

Financial Health Monitoring 2022/23 – Month 5 (August)

Date: 19th October 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 5 (August) an overspend of £20.4m is projected for the Authority's General Fund services.
- Where Directorates are projecting an overspend, proposals to mitigate these pressures are included in this report to October's Executive Board at Appendix 4. If these savings action plans are achieved, the overspend would be reduced to £17.98m.
- 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 5 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.
- At Month 5 the Housing Revenue Account is forecasting an overspend of £0.2m. Options to balance the significant price pressures facing the service have been reviewed bringing the HRA back to an almost balanced position.

Recommendations

Executive Board are asked to:

- a) Note that at Month 5 (August) the Authority's General Fund services are forecasting an overspend of £20.4m and that the Housing Revenue Account is forecasting an overspend of £0.2m. The General Fund position reduces to £17.98m when account is taken of additional budget actions plans received to date.
- b) Note that where an overspend is projected Directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures, in line with the Revenue Principles agreed by Executive Board in 2019. Proposals received to date are included in this report at Appendix 4 and further action plans will be received at the November meeting of this Board.
- c) 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 5 (August) an overspend of £20.4m is projected for the Authority's General Fund and the Housing Revenue Account is forecasting an overspend of £0.2m.

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:

- d) **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.
- e) **Appendix 2** – Individual financial dashboards for directorates, DSG and the HRA.
- f) **Appendix 3** – Directorate Budget Action Plans.
- g) **Appendix 4** – Directorate Savings Action Plans.

Background papers

16 None

Financial Health Monitoring 2022/23 – Month 5 (August)

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 5 (August).
- 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 fifth 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 2023/24 – 2027/28, presented to the Executive Board in September 2022, assumed 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 5 (August) an overspend of £20.4m is projected across directorates. As discussed in this report, this position reflects: the impact of the national employers pay offer for 2022/23; increased energy costs and the impact of the Government's Energy Relief Bill; and, where known, other inflationary rises and the wider impact of rising cost of living pressures.
- 3.2 As requested at September's Executive Board, directorates have been required to identify action plans to both address the reported overspend and absorb the financial impact of the national employers pay offer for 2022/23. 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
- 3.3 Further savings action plans are included at Appendix 4 to this report.

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.

Table 1: Summary Position Financial Year 2022/23 Month5 (August)

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	2,193	12,231	(12,231)	0	0
Children and Families	Sal Tariq	296	9,387	2,468	11,855	6,575
City Development	Martin Farrington	182	432	(432)	0	882
Communities, Housing & Environment	James Rogers	2,816	(283)	146	(137)	0
Resources	Neil Evans	6,248	6,284	(1,792)	4,491	4,532
Strategic	Victoria Bradshaw	(76)	5,509	(1,353)	4,156	64
Total Current Month		11,657	33,560	(13,194)	20,365	12,053
Previous reported (under)/over spend		10,262	21,704	(9,653)	12,053	

3.5.1 **Managing the Overspend** – As noted in **Table 1**, at Month 5 the Council is projecting an overspend of £20.4m for the financial year 2022/23. Cross-directorate task and finish working groups are being set up to work with services projecting an overspend and support them to reduce cost pressures.

In order to monitor and identify progress on these working groups, savings action plans have been developed to record pressures and monitor improvement. For Directorates where an overspend is projected, Savings Action Plans are appended to this report (Appendix 4) where available.

The Savings Action Plans show a potential saving of £2.39m, which would result in a revised Month 5 (August) position of £17.98m. Proposals will continue to be developed to support Directorates to deliver a balanced position and further proposals will be incorporated into future Financial Health reports to be received at Executive Board. The incidence of additional savings proposals are as follows and as detailed in Appendix 4:

- Children and Families directorate present savings action plans of £0.8m identified to date;
- Resources directorate present savings action plans of £1.585m identified to date.

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

3.6.1 Adults & Health – 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 Original Budget assumed 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, £2m for uplifting the basic pay hourly rate for Homecare providers to £10.50 per hour, £2m Community Health and Wellbeing Project (new delivery model for Homecare provision), and £0.8m Leeds Older People's Forum (LOPF) community provision.

Budget Action Plans

At Month 5 there are concerns around the delivery of 3 Budget Action Plans (BAPs) with a forecasted impact of £0.936m. See the attached BAP report at Appendix 3:

- £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 3 LCC run residential homes
- £0.5m income shortfall against the £1m additional Client income BAP. This is additional to the 21-22 BAP for £1.24m also for additional Client income, primarily around 2:1 Homecare visits and removing the Maximum Assessed Charge (MAC) cap. This assumes client income collection increases significantly in the second half of the year from the phased roll out of implementing the above changes on a 25%, 50% and 75% phased basis (Exec Board report 15th December 2021 [Review of Non Residential ASC Charging Cover Report 061221.pdf \(leeds.gov.uk\)](#))

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

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 5 projection is on-target with the 2022/23 demand related budget but includes the following variances:

- 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, with the numbers plateauing in August and this forecast assumes a drop over the remainder of the financial year.

- Homecare and Community Support placements, £1.1m above budget. This projection is modelled on trend data from the last financial year. Current activity levels being paid via the Council's Client Information Service (CIS) are low, and it is still being determined whether this is accurate and timely: further work will be undertaken for P6 reporting.
- Separate paper highlighting impact of packages being paid above framework prices.
- Offset by savings on demand budgets in Supported Living £0.7m, Direct Payments £0.7m, £0.3m additional BCF Grant monies 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 (WY ICB), therefore the net impact for Leeds City Council is £0.223m. This is a joint funded partnership with the WY ICB with the operational timeline extended from 1st April 2022 to 30th September 2022. From 1st October 2022 a new joint funded operational delivery model will be introduced to establish sufficient reablement staffing resources to enable the discharge of people directly home, replacing the 15 beds at Elmet House.

£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 £11.855m. This represents an increase of £5,275k since the last reported position at Month 4. This increase is primarily due to additional costs of:

- External residential placements £1.309m
- Foster Carers Fee Uplift £2.055m
- Transport Costs £0.915m

Overall the main variations included within the Month 5 position are:

	£m
Semi-Independent Living	1.554
CLA: In House Carers	0.673
CLA: External Residential Placement	1.566
Independent Support Work	0.400
Little Owls Nurseries	1.494
Transport	2.576
IFA Placements	0.313
Secure Welfare Placements	0.301
Projected Net Staff costs	0.044
Foster Carer Fee Uplift	2.055
Reduction in Learning Income	0.303
Other Variances	0.576
Total	11.855

Savings action plans have been developed by Childrens and Families to address these pressures and are presented at Appendix 4 to this report.

Semi-Independent Living:

The budget for Semi-Independent Placements is £5.8m. Currently there are 266 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 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 has identified a number of mitigating action plans to reduce these pressures including:

- An initial review of the highest cost placements, which 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 5 projection.

- Identification of a process to facilitate a systematic review of the Semi-Independent provision to review packages offered, and the Service are in the process of increasing resources with the aim of implementing this system by the autumn.
- Continuing 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 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.

