

Financial Health Monitoring 2022/23 – Month 4(July)

Date: 21st September 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 Month 4 (July) an overspend of £12.1m is projected for the Authority's General Fund services.
- Where Directorates are projecting an overspend further proposals to mitigate these pressures will be submitted to October'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 Month 4 it is anticipated that the majority of budgeted savings will largely be delivered or mitigating actions found.
- Where known increased inflation and the rising cost of living, including the 2022/23 pay offer, have been incorporated into this reported financial position. These pressures will continue to be assessed with the latest position being incorporated into future reports to be received by this Board.
- The report provides an update on the use of capital receipt flexibilities, the COVID-19 backlog reserve and the Invest to Save/Innovation Fund.
- At Month 4 the Housing Revenue Account is forecasting an overspend of £3.1m and proposals to deliver a balanced position will be submitted to October's Executive Board.

Recommendations

Executive Board are asked to:

- a) Note that at Month 4 (July) the Authority's General Fund services are forecasting an overspend of £12.1m and that the Housing Revenue Account is forecasting an overspend of £3.1m
 - b) Note that where an overspend is projected Directorates, including the Housing Revenue Account, will be required to present action plans to mitigate their reported pressures, in line with the Revenue Principles agreed by Executive Board in 2019. These proposals are to be received at October's Executive Board.
- Note that known increased inflation and known impacts of the rising cost of living, including the 2022/23 pay offer, have been incorporated into this reported financial position. These pressures will continue to be assessed with the latest position being incorporated into future reports to be received by this Board.

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 four months of the financial year. At Month 4 (July) an overspend of £12.1m is projected for the Authority's General Fund and the Housing Revenue Account is forecasting an overspend of £3.1m.

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 and this financial projection provides for the implications of the national employer's pay offer. Should any pay award above this level be agreed then there will be a requirement for the Directorate to identify further budget savings proposals in order that a balanced budget position can be delivered in 2022/23.
- 10 This reported 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 is likely to affect the cost of goods and services the Council procures, demand for support and welfare services the Council provides and it also impacts upon activity levels that support a wide range of income streams. These financial projections will continue to be closely monitored and any variations to the current assumptions will be required to be managed within the 2022/23 approved budget.

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

15 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

16 None

Financial Health Monitoring 2022/23 – Month 4 (July)

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 Month 4 (July).
- 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 fourth 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, which can be found elsewhere on this agenda, 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 Month 4 (July) an overspend of £12.1m is projected across directorates. As discussed in this report, this position now reflects both the impact of the national employers pay offer for 2022/23 and, where known, inflationary rises and the wider impact of rising cost of living pressures.
- 3.2 As requested at July's Executive Board directorates have incorporated action plans to both address the reported overspend and absorb the financial impact of the national employers pay offer for 2022/23. Where appropriate further action plans will be presented to October's Executive Board.
- 3.3 These actions will include, with a small number of exceptions, a freeze on recruitment (including on agency staff and overtime), and a freeze on non-essential spend. Exceptions to this may include expenditure needed for health and safety reasons, to meet a statutory service requirement, to prevent further costs, or that helps generate income that more than outweighs the cost of recruiting to these roles.

3.4 Directorate positions are summarised in Table 1.

3.5 Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.

Summary Position - Financial Year 2022/23

Month 4 (July 2022)

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	Cath Roff	1,491	8,068	(8,069)	0	0
Children and Families	Julie Longworth	193	3,579	2,995	6,575	1,203
City Development	Martin Farrington	307	1,272	(389)	882	722
Communities, Housing & Environmen	James Rogers	2,644	1,853	(1,854)	0	0
Resources	Neil Evans	5,704	5,724	(1,192)	4,532	364
Strategic	Victoria Bradshaw	(77)	1,208	(1,144)	64	(518)
Total Current Month		10,263	21,704	(9,653)	12,053	1,771

Previous reported (under)/over spend	(828)	90	1,681	1,771
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3.6 The major variations are outlined below, with additional detail provided on the Directorate dashboards at Appendix 2 of this report.

3.6.1 **Adults & Health** – Adults & Health Directorate is projected to deliver a balanced budget, although there are significant risks around demand and income targets outlined below. The Net Managed Budget (NMB) for 2022-23 is £197.643m, comprised of £380.92m Gross Expenditure offset by £183.27m income. Reflected in the 2022-23 budget are Budget Action Plans totalling £6.994m.

The 2022-23 Budget assumes the use of £7.082m of Adult & Health reserves. As a result of the 2021-22 financial outturn position for Adults & Health, £11.1m of Health funding has been carried forward into the 2022-23 financial year via reserves, taking the currently identified use of reserves up to £18.188m. There are clear spending plans committed against the £11.1m, principally the LCC £5m NHS additional income target for 2022-23.

Budget Action Plans

At July there are concerns around the delivery of three Budget Action Plans with a forecasted impact of £0.436m:-

- £0.341m relating to the strategic review for Social Work due to slippage in recruiting staff.
- £0.095m relating to slippage in the budget action plan for the refurbishment of the three LCC run residential homes.

- £1m in respect of the additional Client income Budget Action Plan, which for July we are reporting as on-line. This is additional to the 2021-22 £1.24m Budget Action Plan also for additional Client income, primarily around 2:1 Homecare visits and removing the Maximum Assessed Charge (MAC) cap. The Month 4 projection assumes monthly client income collection increases significantly in the second half of the year when new income streams are implemented; charging for 2:1 Homecare visits and removing the Maximum Assessed Charge (Exec Board report 15th December 2021 [Review of Non Residential ASC Charging Cover Report 061221.pdf \(leeds.gov.uk\)](#)). Additionally, the Action plan assumes that new service charges for the in-house Telecare service are actioned. There is a possible risk of £2m if not delivered.

All 3 will be reassessed and incorporated into October's Financial Health report.

Mitigating actions have already been identified to ensure the service is projected to deliver a balanced budget and no additional impact on the Medium Term Financial Strategy savings plan; principally £0.97m of additional grant funding announced under the iBCF Social Care Grant funding stream and £0.3m of additional BCF grant monies.

Demand

The 2022-23 demand related budgets reflect £17.774m 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 the £4.1m savings target reflected in the delivery of the 2022-23 budget action plans; principally the Strategic Review for Adult Social Work. Overall, the Month 4 projection is on-target with the 2022-23 demand related budget.

- However, we're seeing increased demand in all residential settings, £4.6m. During June and July there has been a sharp increase in the number of people across all residential settings and this forecast assumes a drop over the remainder of the financial year.
- Homecare and Community Support placements, £1.4m (this is a cautious figure as we're still determining in-year trend). This projection is modelled on trend data from the last financial year. Current activity levels being paid via the Council's Client Information System (CIS) are low, for which it needs to be determined whether they are accurate and timely. Further work will be undertaken for Period 5 reporting.
- Offset by savings on demand budgets in Supported Living, £0.7m, Direct Payments, £0.7m and additional income of £2.5m associated with demand led related expenditure reflected above.

