

Financial Reporting 2023/24 Month 9 (December)

Date: 7th February 2024

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

1. The purpose of this report is to update the Executive Board of the financial position at the end of the first nine months of this financial year. The report comments on performance against the 2023/24 Budget which targets resources in support of the council's strategic priorities as set out in the Best City Ambition, whilst also supporting our ongoing journey to strengthen the authority's financial resilience and sustainability. The report provides updates on the use of other funding resources; Flexible Capital Receipts, Invest to Save and Covid Backlog funds. It also updates the Board on the latest position on the Housing Revenue Account (HRA) and the Council Tax and Business Rates Collection Fund. For full details, please refer to **Appendices A1-A3**.
Financial Health Monitoring 2023/24 – Month 9 (December)
2. As at the end of December 2023, we are forecasting a General Fund overspend of £39.0m or 6.8% of the 2023/24 approved net revenue budget, an adverse movement from the £35.3m overspend reported to this Board in December. Where known, pressures have been incorporated into the reported financial position, including those due to increased inflation and the resulting cost of living crisis, demand and demography in social care, and the employer's final pay award for 2023/24.
3. The budget for 2023/24 requires delivery of £58.6m of savings and as at December it is anticipated that most of these budgeted savings will be delivered or mitigating actions found. However, a £12.7m shortfall has been identified, primarily due to the delayed delivery of savings within Children's social care. This shortfall is included within the £39.0m overspend being reported today, with further details provided in the appended directorate positions.
4. The overspend needs to be understood within the wider national context: local government finances are in a critical state and there is growing concern as an increasing number of councils are reporting overspends in the current financial year and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability. The increasing cost of social care, particularly within Children's Services where the increasing numbers of external placements and significantly higher costs of those placements, combined with the impact of pay and price pressures which are in excess of the level of government resources provided, has not yet been recognised. As a result, a number of local authorities issuing or raising the possibility of issuing Section 114 notices, effectively giving notice that a council cannot balance its budget. This current and future financial climate for local government represents a significant risk to Leeds City Council's priorities and ambitions.
5. Within Leeds, work continues to review the highest cost / spend areas (notably Children Looked After, Transport and Leeds Building Services) and all services are continuing to explore opportunities to secure in-year savings (such as holding vacancies where this will not have a detrimental effect on critical services and on staff wellbeing) and maximising income. Asset reviews are underway to ensure the council has the right numbers and mix of assets.

6. The freeze on recruitment, agency and overtime spend introduced in 2022/23 within a framework of agreed exceptions remains in place, as does the freeze on non-essential spend, with further controls brought in to strengthen oversight and monitoring. Using our Team Leeds approach, working across the council and with partners, we will continue to take all action necessary to meet our legal requirement to deliver a balanced budget.
7. Any adverse variation to a balanced budget position at the year-end will require further savings to be identified for 2024/25. As such this report sets out that the WYCA refund agreed in October 2023 and the year-end underspend on energy will be applied to any overspend remaining at year end, with any additional funding required to be provided from the Merrion Reserve.
8. Any Collection Fund income shortfall arising this year will impact on next year's revenue budget.
9. With regard to the council's Housing Revenue Account (HRA), an overspend of £1.4m (0.5% of the approved gross HRA expenditure budget) is forecast. If this position does not improve by the end of the year, then the budget will be balanced by use of the reserves.
10. The budget assumes planned use of capital receipts, Invest to Save and Innovation funding and Covid backlog funds to support transformation and the delivery of savings and to support services with the ongoing impact of COVID-19. Appendix A updates the Board on planned spend in 2023/24.

Recommendations

Executive Board is asked to:

- a) Note that at Month 9 (December) the authority's General Fund revenue budget is forecasting an overspend of £39.0m for 2023/24 (6.8% of the approved net revenue budget) within a challenging national context, and that a range of actions are being undertaken to address this position.
- b) Note that at Month 9 (December) the authority's Housing Revenue Account is forecasting an overspend of £1.4m for 2023/24 (0.5% of the approved gross budget).
- c) Note that known inflationary increases, including demand and demographic pressures in Social Care, known impacts of the rising cost of living, including the NJC pay settlement of £1,925 and the JNC pay settlement of 3.5%, have been incorporated into this reported financial position. These pressures will continue to be reviewed during the year and reported to future Executive Board meetings as more information becomes available. Proposals would need to be identified to absorb any additional pressures.
- d) Note that where an overspend is projected, directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures and those of the council's wider financial challenge where possible, in line with the Revenue Principles agreed by Executive Board in February 2023 through the annual Revenue Budget report (details at Appendix 11 of the linked document).
- e) Note the Month 9 positions with regard to the use of Invest to Save, Covid Backlog and Flexible Capital Receipt resources and also note the additional planned use of £0.3m of capital receipts in 2023/24 to support transformation projects and deliver savings in addition to the budgeted use approved by the Board to date.

What is this report about?

- 1 This report updates the Board on financial performance against the council's 2023/24 General Fund revenue and Housing Revenue Account budgets for the first 9 months of the financial year. 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 as at the end of Month 9 (December) 2023.
- 2 Executive Board will recall that the net revenue budget for 2023/24 was set at £573.4m. The Medium-Term Financial Strategy (refreshed for the period 2024/25 to 2028/29 and considered at September's Executive Board meeting) assumes a balanced budget position for 2023/24 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves.
- 3 Following the closure of the 2022/23 accounts, the Council's general fund reserve stood at £33.2m. The 2023/24 budget assumes a £3m contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 4 At December directorates are reporting an overspend of £39.0m (6.8% of the approved 2023/24 net budget), an adverse movement against the Month 7 position (£35.3m, 6.2% of the net budget) and the HRA is forecasting an overspend of £1.4m. As noted in the summary at the start of this report, this reflects a national picture whereby local government finances are in a critical state.
- 5 Directorate positions are summarised in Table 1:

Table 1: Summary position Month 9 (December), financial year 2023/24

| Directorate | Director | (Under) / Over spend for the current period | | | | Previous Reported Position |
|------------------------------------|-------------------|---|-------------------|-----------------|--------------------------|----------------------------|
| | | Staffing | Total Expenditure | Income | Total (under) /overspend | |
| | | £000 | £000 | £000 | £000 | £000 |
| Adults & Health | Caroline Baria | (435) | 17,507 | (17,507) | 0 | 0 |
| Children and Families | Julie Longworth | 2,620 | 43,258 | (3,768) | 39,490 | 32,696 |
| City Development | Martin Farrington | (683) | 550 | (1,529) | (979) | (643) |
| Communities, Housing & Environment | James Rogers | 1,222 | 17,438 | (12,545) | 4,894 | 4,547 |
| Strategy & Resources | Mariana Pexton | 5,773 | (1,964) | 5,990 | 4,026 | 4,126 |
| Strategic | Victoria Bradshaw | (63) | (9,799) | 1,368 | (8,432) | (5,402) |
| Total Current Month | | 8,435 | 66,990 | (27,989) | 38,999 | 35,324 |

| | | | | |
|---|--------------|---------------|---------------|---------------|
| Previous reported (under)/over spend | 8,835 | 63,180 | 27,855 | 35,324 |
|---|--------------|---------------|---------------|---------------|

- 6 This position reflects the 2023/24 pay increase and the demand and demographic pressures being experienced in social care. It also reflects the latest projections with regard to known inflationary pressures in respect of the costs of electricity, gas, fuel and the impact of the cost-of-living pressures on our residents and businesses which has significantly affected the cost of goods and services the council procures, demand for support and welfare services the council provides, and the activity levels that support a wide range of income streams. These will continue to be monitored throughout the year, as will any further increases in interest rates and their impact on the council's financial position.
- 7 Four key messages have been reiterated to staff in 2023/24 to remind everyone of the part we all have to play in supporting the financial position:
 1. **Stay within budget** – reduce discretionary spend and minimise recruitment, including agency and overtime.
 2. **Absorb in-year pressures** – directorates required to absorb all in-year pressures.

3. **Highlight issues early** – use the budget monitoring process to raise issues with Financial Management as soon as possible.
 4. **Robust monitoring is essential** – includes detailed discussion at relevant monitoring meetings.
- 8 In addition, given the significant forecast revenue overspend position reported here, the council's Corporate Leadership Team (comprising the Chief Executive and five directors) agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and further strengthen the controls through a post-by-post review to identify which posts meet agreed exceptions and can be excluded from the freeze. Unless an identified vacancy is for an excluded post, services are required to identify how they will cover the costs of the post.
- 9 It has also been agreed to continue the non-essential spend freeze introduced in 2022/23. Following Executive Board's approval in September through the previous Financial Health report, relevant non-essential spend budgets totalling £1.85m have been moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. The directorate positions reported reflect the impact of this review and at Month 9, a £0.3m projected underspend is being reported in those services where budgets have been reduced.
- 10 Cross-directorate work continues to support and challenge the highest cost/spend areas, such as Children Looked After, Transport and LBS and all services are continuing to explore opportunities to maximise income. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFs funding gap could be brought forward to generate savings during 2023/24. Updates on further in-year savings to contribute towards reducing the current projected overspend will continue to be incorporated into Financial Health reports. These will include income generation, additional non-essential spend savings and savings resulting from reviews of key areas of expenditure which will both reduce activity levels and rationalise service provision.
- 11 Controls on spending has been further strengthened by the implementation of a range of measures that include the following:
- No travel is being undertaken unless it is required for the essential delivery of a service; all meetings, where possible, should be conducted remotely / in the employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.
 - With a number of exceptions e.g., social work roles, a complete recruitment freeze is now in place.
 - Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
 - All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.
- 12 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are deemed to be at risk, for example the implementation of budget action plans and those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management-based support and reporting around the achievement of key budget actions plans. It is due to the robustness of this monitoring that the projected overspend was identified so early in the financial year, enabling action to be taken.

What impact will this proposal have?

- 13 The budget proposals contained in the 2023/24 Budget have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures put in place or planned where appropriate. As such, an Equality Impact Assessment was provided at Appendix 6 to the 2023-24 Revenue Budget and Council Tax Report.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 14 The Best City Ambition is the strategic plan which sets out the ambitions, outcomes and priorities for the City of Leeds and for the local authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the council's policies against financial constraints. The Best City Ambition is the strategic plan which sets out the ambitions, outcomes, and priorities for the City of Leeds and for the local authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the council's policies against financial constraints.
- 15 This is the primary purpose of the Medium-Term Financial Strategy which provides the framework for the determination of the council's annual revenue budget. This report needs to be seen in the context of the requirement for the authority to be financially sustainable and deliver a balanced revenue budget position in 2023/24 so that resources can continue to be targeted at the council's priorities.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 16 This is a factual report and is not subject to consultation. Public consultation on the Council's revenue and capital budget proposals was carried out between December 2022 and January 2023 and is detailed in the 2023-24 Revenue Budget and Council Tax Report presented to this Board in February 2023.

What are the resource implications?

- 17 This is a financial report and as such resource implications are detailed in both the report and the accompanying appendices.

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

- 18 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, reported to this Board annually. At September 2023 both the risk of the in year financial position being in deficit and the Council being unable to balance the Medium-Term Financial Strategy were rated 'very high', reflecting the wider national context and the uncertainty of funding for future years. It should be noted that a balanced budget position for 2024/25 is being presented to the Board in the '2024/25 Revenue Budget and Council Tax' report elsewhere on today's agenda.

19 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management-based support and reporting around the achievement of key budget actions plans is in place for 2023/24.

What are the legal implications?

- 20 The council has a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 21 Section 28 of the Local Government Act 2003 provides that the council has a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 22 In addition, the council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The authority's Chief Finance Officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Executive Board to receive information about the revenue and capital budgets as set out in this report.
- 23 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and, therefore, this report also demonstrates compliance with that legal duty.
- 24 Under Section 1 of the Local Government Act 2003 ("LGA") ("Power to borrow"), a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs".

Options, timescales and measuring success

What other options were considered?

25 Not applicable

How will success be measured?

26 Not applicable.

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

- 27 Work continues to address the financial challenges outlined in this report and to identify savings to reduce the level of projected overspend. Further updates will be provided in future Financial Health Monitoring reports to this Board.
- 28 The responsibility for identification and actioning of the necessary measures to ensure the delivery of a balanced budget are the responsibility of the Chief Officer - Financial Services, working in conjunction with departmental directors. A balanced budget must be delivered at Financial Outturn 2023/24, with the outturn position due to be reported to the June 2024 meeting of this Board.

Appendices

29 The following appendices are attached to this report:

- **Appendix A – Financial Health Monitoring 2023/24 – Month 9 (December):** detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the HRA, update on Council Tax and Business Rates including collection performance.
- **Appendix A1** – Individual financial dashboards for directorates, DSG and the HRA
- **Appendix A2** – Directorate Budget Action Plans
- **Appendix A3** – Flexible Capital Receipts

Background papers

30 None

Financial Health Monitoring 2023/24 – Month 9 (December)

1. Directorate Positions at Month 9 (December)

1.1 The major Directorate variations are summarised in **Table 1** and outlined below, with additional detail provided on the Directorate dashboards at **Appendix A1**.

Table 1: Summary position as at Month 9 (December), financial year 2023/24

| Directorate | Director | (Under) / Over spend for the current period | | | | Previous Reported Position |
|---|-------------------|---|-------------------|-----------------|--------------------------|----------------------------|
| | | Staffing | Total Expenditure | Income | Total (under) /overspend | |
| | | £000 | £000 | £000 | £000 | £000 |
| Adults & Health | Caroline Baria | (435) | 17,507 | (17,507) | 0 | 0 |
| Children and Families | Julie Longworth | 2,620 | 43,258 | (3,768) | 39,490 | 32,696 |
| City Development | Martin Farrington | (683) | 550 | (1,529) | (979) | (643) |
| Communities, Housing & Environment | James Rogers | 1,222 | 17,438 | (12,545) | 4,894 | 4,547 |
| Strategy & Resources | Mariana Pexton | 5,773 | (1,964) | 5,990 | 4,026 | 4,126 |
| Strategic | Victoria Bradshaw | (63) | (9,799) | 1,368 | (8,432) | (5,402) |
| Total Current Month | | 8,435 | 66,990 | (27,989) | 38,999 | 35,324 |
| Previous reported (under)/over spend | | 8,835 | 63,180 | 27,855 | 35,324 | |

1.2 Adults & Health

Adult Social Care 2023/24 Budget

Budget Overview

Table 2: Adults & Health 2023-24 Month 9 financial risks potentially impacting on delivery of a balanced budget:

| Table 1: Adults & Health 2023-24 Month 9 financial risks potentially impacting on delivery of a balanced budget | | |
|---|---------|----------------|
| | £'000s | £'000s |
| <u>Demand:-</u> | | |
| Actions plans around demand led pressures still to be delivered in FMS (<i>Relevant BAP owner committed to these actions</i>) | | |
| Mid Price Range Review LD | 500.0 | |
| Homecare Performance Management | 1,500.0 | |
| Social Work review (Front Door & Reassessment) | 883.0 | |
| Total Demand Budget Actions Plans to deliver | | 2,883.0 |
| <u>Other</u> | | |
| Passenger Transport costs. Month 8 has a £0.2m shortfall on the advised pressure from CEL of £1.238m (£7.303m -v- £6.065m budget):- | | 223.0 |
| Further CEL pressures (Catering, Fleet and Cleaning). Based on previous outturns | | 150.0 |
| Health contribution Winter Planning | | 150.0 |
| Total Risks | | 3,406.0 |

At December (Month 9) Adults Social Care is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023-24 is £198.9m, comprised of £430.1m Gross Expenditure offset by £231.2m income. Reflected in the 2023-24 budget are Budget Action Plans totalling £16.19m of which £2.9m are still to be delivered; £1.26m improvement from the October reported position. Significant risks remain to deliver this position and are outlined below, particularly around the demand budgets for Adult Social Care; £2.9m of Budget Action Plans and delivery of the £1.92 ASC 5% in-year savings. Detail is provided in Table 2.