External Residential Placements:

The External Residential budgets for 2022/23 is £18.043m, supporting 74 External Residential placements. As of 28th August, there were 85 placements - assuming these placements stay in their current provision (same weekly £ rate) to year-end and those turning 18 in-year fall out, an overspend of £1.566m is forecasted. 5 placements have started since 1st August, these placements account for £1.2m of the projected overspend.

To mitigate this pressure a working group with representatives from across the services will be established to commence a review of the high cost placements.

Foster Carers Fee Uplift:

The Month 5 projections include the impact of the proposed uplift of the weekly fees and maintenance allowances paid to Leeds Foster Carers; if backdated to April 2022 this will equate to an additional £2.055m.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1,494k: a projected income pressure of £2,023k offset by projected staff savings of £529k. Whilst the Little Owls nurseries did experience some recovery in 2021/22, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties

To recognise increased costs, fees for Little Owls 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 included in Month 5 projections 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 £2.576m. This position includes additional charges of £412k from WYCA due to increased drivers

pay and fuel costs, with a further £2.115m pressure due to increased charges from Passenger Transport within CEL as a result of increased pupil numbers and increased costs.

CLA In House Carers:

Whilst the overall placement numbers for Fostering, Family Placement, 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 due to a change in the mix of skilled carers. There are more Level 4 carers than Level 3 and 2 than was expected, resulting in a pressure of £350k. For Kinship the current numbers are higher than what was budgeted for, resulting in a pressure of £258k

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.

Budget Action Plans

Of the £1.661m of budget action plans included within the base budget 2022/23 the Month 5 position assumes that £575k of the action plans will not be achieved as below:

- Diversifying Childrens Residential Provision £295k
- Passenger Transport £280k

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 5 projects an in year underspend of £1,822k and a surplus balance to carry forward into 2023/24 of £2,230k.

The underspend is largely as a result of unallocated supplementary funding and an underspend on services provided by Children & Families due to vacancies and delayed recruitment.

- 3.6.3 **City Development** – at Month 5, City Development is forecasting a balanced position overall. This represents a reduction of £0.9m from the position reported at Month 4, mainly because the additional inflationary pressure in respect of energy is now being shown centrally within the Strategic accounts. The reported position does still include the estimated impact of the local government pay offer which is estimated at £1.7m for pay (net of amounts that will be charged on to capital schemes and grants).

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 achieving a balanced budget by the year end.

- **Active Leeds** – based on income achieved during the first five 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 continue to be carefully monitored as the year progresses. In addition, further pressures resulting from the impact of the pay offer are forecast at £0.75m. These pressures are partially offset by anticipated staffing and running cost savings of £0.45m and assumptions around further plans to mitigate of £0.9m, which includes income growth, a proposed review of fees and charges and further staffing savings, leaving a forecast year end overspend of £0.2m.
- **Arts & Heritage** – although the service is projecting a balanced position, this assumes the development and implementation of plans to mitigate the impact of the pay offer (£0.4m).
- **Asset Management & Regeneration** – an overspend of £0.2m 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 other mitigating savings plans, including a review of commercial rental income and potential estate running cost savings.
- **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 £0.4m 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 an anticipated increase in the cost of fuel has resulted in forecast pressures of £0.35m 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 £0.25m have been identified within Resources & Strategy to partially offset the pressures identified in other service areas. In addition, to further help mitigate pressures across the directorate, it is proposed to utilise £1.5m of commuted sum balances received from developers to meet the future maintenance cost

of adopted Highways, leading to an overall underspend of £1.75m 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 Plans

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 Month 5, the Directorate is projecting a small underspend of £0.1m, this is after accounting for the impact of the pay award offer, £4.3m, and fuel related pressures of £1.1m.

- **Staffing (Directorate wide)**

Total pressures are £2.8m, reflecting the pay award impact partially offset by additional charges to capital and grants, where it is appropriate to do so, and vacant posts.

- **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 £3.9m 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 £1.9m 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)

There are a number of variations within the service. Delays to construction of

the new Parks attractions are expected to reduce net income by £0.2m and Bereavement Services income is projected to fall £0.2m below budget. Other variations, partly due to inflationary pressures are a net £0.1m.

- **Customer Access and Welfare** (£0.3m underspend excluding staffing)
£0.2m of income pressures are expected in Community Hubs with a further £0.1m in the Library and Information Service.

A £0.5m pressure on Housing Benefit Rent Allowances is anticipated where the Council cannot reclaim a 100% subsidy from the government. A project is ongoing to identify actions to reduce the instances of this going forward. However, £0.9m of additional funding for New Burdens Funding and other grant income is expected to cover staffing pressures within the services and £0.2m of net savings from reducing non-essential spend have been projected.

- **Other variations** – minor variations across the Directorate total less than £0.2m
- **Action plan** – Collectively these pressures amount to £0.3m and savings from reviewing non essential spend including the decision to cancel the 2022 bonfire programme, tighter vacancy control and a review of fees and charges are targeted to enable a balanced budget to be delivered.

3.6.5 Resources - Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £4.5m at this reporting period. This is an increase from the previous period of £0.14m. This increase is due to;

- Human Resources, improvement of £0.40m.
- Shared Services, improvement of £0.081m.
- Catering, expenditure projection increased by £0.118m.
- Finance, improvement of £0.080m.
- Procurement, income projection reduction £0.604m.
- Democratic Services, improvement of £0.058m.
- School Crossing Patrol, improvement of £0.033m.
- Facilities Management, improvement of £0.474m.

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

Procurement £1.9m

A target of £4m Procurement savings across the authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, £2.3m had yet to be identified. Additional unbudgeted income from the Revolving Investment Fund is expected to mitigate some of this pressure and has therefore been included in the projection. In addition, the Procurement service has been successful in identify further savings of £0.25m across two large contracts. 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.

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, as a result of this it is severely impacted by any operative vacancies.

Due to the current labour market and 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.

Sustainable Energy and Air Quality -£0.2m

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 £0.226m, offset by some income losses of £0.025m.

Shared Services £1.081m

Staffing overspends including Pay Award of £1.7m and Salary Sacrifice pressure of £0.289m are being offset by supplies and services savings of £0.386m, funded income posts of £0.550m.

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 £700k as a result of additional transformational work in IDS.

Facilities Management -£0.242m

£0.050m of savings relate to building running costs, and £0.3m procurement savings 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 £0.110m.

Catering £0.588m

Staffing overspends of £0.405m, inflation increases on food and other costs of £0.423m offset by additional income of £0.240m.

Strategy and Improvement £0.080m

Staffing overspends of £0.142m offset by savings of £0.060m.

Finance £0.251m

Staffing overspends of £0.771m offset by additional Court Fee income of £0.304m, release of reserve £0.1m and other savings of £0.116m.

Democratic Services £0.060m

Pay award pressure of £0.108m offset by savings of £0.048m.

Human Resources £0.269m

Staffing overspends of £1.063m offset by government income to pay for interns and Kickstart posts of £0.795m.

CEL excluding Catering and Passengers £0.221m

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 5, the Strategic & Central accounts projection is for an overspend of £4.2m. The main factor in this position is a forecast £4.3m pressure for the increase in energy costs across the Council since period 4. The debt budget is now forecast to be in balance, an improvement of £0.3m since Month 4, and there are minor underspends in the Miscellaneous and the Joint Committees budgets.