Pay

This projection reflects the latest national employers 2022-23 pay offer of £1,925 per employee. The impact of this is an additional £2.4m pay related pressure, over and above the 2% budgeted position. This includes £0.3m for Passenger Transport pay costs. £0.6m will be recovered from higher charges to Partnerships and grant funding. The balance will be funded from realigning resources in Adults & Health and actioning the in-year proposals for delivering a balanced budget; reducing non-essential spend, reviewing recruitment and agency usage and reviewing fees and charges.

Partnerships and Grant funding

Included in the 2022-23 budget is £2.235m of new grant funding for Market Sustainability and Fair Cost of Care. This is new funding linked to the White paper, 'People at the Heart of Care – ASC Reform', that was announced earlier in the year. This is upfront funding in preparation of the new Care Act reforms going live in October 2023. A minimum of 75% must be allocated directly to support the market and 25% for resources to implement the requirements of the Care Act. Additionally, we've received a further £0.01m for ASC charging reform: implementation support funding grant determination for 2022-23 to support capacity for assessments and IT requirements for the Care Act.

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 LCC will receive 2022-23 £2.785m, 2023-24 £4.445m and 2024-25 £8.445m. PH funding is a ring-fenced grant.

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 West Yorkshire Integrated Care Board. Therefore, the net impact for LCC is £0.223m. This is a joint funded partnership with the West Yorkshire Integrated Care Board with the operational timeline 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.

- 3.6.2 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £6.575m. This position includes the estimated net impact of the current pay award offer which equates to £2.790m across the Children and Families directorate.

The main variations included within the Month 4 position are:

	£m
Semi-Independent Living	1.355
Little Owls Nurseries	1.254
Transport	1.661
CLA: In house Carers	0.625
CLA: External Residential Placements	0.257
Independent Support Work	0.400
Pay Award	2.790
Net Staff Savings	(2.246)
Other variations	0.479
Total	6.575

Semi-Independent Living:

The budget for Semi-Independent Placements is £5.8m. Currently there are 254 placements, including 100 placements for 16 and 17 year olds. The increased use

of semi-independent living provision at an earlier age has been driven by a number of factors including an increase in over 16 year olds exiting foster care, and a continued flow of young people being remanded to our care by the courts or released from custody. These have resulted in higher average placement costs than anticipated, as these younger placements have higher needs resulting in increased costs.

The service has identified a number of mitigating actions to reduce these pressures. An initial review of the highest cost placements has already identified a number of care packages which could be re-negotiated and an estimated reduction of £500k has been assumed in the Month 4 projection.

The service has identified a process to facilitate a systematic review of the Semi-Independent provision to review packages offered and are in the process of increasing resources with the aim of implementing this system by the autumn.

The Our Way Leeds (OWL) contract has not delivered as much provision as anticipated, and they are still not seeing the expected 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.

The service continues to work with OWL, who have a significantly lower unit cost, to improve their throughput and capacity. OWL are close to having the full number of units specified (close to on time as well), but have some long staying residents who should have moved out. Work is ongoing to unblock the exit for those residents.

A significant barrier is the availability in Leeds of council and private 1 bed flats which would be used by 18 year olds and free up more OWL capacity. The service is looking at options to make more space for 18 year olds in accommodation of their own and allow them to use OWL for more of our 16/17 year olds.

A review of the offer to 16 and 17 year old children who cannot live with their parents has recently been completed and there is a significant action plan as a result. This includes recommendations about developing the market in Leeds to vary our offer and increase lower cost provision, improving throughput and increasing prevention activity.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1,254k, a projected income pressure of £2,060k offset by projected staff savings of £806k. 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. There is also the impact of the pay award offer, which is shown for the whole directorate in the earlier breakdown of the Month 4 position.

To recognise increased costs, fees for Little Owls will increase by 5% from October to £51.70 per day, an increase of £2.50 per day. For comparison, the average market rate in Leeds is between £45 and £58 per day. The Little Owls fee increase

is not included in the Month 4 projections but will be reflected for Month 5 and should generate projected additional income of £70k in 2022/23 with a full year impact of £135k. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing. An initial business review was undertaken earlier this year by the Council's Procurement and Commercial Services function, and a brief for the next stage of the work is currently being agreed.

Transport:

The overall transport budget is showing a projected overspend of £1.661m. This position includes additional charges of £217k from WYCA due to increased drivers pay and fuel costs, with a further £1,415k pressure due to increased charges from Passenger Transport within CEL as a result of increased pupil numbers and costs, which has been partially offset by some staff savings. Children and Families are preparing a plan to mitigate the overspend.

Staff Savings:

The directorate is currently projecting other net staff savings of £2.246m across all services, primarily due to increased vacancies and delays in recruitment offset by reductions in traded and grant income.

CLA In House Carers:

Whilst the overall placement numbers for Fostering, Family Placement and Placed for Adoption cohorts are aligned to the budgeted numbers, this budget is projecting an overspend due to an increase in overall unit cost for mainstream fostering as a result of a change in the mix of skilled carers.

The level of the fee element and maintenance allowance paid to in-house carers is currently being reviewed to attract and retain foster carers to maximise their capacity to accommodate children for the Authority. Due to inflation and as a result of benchmarking, it is likely this will result in additional pressures to include in future financial projections

Independent Support Work:

There is a projected pressure of £400k against the Independent Support Work budget which reflects the projected costs of supporting the needs of one child. The complexity and level of support provided in this case is currently under review. A new provider has been approved, which should significantly reduce the weekly cost of provision and reduce this projected pressure.

Dedicated Schools Grants

The approved DSG budget 2022/23 assumed that there would be a carry forward surplus of £0.119m as at the end of the year. The position at Month 4 projects a slight underspend as a result of changes in grant due in the early years block and the high needs block. This is expected to result in a balance carried forward to 2023/24 of £0.143m.

- 3.6.3 **City Development** – the financial position at Month 4 for City Development is a projected overspend of £0.9m. This represents an increase of £0.2m from the position reported at the first quarter as it now includes the impact of the local government pay offer and inflationary pressures in respect of energy and fuel.

These are estimated at an additional £1.7m for pay (net of amounts that will be charged on to capital schemes and grants) and £1m for energy and fuel.

There are some areas of risk within this position as described below but it is anticipated that these will largely be mitigated through the development and implementation of robust action plans to achieve the reported position at the year end.

It is envisaged that the implementation of further restrictions on spending across the Council, including tighter vacancy controls and restrictions on non-essential spending, will contribute towards achieving these action plans and towards helping the directorate achieve a balanced budget by the year end.