Social Care Grants

Included in the Adult Social Care budget for 2023/24 is additional social care grant funding of £27.6m, as detailed in the Month 4 report. On 28th July DHSC announced £5.04m of new in-year grant funding titled, 'Market Sustainability and Improvement Fund – Workforce Fund Grant Determination (2023 to 24)'. LCC are in line for further funding for 2024/25 of £2.83m. Funding comes with tight restrictions around use of the grant, and it being targeted specifically at three target areas:

- Increase fee rates for providers in local areas.
- Increase adult social care workforce capacity & retention.
- Reducing adult social care waiting times.

Reserves

The 2023-24 Budget assumes the use of £4.52m of Adult Social Care & Public Health reserves. At Month 9 the directorate is projecting to utilise an additional £6.5m, therefore £11.0m in total. This additional £6.5m is made up of £2.6m Newton Europe Home First programme, £2m Community Health & Wellbeing Service, £0.8m Leeds Older People's Forum for delivery of the Enhance programme, all three programmes funded by Health, and £1.1m for investment in additional social work capacity.

Budget Action Plans

The Service has committed to deliver in full the £16.1m Budget Action Plans reflected in the 2023/24 budget. At Month 9 £2.9m of Action Plans are still 'a work in progress', improvement of £1.3m from the position reported at Month 7. The improvement is driven by finding alternative savings or additional income options rather than the specific delivery of the £1.3m action plan themselves. No impact on the 2024-25 budget is anticipated.

Demand Budgets

The 2023/24 demand related budgets reflect £29.83m additional funding for price, inflation, and demand & demography growth, taking the overall size of the demand led budgets up to £280.17m before reducing to £277.33m after netting off the £2.84m savings target reflected in the delivery of the 2023/24 budget action plans. The Month 9 projection is a pressure of £13.1m, split £4.0m Learning Disability and £9.1m Older People and Working Age Adults Physical Impairment; an increase of £3.7m from the Month 7 report.

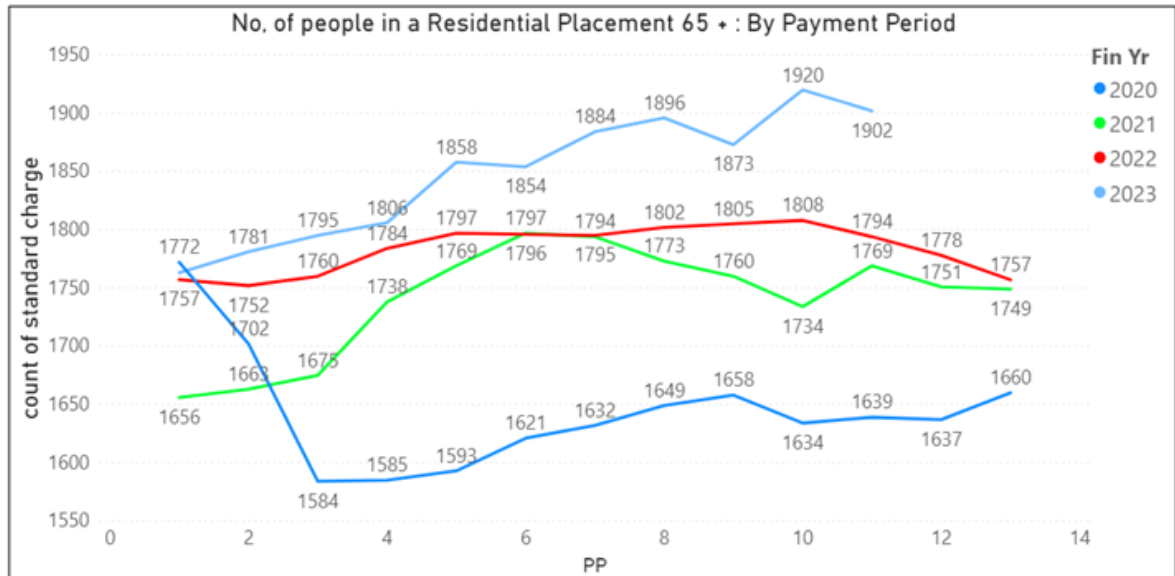
This projection assumes delivery of £2.9m of the budget action plans outlined above. Analysis of the £13.1m demand budget related pressure detailed below:

- +£2.4m (+£0.3m change from Month 7) Working Age Adults and Learning Disability
- +£13.3m (+£2.5m from Month 7) Residential and Nursing settings.
- -£0.8m (+1.2m from Month 7) Homecare

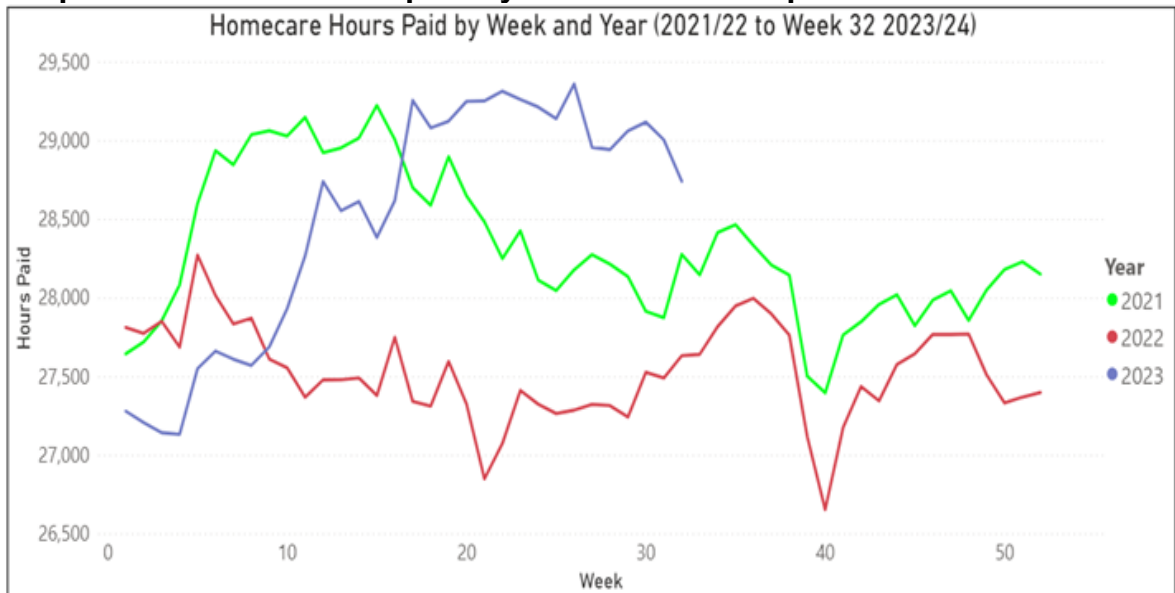
- -£1.8m (-£0.3m from Month 7) for Direct Payments and Individualised Care.

This pressure will be covered by additional income; client income and grants. This projection for older people residential & nursing settings is based on current numbers continuing until financial year-end. The graphs below note the current high numbers for both Residential and Homecare and comparison with previous financial years.

Graph 1: No. of people in a Residential/Nursing Placement April 2021 to date.



Graph 2: Homecare hours paid by Week and Year April 2021 to date.



There are further risks:

- around providers challenging the percentage uplift in fees, particularly within the Working Age Adult settings for Learning Disability and Mental Health. This position assumes £0.7m savings on provider inflation uplifts for OP;
- increasing numbers and winter pressures in the health system.

Income

At Month 9 the directorate is projecting:

- Additional government grant income £5.1m; utilising all the £5.04m Market Sustainability Improvement Fund grant mentioned above.
- Additional Health income £2.4m.
- Additional Income from Service Users £5.4m, a £1.4m improvement from the Month 7 reported position: £2.0m additional residential & nursing income (*excluded from table below*), £3.4m additional community-based income, £0.8m additional Mental Health income, £0.5m shortfall in Telecare income (offset by staff savings) and £0.3m shortfall in Learning Disability income. Details are provided in Table 3.

Table 3: Income Recovery Highlight Report Month 9 (December)

| Income Recovery Board (finance) - highlight report | | | | | | | | |
|---|---------------------|---------------------|---------------------|-------------------------------|--|---|-------------------------------|---|
| Financial position reported : period 9 2023-24 | | | | | | | | |
| Description | Previous Year Total | Budget 2023-24 | Actual YTD | Projection (period 9 2023-24) | Variance to Budget + pressure/- Saving | Assumption (remaining periods) | Projection (period 7 2023-24) | Movement in projection from previous period |
| Community Based Income (excluding LD & Telecare) | (11,059,067) | (14,540,000) | (7,253,573) | (7,253,573) | 7,286,427 | Based on latest period + increase in recovery in 2023-24 based on uplift in rates (FNC) | (10,184,515) | 2,930,942 |
| Community Based Income - Billing Engine (Older People & WAA PI) | | | (4,776,703) | (10,646,703) | (10,646,703) | Action Plan value excluded from projection - overall reported position for community based income to budget. | (6,218,200) | (4,428,503) |
| Telecare | (577,742) | (2,291,000) | (1,357,911) | (1,800,000) | 491,000 | Income pressure matched to staffing savings reported. Actual income reduced in latest month due to credit notes | (1,800,000) | 0 |
| Mental Health | (347,197) | (298,000) | (509,686) | (1,132,207) | (834,207) | Based on latest periods data. | (979,440) | (152,767) |
| LD | (8,267,970) | (10,482,000) | (6,003,735) | (10,185,785) | 296,215 | Based on latest periods data. | (10,214,013) | 28,228 |
| Total | (20,251,976) | (27,611,000) | (19,901,608) | (31,018,268) | (3,407,268) | | 0 | (29,082,168) |
| | | | | | | | | (1,622,100) |

Pay

At Month 9 the directorate is projecting a pay saving of £0.6m. Leeds City Council employee pay savings (-£6.0m), principally around social worker recruitment & retention reflecting the national position and pay savings in Provider Services, are offset by additional use of Agency staff (+£4.8m) and Overtime (+£0.6). Some of the pressures in Agency are covered by additional use of reserves, income from Health and DHSC grant funding for specific programmes of short-term intervention programmes.

Other staffing issues are around retention payments for Social Workers (£1.22m) to be funded from the DHSC MSIF Workforce Development grant.

Other

Additional CEL charges of £1.3m have been reflected in the December projection - £1.0m for passenger transport, £0.2m for catering charges and £0.1m vehicle hire. However, £0.2m of Month 9 Passenger Transport charges advised by colleagues within Civic Enterprise Leeds are not reflected in this position. The directorate is working with CEL to develop an action plan to mitigate this over the remainder of the financial year.

Leeds City Council is the regional host for the Yorkshire & Humber International Recruitment fund. The grant awarded and received is £1.38m. The majority of this funding is allocated across the Yorkshire & Humber region on a relative needs basis, with Leeds receiving £0.143m.

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.66m; this is an increase of £1.54m from 2022/23 (3.3%). After taking account of the Office for National Statistics population increase for Leeds, the actual percentage increase per head of population for Leeds is 3.1%. This is the first year of an announced two-year grant funding allocation for Public Health. For 2024/25 the Public Health funding increases by 1.3% to £49.31m, which will be a challenge in the current inflationary environment. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At December we are projecting a balanced position.

In 2022/23 Leeds was awarded additional Public Health funding for three years for 'Substance misuse funding for drug and alcohol treatment'. Leeds City Council received £2.79m for 2022/23 and is due to receive £4.45m for 2023/24 and £8.45m for 2024/25. 2023/24 is the second year of the programme, and there are specific terms and conditions attached to this grant award.

On 5th October 2023, the Government announced additional investment of £70m per annum to support local authority-led stop smoking services (SSS), covering the financial years 2024/25 to 2028/29 (five-years). Leeds City Council will receive additional funding of £0.985m per annum for the 5-year programme. As part of the conditions existing public health funds earmarked for SSS must continue as well, taking the annual investment up to £1.395m per annum.

1.3 Children and Families – The current year-end forecast for the Children and Families directorate is an overspend of £39.490m. This represents an increase of £6.794m from the position reported at Month 7, however it should be noted that £4.245m of that relates to declaring action plan activity that will now not be realised within the current financial year. The main movements since Month 7 are summarised below:

- CLA External Residential Placements £4.734m (includes delayed delivery of action plans £2.865m – likely not to be delivered in 23/24)
- CLA IFAs £1.034m (includes delayed delivery of action plans £1.285m – likely not to be delivered in 23/24)
- CLA In House Carers (£0.830m)
- Transport £0.120m
- Additional Social Care staffing costs £0.680m
- CHAD Direct Payments £0.404m
- CHAD Placement Support £0.310m
- Learning £0.244m (includes delayed delivery of action plans £0.095m – likely not to be delivered in 23/24)
- Other net movements £0.098m

Overall, the main variations included within the Month 9 position are:

| | £m |
|--------------------------------------|-----------|
| CLA: External Residential Placements | 21.924 |

| | |
|--------------------------------------|---------------|
| CLA: Semi Independent / Leaving Care | 4.281 |
| CLA: In House Placements | 1.218 |
| IFA Placements | 4.214 |
| Chad | 0.714 |
| Little Owls Nurseries | 1.176 |
| Secure Welfare | 0.281 |
| Transport | 3.664 |
| Learning Inclusion | 1.363 |
| Mindmates | 0.250 |
| Learning Improvement | 0.237 |
| Legal | 0.100 |
| Reprofiling of School Balances | (0.500) |
| Non-Essential Spend Savings | (0.500) |
| Non-Delivery of Action Plans | 0.719 |
| Other Variances | 0.349 |
| Total | 39.490 |

Whilst the Month 9 position reflects a continuing increase in the General Fund forecast, now standing at an overall overspend of £39.490m, some of this month's increase has been reflected in the narrative supplied to Executive Board in previous months including:

- The continuing significant element of volatility in the number of children in high-cost residential placements and the cost of those placements. (As previously stated, this reflects a national position of demand and demography challenges along with increasing costs, in part reflecting the wider cost of living challenges experienced more broadly in the economy).
- Significant additional challenges around transport costs estimated at £2m, whilst this reflects additional demand relating from issued EHCP, urgent work is being undertaken to model the impact of the increased demand and additional work will be undertaken on possible mitigation. EHCP demand is also driving increased costs on Educational Psychologist provision which cannot be avoided without increased risk of non-compliance by the Council. The issues of additional costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

For this reporting period, the Directorate is reporting that a number of budget action plans (relating to CLA and Learning) are now unlikely to be delivered in 2023/24 and this change in forecast marks a material change in the reported position. Whilst work continues to deliver on these actions plans over the remaining months in 2023/24 it is felt appropriate to report them as being undelivered in-year so that the full picture of risk can be seen.