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. Further detail is provided at Appendix 3.

At Month 5 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or mitigating actions identified by each Directorate, the exceptions being:

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

3.8 Inflationary Pressures

- 3.8.1 At the end of August (Month 5) an overspend of £20.4m 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 a Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. On 22nd September the Real Living Wage was announced at £10.90 ph and this increased rate will be required to be incorporated into future Council's budgets. The national employers have now offered a pay increase of £1,925 to all employees and the additional cost associated with this pay offer was incorporated into the Council's reported financial position at Month 4 and remains at Month 5. 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 **Impact of Government announcements** – On 23rd September, the Chancellor of the Exchequer, Kwasi Kwarteng, delivered the Growth Plan 2022 to the House of Commons and reiterated recent steps taken by Government to tackle high energy bills. The government has committed to a new six month Energy Bill Relief Scheme for businesses and other non-domestic energy users, including charities and public

sector organisations, providing them with a discount on energy prices. As Leeds City Council has forward purchased over 80% of its energy for winter, the majority of its energy has been purchased at prices that are lower than the cap – although it should be noted that the prices secured are still significantly higher than we have ever paid before. However, the cap still provides the Council with protection against the extreme day ahead prices that we have seen for the balance of our energy and if these were to continue, the cap could save the council up to £2 million. This position will continue to be monitored and updates reported to Executive Board.

- 3.8.4 **Energy** – The 2022/23 budget allows for a 5% increase in energy costs for gas and electricity. In addition, the Council has set aside £3.94m of energy contingency funding. The Council's Energy Unit have updated cost projections for 2022/23 and the reported position at Month 5 (August) assumes projected General Fund expenditure on energy of £22.60m against a budget of £14.36m. Applying the energy contingency funding of £3.94m reduces the projected General Fund overspend to £4.30m, which is currently reflected in the Strategic Directorate reported position. The reported position takes account of the Government's energy cap announcement. Actions being taken to review energy usage across the Authority's estate are anticipated to reduce this projected overspend.
- 3.8.5 **Fuel** – The average UK pump prices for diesel and unleaded petrol have seen increases 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.
- 3.8.6 **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.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of August 2022 was 43.83%. For comparison, in August 2021 the in-year collection rate was 44.94%. In July 2019, a 'normal' year, the in-year collection rate was 45.60%. With the collection rate continuing to slow in this challenging economic environment it has been decided that, to be prudent, the collection rate target in the fullness of time should be reduced from 99% to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m.

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 £0.3m. 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, and income to the Collection Fund is additionally increased by repayment of the declared deficit from 2021/22 as noted above, the increased cost of the provisions required to account for the reduced collection rate has reduced this surplus by £2.3m including the Police and Fire Authority's share. The closing deficit will therefore be £8.4m. Included in the projected deficit is the final instalment of the declared unfunded deficit from 2020/21 which, including the Police and Fire Authorities' shares, will be £5.3m. This therefore means that an additional deficit of £3.1m will have to be funded by the Council, the Police and the Fire Authority in 2023/24, Leeds share of which will be £2.6m.

The collection rate for Council Tax remains an area of concern as Council Taxpayers continue to struggle with the cost of living crisis and collection will require close monitoring over the coming months.

4.2 Business Rates

The Business Rates collection rate at August 2022 is 44.06% which is a 4.82% increase on 2021/22 and 3.65% 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 97.7%, collecting £296.5m 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 £926.6m as at 31st August 2022, an increase of £2.8m. 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 three repayments of £12.2m will be paid in 2022/23 and is fixed and included in the £28.2m declared deficit.

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

In 2022/23, a deficit of £4.4m 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 this funding will be held in reserve to part meet the cost of the impact of the overall deficit to the 2023/24 General Fund.

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 £4.4m in-year deficit from 2022/23, the declared deficit for 2022/23 is projected to be £8.6m, which will impact the 2023/24 General Fund. Of this projected deficit, £5.4m 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 31st August 2022, there were 91 appeals outstanding against the 2010 ratings list. This financial year until 31st August 2022, 31 appeals have been settled, 10 of which have resulted in changes to rateable values. No new appeals have been received in 2022/23. Currently, 1.96% 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 August 2022, the Council is providing for a net of 362 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 5, the HRA is projecting a pressure of £0.2m. Options to balance the significant price pressures facing the service have been reviewed bringing the HRA back to an almost balanced position.
- 5.2 **Dwellings Rent and service charges £2m** – 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)** – there is a forecast underspend against the employee budget of £0.2m 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 **Premises £1.4m** – comprised of: £0.8m pressure on the energy budget due to the rising cost of gas and electricity, these costs are not passed on to tenants in year; £0.2m dilapidations costs at Navigation House; and £0.4m pressure on the cleaning agency recharge.
- 5.7 **Provision for doubtful debt £0.5m** – it is estimated that an additional amount will be added to the provision to cover potential increases in bad debt due to the cost of living crisis.
- 5.8 **Contribution to the Capital Programme £2.4m** – a reduction in the revenue contribution to the capital programme offset by utilising RtB balances to fund the investment programme.
- 5.9 **Supplies and services and Internal services £1.8m** – projected to underspend after a line by line review of the budgets.

Overall Summary Sheet

Month 5 (August 2022)

Financial Dashboard 2022/23 Financial Year

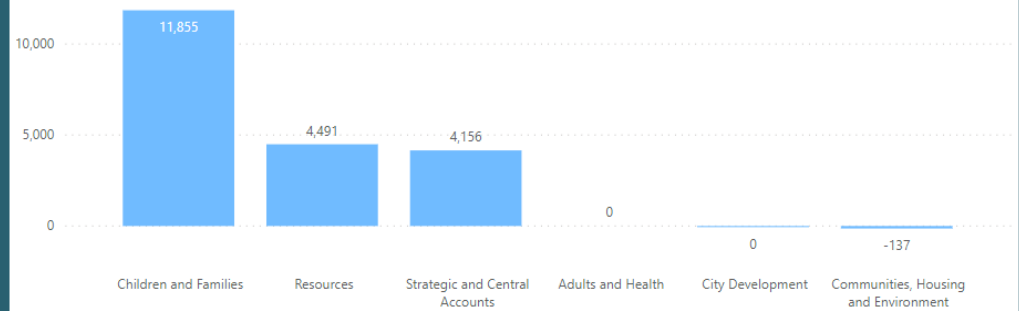


Budget Variation £000s

20,365

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	495,782	507,439	11,657
Premises	55,219	59,460	4,241
Supplies and Services	229,193	216,506	-12,687
Transport	47,994	49,839	1,845
Internal Charges	76,487	79,275	2,788
Third Party Payments	469,578	485,520	15,941
Transfer Payments	185,499	196,017	10,518
Capital	79,820	79,519	-301
Transfer to/from Reserves	-48,340	-48,783	-443
Internal Income	-312,878	-315,309	-2,431
External Income	-756,411	-767,175	-10,765
Total	521,943	542,308	20,365

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	5,280
City Development	-882
Communities, Housing and Environment	-137
Resources	-41
Strategic and Central Accounts	4,092
Total	8,313

