

Financial Health Monitoring 2024/25 – Quarter 1

Date: 24th July 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 on financial performance against the 2024/25 revenue budget, which has targeted resources towards 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 also updates the Board on the Quarter 1 position in respect of the Housing Revenue Account (HRA), the Schools Budget, the Council Tax and Business Rates Collection Fund and Treasury Prudential Indicators. For full details, please refer to **Appendices 1 to 5**.
2. A net revenue budget of £622.0m was approved by this Board in February 2024. At Quarter 1, we are forecasting a General Fund overspend of £19.936m or 3.2% of the approved 2024/25 budget. 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. In response to the reported position, the freeze on recruitment, agency and overtime spend and the freeze on non-essential spend first introduced in 2022/23 will continue in 2024/25.
3. The budget for 2024/25 required delivery of £63.9m of savings, with £32.0m of in year savings also identified. At Quarter 1 it is anticipated that most of these budgeted savings would be delivered or have mitigating actions found. However, £18.2m delayed delivery of savings has been identified, primarily within Children's social care. This delayed delivery is included within the £19.936m overspend being reported today but has been mitigated through the use of reserves which are included within the reported Strategic position. Further details are provided in the appended directorate positions and detailed Budget Action Plans are provided at **Appendix 4**.
4. The reported overspend needs to be understood within the wider national context: local government finances are in a critical state and there is continuing concern as an increasing number of councils are reporting significant pressures in the current financial year and considerable 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 have issued or are 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.
8. Any Collection Fund income shortfall arising in 2024/25 will impact on the Revenue Budget in 2025/26.
9. At Quarter 1 the Housing Revenue Account is forecasting a balanced position.
10. At Quarter 1, the DSG budget is projecting an in-year pressure of £4.6m which equates to 0.82% of the total estimated DSG funding.
11. The Codes of Practice on Capital Finance and Treasury Management require that Prudential indicators are monitored at least on a quarterly basis as part of the Council's overall Financial Health monitoring. The report includes an analysis of the Prudential indicators set at the time of the budget in February 2024, showing a comparison to current projections and variances where appropriate.

Recommendations

Executive Board are asked to:

- a) Note that at Quarter 1 the authority's General Fund revenue budget is reporting an overspend of £19.936m for 2024/25 (3.2% of the approved net revenue budget) after application of reserves within a challenging national context, and that a range of actions are being undertaken to address this position.
- b) Note that at Quarter 1 the authority's Housing Revenue Account is reporting a balanced position.
- 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 2024 through the annual Revenue Budget report (details at Appendix 11 of the linked document: [2024-25 Revenue Budget and Council Tax Report.](#))
- e) Note the quarterly analysis of the Prudential Indicators, specifically that actual gross and net debt for the Council in 2024/25 to date remain comfortably within both the Operational Boundary and the Authorised Limit set by Council.

What is this report about?

- 1 This report updates the Board on financial performance against the council's 2024/25 General Fund revenue and Housing Revenue Account budgets for the first quarter 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 Quarter 1 2024/25.
- 2 Executive Board will recall that the net revenue budget for 2024/25 was set at £622.0m. The Medium-Term Financial Strategy assumes a balanced budget position for 2024/25 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves.

- 3 As at 1st April 2024, the Council's general fund reserve stood at £36.2m. The 2024/25 budget assumes a £3m contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 4 At Quarter 1 directorates are reporting an overspend of £19.936m (3.2% of the approved 2024/25 net revenue budget), and the HRA is forecasting a balanced position. As noted in the summary above, this reflects a national picture whereby local government finances are in a critical state.
- 5 The Council's Medium Term Financial Strategy and the 2024/25 Revenue Budget report, approved by Council in February 2024, detail how the budget (both revenue and capital) aligns with the Council's Best City Ambitions. With regard to this reported first quarter revenue position and given the requirement to deliver a balanced budget position at year end, it is not considered that this current position will have any implications for the planned delivery of the Council's Best City Ambitions.
- 6 Directorate positions are summarised in Table 1:

Table 1: Summary position at Quarter 1, financial year 2024/25

Directorate	Director	(Under) / Over spend for the current period			
		Staffing	Total Expenditure	Income	Total (under) /overspend
		£000	£000	£000	£000
Adults & Health	Caroline Baria	(4,602)	10,281	(2,336)	7,947
Children and Families	Julie Longworth	(5,748)	20,754	(2,834)	17,920
City Development	Martin Farrington	(750)	(897)	897	0
Communities, Housing & Environment	James Rogers	(667)	(902)	902	0
Strategy & Resources	Mariana Pexton	2,926	2,189	(764)	1,426
Strategic	Victoria Bradshaw	(1)	(6,705)	(652)	(7,357)
Total Current Month		(8,840)	24,720	(4,786)	19,936

- 7 This position reflects 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. The position shown reflects the budgeted assumptions regarding a 3.5% pay increase. Should the agreed pay increase exceed these assumptions, directorates will be required to mitigate these additional costs.
- 8 Four key messages will be reiterated to staff in 2024/25 to remind everyone of the part we all have to play in supporting the financial position:
 - **Stay within budget** – reduce discretionary spend and minimise recruitment, including agency and overtime.
 - **Absorb in-year pressures** – directorates required to absorb all in-year pressures.
 - **Highlight issues early** – use the budget monitoring process to raise issues with Financial Management as soon as possible.
 - **Robust monitoring is essential** – includes detailed discussion at relevant monitoring meetings.