Work continues within the Directorate around strengthened cost control measures in the Directorate which is hoped may provide additional mitigation. This work will continue to focus on the high spend areas of activity, most notably external residential placement costs where new approval processes are in place, however demand and market pressures still impact severely on cost control. The Directorate is fully participating in a range of corporate measures on cost control that are

limiting costs increases in a range of areas including travel, non-essential spend, overtime, procurement card activity, recruitment and vacancy control.

For the main areas of forecast overspend, an additional commentary is set out below:

External Residential Placements:

The External Residential budget for 2023/24 is £14.617m. Due to known inflation and demand pressures over and above what was assumed in the budget for 2023/24 there is a projected overspend of £21.924m. External Residential placements have increased from 95 at the start of the year to 143 at Month 9. The Month 9 position includes a further contribution from DSG of £0.821m to reflect the increased external residential placements. The projection also assumes the non-delivery of £2.966m of action plan savings against this budget including a proportion of Turning the Curve and the Commissioning Review which have experienced delays in delivery and a reassessment of potential deliverables.

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £6.78m. Currently there are 311 placements, including 129 placements for 16 and 17 year olds, which is an increase from previous years. A continued increase in demand and prices with particular reference to 16/17 year old's requiring higher support packages is seeing a pressure of £7.1m against this budget. This pressure has been mitigated with projected additional UASC income £2.0m.

IFA Placements:

The number of Independent Fostering Agency placements have increased from 209 to 210 since the beginning of 2023/24. The Month 9 projection assumes that £2m of action plan savings will not be delivered against this budget.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1.176m, a projected income pressure of £2.064m offset by projected staff savings of £0.888m. The Covid 19 pandemic had a significant impact on all Little Owls nurseries and whilst settings have reported increased recovery, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties.

To recognise increased costs, fees for Little Owls did increase by 5% in 2022/23 to £51.70 per day, an increase of £2.50 per day. For comparison, the average market rate in Leeds is between £45 and £58 per day. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing.

Transport:

Based on recent trends, the overall transport budget is showing a projected overspend of £3.664m due to further increases in inflation and demand.

The increased demand for passenger transport and the increased demand and need for passenger assistants has more than offset the further reduction in the unit cost per young person. Unit costs are now £6,260; the lowest level they have been in recent years (excluding the non-comparable pandemic period). However, as

highlighted by national reports on the rising cost and demand for home to school transport, the number of young people for whom we provide transport stands at 3051 with further applications awaiting assessment and new applications coming in at the rate of about 15 per month. It is anticipated that, year on year, the numbers of young people provided with transport will increase by 15%, compared to the 6% increased originally forecast. We are also seeing a 25% increase in transport awards with a passenger assistant due to a significant increase in complex behavioural and/or medical issues. Given the increase in demand, it has been difficult to offset the cost of the pay award for drivers and passenger assistants which was c9.5% and more than provided in the base budget and represent an unfunded pressure of £471k in the overall projection.

Work continues to review high cost packages, further roll out of personal transport allowances, increase independent travel training, re-tendering routes, reducing fleet downtime, partnership working with special schools and the issues of additional transport costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

Learning Inclusion:

Within the Learning Inclusion service there is a projected budget pressure of £1.363m. This pressure includes the Education Psychologist Team £0.647m and SENSAP £0.716m. The Education Psychologists Team has had increased demands on the statutory service and recruitment difficulties the service is projecting a reduction in its trading capacity and so a loss of trading income, in addition to increased locum costs. The SENSAP team has pressure due to additional agency and complaint costs in addition to non-delivery of budget action plans.

Foster Carer Fee Uplift:

The proposed cost of the Foster Carer fee uplift for 2023/24 is £1.821m, this is based on a fee uplift of 5% fee uplift and 7% allowance uplift. It should be noted that this Month 9 forecast includes this as an allowance as currently no formal decision has been taken on the uplift, a separate paper is presented to Executive Board at this meeting in relation to this proposed uplift.

Additional Savings Proposals 2023/24:

Additional in year savings were originally put forward to the value of £5.249m. The Month 9 position assumes that £1.519m of these saving will be delivered as summarised below.

Table 4: Additional Savings Update at Month 9 (December)

| | | |
|---------------------------------|--|------------------|
| Other costs | Restrict budgets: Non-essential spend/transport/misc property budget | (£0.570m) |
| Other costs | Partnership contributions | (£0.016m) |
| Staffing/service changes | Restructure (Workforce Development) | (£0.045m) |
| | Service rationalisation (Little Owls) | (£0.100m) |
| | Placements - ICB funding | (£0.788m) |
| Funding | | |
| Total | | (£1.519m) |

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m, the Month 9 position assumes that £13.077m of these action plans will not be achieved as below:

- Diversifying Children's Residential and Fostering provision £3.479m: it has been agreed that the slippage in this action plan will be funded corporately and so is not included as a C&F pressure in the Month 9 position.
- Review of Placement Commissioning £4.00m
- Turning the Curve £3m
- Review of Childrens Centres £0.350m
- Review of Contracts £0.369m
- Efficiencies across the directorate £1.556m
- Transport Efficiencies £0.323m

Dedicated Schools Grants

The approved DSG budget for 2023/24 assumed a balanced in year budget. The position at Month 9 projects an in-year pressure of £2.873m. This projected pressure is within the high needs block and equates to 0.54% of the total estimated DSG funding.

With regards to the surplus balance brought forward from 2022/23 of £9.010m, proposed options to passport a proportion of this balance back out to schools were considered at the Schools Forum held in July.

A proportion of the surplus came from previous contributions from maintained mainstream schools for de-delegated services. As a result, it was agreed £0.5m would be used to fund de-delegated services, thereby reducing contributions required from those schools. In addition, it was agreed £1.25m would be refunded to maintained mainstream schools pro-rata to their original contributions.

Other options were also considered for increasing school funding by effectively reversing the £3.127m schools block to high needs block transfer in 2022/23, which would need to be actioned within the 2024/25 funding formula

However, the projected overspend in 2024/25 means that a proposed reversal of the 2022/23 transfer from the schools block is no longer recommended.

Taking into account the proposals for using £1.75m de-delegated contributions, plus the Month 9 pressure of £2.873m, DSG reserves at the end of 2023/24 are projected to be a surplus of £4.387m. This comprises £3.954m for general DSG and £0.433m contingency for de-delegated contributions.

- 1.4 City Development** - The financial position for City Development at Month 9 is a projected underspend of £0.98m. This position includes the estimated additional cost of the recently agreed local government pay award of £1m (net of amounts charged to capital and grant schemes) as well as other identified service pressures but it also includes additional savings which have been identified as part of the in-year directorate wide savings programme.

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

The main variations forecast at this stage of the year are:

- **Active Leeds** – the service is projecting an underspend of £1.27m which reflects the cost of the additional pay award of £0.48m offset by vacancies and expected running cost savings of £1.6m. In addition, although income receivable is subject to a degree of variability, current projections assume that it will £0.1m above the budget.
- **Arts & Heritage** – the forecast underspend of £0.87m reflects the estimated additional cost of the pay award of £0.27m, as well as projected income shortfalls mainly in respect of Breeze card charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts (£0.1m), and running cost savings of £1.3m, mainly in respect of refunds received as a result of Business Rates appeals at Heritage sites.
- **Asset Management & Regeneration** – a shortfall to budget of £0.25m is currently projected which mainly reflects pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.55m), partially offset by net staffing savings of £0.2m and other one-off sources of income of £0.7m such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.7m reflects final balances in respect of programmes which have now concluded, vacant posts and further running cost savings.
- **Highways and Transportation** – the overall balanced position includes staffing vacancies offset by the associated loss of income recoveries and additional external spend required to deliver the work programs. In addition, there is an anticipated shortfall in income from operating licences at Park and Ride sites and from the major schemes contractor procurement framework as well as inflationary Plant and Material costs in the DLO and additional fleet costs across the service. However, further savings of £900k in respect of the capitalisation of Highways minor works have been identified as part of the directorate wide savings programme, meaning that the overall reported position for the service is a balanced position.
- **Markets and City Centre Management** – a variation to budget of £0.67m for the Markets service mainly reflects an estimated shortfall of £0.6m in respect of Markets income which reflects vacant units mainly within the Kirkgate and Outdoor markets. In addition, income shortfalls of £0.25m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre, partially offset by additional income anticipated from the Christmas market.
- **Planning & Sustainable Development** – the forecast position is an overspend of £1.3m which reflects staffing pressures of £0.48m due to the impact of the pay award and a projected shortfall in meeting the budgeted vacancy factor. In addition, based on income received to date it is likely that the budgeted level of planning fee income will not be achieved due to a reduction in planning applications. The current forecast assumes shortfall of planning fee income of £1m, although this is partially offset by other sources of income of £0.2m. There is a risk that this position could deteriorate further before the year end but the

recently introduced increase in planning fees is anticipated to maintain the shortfall at current projected levels.

- **Resources and Strategy** – the forecast underspend of £0.6m relates to further savings identified as part of the in-year directorate wide savings programme. This includes £0.53m identified savings in respect of tighter restrictions on non-essential spending across the directorate and £0.07m of anticipated savings from the implementation of tighter vacancy release controls across the directorate in addition to those already reported in individual service areas.
- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £0.7m reflecting vacant posts offset by the additional cost of the pay award.

Budget Action Plans

The 2023/24 budget contained £10.9m of new savings plans. It is anticipated that most have been delivered or are on track to be delivered. There remains a risk around the achievement of additional income within the Planning service including the £250k savings assumption relating to the recently implemented national planning fee increase and with savings associated with the planned implementation of the Street Lighting adaptive lighting proposal.

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

- 1.5 Communities, Housing & Environment** - At Month 9, an overspend of £4.9m has been projected for the directorate. This is a slight increase in the variation of the position most recently reported to Members of £4.6m.

The projected overspend at Month 9 includes the additional cost of the local government pay award which is approximately £3.5m which can be netted down by £1.1m by passing on the impact of the pay award to capital schemes, HRA and grant funding. Other significant pressures have arisen due to changes in Waste Management legislation (+£2.1m) and net cost of Housing Benefits where the Council is unable to claim subsidy (+£3.0m) alongside other inflation and demand led service pressures.

The staffing projections are now based on maintaining existing staffing levels for the remainder of the financial year, with only essential vacancies subject to release.

The main variations anticipated are:

- **Waste Management +£4.7m.** The service is facing a significant number of pressures, most of which only became known after the 2023/24 budget was approved.

New guidance has been received that the Environment Agency (EA) will regulate the disposal of upholstered furniture that contain POPs. These materials are now required to be separated and disposed of in accordance with

the new EA regulations, resulting in significantly higher disposal costs. Higher disposal charges are now being incurred for all collections (typically collections of bulky waste and the general waste skips at Household Waste sites) that contain any POPs materials. To mitigate the in-year cost to a forecast +£2.1m a temporary sorting solution has been identified.

The Government has announced an intention to remove the ability of Council's to charge for the disposal of inert waste (typically soil and rubble) at Household Waste Recycling Centres, from 1st January 2024. The in-year pressure is projected to be a minimum of £0.1m, with a greater Full Year Effect in 2024/25.

The cost of the disposal and recycling of Green Bin waste is now forecast to be £1.3m due to the ongoing market price of recycled materials. Residual and trade waste demand led pressures are expected to be £0.6m for the year based on activity levels during the first four months of the year. An NNDR pressure of £0.1m is anticipated relating to the PFI contract. The impact of the pay award offer and pressures on staffing is forecast at £1.7m and transport pressures of £0.7m are also anticipated.

Offsetting these pressures is an additional £1.2m income relating to the Veolia RERF contract, £0.3m of which relates to a rebate from 2022/23 following the annual reconciliation of the PFI contract. A further £0.4m can be saved by utilising the Waste Strategy reserve to fund some cost pressures and £0.2m additional recycling income is now expected.

- **Welfare and Benefits +£2.9m.** Pressures arising from placement of people in Supported Accommodation with providers who are not registered and placement of people in temporary accommodation. The forecast subsidy pressure is £4.8m, with assumed one off recovery of benefit overpayment income of £1.4m assumed. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has delivered £0.425m of the budgeted action plan saving of £0.6m at Month 9 and the assumption that the remainder will be delivered. Other mitigations are £0.3m from use of the Homelessness reserve to help cover Temporary Accommodation subsidy shortfalls and £0.3m DWP grant income.
- **Cleaner Neighbourhoods Teams & City Centre +£1.8m.** The variation reflects the impact of the pay offer at £0.5m, although there are significant pressures £0.5m on overtime and achievement of vacancy factor targets within the service. Transport pressures of £0.7m have been identified.
- **Climate, Energy and Greenspaces +£0.3m.** The service is experiencing pressures across several areas, which are mitigated by staff savings and non-essential spend savings. The key variances are inflationary pressures of +£0.2m on the cultural events programme, net pressures on estates and attractions +£0.3m, Bereavement services income pressures of +£0.4m, transport pressures of £0.2m. Within the figures above, the impact of the pay award is £0.7m, but this can be more than offset with charges to capital and management of vacancies within the service of £1.5m.

- **Elections, Licensing and Registration and Environmental Health +£0.1m.** Only minor variations are expected across these services. Operational spend savings and additional registrars income are offsetting the impact of the pay award.
- **Car Parking Services -£0.6m.** Income has continued on a recovery trajectory since COVID lockdowns, and at Month 9 the projected receipts are now £0.6m better than budgeted. Staffing costs are £0.1m under after pay award and £0.2m of other pressures have been identified.
- **Directorate wide - £0.5m.** A sum of -£538k has been removed from Directorate budgets as part of the review of all non-essential spend items.
- **Safer Stronger Communities -£1.1m.** Staffing pressures +£0.2m are projected. However, has been fully offset by a combination of the use of additional grant income and passporting the pay award on to the HRA/grants, totalling £1.3m.
- **Customer Access -£1.3m** – Grant income maximisation is projected to deliver net savings of £1.1m in 2023/24, business rate costs are now expected to come in £0.2m below budget. The pay award pressure of £0.4m has been offset by charges to grant/HRA and holding posts vacant.
- **Statutory Housing Services -£1.5m** Staffing savings are projected to cover the cost of the pay award and deliver an overall underspend on employees of £0.8m. It is expected an additional (£0.7m) can be delivered by maximising charges of existing staffing into new grant income, charges to capital and by maximising collection from other income streams.

Budget Action Plans

£6.6m of budget action plans are being monitored each month with an overall positive variance against the plans reported at Month 9 and savings embedded in the projections above. £0.9m of plans have been marked as delivered in full.

1.6 Strategy and Resources - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £4,026k at Month 9. This is summarised into the following areas across the Directorate's services:

- **Finance £25k** A staffing overspend of £724k, including £162k to reflect the additional unbudgeted pay pressure based on the current offer, is being offset by (£487k) additional income from the maximisation of grant funding. A £378k Increase resulting from a shortfall in Court Fee income primarily due to the cancellation of a court hearing and slight reduction in Business Rate Allowances, offset against (£366k) following a review of chargeable costs to Core Business Transformation. (£125k) from the covid recovery reserve, (£25k) savings on Audit Fees and (£74k) savings from across operational budgets.
- **Integrated Digital Services (£1,526k)** (£223k) of this underspend relates to the net impact of vacant posts savings offset by the cost of contractors for priority projects. Revenue savings of (£1m) have been achieved by the reallocation of equipment costs to the Essential Services Programme capital scheme. The use of unbudgeted capital receipts has offset expenditure on a range of

transformational projects. The sum of a number of minor variations to other income and expenditure budgets has resulted in a further (£304k) underspend.