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

- **Active Leeds** – based on income achieved during the first four months of the year, a shortfall to budget of £0.85m 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. In addition, further pressures resulting from the impact of the pay offer and the additional costs of energy are forecast at £0.75m and £0.25m respectively. These pressures are partially offset by anticipated staffing and running cost savings of £0.45m and assumptions around further plans to mitigate of £0.85m, which includes a proposed review of fees and charges, leaving a forecast year end overspend of £0.55m.
- **Arts & Heritage** – although the service is projecting a largely balanced position, this assumes the development and implementation of plans to mitigate the combined impact of the pay offer and energy increases (£0.47m).
- **Asset Management & Regeneration** – a potential overspend of £0.29m is projected which largely reflects an anticipated shortfall in respect of the Strategic Investment Fund and Estate Rationalisation savings targets, partially offset by other one-off sources of income and assumptions around further mitigating savings plans.
- **Planning & Sustainable Development** - high volumes of caseloads and applications mean it is necessary to recruit to all vacant posts and it is anticipated that this will impact on the service's ability to achieve its budgeted vacancy factor. A projected staffing overspend of £0.48m is therefore currently projected, which includes the impact of the pay offer. However, additional planning and building control fee income is forecast to the year end and therefore an overall balanced position is anticipated for the service.
- **Highways and Transportation** – the net impact of the pay offer, after taking into account additional income from charge out rates, together with the additional cost of fuel and street lighting energy has resulted in forecast pressures of £0.8m for the service.

- **Markets and City Centre** – a shortfall of £0.7m in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets. Whilst this position represents a variance from budget, the budget is based upon a surplus position, therefore the service is currently forecasting a relatively small deficit. In addition, income shortfalls of £0.3m 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 £0.35m have been identified within Resources & Strategy to partially offset pressures identified in other service areas. In addition, to further help mitigate pressures across the directorate, it is proposed to utilise £1.5m of commuted sum balances received from developers to meet the future maintenance cost of adopted Highways, leading to an overall underspend of £1.85m within Resources & Strategy.
- **Staffing** – within the overall reported position described above there is a projected staffing overspend of £0.3m across the directorate including the estimated net impact of the pay offer.

Key Budget Action Plan Issues

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 are projected shortfalls on the existing Strategic Investment Fund and Estate Rationalisation 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.

3.6.4 **Communities, Housing & Environment** – At July, the Directorate is projecting a balanced position at outturn; this is after accounting for the impact of the pay award offer (£4.3m and energy/fuel related pressures of £1.1m).

- **Staffing (Directorate wide)**
Total pressures are £3.1m, reflecting the pay award impact partially offset by additional charges to capital and grants, where it is appropriate to do so, and vacant posts.
- **Energy and Fuel (Directorate wide) -**
The projections reflect an estimated pressure of £1.1m in these budgets. These will remain under review following recent reductions in the oil price which have yet to fully filter through.

- **Car Parking Income**

Income continues a recovery trajectory; however, based on 4 months of data in 2022/23 the projection suggests that receipts are projected to fall £1.0m below the budget (compared to £2.7m in 2021/22 and £7.7m in 2020/21).

As full provision for this has been made within corporate contingencies, a nil variance has been reported within the Directorate's budget.

- **Waste Management** (excluding staffing and fuel)

Exclusive of staffing/fuel energy issues a £3.7m underspend is projected.

Historically there is a net cost associated with the disposal of green bin recyclable materials, however currently the Council is receiving a net income for this material, with prices expected to remain high for the remainder of 2022. It is forecast that this could generate additional unbudgeted income of £1.6m in 2022/23.

Kerbside 'black bin' waste volumes are now reducing from the peak of lockdown period levels and are assumed to continue at 6% below the budgeted level for the remainder of 2022/23 which would generate a saving a £1.5m saving on disposal costs.

A PFI rebate and additional trade waste income totalling £0.6m are also anticipated.

- **Parks** (excluding staffing and fuel)

A number of net cost/income pressures are anticipated within the service. The cost of restarting bonfires is expected to be £0.1m and inflationary pressures associated with the events programme are also expected to be £0.1m in 2022/23.

Delays to construction of the new Parks attractions are expected to reduce net income by £0.2m in 2022/23. Bereavement Services income is projected to fall £0.1m below budget along with other net cost pressures of £0.1m

- **Customer Access and Welfare** (£0.6m underspend excluding staffing)

£0.2m of income pressures are expected in Community Hubs with a further £0.1m in the Library and Information Service. However £0.9m additional funding for Housing Benefit New Burdens and other grant income is expected to cover staffing pressures within services.

- **Other variations** – minor variations across the Directorate total less than £0.2m

- **Action plan** – Collectively these pressures amount to £0.5m and an action plan will be developed along the lines of reviewing non essential spend, tighter vacancy control and a review of fees and charges to bring the budget into balance.

3.6.5 **Resources** - Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £4.532m at this reporting period. This is an increase in the last month of £1.994m. This increase is due to;

- Integrated Digital Service, overspends on Directorate IT purchases £0.1m. Additional flexible use of Capital Receipts of £0.7m as a result of additional transformational work in IDS.
- Procurement - additional income of 0.750m
- LBS, improvement of £0.2m.
- Facilities Management, net impact of Energy Pressure and building cost savings of £0.132m.
- Shared Services, Salary Sacrifice income pressure £0.238m.
- Catering, income projection increased by £0.165m.
- Review of Commercial Enterprise Leeds income opportunities, £0.750m.
- The anticipated pressure of the pay award, based on the current offer, is £4.270m. The current pay award offer indicates a gross cost of approximately £10m. The budgeted offer of 2%, staff savings and charges to other services nets this to £4.270m.

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

- **Procurement £1.290m**

A target of £4m Procurement savings across the authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, £2.3m had yet to be identified. Additional unbudgeted income from the Revolving Investment Fund is expected to mitigate some of this pressure and has therefore been included in the projection. The Procurement service has been successful in identify further savings in this period of £0.75m across three large contracts. Whilst 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. Pay award of £100k offset by the 2% budget has been included in these figures, for a total pay award overspend of £40k.

- **Leeds Building Services (LBS) £0.261m**

The LBS financial model recovers almost all overheads via the direct labour rate. However, this does skew the costs of direct and subcontracted work and, as a result of this, it is severely impacted by any operative vacancies.

Due to the current labour market and the number of leavers, the operative vacancy level is much higher than forecast. Consequently, this has led to a shift in the ratio of work delivered by direct versus subcontractors.

The service will aim to mitigate the overall pressure through a re-examination of the overhead recovery model although the overall impact to budgets should be negligible as spend would just be shifted from direct to subcontractors. This mitigation has been included in the projection above.

- **Legal Services £0.205m**

The overspend is due to a shortfall in income, which is partly offset by staff savings. This projection also includes a pay award figure of £0.220m.

- **Sustainable Energy and Air Quality -£0.201m**

Premises savings as a result of the decision in the Spring Statement to exempt District Heating networks from Business rates have resulted in a saving of £226k, offset by some income losses of £25k.