Financial Dashboard 2022/23 Financial Year

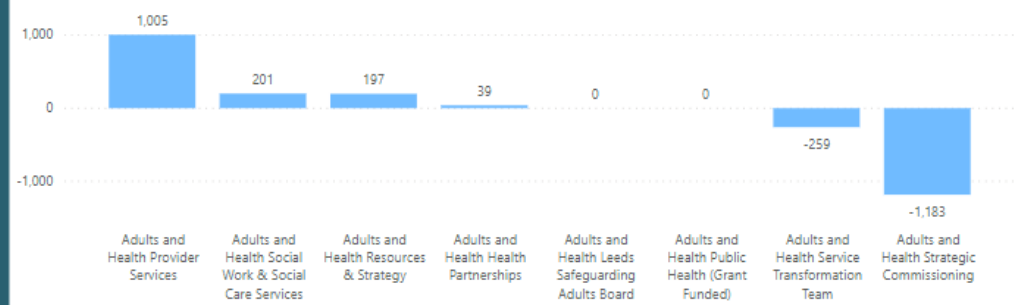


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	62,179	64,372	2,193
Premises	1,029	1,164	135
Supplies and Services	5,762	6,887	1,124
Transport	906	964	57
Internal Charges	12,423	12,867	444
Third Party Payments	299,511	307,905	8,394
Transfer Payments	11,395	10,697	-697
Capital		0	0
Transfer to/from Reserves	-8,764	-8,183	581
Internal Income	-5,245	-5,439	-193
External Income	-181,553	-193,591	-12,038
Total	197,643	197,643	0

Directorate	Change in Variance £000s
Adults and Health	
Health Partnerships	-15
Leeds Safeguarding Adults Board	0
Provider Services	313
Public Health (Grant Funded)	0
Resources & Strategy	57
Service Transformation Team	2
Social Work & Social Care Services	-129
Strategic Commissioning	-227
Total	0

Financial Dashboard 2022/23 Financial Year

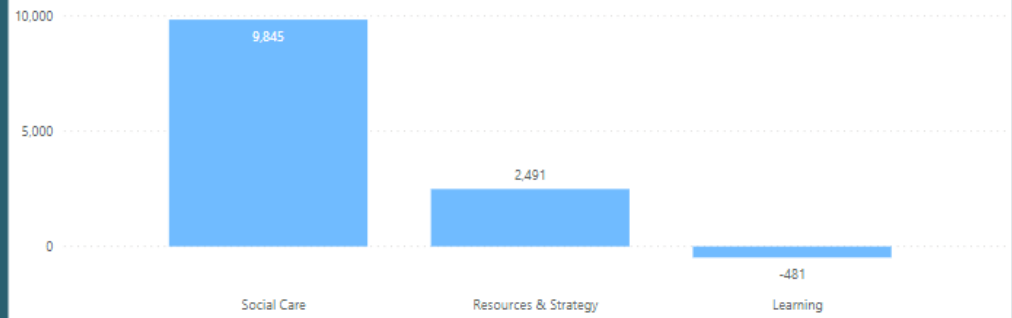


Budget Variation £000s

11,855

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,584	104,880	296
Premises	3,337	3,329	-9
Supplies and Services	64,656	64,668	12
Transport	10,766	11,268	502
Internal Charges	29,076	31,681	2,606
Third Party Payments	111,302	117,209	5,907
Transfer Payments	2,040	2,150	110
Transfer to/from Reserves	-211	-248	-37
Internal Income	-32,261	-32,114	147
External Income	-160,258	-157,937	2,321
Total	133,030	144,885	11,855

Directorate	Change in Variance £000s
Children and Families	5,280
Total	5,280

Financial Dashboard 2022/23 Financial Year

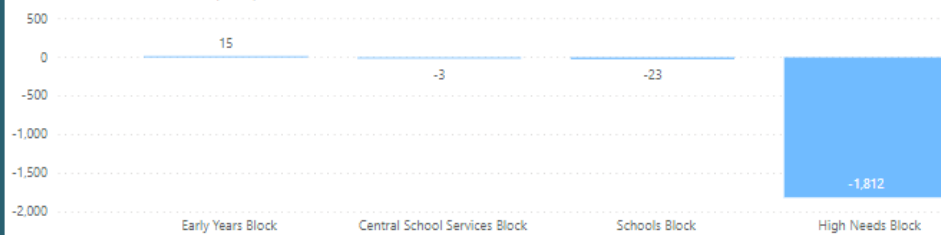


DSG Variation £000s

-1,822

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	-325,189	-323,103	2,086	322,844	320,734	-2,109	-1,910	-1,933	-23
High Needs Block	-103,981	-103,957	24	102,359	101,971	-388	0	-1,812	-1,812
Early Years Block	-58,187	-58,247	-59	58,187	58,262	74	0	15	15
Central School Services Block	-5,138	-5,138	0	5,138	5,135	-3	0	-3	-3
Total	-492,496	-490,445	2,051	488,528	486,102	-2,426	-1,910	-3,733	-1,822

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	-2,097	0	-1,118
De-delegated	-1,098	0	-1,098	-14	0	-1,112
Total	-119	229	110	-2,111	0	-2,230

Financial Dashboard 2022/23 Financial Year

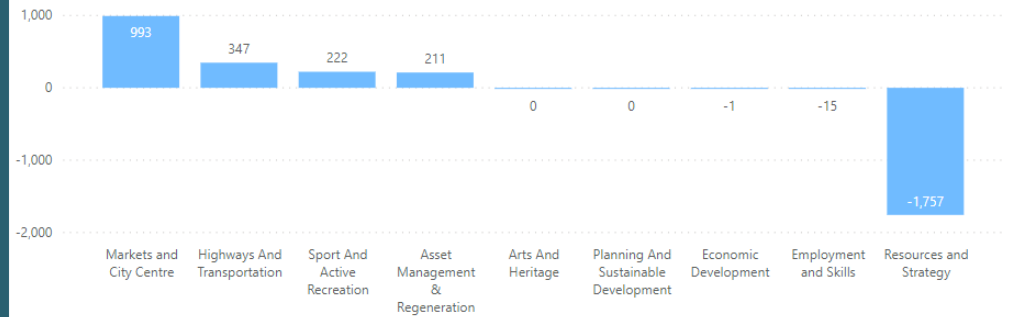


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	68,169	68,351	182
Premises	25,661	25,667	7
Supplies and Services	44,462	44,375	-87
Transport	5,887	6,050	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	-2,939	-2,886	53
Internal Income	-42,480	-42,652	-172
External Income	-75,621	-75,881	-260
Total	33,367	33,366	0