- 9 In addition, given the forecast revenue overspend position reported here, the council's Corporate Leadership Team (comprising the Chief Executive and six directors) has agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and to further strengthen controls.
- 10 The reported position incorporates ongoing cross-directorate work to support and challenge the highest cost/spend areas, such as Children Looked After, Transport and LBS and actions by services to maximise income. Asset reviews continue 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 2024/25, including income generation, additional non-essential spend savings and savings resulting from reviews of key areas of expenditure which both reduce activity levels and rationalise service provision.
- 11 Corporate Leadership Team has also agreed to the continuation and strengthening of a range of measures which further reinforce controls on spending, including the following:
- No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; 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 critical for the delivery of a service is not to be incurred. To deliver this requirement all orders need to be approved and no spend is to be incurred on Purchase Cards unless this is critical 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 is 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 2024/25 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 [2024-25 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 2024/25 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 budget proposals was carried out between December 2023 and January 2024 and is detailed at Appendix 1 in the 2024-25 Revenue Budget and Council Tax Report presented to this Board in February 2024.

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.
- 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 continues to be in place for 2024/25.
- 20 This position reflects a budgeted 2024/25 pay increase of 3.5%. The agreed increase will not be known until later in the year and could exceed this budget. Further this position reflects the latest projections with regard to known inflationary pressures in respect of the increased cost of electricity, gas, fuel and the impact of the cost of living pressures on our residents or businesses which has significantly affected the cost of goods and services the Council procures, demand for support and welfare services the Council provides, and the activity levels that support a wide range of income streams. These will continue to be monitored throughout the year as will increases on interest rates and their impact on the Council's financial position.

What are the legal implications?

- 21 The council has a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

- 22 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.
- 23 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 budget as set out in this report.
- 24 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.
- 25 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?

26 Not applicable

How will success be measured?

27 Not applicable.

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

- 28 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.
- 29 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 2024/25, with the outturn position due to be reported to the June 2025 meeting of this Board.

Appendices

30 The following appendices are attached to this report:

- Appendix 1 - Financial Health Monitoring 2024/25 Quarter 1: detailed narrative regarding the financial outturn positions for directorates, the Housing Revenue Account HRA, Dedicated Schools Grant (DSG) Council Tax and Business Rates and Prudential Indicators.
- Appendix 2 – Individual financial dashboards for directorates, DSG and the HRA
- Appendix 3 – Adults & Health Demand Budgets – Current Numbers and Trends
- Appendix 4 – Directorate Budget Action Plans
- Appendix 5 – Prudential Indicators

Background papers

31 None

Financial Health Monitoring 2024/25 Report– Quarter 1

1. Directorate Positions at Quarter 1

- 1.1 The major Directorate variations are summarised in **Table 1** and outlined below, with additional detail provided on the Directorate dashboards at **Appendix 2**.

Table 1: Summary position as at Quarter 1- Financial Year 2024/25

Directorate	Director	(Under) / Over spend for the current period			
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1.2 Adults & Health

Adult Social Care 2024/25 Budget

Budget Overview

At Quarter 1 2024-25, Adults and Health are projecting an in-year pressure of £7.9m. The Net Managed Budget (NMB) for 2024/25 is £199.4m, comprised of £461.2m Gross Expenditure offset by £261.8m income. This is a small increase of 0.33% from the Original Estimate NMB 2023-24 budget of £198.714m. Gross Expenditure increased by £39m, £28m for ASC (£402m from £374m) and £11m for Public Health (£59m from £48m). For ASC this represents an increase of 7.5% in their spending power.

At Quarter 1 an in-year budget pressure of £7.95m has been identified with further details provided below. Significant risks remain, principally around the demand led budgets for which there is budgetary provision of £292m in 2024-25. Reflected in the 2024-25 budget are Budget Action Plans totalling £25.6m, of which £9.8m are rated high risk.

Immediate action will be taken to mitigate this in-year pressure; freeze on non-essential spend and review overtime and agency usage. Further work around

ensuring delivery of all 2024-25 Budget Action Plans and identifying further in-year savings proposals will be led by the Departmental Leadership Team. A key area will be around reviewing demand spend for both Working Age Adults and Older People, and reviewing client income and partner contributions, principally Continuing Healthcare (CHC) and s117 contributions due under the Mental Health Act.

Social Care Grants

Included in the Adult Social Care budget for 2024-25 is additional social care grant funding of £14.6m, detailed below: -

- +£4.9m Social Care grant.
- +£6.7m Market Sustainability and Improvement funding.
- +£3.0m Adult Social Care Discharge funding.

Table 2 shows how all the social care grants are allocated across Leeds City Council and that the overall increase for 2024/25 was £26.2m.

Table 2: Social Care Grants 2023/24 and 2024/25

Social Care Grant	LCC Allocation 2023-24 £m	Split			LCC Allocation 2024-25 £m	Split			Movement 24-5 -v- 23-4 £m	ASC £m	C&F £m	Strategic £m
		ASC £m	C&F £m	Strategic £m		ASC £m	C&F £m	Strategic £m				
IBCF	31.6	31.6			31.6	31.6			-	-	-	-
Social Care Grant	52.3	28.0	15.4	8.9	68.8	32.9	27.0	8.9	16.5	4.9	11.6	-
MSIF	7.8	7.8			14.5	14.5			6.7	6.7	-	-
Discharge	4.4	4.4			7.4	7.4			3.0	3.0	-	-
Total	96.1	71.8	15.4	8.9	122.3	86.4	27.0	8.9	26.2	14.6	11.6	-
				96.1				122.3				26.2

Budget Action Plans

The 2024-25 Adults & Health budget has 32 Budget Action Plans to deliver, amounting to £25.6m, split £13.4m relating to demand and market management, £10.1m for additional income, primarily client income and £2.1m other budget savings. At Quarter 1, 9 Budget Action Plans amounting to £9.8m have been identified as high risk, of which 4 Budget Action Plans amounting to £0.7m have been identified as undeliverable or will fail to meet the assigned savings target.