- **Procurement £82k** Staffing overspends of £66k reflect the additional unbudgeted pay pressure based on the agreed pay award and 16k shortfall in income expected due to delayed recruitment.
- **Legal Services £49k** By not recruiting to posts, a staffing underspend of (£273k) is now forecast. An agency locum pressure of £207k, and other additional pressures of £206k are partly offset by additional reimbursement income from a legal case of (£91k).
- **Democratic Services £40k** Staffing overspends of £53k, including £37k to reflect the additional unbudgeted pay pressure based on the pay award, are being offset by expenditure savings of (£13k).
- **Shared Services £1,520k** Staffing overspends of £2,556k including the current offer of pay award, income pressure of £180k on electronic goods salary sacrifice scheme, are being offset by income mitigations of (£573k), additional funding of (£250k) and other expenditure savings of (£409k) offset against reduced income of £16k for Advertising and DBS checks.
- **Strategy and Improvement (£30k)** A review of staffing has led to a forecast underspend of (£9k), including the pay award pressure. A pressure of £150k of budgeted savings on communications and marketing are being offset by (£99k) savings on expenditure and additional income of (£72k).
- **Human Resources (£68k)** The staffing overspend of £594k includes the provision for a pay award. £283k expenditure pressures are being offset by additional funding from Adults and Health for HR support of (£81k), income mitigations of (£367k), use of reserves of (£397k) and COVID recovery Fund of (£100k).
- **Leeds Building Services (LBS) £1,866k** The pressure reflects the current understanding of the level of work likely to be commissioned by clients (£72.9m) relative to the £80.1m required turnover and the consequent impact on the rate of return. This still represents a £9.1m contribution to the General Fund.

£147k of the pressure is attributable to a review of the accruals position from the previous two years. Enhanced reporting, developed as a result of the LBS improvement review, has established an additional pressure. This has been partly mitigated by the service through an improvement in chargeable time as a result of the successful recruitment of skilled operatives and an expected reduction in overheads and efficiencies in waste removal.

There remains a risk that any variance from the current understanding of client budgets will impact to the LBS business plan. Other risks are; assumptions in the forecast that the level of Work in Progress (WIP) will result in the expected rate of return, accruals once fully charged will be paid at the expected rate by clients, non-chargeable time remains as forecast, and that the new e-trading system for materials will result in expenditure costs as forecast.

LBS are also working to forecast all the inflationary pressures which have been seen throughout the industry which may further adversely impact the position.

- **Corporate Property Management £12k** The £512k projection reflects pressures from construction inflation, an increased volume of repairs due to a backlog of jobs during COVID-19, a reduced budget and staffing overspends to reflect the additional unbudgeted pay pressure based on the pay award. The service will continue to seek to mitigate (£500k) of this pressure through examining where relevant expenditure can be capitalised.
- **School Crossing Patrol (£90k)** Staffing savings of £90k.
- **Catering £579k** The additional unbudgeted pay pressure based on the pay award is a projected staffing overspend of £810k. A further pressure is an increase in food costs of £103k. The service is partially mitigating through additional income of (£334k).
- **Cleaning £223k** The additional unbudgeted pay pressure based on the pay award results in a projected staffing overspend of £173k, and an increase in transport charges of £50k. This is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.
- **Fleet £760k** The Fleet position reflects the ongoing 2022/23 pressure of an aging fleet and, consequently, increased demand and inflation resulting in increased occasional hire costs to maintain front line service operations. The use of vehicles across the authority is subject to review.

The 2023/24 Fleet Services budget contains a savings target of £1.3m, the achievement of which has been overshadowed by a combination of the impact of inflation on vehicle parts, fuel, and occasional hire together with the impact of maintaining an ageing fleet. In addition, increased demand for services such as passenger transport has resulted in the requirement for more vehicles and hence greater maintenance costs. Together these factors have impacted on the capacity for directorates to absorb the £1.3m savings target. Executive Board have approved the use of £1.3m from the Strategic Contingency Reserve to address this in year pressure and the reported position reflects this contribution from reserve.

- **Security £70k** The additional unbudgeted pay pressure based on the pay award result led to a projected staffing overspend of £70k.
- **Presto £280k** Staffing overspends of £20k reflect the additional unbudgeted pay pressure based on the pay award as well as £120k income pressure on the Meals and Home service; the service is seeing a reduction in demand following an increase during Covid. There is a £140k income pressure on the Civic Flavour service.
- **Facilities Management £234k** Staffing overspends of £74k reflect the additional unbudgeted pay pressure based on the pay award, £75k pressure for additional security, increase of £50k for Static Guard costs and £50k pressure for front of house staffing costs, offset by (£15k) saving due to a reduction in drivers.

Budget Action Plans

A total of £9.2m of budget action plans are being monitored each month. A shortfall of £0.230m is forecast against these plans in respect of; Communications & Marketing synergies £0.15m and BSC Shared Cost Salary Sacrifice £0.08m.

- 1.7 Strategic & Central Accounts** - At December the projection for the Strategic and Central Accounts is an underspend of (£8.4m). This position includes a projection that the debt budget will underspend by (£3.5m). Although interest rate rises have been higher than was anticipated when the budget was approved, the borrowing requirement has reduced due to anticipated capital programme slippage and the fact that revenue balances have remained robust. This projection assumes that short term borrowing will be obtainable at an average of 5.25% during the remainder of the financial year, a forecast which is in line with the predictions of most market commentators. The overall (£3.5m) saving in the debt budget also includes a saving of £1.9m in the MRP charge in relation to 2022/23 capital spend.

A projected underspend of (£5.1m) has also been included within the Strategic Accounts, which reflects corporate savings where the incidence across directorates has not yet been determined.

A pressure of £0.3m has been recognised in the levy payable to WYCA (the West Yorkshire Combined Authority). This arises because, although WYCA's overall budget has remained unchanged, the proportion which is charged to the Council has increased due to changes in the relative population sizes of the five West Yorkshire councils. This pressure has been partly offset by the recognition of £0.2m of residual COVID-19 sales, fees and charges compensation grant income, which had previously been uncertain but is now expected to be received during the current year. However, a potential shortfall of £0.1m in S278 income has been recognised as a result of slippage in delivery of the relevant schemes. The position also reflects a projected loss of £2.4m in the net retained income position in relation to business rates, comprising S31 grants receivable less the levy payable to the regional pool. This is to be funded by a transfer from the S31 grants reserve and so has no impact on the bottom line.

1.8 Budget Action Plans

The budget for 2023/24 requires the delivery of £58.6m of savings. In addition, directorates have identified a further £7.2m of savings actions since the Budget was agreed. Detailed budget action plans have been developed to identify how these savings will be achieved and progress against these action plans will continue to be monitored and reported throughout the year. Further detail is provided at **Appendix A2**.

At December it is anticipated that most savings will be delivered in full through the identified saving plans or through mitigating actions identified by directorates, however an overall shortfall of £12.7m has been identified and is reflected in the reported directorate positions except where noted, including:

- Children & Families - £13.1m shortfall on the budgeted level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £4.0m; Turning the Curve £3.0m;

review of Children's Centres £0.350m; review of Contracts £0.369m, Transport £0.323m and efficiencies across the directorate £1.556m. More detail is provided at paragraph 1.3, where it is noted that the target for Children's Residential and Fostering provision £3.479m, which is included in the £13.1m shortfall reported, will be funded corporately and so does not appear in the projected December position.

- Strategy and Resources – £0.2m shortfall in the budgeted level of savings from the following projects: £0.15m Communications & Marketing synergies and £0.08m BSC Shared Cost Salary Sacrifice.

As discussed at paragraph 1.6, the Strategy and Resources savings position outlined here reflects the use of £1.3m from the Strategic Contingency Reserve to fund budgeted fleet savings which are not deliverable across the Council in year due to the impact of inflation, costs of maintaining an ageing fleet and increased demand for services, as approved at September Executive Board.

As discussed above, where other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans, they have identified other mitigating measures to offset these shortfalls.

1.9 Measures to address the 2023/24 overspend position

As detailed above, an overspend of £39.0m is currently projected against 2023/24 revenue budget.

Staff have been reminded of their role in supporting the financial position, through ensuring they stay within budget, identifying ways to absorb in year pressures, highlighting any issues early and supporting robust monitoring.

The council's Corporate Leadership Team has agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and have further strengthened vacancy controls.

Cross-directorate work continues to support and challenge the highest cost/spend areas. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFs funding gap could be brought forward to generate savings during 2023/24.

Following Executive Board's approval in September, £1.85m of non-essential spend budgets have been moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. At Month 9, a £0.3m projected underspend is being reported in those services where budgets have been reduced.

Controls on spending has been further strengthened by the implementation of a range of measures that include the following:

- No travel is being undertaken unless it is required for the essential delivery of a service; all meetings, where possible, should be conducted remotely / in the

employee's place of business (with no travel costs incurred to attend a meeting if this meeting could be held remotely and; no conferences or training courses should be attended where these require travel either through mileage or public transport.

- With a number of exceptions e.g., social work roles a complete recruitment freeze is now in place.
- Tighter controls are in place in respect of Agency and Overtime. All Agency Staff are being reviewed and Overtime needs to be consistent with the exception requirements to the recruitment freeze.
- All spend that is not for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.

Whilst the Council continues to deliver a wide range of measures to reduce the overspend position this report also explains that there are still significant risks in the position being reported. The actions detailed above will impact upon the level of forecast overspend but it is inevitable that the Council will need to apply funding from reserves to achieve a balanced position for 2023/24. As indicated in paragraphs 2.3 and 3.4, the WYCA refund and the year-end underspend on energy will be applied and any remaining overspend will be funded by use of the Merrion Reserve.

2. Inflationary Pressures

2.1 At the end of December an overspend of £39.0m is projected against the Council's 2023/24 revenue budget.

2.2 Pay Inflation – The 2023/24 budget allows for £38.9m of pay inflation. The increase provides for the following elements: £18.8m which reflects the Employer's final offer for 2022/23 and which was not agreed until after approval of the 2022/23 budget; £18.2m for an assumed 2023/24 pay award incorporating a 4% pay award for all other staff and the Real Living Wage of £10.90 at pay scale points 1 and 2 announced in September 2022; £0.3m in regard to the pay impact of the additional day of leave included in the 2022/23 pay award to be implemented from 2023/24; and £1.6m for the additional cost of Enhancements. The forecast position reflects the agreed 2023/24 NJC pay award of £1,925 and JNC pay award of 3.5%. Directorates have included any identified pay award mitigation measures in their 2023/24 budget action plans.

2.3 Energy – The Government's Energy Bills Discount Scheme, which runs for 12 months from 1 April 2023 to 31 March 2024 for businesses and other non-domestic energy users (including charities and public sector organisations), sets a much higher price threshold above which organisations become eligible for relief than was in effect over the Winter 2022/23, and, for the most part, the Council does not expect to benefit from any discounts based on its forward purchases and current market forecasts. However, the Government has set a lower threshold for relief for what they term as 'energy trade intensive industries', which include libraries, museums, historical sites and botanical and zoological gardens, and there may therefore be some eligibility for the Council.

The 2023/24 budget allows for a £10.7m or 53.21% increase in energy costs for gas and electricity. Since the budget was set in February 2023 energy prices have stabilised, with short term commodity prices currently around twice the historical levels prior to the energy crisis on average, which, although still high, are much lower than the extremes seen over the last two years. Advice from the Council's energy advisors during this time has therefore largely been to hold off temporarily from forward purchasing energy as the markets have continued to ease, and as such the LCC unsecured volume over recent months has been attracting lower spot market prices to the benefit of overall final unit prices (although recent events in the Middle East have introduced a level of volatility in global market prices). Alongside the purchasing strategy, actions continue to be taken to review energy usage and implement measures across the Authority's estate in order to reduce the pressures associated with increased energy costs.

Whilst acknowledging the ongoing volatility of energy prices, recent forecasts indicate that costs could be as much as £3.4m lower than allowed for in the 2023/24 General Fund budget. At July's meeting Executive Board approved in principle that any underspend on energy would be transferred to the Strategic Contingency Reserve to support the Council to deal with pressures in other areas. As referenced in Paragraph 1.9 above the underspend on energy will now be required to balance the 2023/24 position.

2.4 Fuel – The average UK pump prices for diesel and unleaded petrol saw decreases of (15.0%) and (7.2%) respectively between December 2022 and December 2023. The 2023/24 budget has allowed for an increase of £1.2m, largely attributable to the significant price increases in 2022/23. Fuel costs will continue to be monitored throughout the year.

2.5 Cost of Living Pressures – Further to the inflationary pressures detailed here, there has been a wider inflationary impact to the Council due to the severity of increased cost of living on our residents and businesses. As expected, we have seen the impact of this in increased costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently. The position will continue to be closely monitored.

3. Reserves

General Reserves

3.1 Following the closure of the 2022/23 accounts, the Council's general fund reserve stands at £33.2m. The 2023/24 budget assumes a £3m Strategic Contingency Reserve contribution to this reserve during the current financial year.

Strategic Contingency Reserve

3.2 The 2023/24 budget includes use of reserves to support the Council's General Fund, including use of the Strategic Contingency Reserve which was established in 2020/21 to fund future unforeseen budget pressures and to ensure the Council becomes more financially resilient.

- 3.3** The opening balance on the Strategic Contingency Reserve for 2023/24 was £19.9m with budgeted use of the reserve being £14.3m and a further £0.6m committed to support COVID-19 backlog recovery. As discussed at paragraph 1.6, September’s meeting of the Executive Board approved the use of £1.3m from this reserve to fund budgeted fleet savings. A further £3.5m has been allocated against slippage in the Children’s Residential and Fostering provision action plan and £0.2m will provide Internship funding in Strategy and Resources.
- 3.4** At its meeting of 12th October 2023, the West Yorkshire Combined Authority (WYCA) confirmed a one off refund of transport levy reserves to member authorities aimed at reducing the financial pressures faced in the region, with Leeds to receive £17.7m. These funds will be applied towards balancing the 2023/24 budget position.

4. Funding from other Resources

4.1 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”.

Full Council approved allocation of £19m of capital receipts in the 2023/24 budget to support further transformational work/ projects. At the September 2023 meeting, the Executive Board approved an additional capital receipts use of £5.3m, of which £2.4m reflects slippage against budgeted use in 2022/23 and £2.9m relates to new transformation spend. In addition, the October meeting of this Board approved further use of capital receipts to provide additional PACS staff to support transformation projects across the Council £0.63m and to meet in year ELI costs £0.4m.

Table 5: Expenditure funded through flexible use of capital receipts Month 9

| Directorate | 2023/24 Planned Spend £m | 2023/24 Projected Outturn £m | Variation to Budget £m | 2023/24 Planned Savings £m | 2023/24 Projected Outturn £m | Variation to Budget £m |
|---|---|---|---------------------------------------|---|---|---------------------------------------|
| Adults & Health | 2.32 | 2.08 | (0.24) | (4.00) | (4.00) | 0.00 |
| Children & Families | 1.40 | 0.62 | (0.78) | 0.00 | 0.00 | 0.00 |
| City Development | 0.73 | 0.40 | (0.33) | 0.00 | 0.00 | 0.00 |
| Communities, Housing & Environment | 0.13 | 0.13 | (0.00) | (0.12) | 0.00 | 0.12 |
| Strategic & Resources | 9.53 | 7.47 | (2.07) | (2.03) | (2.03) | 0.00 |
| Strategic/ Corporate | 11.60 | 8.56 | (3.05) | (1.60) | (1.60) | 0.00 |
| | 25.73 | 19.27 | (6.46) | (7.74) | (7.63) | 0.12 |

At Month 9, the Board is recommended to approve the following: £0.1m to support the delivery of City Development capital schemes, £0.04m for Ernest & Young to support the current Procurement contract review exercise and a further £0.2m increase in in year ELI costs, bringing the total planned spend for 2023/24 to £25.7m, as shown in **Table 5**. Further details are provided at **Appendix A3**.