Directorate	Change in Variance £000s
City Development	-882
Total	-882

Financial Dashboard 2022/23 Financial Year

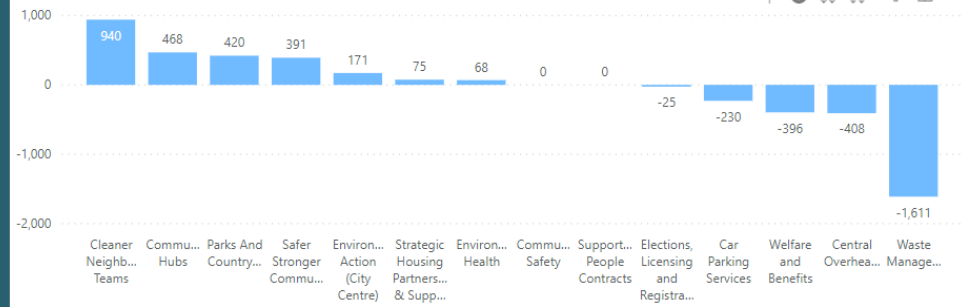


Budget Variation £000s

-137

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	96,578	99,394	2,816
Premises	9,720	9,757	37
Supplies and Services	56,995	41,221	-15,775
Transport	10,141	11,289	1,148
Internal Charges	16,312	16,063	-249
Third Party Payments	21,455	23,148	1,693
Transfer Payments	171,096	182,201	11,105
Capital		0	0
Transfer to/from Reserves	-1,536	-2,594	-1,058
Internal Income	-37,606	-39,885	-2,279
External Income	-258,104	-255,679	2,425
Total	85,050	84,914	-137

Directorate	Change in Variance £000s
Communities, Housing and Environment	-137
Total	-137

Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

242

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲ Dwelling Rents	-216,541	-214,733	1,808	88
Non Dwelling Rents	-3,306	-3,234	72	32
Service Charges	-9,335	-9,171	164	-1
Internal Income	-10,359	-9,900	459	-45
Grants	-21,644	-21,598	46	-3
External Income	-1,598	-1,598	0	0
Total	-262,784	-260,235	2,549	71
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	31,403	-169	116
Premises	9,729	11,123	1,394	559
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	43,459	-1,646	-1,500
BITMO Management Fee	3,235	3,235	0	0
Provision for Doubtful Debts	1,136	1,593	457	457
Capital Charges	45,942	45,942	0	0
Contribution to Capital Programme	62,543	60,143	-2,400	-2,400
Total	263,453	262,797	-656	-2,768
Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼ Net Position	669	2,562	1,893	-2,698
Appropriation: Sinking Funds	-412	-412	0	0
Appropriation: Reserves	-257	-1,908	-1,651	-151
Total	0	242	242	-2,849

Financial Dashboard 2022/23 Financial Year

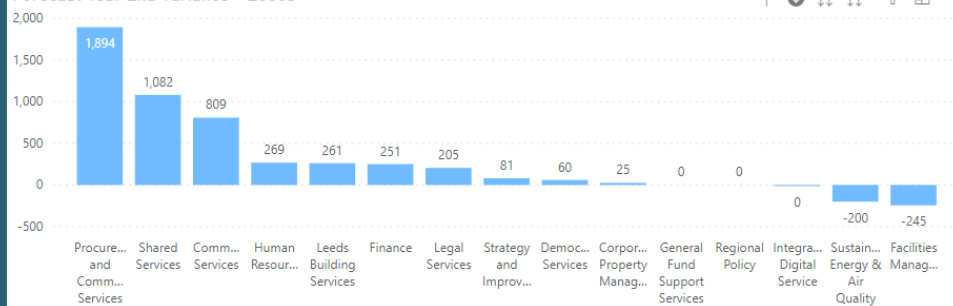


Budget Variation £000s

4,491

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,536	165,783	6,248
Premises	15,473	15,271	-202
Supplies and Services	48,921	49,362	441
Transport	20,293	20,268	-24
Internal Charges	4,355	4,276	-79
Third Party Payments	28	28	0
Transfer Payments	40	40	0
Capital		0	0
Transfer to/from Reserves	-90	-190	-100
Internal Income	-153,111	-151,866	1,245
External Income	-17,095	-20,132	-3,037
Total	78,350	82,841	4,491

Directorate	Change in Variance £000s
Resources	-41
Total	-41

Financial Dashboard 2022/23 Financial Year

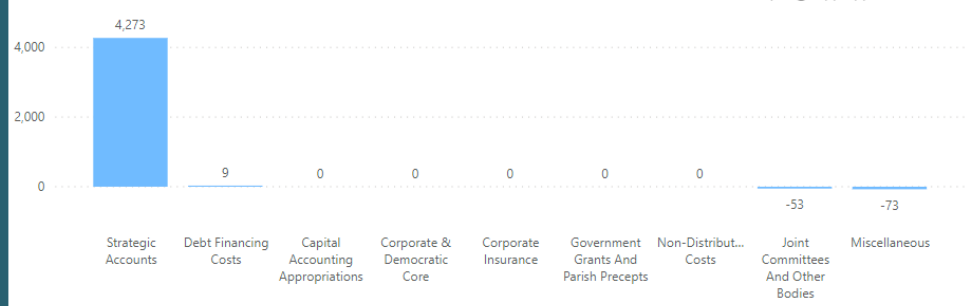


Budget Variation £000s

4,156

Overspend (+) / Underspend (-)

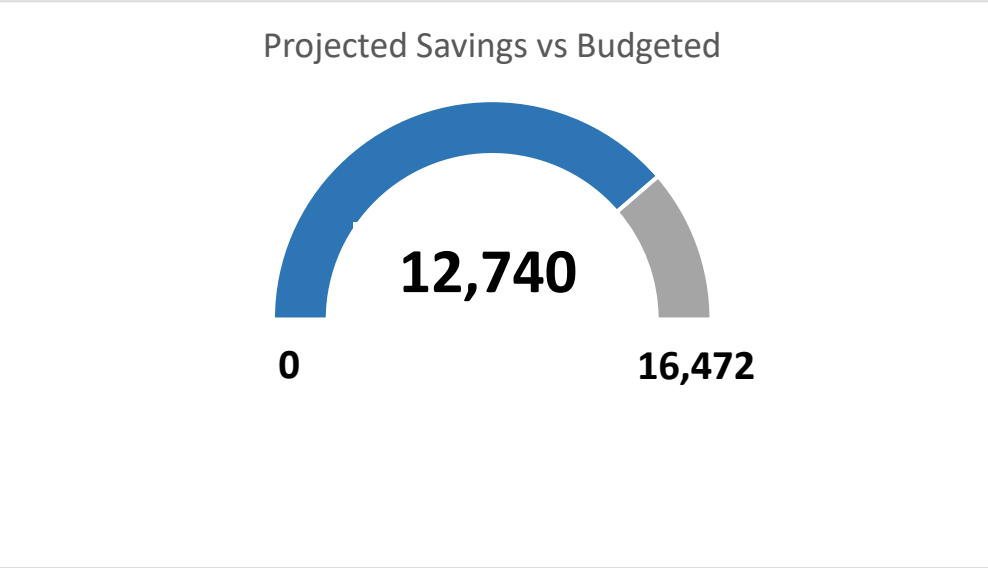
Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,736	4,660	-76
Premises		4,273	4,273
Supplies and Services	8,397	9,994	1,597
Internal Charges	4,285	4,236	-49
Third Party Payments	37,091	37,039	-53
Transfer Payments	928	928	0
Capital	79,820	79,519	-301
Transfer to/from Reserves	-34,800	-34,682	118
Internal Income	-42,174	-43,352	-1,178
External Income	-63,780	-63,955	-175
Total	-5,497	-1,341	4,156