Table 3 -Adults and Health Budget Action Plan 2024/25 Financial Year

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(4.714)	(5.714)	(1.000)
On track	(6.580)	(6.580)	0.000
Some risk	(4.570)	(4.570)	0.000
High risk	(9.772)	(9.097)	0.675
Cancelled	0.000	0.000	0.000
Total	(25.636)	(25.961)	(0.325)

A further 6 Budget Action Plans amounting to £4.6m have been identified as having some delivery risk attached to them over the remainder of the financial year - see the Adults and Health Quarter 1 Budget Action Plan at **Appendix 4** for full details. Achieved Action plans are projected to over-deliver by £1m and relate to higher than anticipated levels of client income. As such the current summary position for the 2024/25 Budget Action Plans is an over recovery of £0.325m.

Demand Budgets

The 2024/25 demand related budgets reflect £28.9m of additional funding for price, inflation and demand & demography growth, taking the overall size of the demand led budgets up to £305.9m before reducing to £291.4m after accounting for the £13.4m approved 2024/25 demand related Budget Action Plans above and £1.1m demand budget reinvested into front line social work staffing.

The Quarter 1 projection is a pressure of £16.4m and primarily relates to higher trend from 2023/24 continuing into 2024/25 plus further increased numbers in demand related budgets early in the new financial year around Learning Disability, Older People and Mental Health areas of demand. It should be noted that the £16.4m pressure assumes further delivery of £14.6m of action plans which will not be confirmed until pay runs are carried out later in the year. **Table 4** presents the pressures based on spend by category.

Table 4: Demand Budgets Projections

	LE 24-25 £	Q1 Proj £	Variance £
Head of Service - (Working Age Adults)			
Learning Disability	118,313,000	135,036,733	16,723,733
Mental Health (WAA)	24,628,000	27,379,091	2,751,091
Learning Difficulty	735,000	961,140	226,140
Staffing & Running costs (MH / LD)	457,000	457,000	0
Total Working Age Adults Demand Budgets	144,133,000	163,833,964	19,700,964
Head of Service - (Older People)			
Older People	118,334,000	129,426,075	11,092,075
WAA PI	28,210,000	28,360,347	150,347
Drugs, Alcohol & Other	2,587,000	2,587,000	0
DP Audit Recovery Income	(2,600,000)	(2,600,000)	0
Staffing & Running costs (PI / Older)	94,000	144,000	50,000
Total Older People Demand Budget	146,625,000	157,917,422	11,292,422
TOTAL DEMAND	290,758,000	321,751,386	30,993,386
<u>Figures above prior to Action Plan Credits</u>			
Action Plan entries	0	(14,592,000)	(14,592,000)
Month 2 Reported Demand Pressure	290,758,000	307,159,386	16,401,386

There are continuing risks around increasing demand, both numbers and complexity along with the uplift of fees. Also, the impact of winter pressures in the health system have yet to be experienced.

The modelling for Older People assumes numbers at Quarter 1 continuing at that level for the remainder of the year. For Working Age Adults, the modelling takes current numbers and takes account of adolescents transferring into adulthood from Children & Families and the full-year effect of people who came into care in the 2023/24 financial year. This is prior to the £14.6m action plan adjustment in **Table 4**.

Appendix 3 provides a series of graphs showing current trend for Quarter 1 2024/25 and trend for the previous three financial years and setting out the assumptions and risks in the reported position.

Income

At Quarter 1, Adult Social Care is projecting additional client income of £1.9m. As most of this income relates to a financially assessed charge there is a continuing risk that this level of income will not be achieved.

Pay

Adults and Health at Quarter 1 are projecting pay savings of £3.9m, principally around social worker and Provider Services pay costs. Recruitment of key skilled workers is still a significant operational challenge, principally around Social Workers, Occupational Therapist and Wellbeing Workers. The £3.9m is comprised of savings on basic pay £7.3m, offset by spend on Agency £2.8m and Overtime £0.6m.

This projection includes a provision for £2m to cover: increased capacity for Social Workers and occupational therapist teams, £0.9m; second payment of the social worker loyalty payment of £1,500 paid in June 2024, £0.6m; and the implementation of the Person Record Team and introduction of the Single Care Record system, £0.5m.

Other

Included in the Demand Led pressures above are Civic Enterprise Leeds (CEL) pressures of £0.7m for Passenger Transport. Other CEL pressures, £0.3m Catering costs for in-house provision and £0.1m for cleaning and vehicle charges.

Public Health 2024/25 Budget

Public Health (PH) Grant funding for 2024/25 is £49.7m; an increase of £1.0m from 2023/24 (2.1%). This is the second year of an announced two-year grant funding settlement for Public Health. Public Health grant is a ring-fenced account and limited to specific terms and conditions. Other funding streams for 2024/25 are £8.4m Additional Substance and Misuse funding and £1m Stop Smoking funding. At Quarter 1 we are reporting a balanced position.

- 1.3 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £17.920m. Overall, the main variations included within this position are:

	£m
CLA: External Residential Placements	13.917
CLA: Staffing savings	(3.436)
IFA Placements	2.527
CLA: Other	(1.201)
Transport	3.532
Learning Improvement	0.519
Learning Inclusion	0.547
Childrens Centres	0.942
CHAD	0.442
Legal	0.400
Other Variances	(0.269)
Total	17.920

The Quarter 1 position reflects a General Fund forecast overspend of £17.920m, this position is based on current CLA placement numbers and costs, therefore this methodology results in cost increases over and above the established budget but does not reflect any further increases in placement numbers or cost.