At Month 9 the estimated use of capital receipts for transformational projects is £19.3m and this spend is projected to achieve £7.7m of savings in 2023/24, with further savings in future years. The requirement has reduced by £6.5m following a review of the schemes being delivered in 2023/24 and reflects both reductions in the funding required and slippage into future years including CBT programme slippage of £2.7m. There is a small reduction in anticipated savings in 2023/24.

4.2 Invest to Save/Innovation Funds – 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. 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. Any savings generated will be reflected in the directorate positions.

Table 6: Invest to Save/Innovation Fund Month 9

| | £k | £k | Year End Projected Spend £k | Year End Projected Savings £k |
|--|------------|----------------|--------------------------------------|--|
| Total Funds at start of 2023/24 | | (3,529) | | |
| Less Funds Committed before 2022/23 | | 941 | | |
| Less Funds Committed in 2022/23: | | | | |
| City Development | 0 | | 0 | 0 |
| Communities, Housing & Environment Strategy & Resources | 245 | | 165 | 0 |
| | <u>73</u> | | <u>73</u> | <u>98</u> |
| | | 318 | 238 | 98 |
| Less Funds Committed 2023/24 to Qtr 3: | | | | |
| Children & Families | 346 | | 98 | 0 |
| City Development | 77 | | 0 | 0 |
| Communities, Housing & Environment Strategy & Resources | 75 | | 25 | 0 |
| | <u>136</u> | | <u>136</u> | <u>0</u> |
| | | 634 | 259 | 0 |
| Therefore Funds uncommitted and available | | (1,636) | | |

As summarised in **Table 6**, the total funds available for Invest to Save and Innovation Fund schemes at the start of 2023/24 were £3.529m, of which £0.941m relates to funds committed before 2022/23 and a further £0.318m relates to funds committed in 2022/23 – of which £0.238m is projected to be spent this year. At Month 9, a further £0.634m has been committed during 2023/24 – of which £0 is projected to be spent in year. This leaves an uncommitted and available balance of £1.636m. The most significant uses of the fund approved in 2023/24 relate to a feasibility study on a youth facility in Hunslet (£150k) and the replacement and

refurbishment of filtration equipment at Lotherton Wildlife World (£111k). Although no in year savings are currently anticipated, this targeted expenditure will result in savings in future years.

4.3 COVID-19 Backlog Recovery Fund – This fund was established to meet costs related to clearing backlogs caused by the COVID-19 Pandemic. The total funds at the start of 2023/24 were £0.623m. At the end of Month 9, £0.619m has been committed leaving an uncommitted and available balance of £0.004m. It is projected that £0.526m of the £0.619m will be spent in 2023/24. This position is summarised in **Table 7**.

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

Table 7: COVID-19 Backlog Recovery Fund Month 9

| | | | |
|--|-----|------------|--------------------------------|
| Total Funds at start of 2023/24 | £k | £k | Year End Projected Spend |
| | | (623) | £k |
| Less Funds Committed to 2023/24 Qtr 3*: | | | |
| City Development | 146 | | 53 |
| Communities, Housing & Environment | 66 | | 66 |
| Strategy & Resources | 407 | | 407 |
| | | 619 | 526 |
| Therefore Funds uncommitted and available | | (4) | |

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

5. Other Financial Performance

5.1 Council Tax

The Council Tax in-year collection rate at the end of December 2023 was 78.39%. Whilst this is a slight decrease from the December 2022 in-year collection rate of 79.00% it should be noted that this can be attributed to application of around £4m in £150 cost of living 'rebates' to Council Tax accounts in July 2022, thereby artificially increasing the amount collected at that point in the year and impacting on the comparison.

The current collection rate is still lower than the December 2019 in-year collection rate of 80.79%, however the profile of taxpayers' payments has changed significantly since the pandemic, with many more residents choosing to pay their council tax over twelve months rather than ten. Due to the challenging conditions following the pandemic, the target collection rate in the fullness of time was reduced for 2022/23 to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. It has been assumed collection rates will return to the normal 99% recovery rate from 2023/24 onwards.

The opening deficit on the Collection Fund is £8.901m, which includes the deficit from 2022/23 and the final instalment of the deficit from 2020/21 which the

Government mandated had to be spread over three years. At the time of declaration these elements were estimated to be £8.778m. The declared deficit is required to be repaid by the Council, the Fire Authority and the Police in 2023/24 with the remaining £0.123m, the difference between the estimated declared deficit in December 2022 and the end of the 2022/23 financial, being carried forward into 2024/25.

This repayment of the 2020/21 and 2022/23 deficits would be expected to generate a surplus on the collection fund, however current projections, based on historical trends of growth and movements in discounts and local council tax support, are that an in-year surplus of only £6.599m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.302m. Leeds share of this projected closing deficit would be £1.93m, with the remainder being paid by the Fire Authority and the Police.

New charges in addition to the original billing at the start of the year have been lower than assumed in projections. If this trend is repeated throughout the year, it will be the most significant underlying cause generating the projected deficit. However, this projected position reflects nine months of data and close monitoring of the growth in council tax liabilities in the city will be required in the coming months.

5.2 Business Rates

The Business Rates collection rate at the end of December 2023 is 80.78% which is significantly higher than the December 2022 in-year collection rate of 78.97% but slightly lower than the December 2019 in-year collection rate of 81.10% before the pandemic. As with Council Tax, the profile of ratepayers' payments has changed after the pandemic with many more local businesses choosing to pay their rates bill over twelve months rather than ten. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.8%, collecting £347.4m of business rates income. The collection rates will continue to be closely monitored in the current year and into future years.

The total rateable value of business properties in Leeds has decreased from £954.44m at the time of the 2023/24 budget to £947.78m as at 31st December 2023, a fall of £6.66m. Around £4.8m of this reduction is due to hereditaments undergoing redevelopment or major works and so it is anticipated that in time the rateable value of these properties will be revised upwards with the remainder losses being due to reductions in Rateable Values from the Valuation Office Agency. The 2023/24 budget includes an expected increase in Rateable Value of £2.5m for the full year. The size of the Business Rates tax base in Leeds continues to be monitored closely.

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

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

In 2023/24, an in-year deficit of £1.3m is projected, driven mainly by recent reductions to Rateable Value on the 2017 and 2023 ratings list. The impact of Valuation Officer Reports (VORs), which occur in areas outside of Leeds but have an impact on properties within the Councils borders, has particularly affected the 2017 list with a total loss of £7.5m. These losses cannot be charged against provisions for appeals and are an in-year cost. However, because the VOR costs have been charged to income rather than provisions, and a reassessment of the requirement for provisions for outstanding appeals, the VOR costs are offset by a reduction in those provisions of £4.5m.

Further reductions in Rateable Values on the 2023 List have an ongoing impact on growth which is now £3.8m below expectations. Increased demand for Small Business Rates Relief is £1.4m above the budgeted forecast, which has also added to the deficit.

These losses are partially offset by an improvement in bad debt provisions of £3.1m due to improved collection rates, a £1.9m lower cost for extended retail relief, and a reduced demand for Empty Rate Relief of £1.2m compared to the years immediately after the pandemic. Other smaller changes to Business Rates income result in a further £0.7m saving.

When combined with the £1.93m worsening in the closing position for 2022/23 it is currently forecast that there will be a total closing deficit of £3.18m, which will have to be repaid to the collection fund by the Council in 2024/25.

5.3 Business Rates Appeals

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

The 2010 ratings list is now closed and there are no appeals left outstanding.

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

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

£4.2m to the General Fund and a £1.93m worsening against the position projected at declaration.

As at 31st December 2023, the Council is providing for a net of 427 Checks and Challenges against the 2017 ratings list. The position will be monitored closely over the coming months to ensure that the Council's provisions for the 2017 list remain adequate. There are also 244 Checks and Challenges against the new 2023 ratings list. It is anticipated that because of the move to 3 yearly revaluations from 2023 (previously 5 years) the valuation lists will necessarily be more representative of the current commercial property market, and it is expected that there will be fewer challenges to the lists going forward. The level of appeals against the 2023 ratings list, and the losses incurred, will also continue to be closely monitored in the coming months.

In addition, the Authority has made provisions for specific issues such as expected reductions to hospitals, ambulance and fire stations and expected reductions to several GP surgeries which will be reassessed quarterly. However, in October 2023 the Council received notification that two appeals on the two large hospitals in Leeds had been resolved. Historical evidence suggested that provision for a 10% reduction was reasonable but unfortunately one of the appeals saw a 23.5% reduction in Rateable Value backdated to 1st April 2017. The combined impact of these appeals was a refund of £4.0m. The Council held provisions of only £2.8m, resulting in the Collection Fund being adversely impacted by £1.2m. The impact on the Council's 2024/25 General Fund will therefore be approximately £0.6m.

5.4 Impact of COVID-19 and cost of living on the Collection Fund in 2023/24 and beyond

Collection of Business Rates can be seen to be improving following the lifting of restrictions in place due to the COVID-19 crisis. However, the pressures of the cost-of-living crisis and the long-term impact on collection rates and the tax base will require close monitoring.

6. Housing Revenue Account (HRA)

6.1 At December, the HRA is projecting a pressure of £1.386m or 0.5% of gross budget. If this position does not improve by the end of the year, then the budget will be balanced by use of the reserves.

6.2 The key projected variations are:

- Dwellings Rent £932k – a forecast reduction in rental income due to the number of void properties being higher than budgeted and an increase in the projected number of Right to Buy sales compared with the budget.
- Non-Dwellings Rent £56k - pressure on garage rent.
- Service Charges (£184k) – mainly reflecting the impact of Gascoigne House.
- Employees Net (£102k) - there is a forecast underspend against the employee budget of (£1,329k) due to vacant posts, this position includes a projection for the pay award. However, this underspend on employee costs is offset with a

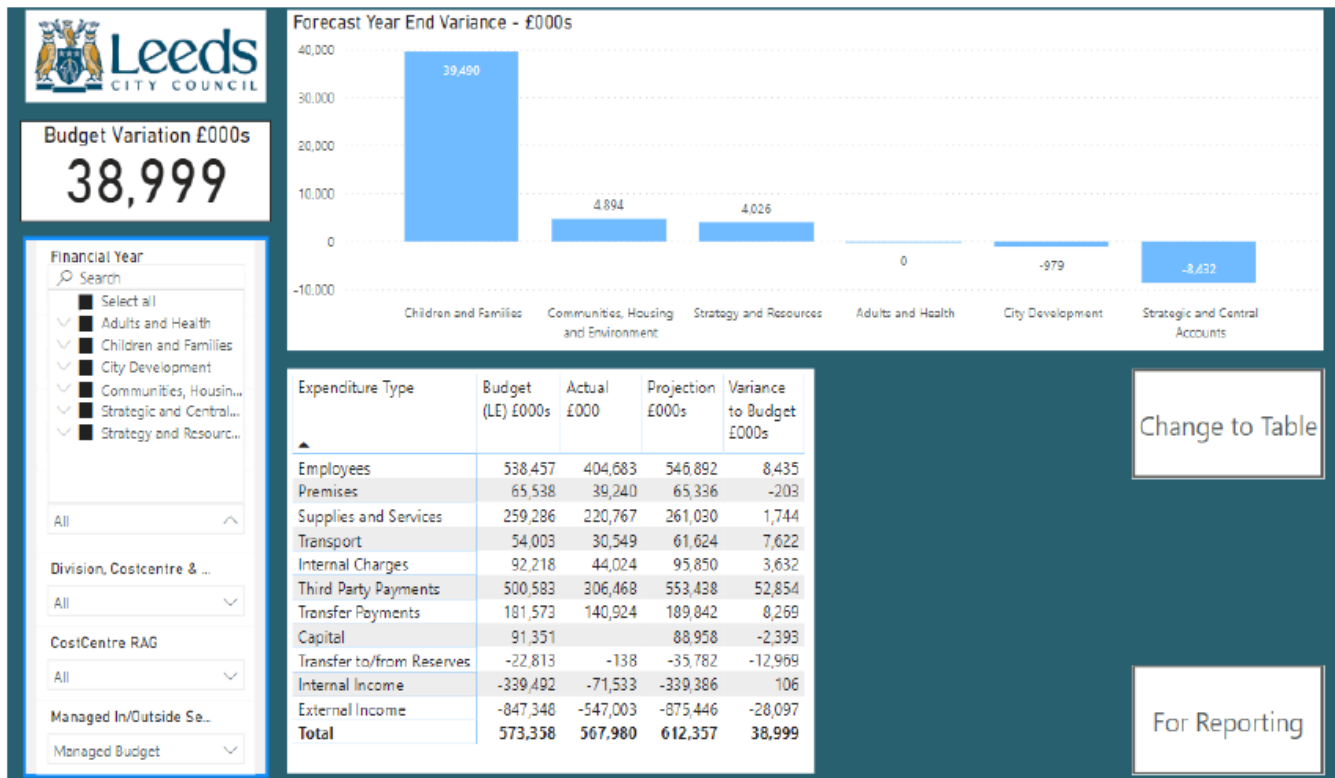
reduction in capitalised salaries of £1,039k and a £188k pressure regarding internal services for recharged staff in the Council House Growth (CHG) Programme.

- Repairs to Dwellings £1,791k - reflects the forecast pressure on the repairs budget.
- Premises (£178k) – reflects the projected costs of utilities following recent reductions in energy costs.
- Supplies and Services (£537k) - line by line savings and use of the contingency budget.
- PFI £0k - a forecast pressure on the Unitary Charge of £532k is offset by a projected underspend on internal income (£51k) and the use of PFI Sinking funds (£481k).
- Internal Services (£175k) – This pressure reflects the impact of the pay award of £1925 per FTE on charges from internal LCC services and savings on the discretionary housing payments.
- Provision for Doubtful Debt £225k – to reflect the updated arrears position.
- Capital Charges (£26k) – reflects savings from slippage in the CHG programme borrowing.
- Contribution to the capital programme (£618k) – the current forecast underspend on the capital programme 2023/24.