- **Shared Services £1.162m**
A pay award pressure of £2.040m and Salary Sacrifice pressure of £0.283m are being offset by staffing savings of £0.682m, supplies and services savings of £0.479m.
- **Integrated Digital Services £Balanced**
A pay award pressure of £1.074m and overspend on IT equipment of £0.1m are being offset by staffing and other expenditure savings along with an additional flexible use of Capital Receipts of £0.700m as a result of additional transformational work in IDS.
- **Facilities Management £0.233m**
A pressure of £0.182m relates to Energy, offset by £50k of savings related to building running costs, along with a pay award pressure of £0.1m.
- **Corporate Property Management £0.025m**
A pay award pressure of £0.042m and security overspend of £0.095m are being offset by staffing savings of £0.11m.
- **Catering £0.470m**
A pay award pressure of £1.106m and inflation pressures of £0.347m are being offset by staffing savings of £0.623m and additional income of £0.326m.
- **Strategy and Improvement £0.074m**
Pay award pressure.
- **Finance £0.331m**
Pay award pressure.
- **Democratic Services £0.118m**
Pay award pressure.
- **Human Resources £0.309m**
Pay award pressure.
- **CEL excluding Catering and Passengers £0.254m**
A pay award pressure of approximately £1m is being partially offset by a budget action plan to review income opportunities of £0.750m.

3.6.6 **Strategic & Central Accounts** - At Month 4, the Strategic & Central accounts projection is for an overspend of £0.1m. The main variance within this projected position is an overspend in the debt budget of £0.3m. This is partially offset by a projected underspend of £0.1m in the business rates levy payable, and other minor underspends.

3.7 **Budget Action Plans**

3.7.1 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 Month 4 it is anticipated that the majority of savings will be delivered in

full through the identified saving plans or mitigating actions, the exceptions being £0.436m within Adults & Health, £0.06m shortfall in the admission income within City Development and £2.046m shortfall in the anticipated level of procurement savings within PACS.

3.8 Inflationary Pressures

- 3.8.1 At the end of July (Month 4) an overspend of £12.1m is projected against the Council's 2022/23 revenue budget. This reported position now reflects the national employers pay offer and known inflationary rises and cost of living pressures.
- 3.8.2 **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. The national employers have now offered a pay increase of £1,925 to all employees and the additional cost associated with this pay offer has been incorporated into the Council's reported financial position at Month 4. Should the final pay award be above this offer then further savings will be required to be identified in order to fund these additional costs.
- 3.8.3 **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 Month 4 assumes any variance above budget will be funded from this contingency, and the position will be monitored closely throughout the year.
- 3.8.4 **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.
- 3.8.5 **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.

3.9 Reserves

- 3.9.1 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.
- 3.9.2 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.

- 3.9.3 A sum of £2m from this reserve is also being used to fund the backlog recovery of affected services following the COVID pandemic, including targeting the backlogs of work which have built up in some services.
- 3.9.4 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. At Month 4 £1.8m has been committed to fund backlog recovery from COVID, reducing this balance further to £29.0m.
- 3.9.5 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.

3.10 Funding from other resources

3.10.1 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”. The revenue budget in 2022/23 assumes that £15.14m of capital receipts will be spent utilising these flexibilities: the key projects to be funded in this way include £4.9m on digital transformation, £5.9m on the Core Business Transformation Programme and £1.9m for service transformation in the Adults & Health directorate. At Month 4 the projected level of spend against this budget is £14.04m and this is summarised by Directorate in Table 2.

Table 2: Expenditure funded through flexible use of capital receipts

2022/23 - EXPENDITURE FUNDED THROUGH FLEXIBLE USE OF CAPITAL RECEIPTS						
Directorate	2022/23 Budgeted Spend £m	Year End Projected Spend £m	Variation to Budget £m	2022/23 Budgeted Savings £m	Year End Projected Savings £m	Variation to Budget £m
Adults & Health	2.04	2.04	0.00	(4.00)	(4.00)	0.00
Communities, Housing & Environment	0.12	0.00	(0.12)	0.00	0.00	0.00
Resources	6.15	6.15	0.00	(5.52)	(3.52)	2.00
Strategic/ Corporate	6.83	5.85	(0.99)	(1.00)	(1.00)	0.00
	15.14	14.04	(1.11)	(10.51)	(8.52)	2.00

The budgeted level of savings to be realised through the flexible use of Capital Receipts in 2022/23 is (£10.51m) and this is now projected to be (£8.52m) at year end as also summarised in Table 2. These projected levels of savings have been

incorporated into the Directorate projected outturn positions that are reported elsewhere in this report.

3.10.2 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 funding uncommitted and available for Invest to Save and Innovation Fund schemes at the start of 2022/23 was £1.621m. At the end of Quarter 1, £0.344m has been committed leaving an uncommitted and available balance of £1.277m. It is projected that this £0.344m will be spent in year, supporting the production of business cases for Levelling Up Funding bids and the development of a cloud-based Adult Social Care referral system. This targeted expenditure will result in a saving of £0.130m in 2022/23 with further savings to be realised in future years. This position is summarised in Table 3 below.

Table 3: Invest to save/Innovation fund Quarter 1

	£k	£k	Year End Projected Spend	Year End Projected Savings
Funds uncommitted and available at start of 2022/23		(1,621)		
Less Funds Committed 2022/23 to Qtr 1:			£k	£k
City Development	100		100	(100)
Resources	244		244	(30)
		344	344	(130)
Therefore Funds uncommitted and available		(1,277)		

3.10.3 COVID-19 Backlog Recovery Fund – As described in Paragraph 3.9.3, a fund was established to cover costs related to clearing backlogs caused by the COVID-19 Pandemic. The funding uncommitted and available at the start of 2022/23 was £2m. At the end of Quarter 1, £1.687m has been committed leaving an uncommitted and available balance of £0.313m. It is projected that £1.335m of the £1.687m will be spent in 2022/23. This position is summarised in Table 4.

The most significant uses of this Fund are within the Contact Centre (£0.564m) and in Business Administration Support to the Children and Families directorate (£0.500m).

Table 4: COVID-19 Backlog Recovery Fund Quarter 1

	£k	£k	Year End Projected Spend
Funds uncommitted and available at start of 2022/23		(2,000)	
Less Funds Committed 2022/23 to Qtr 1*:			£k
Communities, Housing & Environment Resources	258		258
	<u>1,429</u>		<u>1,077</u>
		1,687	1,335
Therefore Funds uncommitted and available		(313)	

*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 2022 was 35.08%. For comparison, in July 2021 the in-year collection rate was 36.35%. In July 2019, a 'normal' year, the in-year collection rate was 36.91%. 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 31st December 2021) has been incorporated into the 2022/23 budget. The declared deficit was £3.704m. This has been adjusted for the 3-year spreading legislated by Government in order that authorities can better manage deficits arising as a result of the economic impact of COVID-19. Consequently, the Leeds share of the deficit that is budgeted to be repaid in 2022/23 is £2.249m. This repayment is now a fixed amount and does not impact on the 2022/23 in year position.

The actual closing deficit on the 2021/22 Council Tax Collection Fund was £8.7m, including the Police and Fire Authority shares. In 2022/23 it is projected there will be an in-year surplus on Council Tax at declaration of £2.6m. Whilst in-year income from Council Tax is almost as expected at the time the 2022/23 Budget was approved by Full Council in February 2022 which sets the precepts taken from the Collection Fund, income to the Collection Fund is additionally increased by repayment of the declared deficit from 2021/22 as noted above. The closing deficit will therefore be £6.1m. Included in the projected deficit is the final instalment of the declared unfunded deficit from 2020/21 which, including the Police and Fire Authorities' shares, will be £5.3m. This therefore means that an additional deficit of £0.8m will have to be funded by the Council, the Police and the Fire Authority in 2023/24, Leeds share of which will be £0.7m.

