resources & Strategy	0
Health Partnerships	0
Drugs Commissioning Service	0
Leeds Safeguarding Adults Board	0
Provider Services	0
Service Transformation Team	0
Social Work & Social Care Services	0
Supporting People	0
Public Health (Grant Funded)	0

Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	61,963	61,980	18
Premises	1,029	1,029	0
Supplies and Services	5,762	6,498	736
Transport	906	906	0
Internal Charges	12,423	12,386	-38
Third Party Payments	299,727	302,708	2,980
Transfer Payments	11,395	10,685	-709
Capital		0	0
Transfer to/from Reserves	-8,764	-8,764	0
Internal Income	-5,245	-5,245	0
External Income	-181,553	-184,540	-2,986
<b>Total</b>	<b>197,643</b>	<b>197,644</b>	<b>1</b>

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

Change to Table

For Reporting

Financial Dashboard 2022/23 Financial Year

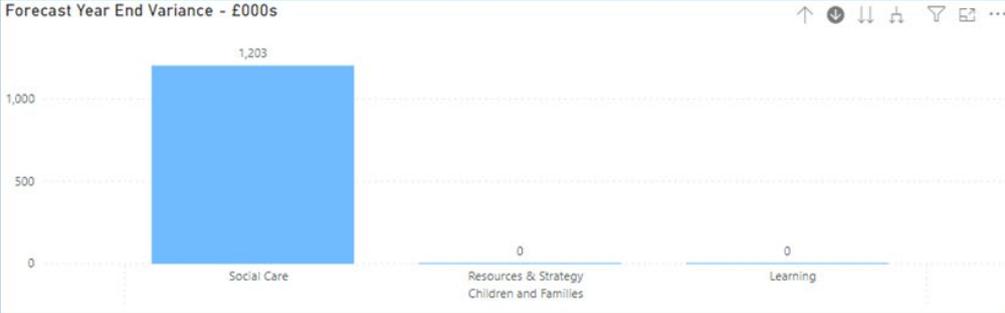
Back
Guide



**Budget Variation £000s**

# 1,203

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,489	103,989	-500
Premises	3,359	3,359	0
Supplies and Services	64,640	64,640	0
Transport	10,763	10,763	0
Internal Charges	29,169	29,169	0
Third Party Payments	111,042	111,697	655
Transfer Payments	2,277	2,277	0
Transfer to/from Reserves	-239	-239	0
Internal Income	-32,204	-32,205	0
External Income	-160,265	-159,217	1,048
<b>Total</b>	<b>133,030</b>	<b>134,233</b>	<b>1,203</b>

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

Change to Table

For Reporting

Financial Dashboard 2022/23 Financial Year

Back



DSG Variation £000s  
**0**  
Overspend (+) / Underspend (-)



Financial Year  
2022/23

Cost Period  
2

Income / Expenditure  
All

Sub-Block  
All

Cost Description  
All

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	-320,359	-320,359	0	319,924	319,924	0	0	0	0
High Needs Block	-103,981	-103,981	0	99,159	99,159	0	0	0	0
Early Years Block	-58,187	-58,187	0	58,187	58,187	0	0	0	0
Central School Services Block	-5,138	-5,138	0	5,138	5,138	0	0	0	0
<b>Total</b>	<b>-487,666</b>	<b>-487,666</b>	<b>0</b>	<b>482,409</b>	<b>482,409</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

DSG Reserves

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

For Reporting

Financial Dashboard 2022/23 Financial Year



**Budget Variation £000s**  
**722**

Financial Year: 2022/23

Cost Period: 2

Officer Selection: All

Directorate, Service: All

Division, Costcentre & ...: All

CostCentre RAG: All

Managed In/Outside Se...: Managed Budget

Forecast Year End Variance - £000s



Department	Variance (£000s)
Markets and City Centre	1,011
Arts And Heritage	25
Sport And Active Recreation	0
Asset Management & Regeneration	0
Planning And Sustainable Development City Development	0
Economic Development	-3
Highways And Transportation	-21
Employment and Skills	-25
Resources and Strategy	-265

Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	68,718	68,371	-346
Premises	25,655	25,655	0
Supplies and Services	44,536	44,147	-388
Transport	5,877	5,874	-3
Internal Charges	10,037	10,037	0
Third Party Payments	192	192	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-2,706	-2,706	0
Internal Income	-42,227	-42,228	-1
External Income	-76,714	-75,253	1,461
<b>Total</b>	<b>33,367</b>	<b>34,088</b>	<b>722</b>