The number of children looked after has continued to increase in a time of further austerity and pressure on public sector finances. Children and young people's needs are complex and there is not always enough of the right homes and support at the right time to accommodate needs. Children looked after need good quality care, close to their communities, but there is currently not the right mix of care available for these children. Children and Families have developed a Sufficiency Strategy to be agreed by the Councils Executive Board which will support the investment in in early help, family-based solutions, permanency planning, fostering and local children's homes. to ensure there is greater control of the future cost, quality and outcomes for children and families.

The Sufficiency Strategy includes a three year implementation plan focusing on fostering, residential and semi-independent ambitions. The plan will set out direction of travel for the next 3 years and detail target numbers required for each type of provision. The implementation plans will outline what is needed, by when and who is responsible. These plans will be monitored monthly and financial projections will be updated based on progress against the delivery of these plans.

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

External Residential Placements:

The External Residential budgets for 2024/25 is £37.704m. Due to known inflation and demand pressures over and above what was assumed in the MTF5 24/25 there is a projected overspend of £13.917m. External Residential placements are currently at 151 against budgeted placements of 102. This projection assumes the non-delivery of £10.707m of action plan savings against this budget including Turning the Curve and the Adolescent Support Service.

CLA Staff Savings:

The pressure against External Residential Placements has been offset by savings across CLA staffing budgets (£3.436m). The majority of this saving (£2.177m) is due to the delayed development and opening of the new small group living homes.

IFA Placements:

The number of Independent Fostering Agency placement is projecting an overspend of £2.527m, as at Quarter 1 there are 231 IFA placements. The Quarter 1 projection assumes that £0.633m of action plan savings will not be delivered against this budget.

Transport:

The overall transport budget is showing a projected overspend of £3.532m due to further increases in inflation and demand.

Learning Improvement:

Within the Learning Improvement service there is a projected overspend of £0.519m. This mainly relates to a pressure against traded income of £0.347m and additional staffing costs £0.148m.

Learning Inclusion:

Within the Learning Inclusion service there is a projected budget pressure of £547k which mainly relates to both the Education Psychologist Team £0.171m, the SENSAP team £0.193m.

Budget Action Plans

The budget 2024/25 included total action plan savings of £37.448m which included 2024/25 savings, undelivered savings from 2023/24, and additional 2024/25 identified pressures. Within the Quarter 1 position it is assumed that £14.802m of these savings will not be delivered.

Dedicated Schools Grants

The approved DSG budget for 2024/25 assumed a balanced in year budget. The position at Quarter 1 projects an in-year pressure of £4.641m which equates to 0.82% of the total estimated DSG funding.

This projected pressure is within the high needs block and assumes the non-delivery of a £3.4m action plan saving.

DSG reserves at the end of 2023/24 had a deficit of £2.189m. This comprises of a deficit of £2.880m for general DSG offset with a £0.691m contingency for de-delegated contributions.

1.4 **City Development** - the projected financial position for City Development at Quarter 1 is a balanced budget across the directorate.

At this early stage of the year a number of assumptions have been made and there are therefore some areas of risk within individual service areas as described below, but it is anticipated that these will largely be mitigated through the development of action plans to achieve the reported position at the year end.

In addition, the directorate will develop and implement a number of further actions across the directorate to help achieve an overall balanced position by the year end.

The main variations currently anticipated to the year end are:

- **Active Leeds** – the service is projecting a year end underspend of £0.51m. Although income forecasts are subject to a degree of variability at this stage of the year, this largely reflects assumptions around additional income at facilities in respect of memberships and swimming lessons (£0.65m). Additional staffing costs of £0.24m including the use of additional overtime at facilities are expected to partially offset this additional income, although further running cost savings of £0.1m across facilities are also anticipated.
- **Arts & Heritage** – a balanced budget is currently forecast which reflects projected income shortfalls (£0.12m), mainly in respect of Breeze card charges and café/retail at Museums and Galleries sites, offset by savings from vacant posts (£0.07m) and running costs (£0.05m) across the service.

- **Asset Management & Regeneration** – a balanced position is currently projected for the service. Although there are pre-existing pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.43m), these are partially offset by net staffing savings of £0.5m and it is currently assumed that further savings will be achieved to offset the remaining pressure, including one-off sources of income and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.47m reflects final balances in respect of programmes which have now concluded and savings from vacant posts.
- **Highways and Transportation** – at this stage of the year a balanced budget is anticipated. Although there are risks in respect of savings plans, particularly around the assumed level of income from the West Yorkshire Mass Rapid Transit scheme, the service will identify actions to mitigate any potential shortfall.
- **Markets and City Centre Management** – a variation to budget of £0.48m for the Markets service mainly reflects an estimated shortfall of Markets income resulting from vacant units mainly within the Kirkgate and Outdoor markets. In addition, total income shortfalls of £0.35m are projected within City Centre Management in respect of city centre advertising income, income from street café licences and from promotional event spaces in the city centre.
- **Planning & Sustainable Development** – the forecast position at this stage of the year is an overspend of 0.87m. This reflects staffing pressures of £0.47m due to the projected shortfall in meeting the budgeted vacancy factor. In addition, based on income received in the first two months of the year, it is likely that the budgeted level of planning fee income will not be achieved and a shortfall to budget of £0.4m is currently forecast. However, income received to date represents a marked improvement from the same period 12 months ago and this forecast assumes this trend will continue but this is subject to a degree of variability and the position will be closely monitored as the year progresses.
- **Resources and Strategy** – an underspend of £710k is currently anticipated which reflects the development and implementation of further actions across the directorate which includes reviewing areas of non-essential spending, reviewing the level of fees and charges where appropriate and maintaining strict vacancy controls.
- **Staffing** – within the overall reported position described above, net staffing savings of £0.5m are projected across all services.