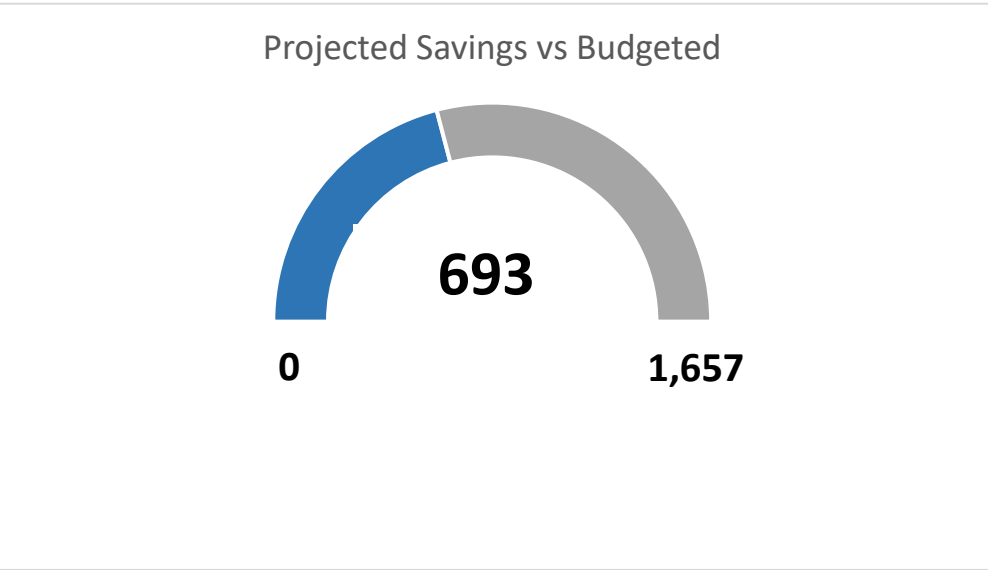
Directorate	Change in Variance £000s
Strategic and Central Accounts	4,092
Total	4,092

August (Month 5)



LEEDS CITY COUNCIL - SUMMARY

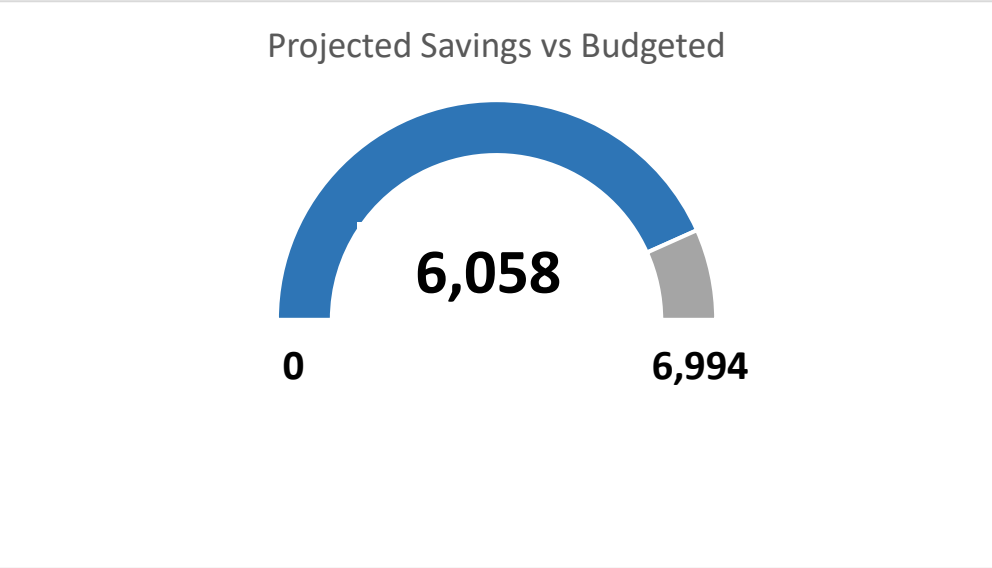
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	6,649	6,649	0
Some risk	2,393	1,842	551
High risk	4,111	930	3,181
Cancelled	0	0	0
Total	16,472	12,740	3,732



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	60	300
High risk	664	0	664
Cancelled	0	0	0
Total	1,657	693	964

August (Month 5)



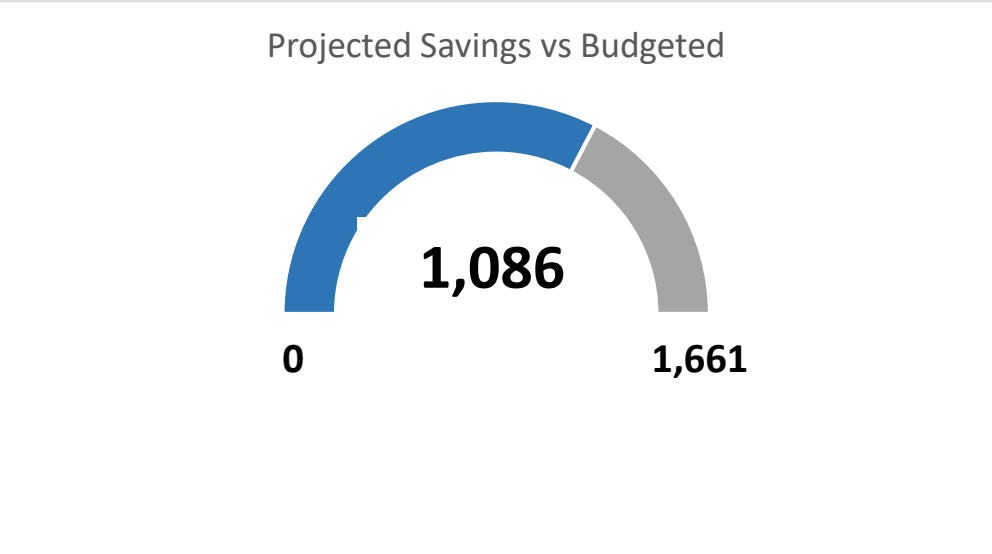
ADULTS & HEALTH - SUMMARY

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	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	500	500	Additional income target linked to EB report re 2:1 and MAC charges. Phase 1 letters sent out to Clients end of May 2022. Actions are to take place in the second half of the year which should generate income and bring BAP on line. £0.5m of the £1m expected in 22/23 with full amount in 23/24.
Budgeted savings	SR	Strategic Review of Adult Social Work:	Shona McFarlane	Some risk	1365	1024	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 recruitment is ongoing which is affecting assessments. Depending upon recruitment times, savings may therefore decrease, beyond the shortfall already reported.