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

Change to Table

For Reporting

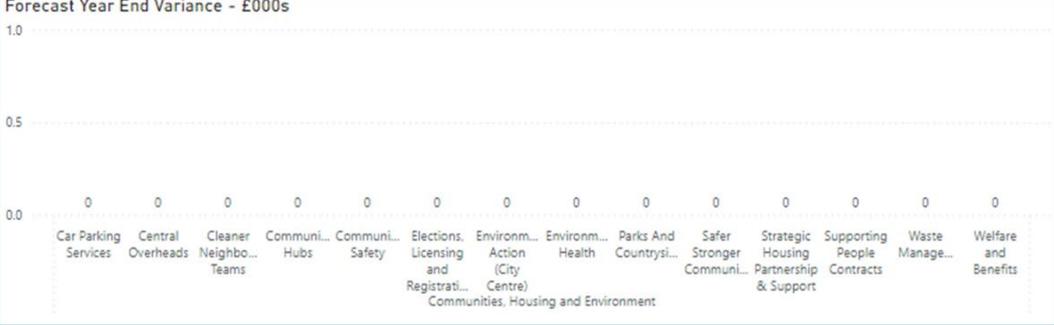
Financial Dashboard 2022/23 Financial Year



**Budget Variation £000s**

# 0

Forecast Year End Variance - £000s



Department	Variance (£000s)
Car Parking Services	0
Central Overheads	0
Cleaner Neighbourhood Teams	0
Communi... Hubs	0
Communi... Safety	0
Elections Licensing and Registrati...	0
Environ... Action (City Centre) Communities, Housing and Environment	0
Environ... Health	0
Parks And Countrysi...	0
Safer Stronger Communi...	0
Strategic Housing Partnership & Support	0
Supporting People Contracts	0
Waste Manage...	0
Welfare and Benefits	0

Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	95,844	95,844	0
Premises	9,721	9,721	0
Supplies and Services	57,704	57,504	-200
Transport	10,137	10,137	0
Internal Charges	14,389	14,389	0
Third Party Payments	21,455	21,455	0
Transfer Payments	182,201	182,201	0
Capital		0	0
Transfer to/from Reserves	-1,536	-2,805	-1,269
Internal Income	-37,324	-37,487	-163
External Income	-267,539	-265,908	1,632
<b>Total</b>	<b>85,050</b>	<b>85,050</b>	<b>0</b>

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

Change to Table

For Reporting

Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

0

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Dwelling Rents	-216,541	-215,277	1,264	1,264
Non Dwelling Rents	-3,306	-3,306	0	0
Service Charges	-9,335	-9,335	0	0
Internal Income	-10,359	-10,359	0	0
Grants	-21,644	-21,644	0	0
External Income	-1,598	-1,598	0	0
<b>Total</b>	<b>-262,784</b>	<b>-261,520</b>	<b>1,264</b>	<b>1,264</b>

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲				
Discretionary Housing Payments (DHP)	500	500	0	0
Council Tax on Voids	818	818	0	0
Disrepair Provision	2,400	2,400	0	0
Repairs to Dwellings	47,055	47,055	0	0
Employees	31,525	31,525	0	2,847
Premises	8,661	8,661	0	0
Supplies and Services	3,256	3,256	0	0
PFI Unitary Charge	10,953	10,953	0	0
Transport	305	305	0	0
Internal Services	44,510	44,510	0	0
Housing Advisory Panels, BITMO & Other Organisations	3,848	3,848	0	0
Provision for Doubtful Debts	1,136	1,136	0	0
Capital Charges	45,942	45,942	0	0
Contribution to Capital Programme	62,543	62,543	0	0
<b>Total</b>	<b>263,453</b>	<b>263,452</b>	<b>0</b>	<b>2,847</b>

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼				
Net Position	669	1,933	1,264	4,111
Appropriation: Sinking Funds	-412	-412	0	0
Appropriation: Reserves	-257	-1,521	-1,264	-1,264
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,847</b>

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s  
**364**

- Financial Year  
2022/23
- Cost Period  
2
- Officer Selection  
All
- Directorate, Service  
All
- Division, Costcentre & ...  
All
- CostCentre RAG  
All
- Managed In/Outside Se...  
Managed Budget