Budget Action Plans

The 2024/25 budget included £7.8m of new savings plans. It is anticipated that whilst there are a number of areas which involve an element of risk, most are on track to be delivered and where the savings will not be achieved in full, mitigating savings will be found wherever possible.

There are also savings plans relating to previous years which are unlikely to be delivered, in particular, as referred to above, the existing Strategic Investment Fund and Estate Rationalisation budget savings plans. Although these may not be achieved within the current financial year as originally envisaged, mitigating savings are anticipated to offset these pressures.

In addition, as described above within the Resources & Strategy service, further actions will be developed and implemented across the directorate to help achieve a balanced budget at the year end.

1.5 **Communities, Housing & Environment** - At Quarter 1, the directorate spend is projected to be at the budgeted level overall. However, despite this balanced position, there are some areas of risk that will be monitored closely as the year progresses – most notably in relation to the costs of pay inflation, waste disposal, benefit subsidy loss and external funding streams.

For consistency of reporting purposes, the nationally negotiated staff pay award has been projected to be in line with the 3.5% uplift assumed in the budget, although it is recognised that the result of the negotiations is unlikely to be exactly 3.5% across all service areas.

The staffing projections are generally based on an assumption that existing staffing levels will be maintained for the remainder of the financial year (apart from known VLS leavers), with only essential vacancies subject to release.

The majority of service areas are expected to remain within their budgetary provision for 2024/25, but for this to happen a number of specific budget actions will need to be achieved. The main issues within each service area are:

- **Environmental Services £0.0m** – The volume of tonnes presented for disposal or recycling through kerbside collections or at Household Waste Recycling Centres (HWRC) each month is extremely volatile. Likewise, the prices received for different types of recyclable goods can significantly vary month by month. The Quarter 1 projection contains only one month of tonnage data, but at this early stage of the year a disposal cost underspend of £0.2m has been projected against the budgeted tonnes/prices. This underspend position does assume that the savings identified from starting to collect glass in green bins and through better sorting at HWRC is delivered. The Cleaner Neighbourhood and City Centre teams appear to be on track to deliver the £0.6m budget action plan target for staffing/transport reductions with a £0.1m staffing underspend projected. A £0.1m pressure has emerged for city wide weed spraying with a further £0.2m of pressures identified at closed landfill sites. Refuse collection staffing costs are higher than budgeted for the first two months of the year, but work is ongoing to manage this pressure.
- **Welfare and Benefits £0.0m.** Like many other Local Authorities, over recent years the Council has experienced significant growth in the Housing Benefit subsidy loss arising from increased need to place people in Temporary Accommodation or in Supported Accommodation with providers who are not registered. The latest Housing Benefit caseload for claims in payment suggest that the budget is sufficient for current demand, however if demand for Temporary Accommodation were to increase further throughout 2024/25 then further pressures would arise. The Household Support Fund is assumed to run for 12 months in the budget and projection; however, funding has only been confirmed for the first six months of the year – further balancing actions of around £0.8m would need to be identified if the funding were to cease mid-year.
- **Climate, Energy and Greenspaces £0.0m.** Significant income pressures across several areas have been experienced, which are mitigated by projected savings on staffing. Income from Bereavement Services is projected to be £0.3m below the budgeted level due to increased use of Direct Cremations. Attractions income is trending £0.2m below the budgeted level due in part to the

fire at the Temple Newsam Play Barn which has delayed opening. However, underspends on staffing are expected to offset these income pressures.

- **Elections, Licensing and Registration and Environmental Health £0.0m –** Only minor variations have been projected across these services.
- **Car Parking Services £0.0m -** Income has continued on a significant recovery trajectory since COVID lockdowns, and based on one month of data appears to be on track against the budget for 2024/25.
- **Safer Stronger Communities £0.0m –** A staffing underspend of £0.1m has been projected which is offset by corresponding minor expenditure and funding pressures.
- **Customer Access £0.0m -** £0.1m of cost pressures from security at Community Hubs is expected to be covered by a small staffing underspend.
- **Statutory Housing Services £0.0m –** Projected staffing underspends of £0.2m are accompanied with a corresponding £0.2m reduction in income.

Budget Action Plans

Budget action plans of £8.2m are being monitored each month and at this very early stage of the year it has been assumed that a saving equivalent to the budget will be delivered. The progress can be summarised as:

- £2.9m marked as 'achieved' as the action has been taken and there is no reason to believe that it will not deliver the required saving
- £2.9m marked as 'on track' as the action has been implemented (or is in progress for implementation) but the level of savings will not be known until later in the year – and for these actions there is no reason to think that the savings will not be achieved
- £2.4m marked as 'some risk' but the projection does assume that the saving will be achieved in full in 2024/25 as there is not sufficient risk to assume otherwise. Specific actions still need to be finalised and implemented to deliver savings from the introduction of new car parking charges at Parks attractions and disposal of glass as part of the green bin collections. Extended funding for the Household Support Scheme has been assumed. The scale of income generated through the charge for a second bulky waste collection is unlikely to be known until much later in the year.

1.6 **Strategy and Resources** - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £1,426k at this reporting period. This is summarised into the following areas across the Directorate's services:

- **Finance £0 Balanced:** Financial Services is projected to be balanced. The largest risk is Court Fee income which is volatile each year.