Overall Summary Sheet

Month 9 (December 2023)

Financial Dashboard 2023/24 Financial Year



Financial Dashboard 2023/24 Financial Year

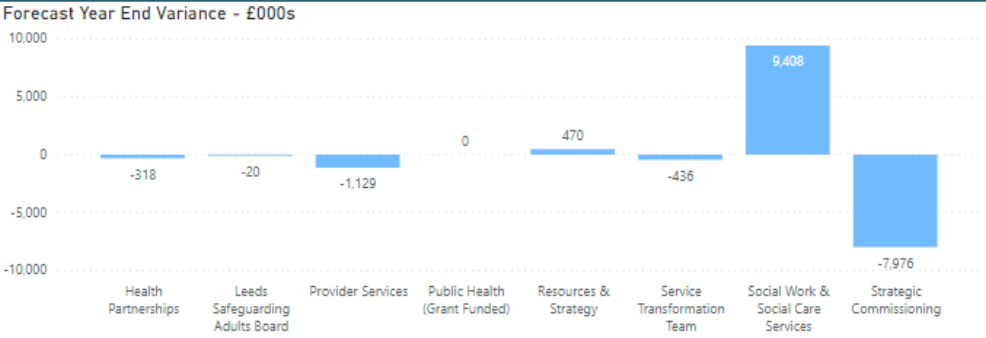


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s




| Department | Variance (£000s) |
|------------------------------------|------------------|
| Health Partnerships | -318 |
| Leeds Safeguarding Adults Board | -20 |
| Provider Services | -1,129 |
| Public Health (Grant Funded) | 0 |
| Resources & Strategy | 470 |
| Service Transformation Team | -436 |
| Social Work & Social Care Services | 9,408 |
| Strategic Commissioning | -7,976 |

| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 70,508 | 70,073 | -435 |
| Premises | 1,381 | 1,342 | -39 |
| Supplies and Services | 7,509 | 14,733 | 7,224 |
| Transport | 1,011 | 883 | -128 |
| Internal Charges | 14,404 | 16,153 | 1,748 |
| Third Party Payments | 326,198 | 343,651 | 17,454 |
| Transfer Payments | 13,488 | 11,652 | -1,836 |
| Transfer to/from Reserves | -4,521 | -11,002 | -6,481 |
| Internal Income | -4,963 | -4,617 | 346 |
| External Income | -226,157 | -244,009 | -17,852 |
| Total | 198,859 | 198,859 | 0 |


Placeholder for additional financial data or notes.

Financial Dashboard 2023/24 Financial Year



Budget Variation £000s
39,490

Forecast Year End Variance - £000s



| Category | Variance (£000s) |
|---------------------------|------------------|
| Third Party Payments | 35,173 |
| Transport | 3,057 |
| Employees | 2,620 |
| Internal Charges | 1,444 |
| Supplies and Services | 954 |
| Transfer Payments | 320 |
| Capital | 0 |
| Premises | -6 |
| Transfer to/from Reserves | -304 |
| Internal Income | -418 |
| External Income | -3,350 |

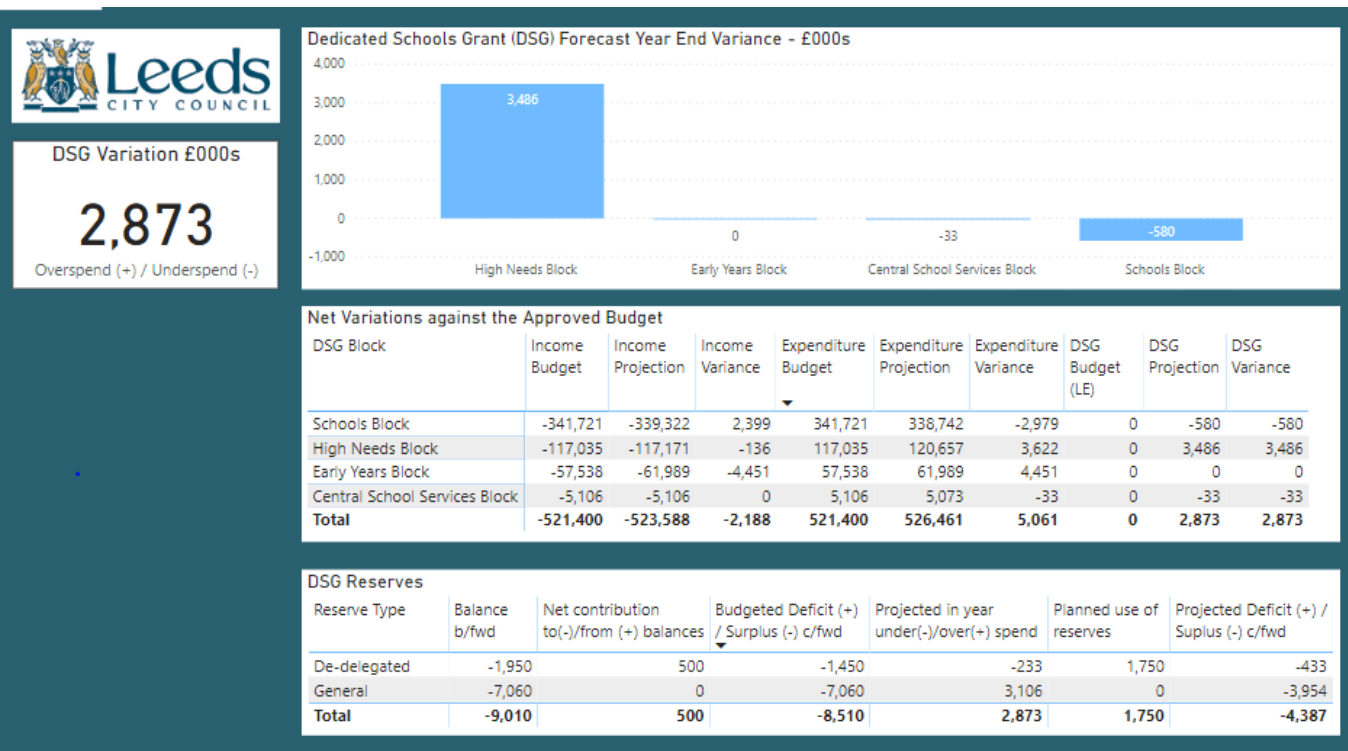
| Expenditure Type | Budget (LE) £000s | Actual £000 | Projection £000s | Variance to Budget £000s |
|---------------------------|-------------------|----------------|------------------|--------------------------|
| Employees | 112,443 | 85,199 | 115,063 | 2,620 |
| Premises | 4,698 | 2,436 | 4,692 | -6 |
| Supplies and Services | 65,692 | 59,147 | 66,646 | 954 |
| Transport | 11,794 | 2,147 | 14,851 | 3,057 |
| Internal Charges | 36,311 | 13,599 | 37,755 | 1,444 |
| Third Party Payments | 113,725 | 107,356 | 148,897 | 35,173 |
| Transfer Payments | 3,882 | 3,513 | 4,202 | 320 |
| Capital | | 0 | 0 | 0 |
| Transfer to/from Reserves | -819 | 0 | -1,123 | -304 |
| Internal Income | -35,714 | -18,565 | -36,131 | -418 |
| External Income | -170,592 | -68,430 | -173,942 | -3,350 |
| Total | 141,419 | 186,402 | 180,909 | 39,490 |

| Directorate | Change in Variance £000s |
|-----------------------|--------------------------|
| Children and Families | 3,685 |
| Total | 3,685 |

Change to Table

For Reporting

Financial Dashboard 2023/24 Financial Year



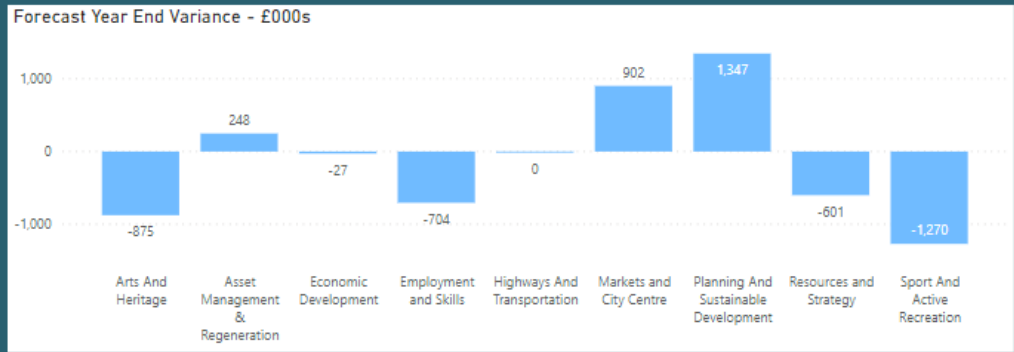
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

-979

Overspend (+) / Underspend (-)



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 75,678 | 74,995 | -683 |
| Premises | 31,520 | 31,441 | -78 |
| Supplies and Services | 50,065 | 49,094 | -971 |
| Transport | 6,827 | 9,531 | 2,704 |
| Internal Charges | 10,576 | 11,256 | 680 |
| Third Party Payments | 215 | 215 | 0 |
| Transfer Payments | | 0 | 0 |
| Capital | | 0 | 0 |
| Transfer to/from Reserves | -3,695 | -4,796 | -1,102 |
| Internal Income | -46,215 | -49,116 | -2,901 |
| External Income | -83,742 | -82,369 | 1,372 |
| Total | 41,230 | 40,251 | -979 |

Financial Dashboard 2023/24 Financial Year

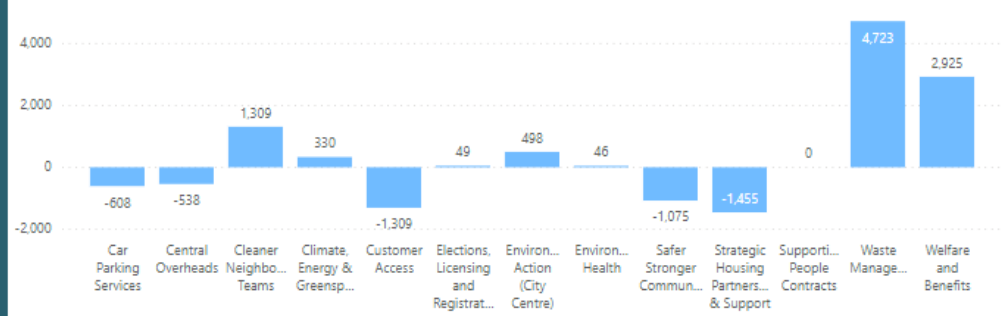


Budget Variation £000s

4,894

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 108,624 | 109,846 | 1,222 |
| Premises | 11,824 | 11,725 | -100 |
| Supplies and Services | 70,398 | 76,004 | 5,606 |
| Transport | 11,297 | 12,808 | 1,511 |
| Internal Charges | 21,034 | 20,948 | -86 |
| Third Party Payments | 23,212 | 23,147 | -65 |
| Transfer Payments | 163,007 | 172,899 | 9,892 |
| Capital | | 0 | 0 |
| Transfer to/from Reserves | -1,768 | -2,310 | -542 |
| Internal Income | -44,813 | -46,323 | -1,509 |
| External Income | -267,921 | -278,956 | -11,036 |
| Total | 94,894 | 99,788 | 4,894 |

Financial Dashboard 2023/24 Financial Year



Surplus (-) / Deficit (+) £000s

1,386

| HRA Income | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|--------------------|----------------------|---------------------|-------------------|-----------------------------|
| ▲ Dwelling Rents | -230,240 | -229,308 | 932 | 0 |
| Non Dwelling Rents | -3,347 | -3,291 | 56 | 0 |
| Service Charges | -9,551 | -9,635 | -84 | 0 |
| Internal Income | -9,349 | -8,350 | 999 | 0 |
| Grants | -21,385 | -21,385 | 0 | 0 |
| External Income | -1,778 | -1,678 | 100 | 0 |
| Total | -275,650 | -273,647 | 2,003 | 0 |

| HRA Expenditure | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|-----------------------------------|----------------------|---------------------|-------------------|-----------------------------|
| ▲ Disrepair Provision | 4,000 | 4,000 | 0 | 0 |
| Repairs to Dwellings | 65,103 | 66,894 | 1,791 | 0 |
| Employees | 33,708 | 32,379 | -1,329 | 0 |
| Premises | 11,732 | 11,554 | -178 | 0 |
| Supplies and Services | 5,486 | 4,949 | -537 | 0 |
| PFI Unitary Charge | 12,662 | 13,194 | 532 | 0 |
| Transport | 304 | 295 | -9 | 0 |
| Internal Services | 39,815 | 39,828 | 13 | 0 |
| BITMO Management Fee | 3,524 | 3,524 | 0 | 0 |
| Provision for Doubtful Debts | 1,136 | 1,361 | 225 | 0 |
| Capital Charges | 46,666 | 46,640 | -26 | 0 |
| Contribution to Capital Programme | 51,891 | 51,273 | -618 | 0 |
| Total | 276,027 | 275,890 | -137 | 0 |

| Surplus (-) / Deficit (+) | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|------------------------------|----------------------|---------------------|-------------------|-----------------------------|
| ▼ Net Position | 377 | 2,244 | 1,867 | 0 |
| Appropriation: Sinking Funds | -326 | -807 | -481 | 0 |
| Appropriation: Reserves | -51 | -51 | 0 | 0 |
| Total | 0 | 1,386 | 1,386 | 0 |

Financial Dashboard 2023/24 Financial Year

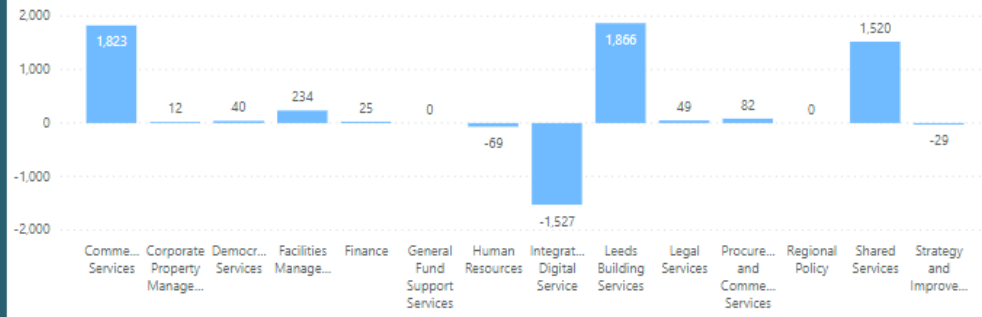


Budget Variation £000s

4,026

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 166,475 | 172,248 | 5,773 |
| Premises | 16,116 | 16,136 | 20 |
| Supplies and Services | 63,303 | 56,123 | -7,180 |
| Transport | 23,074 | 23,551 | 477 |
| Internal Charges | 4,931 | 4,720 | -211 |
| Third Party Payments | 28 | 28 | 0 |
| Transfer Payments | 66 | 66 | 0 |
| Transfer to/from Reserves | -74 | -917 | -843 |
| Internal Income | -172,616 | -166,615 | 6,001 |
| External Income | -16,462 | -16,473 | -11 |
| Total | 84,841 | 88,866 | 4,026 |