Forecast Year End Variance - £000s



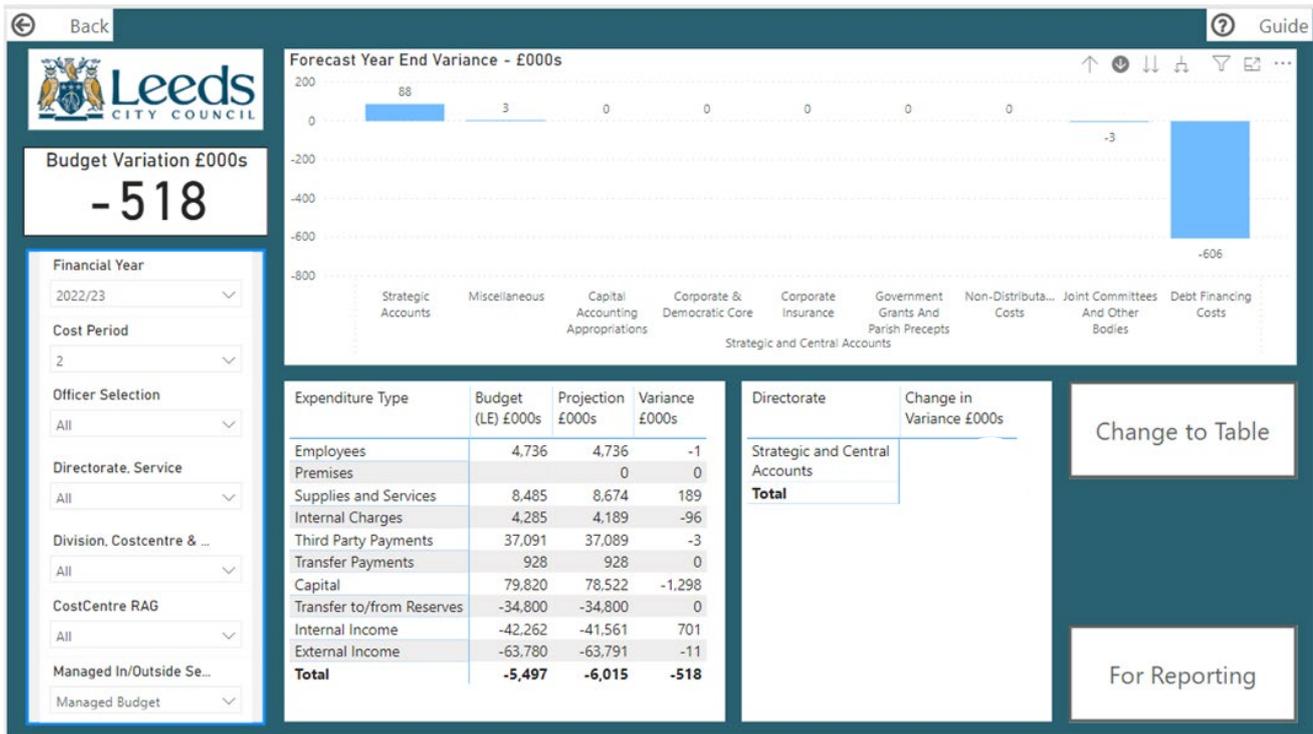
Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,702	159,703	0
Premises	15,584	15,584	0
Supplies and Services	48,853	49,217	363
Transport	20,293	20,293	0
Internal Charges	4,326	4,326	0
Third Party Payments	28	28	0
Transfer Payments	40	40	0
Capital	0	0	0
Transfer to/from Reserves	-90	-90	0
Internal Income	-153,317	-153,317	0
External Income	-17,070	-17,070	0
<b>Total</b>	<b>78,350</b>	<b>78,714</b>	<b>364</b>