- **Integrated Digital Services £0 Balanced:** IDS is expected to be balanced. Projected overspends on agency costs are mitigated by savings on staffing and anticipated additional income.
- **Procurement £0 Balanced:** At this early stage of the year, the service is projecting a balanced budget.
- **Legal Services £0 Balanced:** At this early stage of the year, the service is projecting a balanced budget.
- **Democratic Services (£38k):** Savings on Staffing, office consumables and other hired services are more than offsetting minor variations in other areas.
- **Shared Services £0 Balanced:** At this early stage of the year the service is projecting a balanced budget although the delivery of savings plans in the context of increasing demand for administration services remains a risk.
- **Strategy and Improvement (£17k):** A small saving is projected due to additional income.
- **Human Resources £0 Balanced:** At this early stage of the year, the service is projecting a balanced budget.
- **School Crossing Patrol £0 Balanced:** A balanced position is currently anticipated.
- **Leeds Building Services (LBS) £0 Balanced:** The current position will be carefully monitored throughout the financial year to ensure the ongoing mitigation of underlying risks and level of ordered work against required turnover.
- **Corporate Property Management £600k:** This continued pressure reflects work on buildings to ensure health and safety compliance, statutory inspections and backlog repairs.
- **Catering £0 Balanced:** At this early stage of the year, the service is projecting a balanced budget. Early indication of school meal numbers suggests that they are continuing to increase.
- **Cleaning £0 Balanced:** A balanced position is currently anticipated.
- **Fleet £881k:** The Fleet position reflects the ongoing pressure of an aging fleet and inflation the consequence of which is increased occasional hire costs to maintain front line service operations. The use of vehicles across the authority is subject to review.
- **Security £0 Balanced:** A balanced position is currently anticipated.
- **Presto £0 Balanced:** A balanced position is currently anticipated.
- **Facilities Management £0 Balanced:** A balanced position is currently forecast as the use of £0.8m from the Strategic Contingency Reserve is anticipated to be actioned in relation to a budget pressure in relation to Joint Service Centres. This pressure is due to increased rent charges being greater than the grant income received under the Public Private Partnership (PPP) arrangement.

Budget Action Plans

A total of £10.7m of budget action plans are monitored each month. At this stage of the year all are considered to be on track, but with some risk attached to the delivery of the £2m savings within Shared Services due to increasing demand for administration resource in some directorates.

- 1.7 **Strategic & Central Accounts** - The projection for the Strategic and Central Accounts at Quarter 1 is an underspend of £7.357m. This largely reflects the release of £7.315m of reserves to revenue at Quarter 1 to offset anticipated delays in the delivery of savings in both Adults & Health (£0.675m) and Children & Families (£6.640m) as detailed in paragraph 1.8, where it is anticipated that these savings will be delivered by 2025/26.

1.8 **Budget Action Plans**

The budget for 2024/25 requires the delivery of £63.9m of savings. In addition, directorates have identified a further £32.0m 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 be monitored and reported throughout the year. Further detail is provided at **Appendix 4**.

At Quarter 1 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or through mitigating actions identified by each Directorate, however £18.3m delayed delivery of savings has been identified and is reflected in the reported directorate positions except where noted:

- **Children & Families** – an £18.2m delay in delivery is forecast - £3.9m against budgeted actions and £14.3m against other savings measures. Delays in budgeted savings relate to the Adolescent Support Service invest to save proposal £1.3m, review of Children’s Centres £1.0m, WYCA Transport cost and income sharing £0.5m, Unaccompanied Asylum Seeker Children Housing invest to save proposal £0.2m, review of Traded Services £0.3m, CLA -Small Group Living £0.2m, Passenger Transport £0.2m, Transport service review £0.2m, and Transport including independent travel training £0.1m.

Delays in other savings measures relate to additional CLA demand and inflation pressures £5.5m, High Needs Block savings £3.4m, Turning the Curve 23/24 savings £3.0m, additional transport demand and demography pressures £1.5m, review of Fostering provision £0.6m, independent travel training £0.3m and Passenger Transport allowances for foster carers £0.05m.

The anticipated delays will be offset by use of £6.6m of reserves as mentioned at paragraph 1.7.

- **City Development** – A £0.4m delay is forecast against other savings measures: estate rationalisation £0.4m and Strategic Investment Fund £0.7m are offset by £0.7m of savings above target elsewhere.
- **Adult & Health** – the overall position is a surplus of (£0.3m), whereby achieved Action plans relating to higher than anticipated levels of client income are projected to over-deliver by £1.0m, offset by £0.7m of projected delays on 4 Budget Action Plans which will not be delivered in year: potential Client income -

reducing the period of temporary placements £0.2m, removing the quality premium from independent sector care home placements £0.3m, review of the supported bank account contract (direct payments) £0.15m and the Invest to save proposal for Deputy and Appointeeships team £0.05m.

These delays have been offset by use of £0.7m of reserves as mentioned above at paragraph 1.7.

Where other directorates have indicated shortfalls regarding fully meeting their targeted budget action plans, they have identified other mitigating measures to offset these shortfalls, as explained in paragraphs 1.2 to 1.7. Some of the undelivered action plans will continue to be pursued in 2025/26.

1.9 Measures to address the 2024/25 overspend position:

Throughout the year, staff are continuously 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.

The annual cross-directorate work is underway and continues to support and challenge the highest cost/spend areas. Asset reviews continue 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 2024/25.

Corporate Leadership Team has also agreed to the continuation and strengthening of a range of measures which further reinforce controls on spending, including the following:

- No travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances; 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 critical for the delivery of a service is not to be incurred. To deliver this requirement all orders need to be approved and no spend is to be incurred on Purchase Cards unless this is critical 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.