August (Month 5)



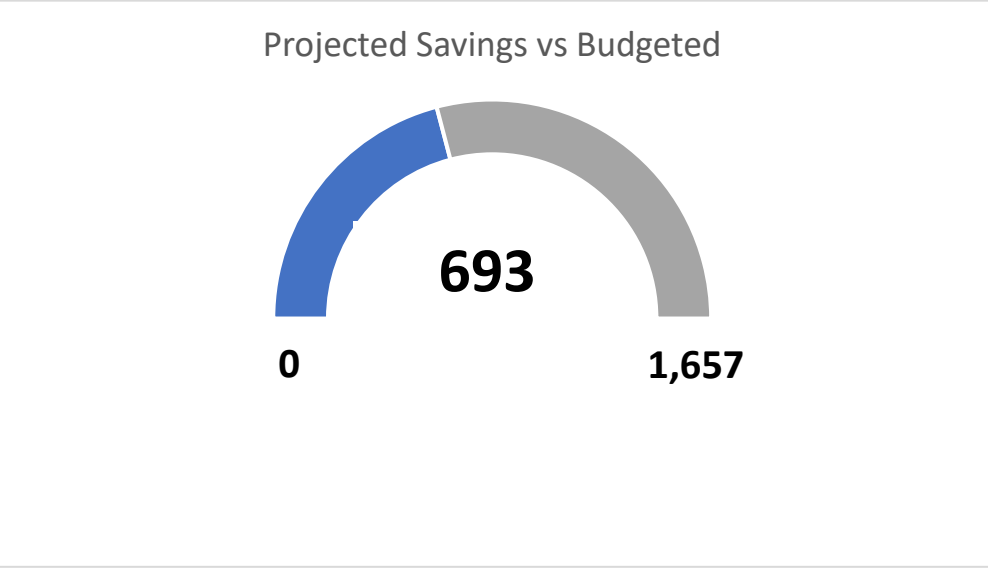
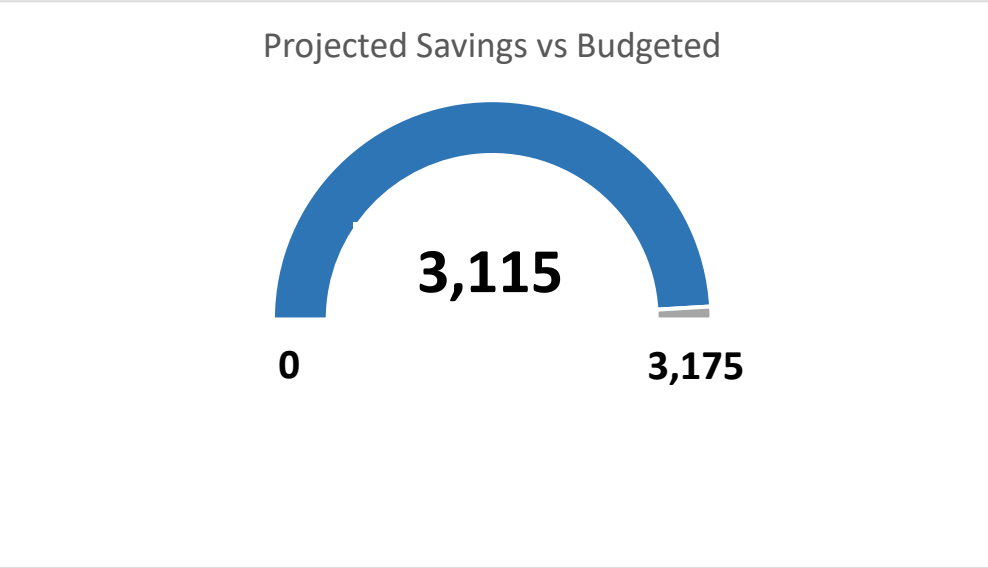
CHILDREN & FAMILIES - SUMMARY

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

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	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 overspend are detailed in the report.

August (Month 5)



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

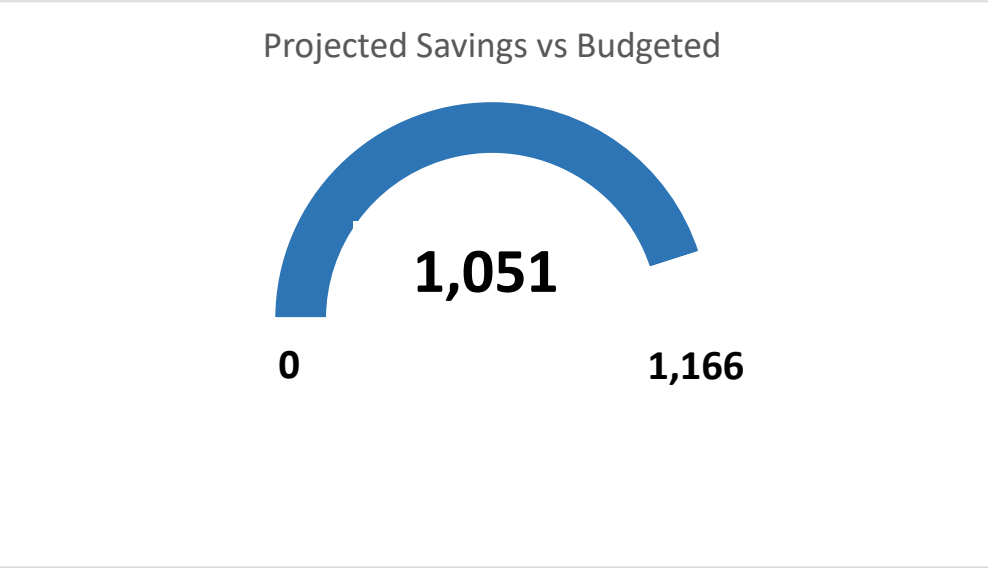
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	60	300
High risk	664	0	664
Cancelled	0	0	0
Total	1,657	693	964

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	Risks regarding achievement of required turnover but alternative savings identified to offset

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	60	300	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

August (Month 5)



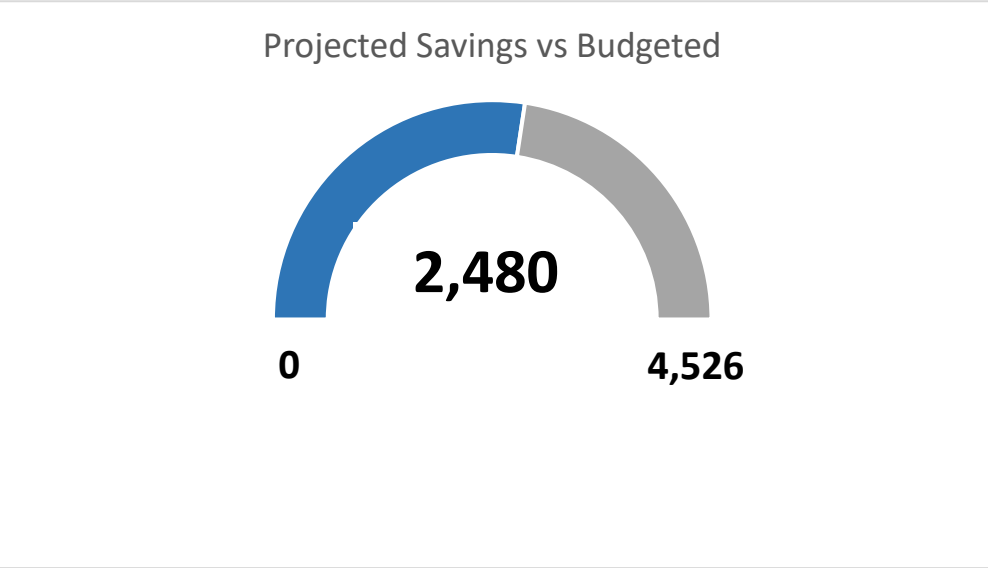
COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	988	988	0
Some risk	178	63	115
High risk	0	0	0
Cancelled	0	0	0
Total	1,166	1,051	115

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	Support for In Bloom	Sean Flesher	Some risk	31	10	21	Delayed implementation. TBC with BH
Budgeted savings	BAU	Parks attractions income	Sean Flesher	Some risk	78	18	60	£12k Arium on track for floor expansion. Delay in Playbarn opening.
Budgeted savings	BAU	Income - traded services & partner income-continuation	Sean Flesher	Some risk	41	30	11	Planning permission delayed.
Budgeted savings	SR	Efficiencies-continuation from 21/22	Sean Flesher	Some risk	28	5	23	Delays in camera infrastructure meaning 2 staff remaining in post. Saving anticipated in 23/24.