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

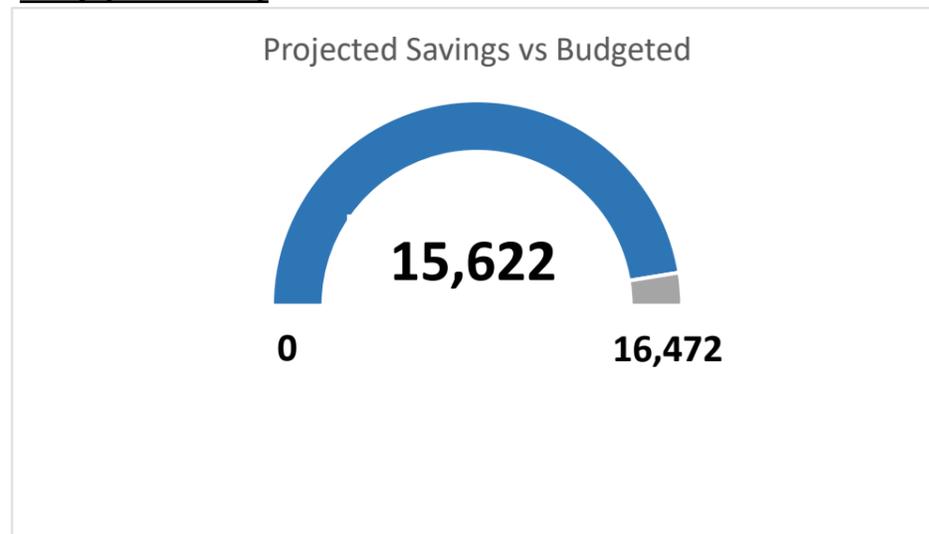
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For Reporting

Financial Dashboard 2022/23 Financial Year

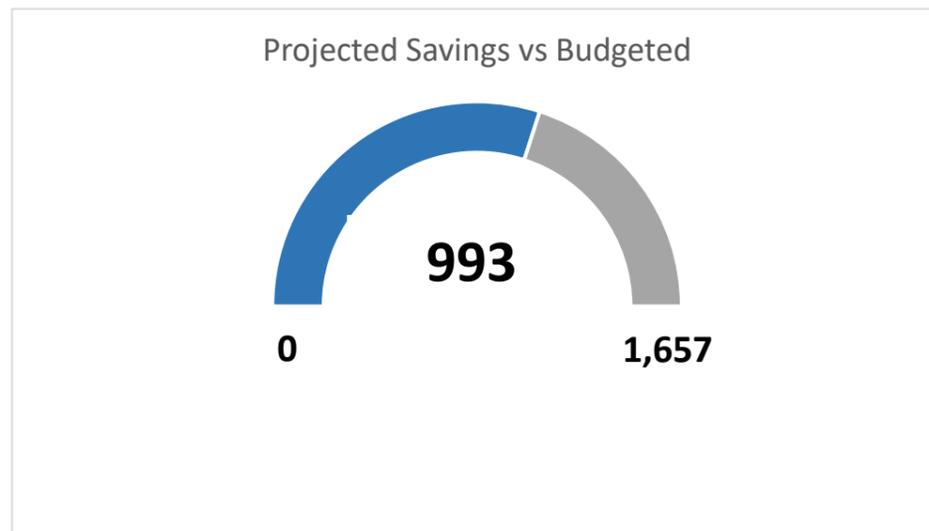


**May (Month 2)**



**LEEDS CITY COUNCIL - SUMMARY**

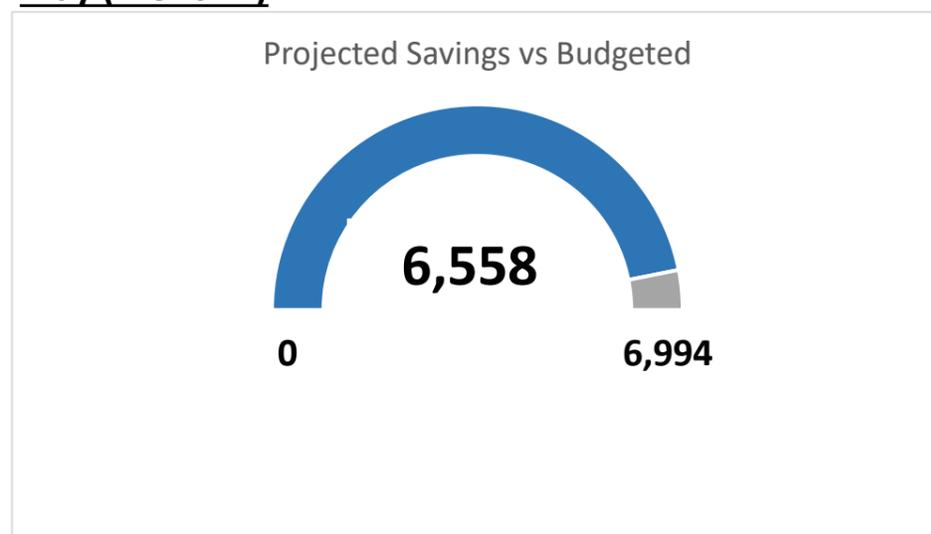
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	8,402	8,402	0
Some risk	2,215	1,779	436
High risk	2,536	2,122	414
Cancelled	0	0	0
<b>Total</b>	<b>16,472</b>	<b>15,622</b>	<b>850</b>