2. Inflationary Pressures

- 2.1 **Pay Inflation** – The Council’s Budget allows for £25.3m of pay inflation in 2024/25. This increase includes £28.2m for the following elements: the agreed pay awards for 2023/24 and the provision for 3.5% annual pay awards for both NJC and JNC staff in 2024/25. This Budget provides for the recently announced Real Living Wage increase to £12.00, with an hourly rate of £12.00 at pay scale point 2 in 2024/25. A further £0.8m is provided for the additional cost of Enhancements, £0.6m regarding LBS pay standardisation and £0.08m for Member’s Pay, offset by mitigation plans of (£4.5m). However, if the pay award is higher than anticipated or the current budget assumptions of then directorates will be required to implement contingency savings to offset any additional cost.
- 2.2 **Voluntary Leaver’s Scheme (VLS)** – The council has operated a voluntary retirement and severance scheme since 2010/11 which has contributed to a reduction in the workforce and subsequent savings which have contributed towards the Council being able to deliver balanced budget positions. In 2024/25 to date, approval has been given for 177.78 FTEs to leave the Authority in the current year through the Voluntary Leaver’s Scheme (VLS) and Flexible Retirement (FR) as part of restructuring exercises. This will generate savings of £27.012m (before reconfiguration costs) over the five-year period up to and including 2029/30.
- 2.3 **Energy** – The Council’s 2024/25 Budget assumes a (£2.8m) reduction in costs - a reduction of 18.6% is assumed on gas and 10.6% on electricity in 2024/25 compared to the base budget in 2023/24, which provided for a significant increase in energy costs by 118.5% for gas and 64.0% for electricity at an additional cost of £10.7m. As energy costs are still higher than precedent times, the Council continues to address these costs through an ongoing programme of work to reduce energy consumption including: further LED installations; enhanced building management controls; further permanent or temporary building closures and partial building shutdowns; focused action at high energy consuming sites; delivery of further energy efficiency and decarbonisation capital schemes; progressing the delivery of major local renewables generation schemes.
- The Council’s forward purchasing of energy continues to hedge the Council significantly against the impacts of further volatility in the global markets but does not relate to the on costs such as distribution and transmission network charges, government levies.
- 2.4 **Fuel** – The average UK pump prices for diesel and unleaded petrol saw increases of 4.5% and 3.3% respectively between May 2023 and May 2024. The 2024/25 budget had assumed a saving of (£1.0m), as fuel prices had fallen significantly during 2023/24. As usual this will continue to be monitored and reported to this board.
- 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.

3. Reserves and Funding from Other Sources

General Reserve

- 3.1 Following the closure of the 2023/24 accounts, the Council's general fund reserve stood at £36.2m. The 2024/25 budget assumes a £3m Strategic Contingency Reserve contribution to this reserve during the current financial year. The available balance in this reserve is currently forecast to be £39.2m at 31st March 2025.

Earmarked Reserves

- 3.2 After the agreed use of the Strategic Contingency Reserve, including the budget pressure in relation to Joint Service Centres £0.8m and addressing savings slippage in social care services £1.1m as discussed in this report, the available balance in this reserve is forecast to be £22.9m at 31st March 2025.
- 3.3 The 2024/25 Budget established a £6.2m Social Care Contingency reserve in response to the significant risks regarding demand and cost pressures in both Adult and Children's Social Care. This reserve has been applied in full in this reported position to offset anticipated delays in the delivery of savings in both Adults & Health and Children & Families as detailed in paragraph 1.8, where it is anticipated that these savings will be delivered by 2025/26.
- 3.4 The budget for 2024/25 also included a contribution of £3.0m to establish a new Strategic Resilience Reserve. The available balance in the new Strategic Resilience Reserve is forecast to be £3.0m at 31st March 2025.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of May 2024 was 18.25%. This is 0.4% behind the May 2023 in-year collection rate of 18.65% and 0.97% behind the May 2019 in-year collection rate of 19.22%. Collection rates continue to be impacted by the cost of living crisis but have been mitigated by introduction of the new automated Direct Debit sign-up process which allows taxpayers to sign up to Direct Debit payment more quickly and easily. Direct debit payments have been higher than in previous years at this early stage. Collection rates will continue be monitored throughout the year.

The opening deficit on the Collection Fund is £5.523m, which includes the deficit from 2023/24. At the time of declaration these elements were estimated to be £2.298m and this amount will be repaid by the Council, the Fire Authority and the Police in 2024/25.

Based on historical trends of growth, movements in discounts and local council tax support, it is projected that an in-year surplus of £1.779m will be generated in 2024/25 leaving a projected closing deficit on the collection fund of £3.745m. Leeds share of this projected closing deficit would be £3.145m, with the remainder being paid by the Fire Authority and the Police.

4.2 Business Rates

The Business Rates collection rate at the end of May 2024 is 21.37%, which is slightly lower than the May 2023 in-year collection rate of 21.76% but 2.25% lower than the May 2019 in-year collection rate of 23.61%, before the pandemic. However, it should be noted that there has been a change in the collection process of Business Rates for schools and it is no longer charged locally but is instead paid directly by Central Government. As yet, the £7.95m charge for 2024/25 Business Rates for Schools in Leeds remains unpaid. For information, adjusting the net cash received by this value in order to make a like for like comparison, calculates the collection rate at 23.4% which is 1.65% higher than the collection rate at the same time last year and only 0.2% lower than pre-pandemic levels.

The budgeted collection rate for business rates is to achieve an in-year target of 97.7%, collecting £365.6m 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 increased slightly from £947.78m at the time of the 2024/25 budget to £949.75m as at 31st May 2024, an increase of £2.0m. The 2024/25 budget includes an expected increase in Rateable Value of £6.9m 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 2023/24 (at 31st December 2023) has been incorporated into the 2024/25 budget. The total declared deficit on the Business Rates Collection Fund was £3.18m.