Financial Dashboard 2023/24 Financial Year

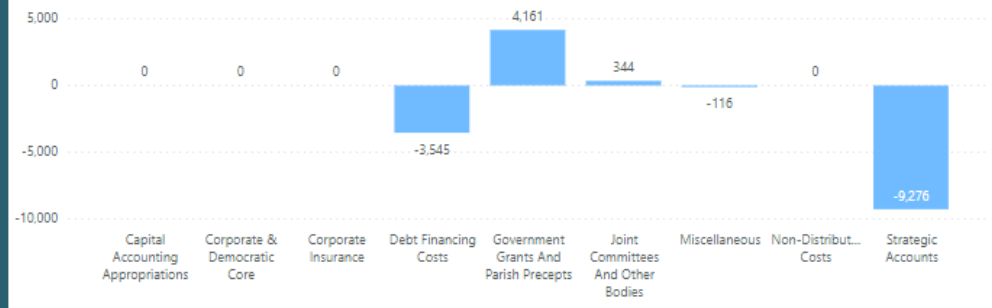


Budget Variation £000s

-8,432

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



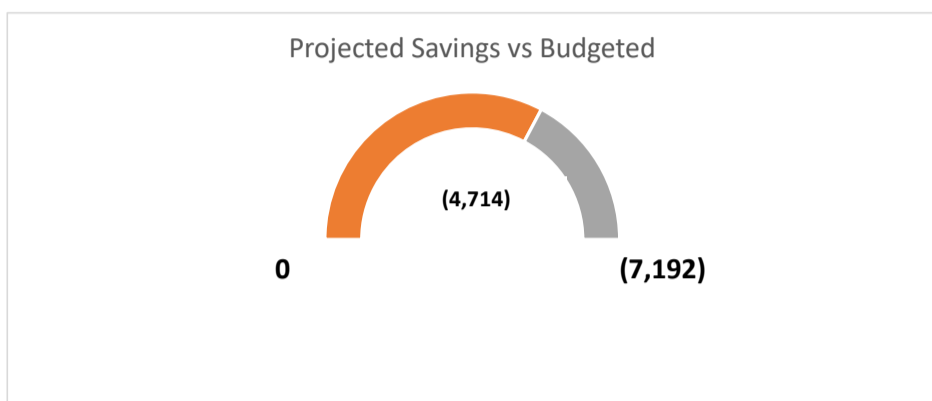
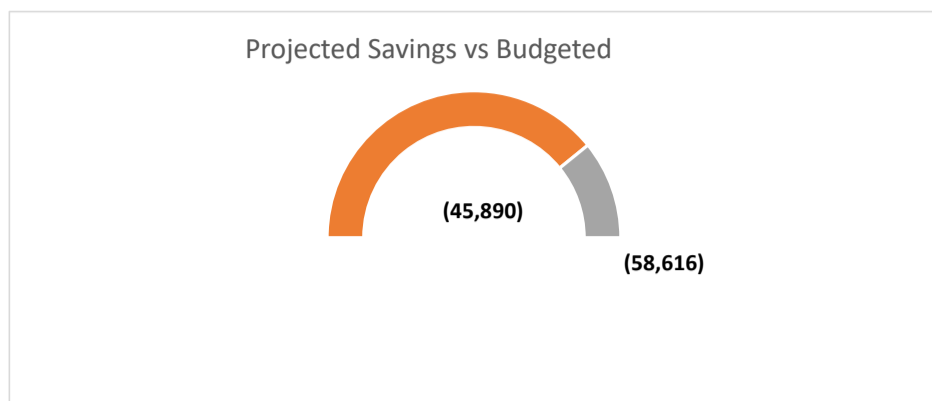
| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 4,729 | 4,667 | -63 |
| Premises | | 0 | 0 |
| Supplies and Services | 2,320 | -1,569 | -3,889 |
| Internal Charges | 4,962 | 5,019 | 57 |
| Third Party Payments | 37,207 | 37,499 | 293 |
| Transfer Payments | 1,130 | 1,023 | -107 |
| Capital | 91,351 | 88,958 | -2,393 |
| Transfer to/from Reserves | -11,936 | -15,633 | -3,697 |
| Internal Income | -35,171 | -36,584 | -1,412 |
| External Income | -82,476 | -79,696 | 2,780 |
| Total | 12,116 | 3,684 | -8,432 |

LEEDS CITY COUNCIL - SUMMARY

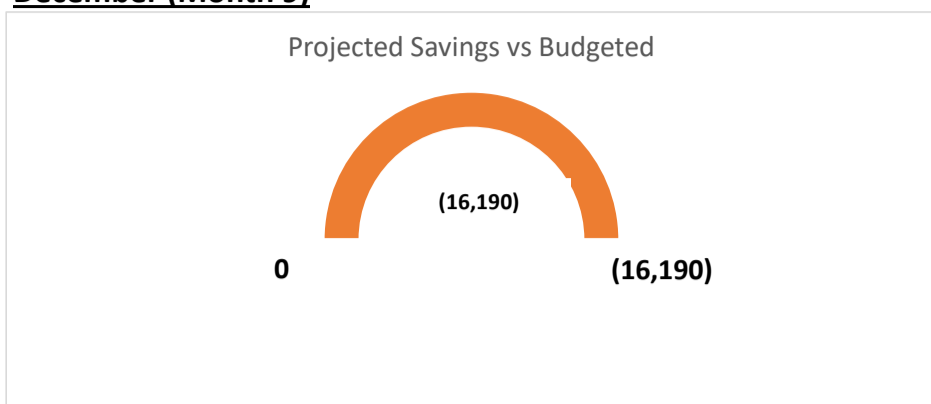
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (16,998) | (17,383) | (385) |
| On track, no issues | (13,738) | (15,505) | (1,767) |
| Some risk | (11,726) | (10,508) | 1,218 |
| High risk | (16,154) | (2,494) | 13,660 |
| Cancelled | 0 | 0 | 0 |
| Total | (58,616) | (45,890) | 12,726 |

LEEDS CITY COUNCIL - Other Savings Measures

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | 0 | 0 | 0 |
| On track, no issues | (4,545) | (4,545) | 0 |
| Some risk | 0 | 0 | 0 |
| High risk | (2,647) | (169) | 2,478 |
| Cancelled | 0 | 0 | 0 |
| Total | (7,192) | (4,714) | 2,478 |



December (Month 9)



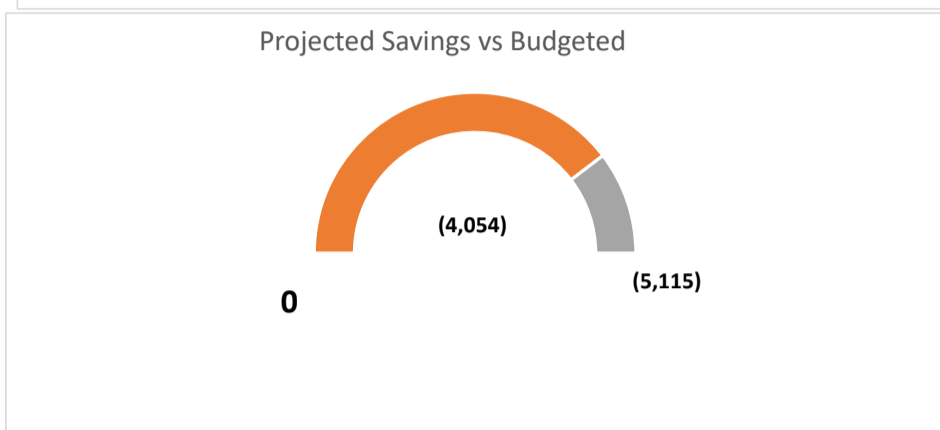
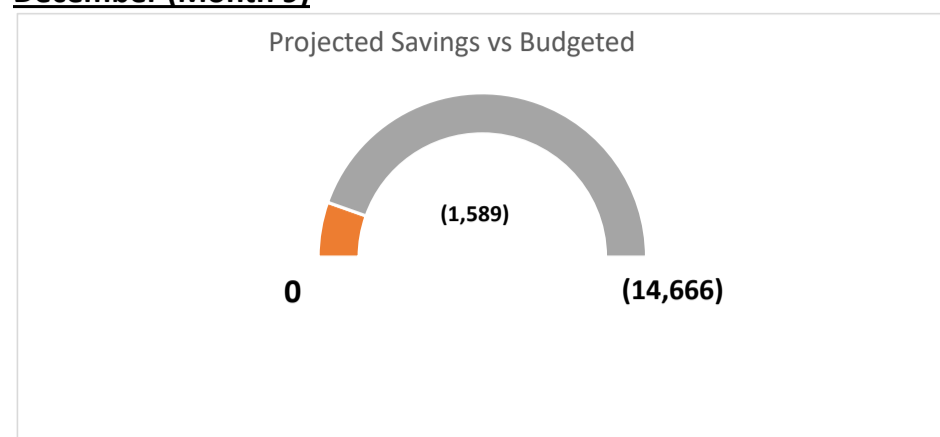
ADULTS & HEALTH - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (12,260) | (12,495) | (235) |
| On track, no issues | (250) | (250) | 0 |
| Some risk | (1,920) | (1,605) | 315 |
| High risk | (1,760) | (1,840) | (80) |
| Cancelled | 0 | 0 | 0 |
| Total | (16,190) | (16,190) | 0 |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|--|
| Budgeted Savings | BAU | Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost) | Shona McFarlane | High risk | (160) | (40) | 120 | LBS struggling to let contracts re low interest. One of three properties will have f.y.e. one, half year effect and one little impact next year. Detailed action plan can only be completed once details of works have been obtained. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23). Spring Gardens complete Q1 23-4. Dolphin & Knowle Manor still to start but both will commence at the same time. Final quotes received and on-line with approved budget. Complete late autumn. |
| Budgeted Savings | SR | Strategic Review of Adult Social Work provision | Shona McFarlane | Some risk | (1,120) | (830) | 290 | risk associated with social work and OT recruitment and therefore f.y.e. Aiming for new model to start May. Potential to be impacted by getting the service ready for the CQC inspection. At Q1 assume 25% non-delivery but in all likelihood could be more. |
| Budgeted Savings | BAU | Review mid-price range Learning Disability packages | Shona McFarlane | Some risk | (500) | (500) | 0 | 0 |
| Budgeted Savings | BAU | Develop a direct payment plan that is easy to administer for social workers to become the default option; will | Shona McFarlane | Some risk | (200) | (200) | 0 | Plan shared with Max & Nyoka. Target setting session with front line social work and targets set |
| Budgeted Savings | BAU | Review of mental health placements (s117 health contribution) | Caroline Baria | Some risk | (100) | (75) | 25 | Alternative savings of £65k identified, Touchstone and their outreach offer which is expensive. WRAP? |
| Budgeted Savings | BAU | Individualisation of block contracts | Caroline Baria | High risk | (500) | (250) | 250 | Slow progress re individualisation of block contracts with Aspire and |
| Budgeted Savings | BAU | Invest to save proposal for Home care - performance management | Caroline Baria | High risk | (1,000) | (1,500) | (500) | Report approved to recruit 2 new staff. Expected to overachieve against BAP. Awaiting delivery from DIS of software to analyse Home Care provider data. |
| Budgeted Savings | BAU | Review supported bank account contract (direct payments) | Caroline Baria | High risk | (100) | (50) | 50 | contract renewal late than originally thought. Sum will be contained within budget - or use of reserves as this is slippage and not non-delivery |

December (Month 9)



CHILDREN & FAMILIES - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | 0 | 0 | 0 |
| On track, no issues | (212) | (212) | 0 |
| Some risk | (1,396) | (723) | 673 |
| High risk | (13,058) | (654) | 12,404 |
| Cancelled | 0 | 0 | 0 |
| Total | (14,666) | (1,589) | 13,077 |

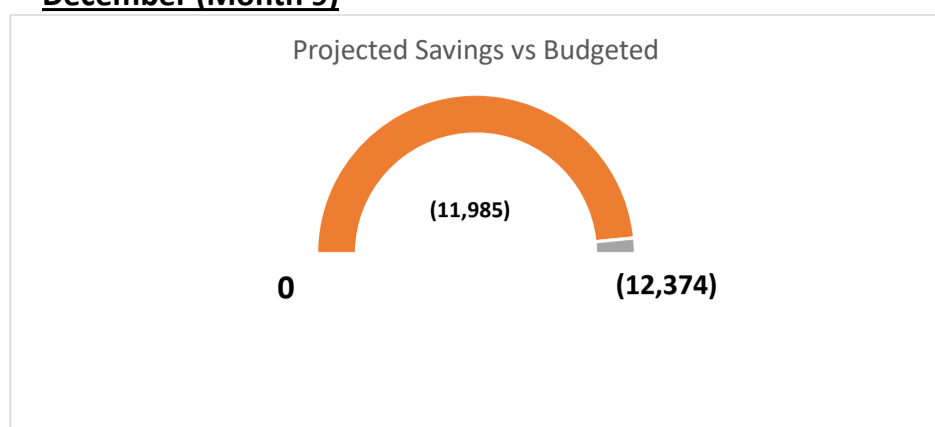
CHILDREN & FAMILIES - Other Savings Measures

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | 0 | 0 | 0 |
| On track, no issues | (3,915) | (3,915) | 0 |
| Some risk | 0 | 0 | 0 |
| High risk | (1,200) | (139) | 1,061 |
| Cancelled | 0 | 0 | 0 |
| Total | (5,115) | (4,054) | 1,061 |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|--|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|--|
| Budgeted | SR | Diversifying children's residential and fostering provision | Farrah Khan | High risk | (3,479) | 0 | 3,479 | While the project still delivers savings over the longer term, the timing has changed and the original 23/24 savings are likely to be delivered later. This is to be cashflowed to reflect change in phasing of savings. |
| Budgeted | SR | Contracts: reduce costs and build on LCC's regional 'lead' role to maximise opportunities for income generation through additional investment in commissioning, contract management and placement reviews. | Phil Evans | High risk | (4,000) | 0 | 4,000 | Original savings plans assumed delivery of £4,750k savings with £750k investment in staffing. Savings plans are in place. However significant risk for delivery due to scale of savings and likely lead in period for delivery. |
| Budgeted | SR | Turning the curve – range of workstreams to reduce the forecast increase in Children Looked After number | Farrah Khan | High risk | (3,000) | 0 | 3,000 | Original plans required investment in an Edge of Care service to deliver the net savings of £3,000k. However this savings target overlaps with the fostering and residential plans, so is not expected to lead to additional savings in 23/24. |
| Budgeted | BAU | Transport: Including independent travel training, personal transport allowances, use of private hire, commissioning an external review | Tim Pouncey | some risk | (946) | (623) | 323 | High risk budget due to level of control over demand and inflation and data available for projections. Therefore savings could be overtaken by additional costs. However progress is being made by C&F and CEL on implementation of savings proposals. |
| Budgeted | SR | Review of Children's Centres and Commissioned Family Services | Farrah Khan | some risk | (450) | (100) | 350 | Unlikely the full £450k will be achieved in 23/24. |
| Budgeted | SR | Efficiencies in commissioned services through review of a range of contracts. | Phil Evans | High risk | (500) | (131) | 369 | Work ongoing to identify further savings |
| Budgeted | SR | Efficiencies across the Children & Families directorate, potentially including staffing reductions | Julie Longworth | High risk | (1,710) | (154) | 1,556 | Details being worked through, including a review of vacant posts |
| Budgeted | BAU | Staffing efficiencies: Social Care - Attendance and performance management | Farrah Khan | high risk | (369) | (369) | 0 | Reduced use of agency staff |
| Other | 0 | Little Owls | Farrah Khan | High risk | (1,200) | (139) | 1,061 | Review ongoing to identify savings |

December (Month 9)

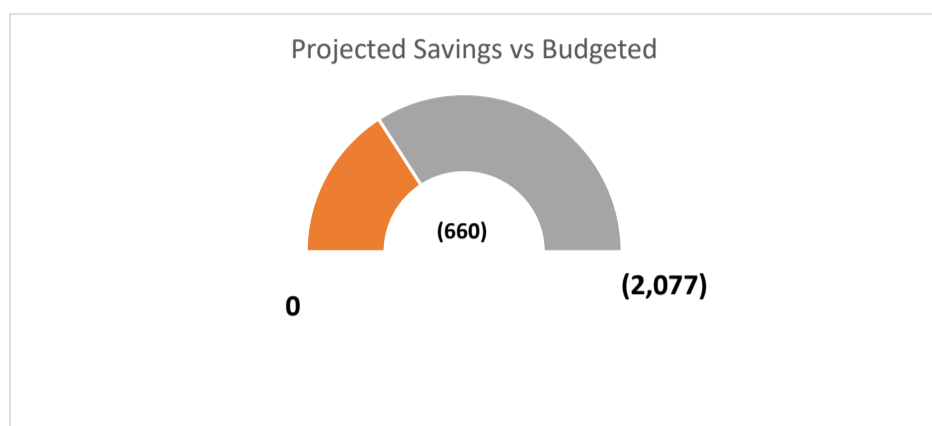


CITY DEVELOPMENT - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (3,760) | (3,760) | 0 |
| On track, no issues | (7,106) | (7,106) | 0 |
| Some risk | (1,142) | (1,119) | 23 |
| High risk | (366) | 0 | 366 |
| Cancelled | 0 | 0 | 0 |
| Total | (12,374) | (11,985) | 389 |