August (Month 5)



RESOURCES - SUMMARY

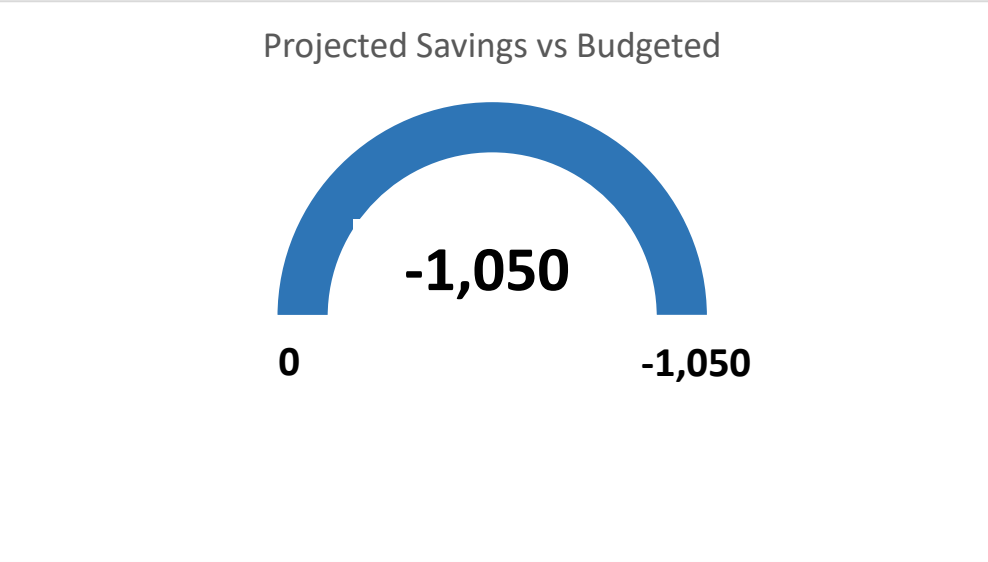
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,845	1,845	0
Some risk	385	385	0
High risk	2,296	250	2,046
Cancelled	0	0	0
Total	4,526	2,480	2,046

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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August (Month 5)



STRATEGIC - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	-1,050	-1,050	0
Some risk	0	0	0
High risk	0	0	0
Cancelled	0	0	0
Total	-1,050	-1,050	0

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

CHILDREN & FAMILIES SUMMARY

			2022/23 Savings / Income			
Savings title	Planned action / Description	Budget Pressure P5 £000s	Savings Target	Projected £'000s	Projected Shortfall / (Surplus) against savings target £'000s	RAG Rating
Semi Independent Living	<p>Ensure all young people are placed in provision that meets their needs. Identify 40 young people in Our Way Leeds (OWL) provision who are ready to move in to their own housing and take steps to move them on.</p> <p>Identify young people who can move on to OWLs provision and take appropriate steps to move them on.</p> <p>Identify young people with high-cost packages and review those packages with a view to reducing costs where appropriate.</p> <p>Work with the Housing Growth and Choice Board to support the development of alternative provision for our 16 plus young people ready for semi-independent and full independent living and away from costly unnecessary supported accommodation.</p> <p>New framework tender for providers not part of OWL.</p> <p>Consider joint funding opportunities from external partners.</p> <p>Consider an integrated commissioning approach with Adults and Health.</p> <p>Increase capacity in Children's Commissioning to undertake market management and market development activity.</p>	1,554	-500			
CLA In House Carers	<p>Create a level 5 foster carer. Recruit 30 at this level over a three year period. Recruit 15 in the next 18 months.</p> <p>Develop a placement stability service to avoid and prevent placement breakdown.</p> <p>Support moves to Special Guardianship for long term carers.</p> <p>Increase numbers of internal foster carers.</p>	673	TBC			
CLA External Residential Placements	<p>Regular review and scrutiny of high-cost packages.</p> <p>Consider resuming the joint council and health panel and use as a vehicle for scrutinising packages as well as the placement cost.</p> <p>Reunification - consider review of MST/FIT model.</p> <p>Joint work with Adults and Adults commissioning.</p> <p>Increase our internal estate by 8 new smaller homes.</p> <p>Develop an emergency support and accommodation provision for young people with the most complex needs who we are unable to place externally.</p>	1,566	-300			

Independent Fostering Agency (IFA) Placements	Increase numbers of inhouse foster carers by 200 over the next three years. We have proposed an increase in maintenance, fee and extended policy payments which will further enhance our ability to recruit carers as maximise placements in house.	313	TBC			
Foster Carer Fee Uplift	Whilst we can't mitigate the cost increases, delivering these will mean that we are better able to maximise children in our care which will impact on the external costs associated with IFA. We have had an indication from our fostering community that many would considered third children but for the difference in payment levels which we have recommended for increase.	2,414	TBC			
Little Owls Nurseries	Identifying opportunities for a consolidation of sites in close proximity to each other and reviewing provision in areas of least need and where there have been long term challenges with financial sustainability.	1,494	TBC			
Transport	Review how mainstream school bus costs and income from swimming transport are shared between the council and WYCA. Independent Travel Training - train more young people in receipt of transport assistance to use public transport. Also aim to generate more income from other LAs through 'train the trainer' courses. Consult with parents whose children are in receipt of transport assistance to understand if they would prefer a Personal Transport Allowance. Investigate IT options to improve on the current reporting and scheduling system.	2,576	TBC			
Children's and Families Remaining Overspend at P5		1,265				
		11,855	-800	0	0	
Savings still to find			11,055			

RESOURCES SUMMARY

				2022/23 Savings / Income			
Savings title	Planned action / Description	Accountable Chief Officer	Budget Pressure P5 £000s	Savings Target	Projected £'000s	Projected Shortfall / (Surplus) against savings target £'000s	RAG Rating
Revolving Investment Fund	Additional income	Victoria Bradshaw		-345	-345	0	
Contract Management	Waste management	Victoria Bradshaw		-40	-40	0	
National Insurance	1.25% saving	Various		-1,200	-1,200	0	
Energy Strategy	Review of energy use, closures of facilities and alternative income. To be noted, this will link with current energy pressures.	Polly Cook		TBC			
Review of vacancies	Enhanced recruitment control	Various		TBC			
Resources Overspend at P5			4,673				
			4,673	-1,585	-1,585	0	
Savings still to find				3,088			