However, as has been noted above, the collection rate in Leeds is under pressure as Council Taxpayers struggle with the cost of living crisis. A re-assessment of the bad debt provisions required in the Council Tax Collection Fund is currently underway. A drop of 0.5% in the assessed collection rate in the fullness of time in the City would add £2.0m to this forecast deficit.

4.2 Business Rates

The Business Rates collection rate at July 2022 is 28.58% which is a 2.59% reduction on 2021/22 and 10.45% behind performance in 2019/20, the last 'normal' year, although it is still quite 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 £926.4m as at 31st July 2022, an increase of £2.6m. 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 31st December 2021) has been incorporated into the 2022/23 budget. The total declared deficit on the Business Rates Collection Fund was £28.2m. Leeds' share of the unfunded declared deficit from 2020/21 was £36.7m, which has been spread over three years in accordance with Government legislation. The second of the 3 repayments of £12.2m will be paid in 2022/23 and is fixed and included in the £28.2m declared deficit.

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

In 2022/23, a deficit of £3.9m has arisen due to an increased demand for the extended Retail Relief introduced by the Government to assist the High Street in the wake of the pandemic. This relief is fully funded and the funding for this relief will be held in reserve to part meet the cost of the impact of the overall deficit to the 2023/24 General Fund.

Taking the £12.2m final repayment of the unfunded deficit from 2020/21, the £8.0m improvement from the end of 2021/22 and the £3.9m in-year deficit from 2022/23, the declared deficit for 2022/23 is projected to be £8.1m, which will impact the 2023/24 General Fund. Of this projected deficit, £5.0m is projected to be funded by grant received from Government for the extended Retail Relief.

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 31st July 2022, there were 93 appeals outstanding against the 2010 ratings list. This financial year until 31st July 2022, 29 appeals have been settled, 10 of

which have resulted in changes to rateable values. No new appeals have been received in 2022/23. Currently, 1.98% of the city's total rateable value on the 2010 list is subject to at least one appeal.

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

As at 31st July 2022, the Council is providing for a net of 361 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. Council Tax collection rates are showing the effects of the cost of living crisis and the level of voids is a current concern. The team are monitoring the situation and working on ways to mitigate by improving void levels and working through the backlog of recovery action. 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 Month 4, the HRA is projecting a pressure of £3.1m. Significant price pressures in the construction industry and energy markets along with the ongoing impact of the pandemic mean that the HRA is not able to produce a balanced budget at this stage and an action plan will be worked up.

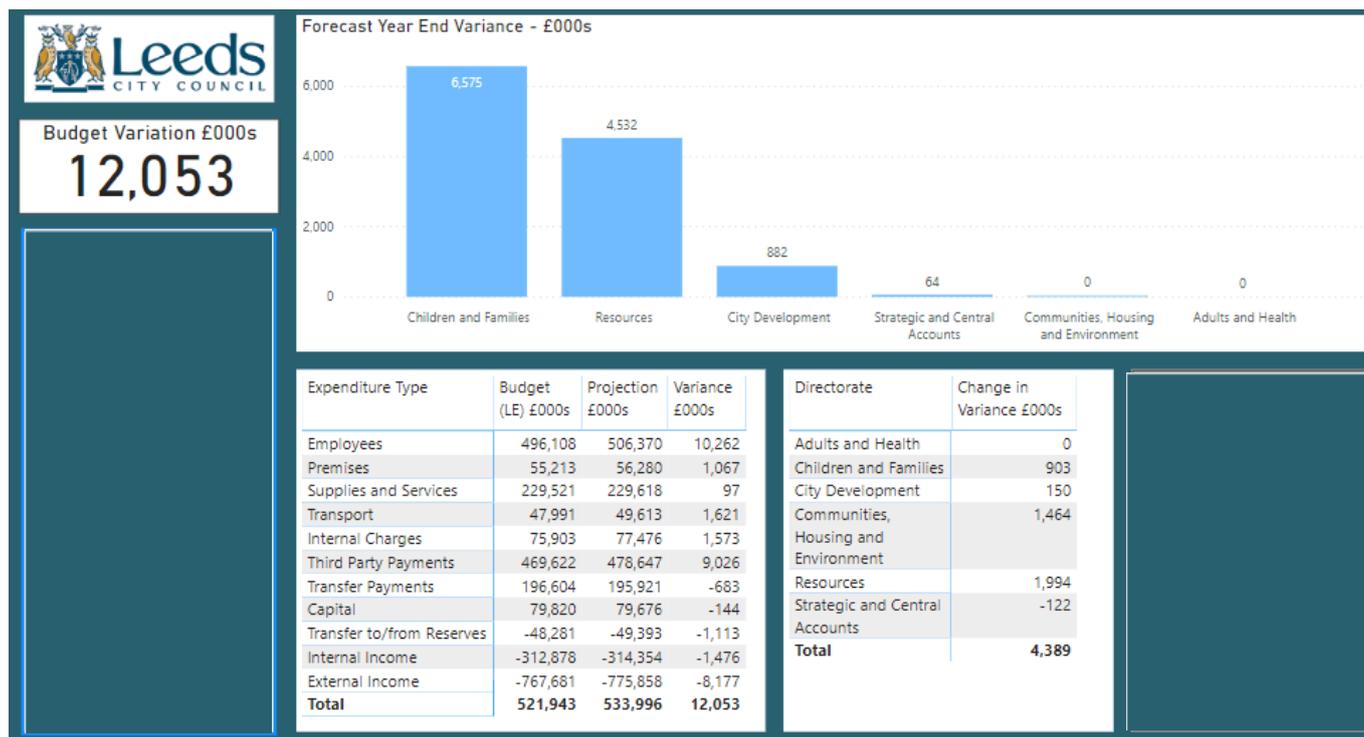
5.2 Dwellings Rent and service charges £1.9m - there is a forecast reduction in rental income which is mainly due the number of void properties being higher than budgeted because of the ongoing impact of COVID-19. There is a recovery plan in place and it is projected that the void level will be back to pre-pandemic levels by the beginning of 2023.

- 5.3 Employees £0.3m (and related charges) pressure - there is a forecast underspend against the employee budget of £0.3m due to vacant posts in the service; the forecast reflects the latest employee pay award offer. However, the underspend is offset with a reduction in capitalised salaries of £0.5m.
- 5.4 Repairs to Dwellings £1.358m - the budget is projected to be overspent due to the price pressures in the construction industry, although this will be funded from the repairs reserve.
- 5.5 Disrepair provision £0.5m – the budget is projected to overspend due to the continuing trend of increasing case numbers and the average cost of the cases.
- 5.6 There are pressures on the energy budget on £0.8m due to the rising cost of gas and electricity and these costs are not passed on to tenants in year.
- 5.7 Supplies and services and Internal services (£0.3m) - projected to underspend after a line by line review of the budgets.