CITY DEVELOPMENT - Other Savings Measures

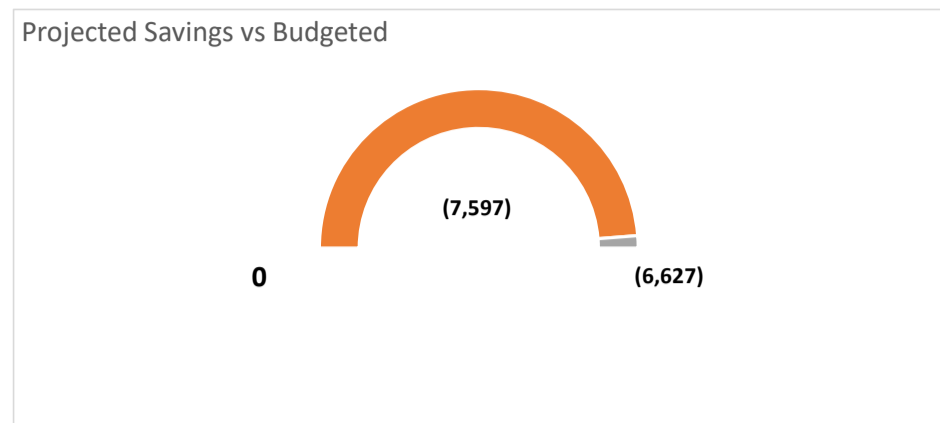
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | 0 | 0 | 0 |
| On track, no issues | (630) | (630) | 0 |
| Some risk | 0 | 0 | 0 |
| High risk | (1,447) | (30) | 1,417 |
| Cancelled | 0 | 0 | 0 |
| Total | (2,077) | (660) | 1,417 |



Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|--|
| Budgeted | BAU | 1% increased vacancy provision | Jane Walne | Some risk | (677) | (677) | 0 | 0 |
| Budgeted | SR | Leeds Museums & Galleries Invest to Save: relocation of Café | Eve Roodhouse | Some risk | (90) | (67) | 23 | 0 |
| Budgeted | BAU | Leeds Museums and Galleries commercial review | Eve Roodhouse | Some risk | (100) | (100) | 50 | 0 |
| Budgeted | BAU | Additional income from new contractor framework implemented in 22/23 | Gary Bartlett | Some risk | (25) | (25) | 0 | 0 |
| Budgeted | SR | Street Lighting: Adaptive lighting via a Central Management System (CMS) | Gary Bartlett | High risk | (166) | 0 | 166 | 0 |
| Budgeted | BAU | Development Management - generation of additional income from pre-app advice service | David Feeney | High risk | (100) | 0 | 100 | 0 |
| Budgeted | BAU | Strategic Planning - consultancy advice (e.g. to other local authorities) | David Feeney | High risk | (50) | 0 | 50 | 0 |
| Budgeted | BAU | Building Control - additional income through providing expert technical services to other local authorities | David Feeney | High risk | (50) | 0 | 50 | 0 |
| Budgeted | BAU | Planning & Levelling Up Bill: National fees | David Feeney | Some risk | (250) | (250) | 0 | 0 |
| Other | BAU | Estate Rationalisation | Angela Barnicle | High risk | (583) | (30) | 553 | 0 |
| Other | BAU | Strategic Investment Fund | Angela Barnicle | High risk | (664) | 0 | 664 | 0 |

December (Month 9)



COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

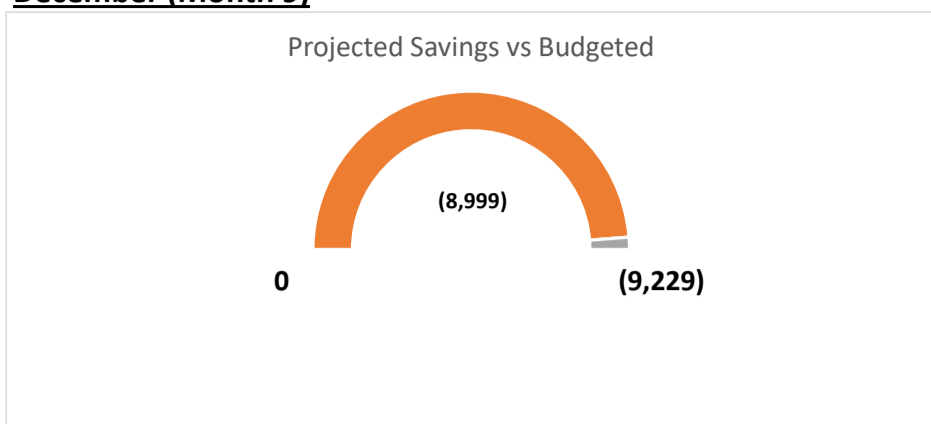
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (863) | (1,013) | (150) |
| On track, no issues | (3,747) | (5,514) | (1,767) |
| Some risk | (1,277) | (1,070) | 207 |
| High risk | (740) | 0 | 740 |
| Cancelled | 0 | 0 | 0 |
| Total | (6,627) | (7,597) | (970) |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|---|
| Budgeted | BAU | Parks attractions income | John Mulcahy | Some risk | (170) | (140) | 30 | Price increase came into effect Jan 23 and income will be monitored. Further DDN approved September 23 for price increase to come into effect Jan 24. On street income is projecting to be down £128k against the budget but this is compared to £268k down in 22-23. |
| Budgeted | BAU | Benefits - Subsidy - target Supported Accommodation | John Mulcahy | Some risk | (134) | (90) | 44 | Free ULEV permits ceased April 23 and income in WHLCP will be monitored. DDN approved September 23 for price increase to come into effect Jan 24 for WHLCP. Income at WHLCP is approx £700k down against budget compared to £790k last year |
| Budgeted | BAU | Community Centres - strategy to reduce the current subsidy to nil | Polly Cook | Some risk | (192) | (192) | 0 | Attractions income is trending towards a pressure at Lotherton where £100k of budgeted savings targeted. However café income is projected to exceed the budget at the three sites with attraction income. |
| Budgeted | BAU | Recycling Disposal costs | Lee Hemsworth | Some risk | (600) | (600) | 0 | Action plan in place with the aim is to reduce or maintain existing pressure. However this is dependent on scale of new growth in legitimate supported accommodation claims. £300k delivered at period 6. Assumed remaining 50% will be achieved Sept - Mar |
| Budgeted | BAU | Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge | Lee Hemsworth | Some risk | (32) | (32) | 0 | Amended charges have been approved - one major client (LCHT) and dependant upon them accepting the increase. Working towards implementation 1/12/2023 |
| Budgeted | BAU | Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge | Paul Money | Some risk | (33) | 0 | 33 | Reduced income projected in year. |
| Budgeted | BAU | Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge | John Mulcahy | Some risk | (116) | (16) | 100 | Service has been insured but income is down compared to budget by approx £100k |

| | | | | | | | | |
|----------|-----|---|--------------|-----------|-------|---|-----|--|
| Budgeted | BAU | Review existing fees and charges beyond those assumed within the MTFS: Increase charge for replacement bins and Weighbridge | John Woolmer | High Risk | (740) | 0 | 740 | The risk of significant volatility of market price of recycling income was is known when the budget was set. All disposal budgets are monitored each month and due to a reduction in the market price of recyclable materials the actions plan does not look like it will be achieved in 2023/24. This cost pressure has been partially offset by £269k of additional income on the recycling contract prices from October 2023. |
|----------|-----|---|--------------|-----------|-------|---|-----|--|

December (Month 9)



STRATEGY & RESOURCES - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (115) | (115) | 0 |
| On track, no issues | (2,893) | (2,893) | 0 |
| Some risk | (5,991) | (5,991) | 0 |
| High risk | (230) | 0 | 230 |
| Cancelled | 0 | 0 | 0 |
| Total | (9,229) | (8,999) | 230 |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|--|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|---|
| Budgeted | BAU | Additional LBS turnover as a result of capital work in the civic estate | Sarah Martin | Some risk | (1,500) | (1,500) | 0 | Will need to ensure future years' capital programme provision is recurrent in order to sustain the surplus. |
| Budgeted | BAU | Corporate Property Management - Various initiatives including: maximising Salix funding & review of building maintenance funding. | Sarah Martin | Some risk | (250) | (250) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Cleaning / Facilities Management/Security: Review of cleaning materials procurement, pricing, Presto offer and insourcing. | Sarah Martin | Some risk | (200) | (200) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Catering: Before and After School Clubs, target increased take up, review high school offer to include cross border training, procurement. | Sarah Martin | Some risk | (165) | (165) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Fleet Services' efficiencies: including reduction in maintenance spend, introduction of new vehicle types, greater utilisation of existing fleet and an enhanced focus on supplier spend and emerging markets. | Sarah Martin | Some risk | (488) | (488) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | CEL Increased Productivity | Sarah Martin | Some risk | (345) | (345) | 0 | 0 |
| Budgeted | BAU | Cleaning/Facilities Management/Security - Increased productivity | Sarah Martin | Some risk | (30) | (30) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Civic Flavour - Armley Sports Centre Café | Sarah Martin | Some risk | (20) | (20) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Civic Flavour - Weddings | Sarah Martin | Some risk | (20) | (20) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Staffing efficiencies: CEL: Corporate Property Management / Facilities Management | Sarah Martin | Some risk | (163) | (163) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Commercial Services: Improving attendance | Sarah Martin | Some risk | (225) | (225) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Passenger Transport: Improving attendance | Sarah Martin | Some risk | (110) | (110) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Passenger Transport: Review all routes to ensure contracted hours aligned with routes to give maximum efficiency | Sarah Martin | Some risk | (75) | (75) | 0 | To be regular reviewed as part of ongoing internal budget strategy review. |
| Budgeted | BAU | Staffing efficiencies: Finance | Victoria Bradshaw | Some risk | (414) | (414) | 0 | 0 |
| Budgeted | BAU | Staffing efficiencies: Human Resources | Andy Dodman | Some risk | (440) | (440) | 0 | 0 |

| 2023/24 - Expenditure funded through Flexible Use of Capital Receipts | | | | | | Appendix A3 | | |
|--|------------------------------------|------------------|---------------|-----------------|---------------|-----------------|-------------------|-----------------|
| Quarter 3 (Month 9) | | | | | | | | |
| Project Description | Directorate | HOFs/ Contact | Planned Spend | Projected Spend | Variation to | Planned Savings | Projected Savings | Variation to |
| | | | 2023/24 | 2023/24 | Planned Spend | 2023/24 | 2023/24 | Planned Savings |
| | | | £m | £m | £m | £m | £m | £m |
| Adults and Health Service Transformation team (including management) supporting the delivery of key projects | Adults & Health | Alun Ellis | 1.98 | 1.80 | (0.18) | (4.00) | (4.00) | 0.00 |
| Adults and Health - specific IDS staff supporting transformation. | Adults & Health | Alun Ellis | 0.10 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adults - Service Transformation- Chief Officer | Adults & Health | Alun Ellis | 0.24 | 0.18 | (0.06) | 0.00 | 0.00 | 0.00 |
| Children& Families transformation team | Children & Families | Lucie McAulay | 1.40 | 0.62 | (0.78) | 0.00 | 0.00 | 0.00 |
| IDS - Highways Enterprise Architecture system | City Development | Michael Everitt | 0.63 | 0.30 | (0.33) | 0.00 | 0.00 | 0.00 |
| Capital Scheme support City Development HOS. (NEW) | City Development | Michael Everitt | 0.11 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 |
| Providing resources to deliver transformation activity within the Communities Directorate | Communities, Housing & Environment | Kevin Mulvaney | 0.13 | 0.13 | 0.00 | (0.12) | 0.00 | 0.12 |
| IDS - Driving a digital approach across the Council | Strategy & Resources | Patrick McGuckin | 0.50 | 0.50 | 0.00 | (0.50) | (0.50) | 0.00 |
| IDS - Planned recruitment of specialists supporting the delivery of key projects across the Authority | Strategy & Resources | Patrick McGuckin | 4.98 | 3.14 | (1.84) | 0.00 | 0.00 | 0.00 |
| Council Tax Atomisation-digitising transactional activity | Strategy & Resources | Patrick McGuckin | 0.13 | 0.05 | (0.07) | 0.00 | 0.00 | 0.00 |
| PACS staff delivering innovative solutions to realise Procurement savings | Strategy & Resources | Patrick McGuckin | 0.81 | 0.84 | 0.02 | 0.00 | 0.00 | 0.00 |
| CEL staff time spent on Transformational projects | Strategy & Resources | Patrick McGuckin | 0.10 | 0.10 | 0.00 | (1.53) | (1.53) | 0.00 |
| BSC - Staff who supporting the delivery of system changes within the Shared Services. | Strategy & Resources | Patrick McGuckin | 0.47 | 0.47 | 0.00 | 0.00 | 0.00 | 0.00 |
| IDS - Additional funding for driving a digital approach across the Council | Strategy & Resources | Patrick McGuckin | 0.70 | 0.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| LBS - Service Transformation - supporting the delivery of various projects | Strategy & Resources | Patrick McGuckin | 0.24 | 0.24 | 0.00 | 0.00 | 0.00 | 0.00 |
| Legal - Staff supporting the Delivery of DAT (Documents and Time recording system) | Strategy & Resources | Patrick McGuckin | 0.06 | 0.00 | (0.06) | 0.00 | 0.00 | 0.00 |
| Corporate Transformation Capacity Team | Strategy & Resources | Patrick McGuckin | 0.52 | 0.54 | 0.02 | 0.00 | 0.00 | 0.00 |
| Recruiting to the structure of Corporate Transformation Capacity Team | Strategy & Resources | Patrick McGuckin | 0.10 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 |
| LBS Work Streams | Strategy & Resources | Patrick McGuckin | 0.27 | 0.39 | 0.11 | 0.00 | 0.00 | 0.00 |
| Additional PACS staff to support transformation projects across the Council | Strategy & Resources | Patrick McGuckin | 0.63 | 0.38 | (0.25) | 0.00 | 0.00 | 0.00 |
| Ernest Young Contract Review Exercise (NEW) | Strategy & Resources | Patrick McGuckin | 0.04 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 |
| Statutory redundancy payments | Strategic/ Corporate | Naomi Eastwood | 1.60 | 1.60 | 0.00 | (1.60) | (1.60) | 0.00 |
| Driving a digital approach to the delivery of Core Business Transformation Programme | Strategic/ Corporate | Mark Barrett | 10.00 | 6.96 | (3.05) | 0.00 | 0.00 | 0.00 |
| | | | | | | | | |
| Total | | | 25.73 | 19.27 | (6.46) | (7.74) | (7.63) | 0.12 |