**LEEDS CITY COUNCIL - Other Savings Measures**

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	360	0
High risk	664	0	664
Cancelled	0	0	0
<b>Total</b>	<b>1,657</b>	<b>993</b>	<b>664</b>

## May (Month 2)



## ADULTS & HEALTH - SUMMARY

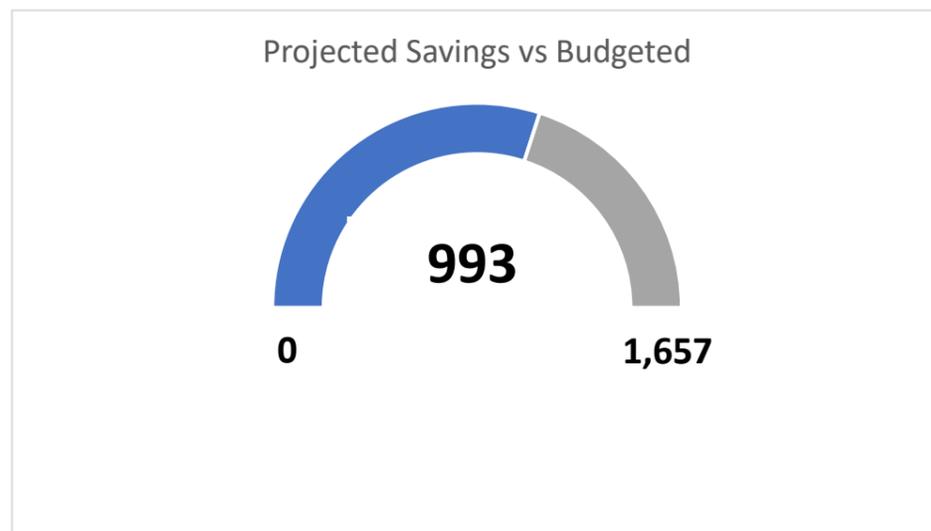
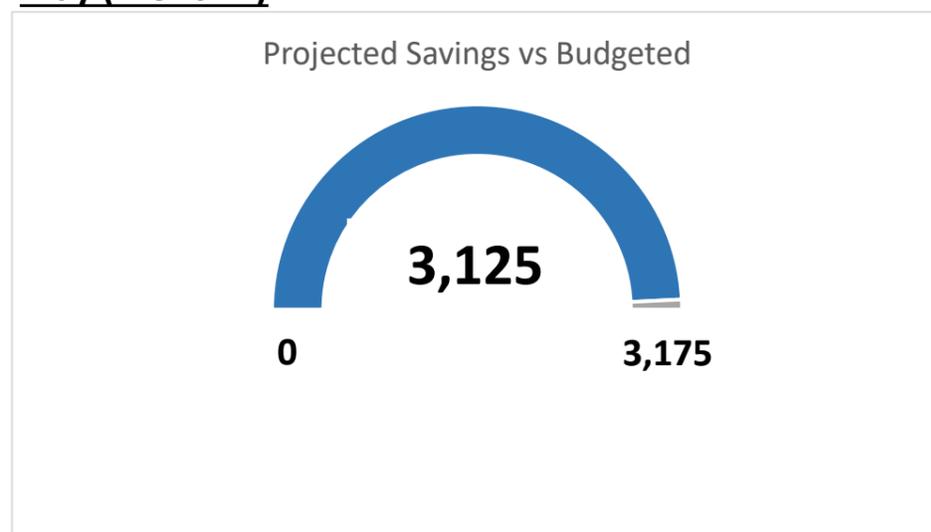
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	2,120	2,120	0
Some risk	1,555	1,119	436
High risk	0	0	0
Cancelled	0	0	0
<b>Total</b>	<b>6,994</b>	<b>6,558</b>	<b>436</b>

### Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost)	Shona McFarlane	Some risk	190	95	95	Slippage in timetable for refurbishment programme. Key decision went live 1.6.22 for 30 day call in. Final governance clearance.
Budgeted savings	SR	Strategic Review of Adult Social Work:	Shona McFarlane	Some risk	1,365	1,024	341	3-month slippage in the implementation of the social work review for the Front Line and Assessment Teams. Governance process now cleared and posts set up on the SAP system. Staff in post from July onwards



## May (Month 2)



## CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	2,660	2,660	0
Some risk	275	275	0
High risk	240	190	50
Cancelled	0	0	0
<b>Total</b>	<b>3,175</b>	<b>3,125</b>	<b>50</b>

## CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	360	0
High risk	664	0	664
Cancelled	0	0	0
<b>Total</b>	<b>1,657</b>	<b>993</b>	<b>664</b>

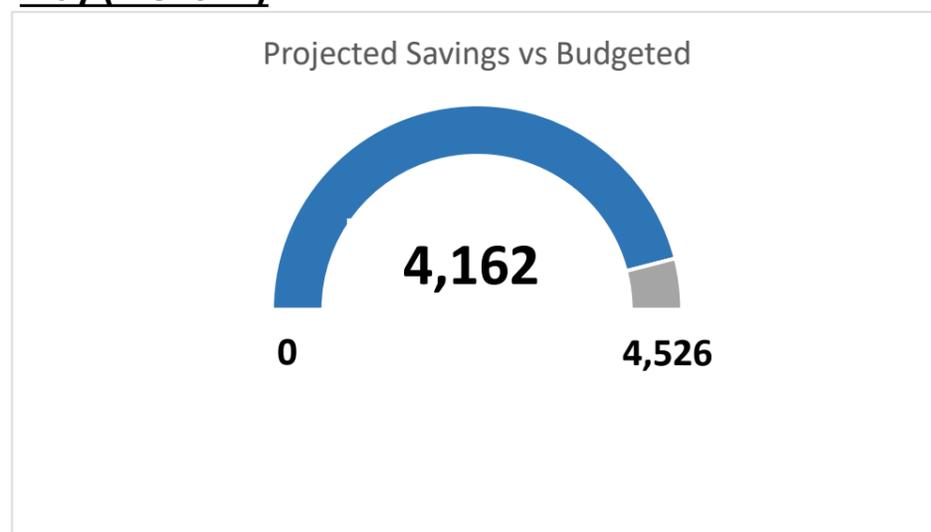
## Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Active Leads - Increase in swimming tuition income	Phil Evans	Some risk	150	150	0	Some risks regarding capacity but no shortfall currently anticipated
Budgeted savings	BAU	Active Leads - Procurement savings	Phil Evans	Some risk	125	125	0	Subject to Insurance savings being identified by Procurement
Budgeted savings	BAU	Arts, Events, Venues - ticketing solution	Eve Roodhouse	High risk	80	55	25	Admission income currently below anticipated level, to be closely monitored

Budgeted savings	SR	Leeds Museums & Galleries Invest to Save: Kirkstall Abbey Admissions (Non-Leeds Residents)	Eve Roodhouse	High risk	160	135	25	Admission income currently below anticipated level, to be closely monitored
Other savings measures	0	Estate Rationalisation	Angela Barnicle	Some risk	360	360	0	Plan to achieve required savings to be developed
Other savings measures	0	Strategic Investment Fund	Angela Barnicle	High risk	664	0	664	Plan to identify mitigating savings to be developed



## May (Month 2)



## RESOURCES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,845	1,845	0
Some risk	385	385	0
High risk	2,296	1,932	364
Cancelled	0	0	0
<b>Total</b>	<b>4,526</b>	<b>4,162</b>	<b>364</b>

## Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	BSC Shared Cost AVC	Mariana Paxton	Some risk	130	130	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Electrical Goods Salary Sacrifice.	Mariana Paxton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Shared Cost Additional Voluntary Contributions (AVC).	Mariana Paxton	Some risk	55	55	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Lease Car Salary Sacrifice.	Mariana Paxton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.

Budgeted savings	SR	Procurement - 2022/23 allocations (23/24 + to follow)	Victoria Bradshaw	High risk	2296	1932	364	Whilst there may be some mitigating areas of additional unbudgeted income from the Revolving Investment Fund and the Social Value Fund, and the PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate, the inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area. £364k represents 2/12ths of the £2.3m
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