Overall Summary Sheet

Month 4 (July 2022)

Financial Dashboard 2022/23 Financial Year



Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

0

Overspend (+) Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	62,135	63,627	1,491
Premises	1,029	1,162	133
Supplies and Services	5,762	6,617	855
Transport	906	963	56
Internal Charges	12,423	12,858	434
Third Party Payments	299,555	305,445	5,891
Transfer Payments	11,395	10,697	-697
Capital		0	0
Transfer to/from Reserves	-8,764	-8,859	-95
Internal Income	-5,245	-5,439	-193
External Income	-181,553	-189,429	-7,875
Total	197,643	197,643	0

Financial Dashboard 2022/23 Financial Year

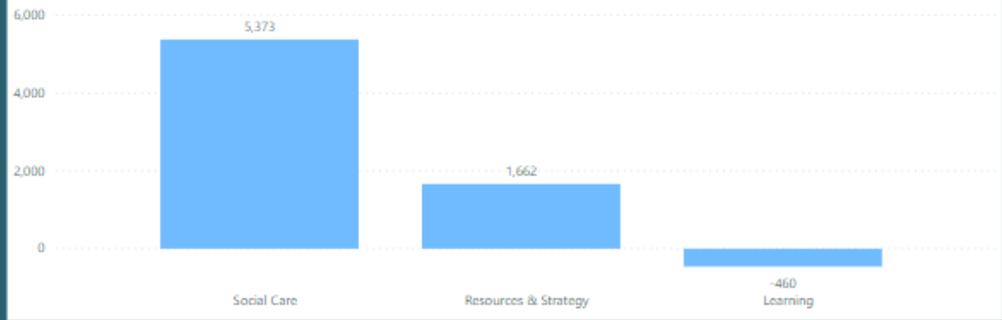


Budget Variation £000s

6,575

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,584	104,777	193
Premises	3,374	3,366	-9
Supplies and Services	64,675	64,735	61
Transport	10,767	11,133	366
Internal Charges	29,064	30,454	1,390
Third Party Payments	111,302	112,796	1,494
Transfer Payments	2,040	2,161	121
Transfer to/from Reserves	-239	-276	-37
Internal Income	-32,261	-31,663	598
External Income	-160,275	-157,878	2,397
Total	133,030	139,605	6,575

Financial Dashboard 2022/23 Financial Year



DSG Variation £000s

-23

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	-320,359	-320,359	0	318,014	318,014	0	-1,910	-1,910	0
High Needs Block	-103,981	-103,945	36	99,159	99,159	0	0	36	36
Early Years Block	-58,187	-58,247	-59	58,187	58,187	0	0	-59	-59
Central School Services Block	-5,138	-5,138	0	5,138	5,138	0	0	0	0
Total	-487,666	-487,690	-23	480,499	480,499	0	-1,910	-1,934	-23

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	-24	0	955
De-delegated	-1,098	0	-1,098	0	0	-1,098
Total	-119	229	110	-24	0	-143

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

882

Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	68,805	69,112	307
Premises	25,618	26,318	700
Supplies and Services	44,651	44,584	-67
Transport	5,888	6,051	163
Internal Charges	10,037	10,152	116
Third Party Payments	192	192	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-2,852	-2,799	53
Internal Income	-42,480	-42,662	-182
External Income	-76,492	-76,700	-207
Total	33,367	34,248	882

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

0

Overspend (+) Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	96,337	98,981	2,644
Premises	9,720	9,888	168
Supplies and Services	57,115	54,695	-2,420
Transport	10,137	11,187	1,050
Internal Charges	15,739	15,492	-248
Third Party Payments	21,455	23,148	1,693
Transfer Payments	182,201	182,201	0
Capital		0	0
Transfer to/from Reserves	-1,536	-2,570	-1,034
Internal Income	-37,606	-39,726	-2,120
External Income	-268,511	-268,245	266
Total	85,050	85,051	0



Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

3,090

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲ Dwelling Rents	-216,541	-214,821	1,720	381
Non Dwelling Rents	-3,306	-3,266	40	-36
Service Charges	-9,335	-9,171	165	18
Internal Income	-10,359	-9,855	504	-25
Grants	-21,644	-21,595	49	-9
External Income	-1,598	-1,598	0	0
Total	-262,784	-260,306	2,478	329

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲ Disrepair Provision	2,400	2,900	500	0
Repairs to Dwellings	46,795	48,153	1,358	0
Employees	31,572	31,287	-285	284
Premises	9,729	10,564	835	0
Supplies and Services	3,744	3,594	-150	0
PFI Unitary Charge	10,953	10,953	0	0
Transport	298	298	0	0
Internal Services	45,105	44,959	-146	0
BITMO Management Fee	3,235	3,235	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
Total	263,453	265,565	2,112	284

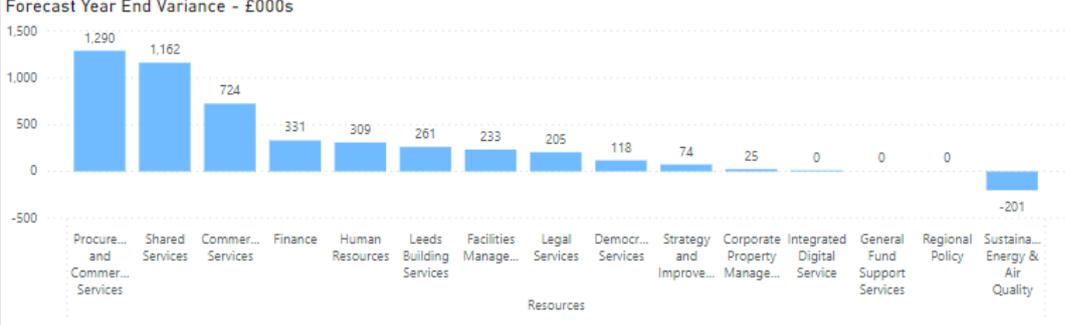
Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼ Net Position	669	5,259	4,590	613
Appropriation: Sinking Funds	-412	-412	0	0
Appropriation: Reserves	-257	-1,757	-1,500	0
Total	0	3,090	3,090	613

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s
4,532

Forecast Year End Variance - £000s



Department	Variance (£000s)
Procurement and Commercial Services	1,290
Shared Services	1,162
Commercial Services	724
Finance	331
Human Resources	309
Leeds Building Services	261
Facilities Management	233
Legal Services	205
Democratic Services	118
Strategy and Improvement	74
Corporate Property Management	25
Integrated Digital Service	0
General Fund Support Services	0
Regional Policy	0
Sustainability Energy & Air Quality	-201

Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,510	165,214	5,704
Premises	15,473	15,546	74
Supplies and Services	48,921	48,951	30
Transport	20,293	20,279	-14
Internal Charges	4,355	4,285	-70
Third Party Payments	28	28	0
Transfer Payments	40	40	0
Capital		0	0
Transfer to/from Reserves	-90	-90	0
Internal Income	-153,111	-151,689	1,422
External Income	-17,069	-19,683	-2,614
Total	78,350	82,882	4,532

Directorate	Change in Variance £000s
Resources	1,994
Total	1,994

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

64

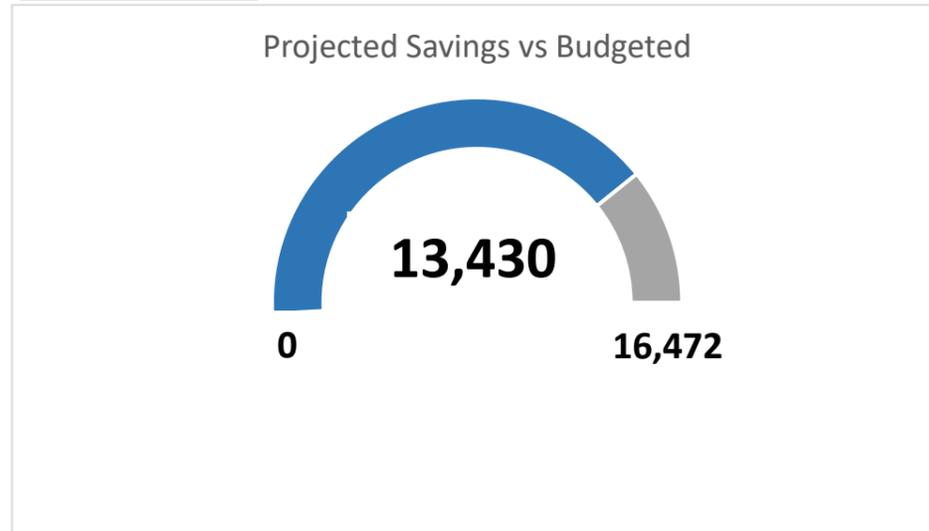
Overspend (+) Underspend (-)

Forecast Year End Variance - £000s



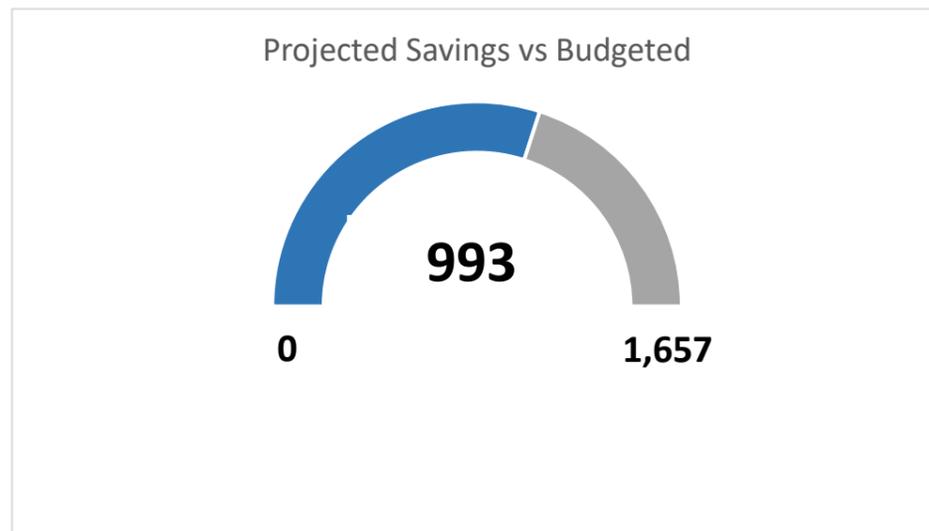
Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,736	4,659	-77
Premises		0	0
Supplies and Services	8,397	10,035	1,638
Internal Charges	4,285	4,236	-49
Third Party Payments	37,091	37,039	-53
Transfer Payments	928	821	-107
Capital	79,820	79,676	-144
Transfer to/from Reserves	-34,800	-34,800	0
Internal Income	-42,174	-43,175	-1,001
External Income	-63,780	-63,923	-143
Total	-5,497	-5,433	64

July (Month 4)



LEEDS CITY COUNCIL - SUMMARY

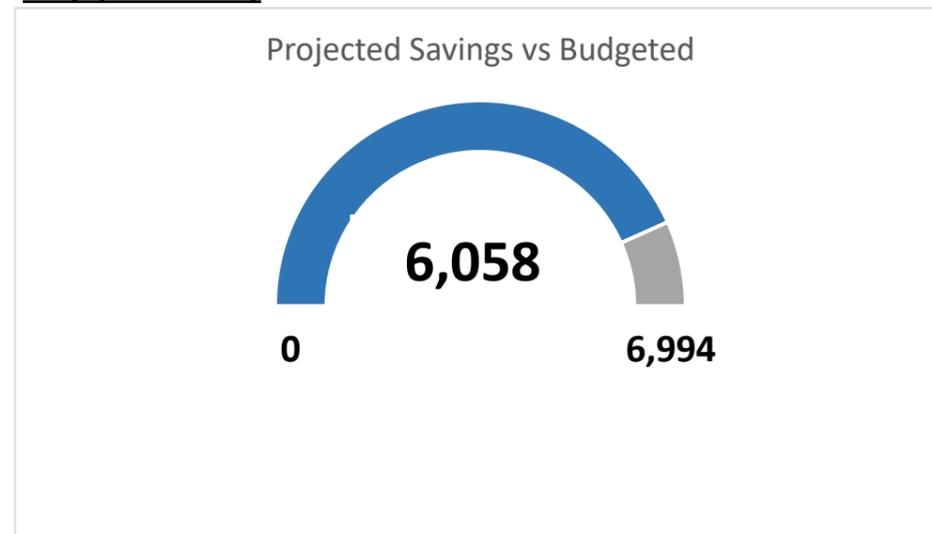
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	6,827	6,827	0
Some risk	2,215	1,779	436
High risk	4,111	1,505	3,181
Cancelled	0	0	0
Total	16,472	13,430	3,617



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
Total	1,657	993	664

July (Month 4)



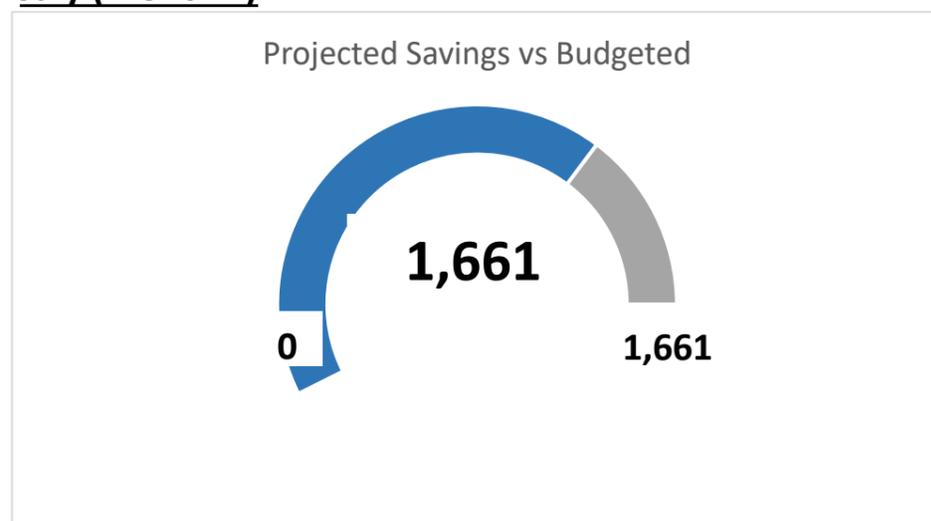
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	1,120	1,120	0
Some risk	1,555	1,119	436
High risk	1,000	500	500
Cancelled	0	0	
Total	6,994	6,058	936

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	BAU	Improved collection of financially assessed client income	John Crowther	High risk	1,000	1,000	0	Additional income target linked to EB report re 2:1 and MAC charges. Phase 1 letters sent out to Clients end of May 2022. Actions are to take place in the second half of the year which should generate income and bring BAP on line. £0.5m of the £1m expected in 22/23 with full amount in 23/24.

July (Month 4)



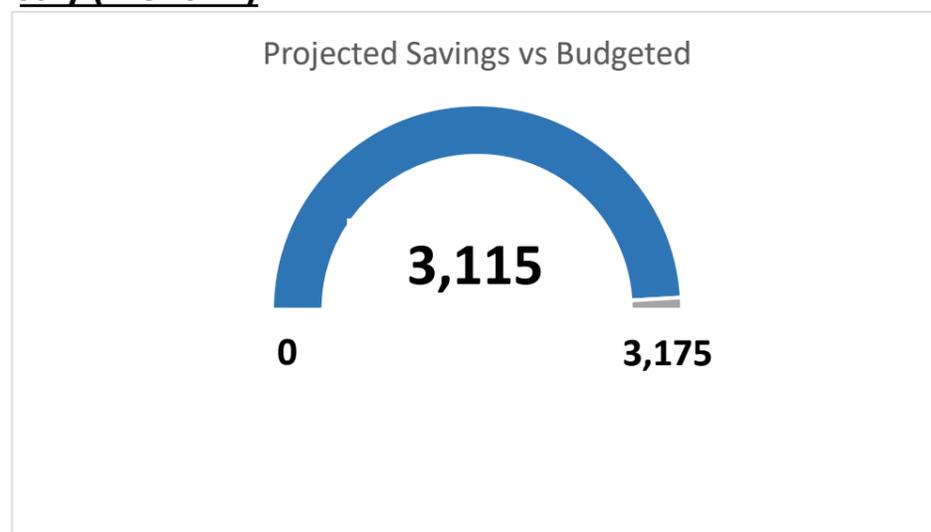
CHILDREN & FAMILIES - SUMMARY

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

Amber & Red Risk Areas

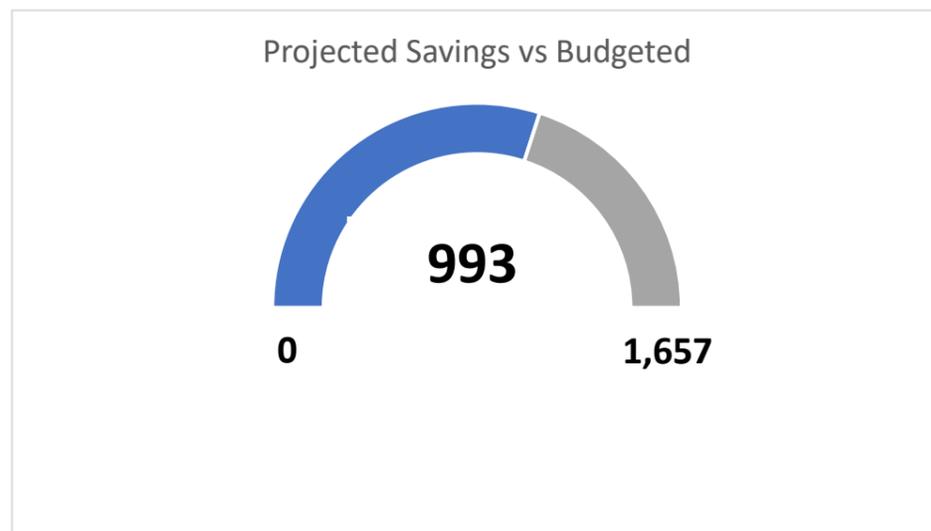
Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	CF SR 22-24	Diversifying children's residential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

July (Month 4)



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	180	60
Cancelled	0	0	0
Total	3,175	3,115	60



CITY DEVELOPMENT - Other Savings Measures

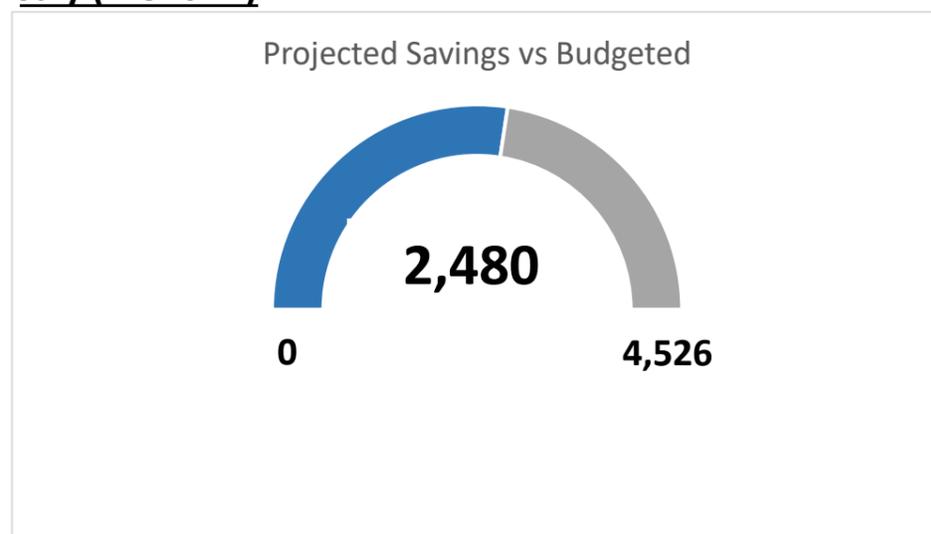
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	360	0
High risk	664	0	664
Cancelled	0	0	0
Total	1,657	993	664

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 Leeds - 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 Leeds - Procurement savings	Phil Evans	Some risk	125	125	0	Subject to Insurance savings being identified by Procurement
Budgeted savings	BAU	Arts, Events, Venues - ticketing solution	Eve Roodhouse	High risk	80	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	125	35	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

July (Month 4)



RESOURCES - SUMMARY

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

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'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	250	2046	Whilst there may be some mitigating areas of additional unbudgeted income from the Revolving Investment Fund and the Social Value Fund, and the PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate, the inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.
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