After reassessing the level of the bad debt and appeals provisions and an unexpected prior-year adjustment to Mandatory Charity Relief to year end, the actual closing deficit for 2023/24 was £0.13m; an improvement of £3.04m from the position declared. This will be carried forward as an adjustment to any 2024/25 deficit in the 2025/26 budget.

In 2024/25, an in-year deficit of £3.8m is projected, driven mainly by a projected shortfall in growth and a higher than expected demand for Small Business Rates relief and extended retail relief. However, the council receives compensation for these reliefs (at 69.1% and 100% respectively). When combined with the £3.04m improvement in the closing position for 2023/24 it is currently forecast that there will be a total closing deficit of £0.7m, which will have to be repaid to the collection fund by the Council in 2025/26. However, the council will receive £1.2m in compensation for the additional reliefs it has incurred which will be placed in a reserve and used to meet any projected deficit in the 2025/26 budget.

4.3 Business Rates Appeals

The opening appeals provisions for 2024/25 are £18.6, made up of £17.7m relating to appeals received against the 2017 ratings list and £0.8m estimated costs in relation to the 2023 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 fifteen 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 at 31st May 2024, the Council is providing for a net of 287 Checks and Challenges against the 2017 ratings list and 300 Checks and Challenges against the 2023 ratings list. It is anticipated that because of the move to 3 yearly revaluations from 2023 the valuation lists will necessarily be kept more accurate and up to date. It is therefore expected that there will be fewer challenges to lists going forward. The level of appeals, and the losses incurred, will continue to be closely monitored in the coming months.

In addition, the Authority has made provisions for specific issues such as the expected reductions to hospitals, ambulance and fire stations and expected reductions to several GP surgeries which will be reassessed quarterly.

4.4 Impact of Covid 19 and cost of living on the Collection Fund in 2024/25 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 tax base will require continued close monitoring.

5. Treasury Management - Prudential Indicators

5.1 The Codes of Practice on Capital Finance and Treasury Management require that Prudential Indicators are monitored at least on a quarterly basis as part of the Council's overall Financial Health monitoring. Attached at **Appendix 5A** is an analysis of the Prudential indicators set at the time of the budget in February 2024, showing a comparison to current projections and variances where appropriate. This shows following movements:

- There have been increases in both the HRA and General Fund Capital programme for 2024/25 since the budget was set.
- However, the projected Capital Financing Requirement has fallen, partly reflecting slippage in the HRA capital programme from the 2023/24 year.
- The Actual External Debt indicator shows a comparison between the projected external debt as at 31/03/2025 during the budget cycle and the latest projected external debt as at 31/03/2025.
- Affordability PI's show the projected movement in financing costs between those assumed at the budget and current projections and shows a small increase of approximately £0.6m primarily driven by higher than anticipated short term borrowing interest rates. However, it is anticipated that this is likely to be offset by slippage in the capital programme during the year.
- The Treasury management Indicator for the maturity structure of Borrowing compares the projected year end position as at 31/03/2024 reported at the budget to the current projection for the year end position as at 31/03/2025.

- 5.2 Attached at **Appendix 5B** is a graph showing the Liability Benchmark which is also required under the Codes as part of the Financial Health monitoring. This compares the stock of external debt projected forward over a 10 year period and compares this to the Liability benchmark. The Liability benchmark is a calculation of the stock of external borrowing required to finance that element of the CFR that is not funded from internal resources. The gap between these two items is therefore a projection of the need to fund from long term borrowing, and will be funded initially from short term sources until long term borrowing is locked in.
- 5.3 **Appendix 5C** shows actual gross and net debt for the Council in 2024/25 to date. This confirms that both remain comfortably within both the Operational Boundary and the Authorised Limit set by Council.

6. Housing Revenue Account (HRA)

- 6.1 At Quarter 1 the HRA is projecting a balanced position.
- 6.2 There is a projected underspend on staffing due to vacant posts in the service as a result of the vacancy freeze. The staffing underspend is offset by a reduction in income from capitalised salaries.

Financial Dashboard 2024/25 Financial Year

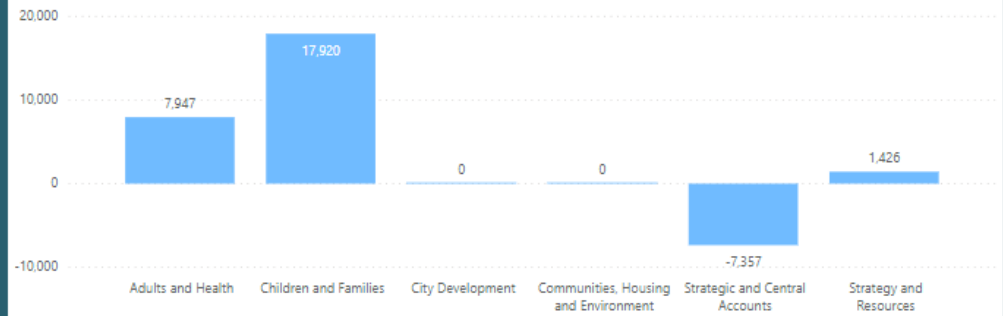


Budget Variation £000s

19,936

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	564,256	555,416	-8,840
Premises	66,235	67,349	1,114
Supplies and Services	250,939	252,388	1,448
Transport	62,715	65,250	2,535
Internal Charges	98,406	100,414	2,008
Third Party Payments	567,733	601,978	34,245
Transfer Payments	203,163	201,737	-1,426
Capital	94,285	94,966	681
Transfer to/from Reserves	-15,944	-22,988	-7,044
Internal Income	-346,583	-344,952	1,631
External Income	-923,438	-929,856	-6,417
Total	621,766	641,702	19,936

Financial Dashboard 2024/25 Financial Year

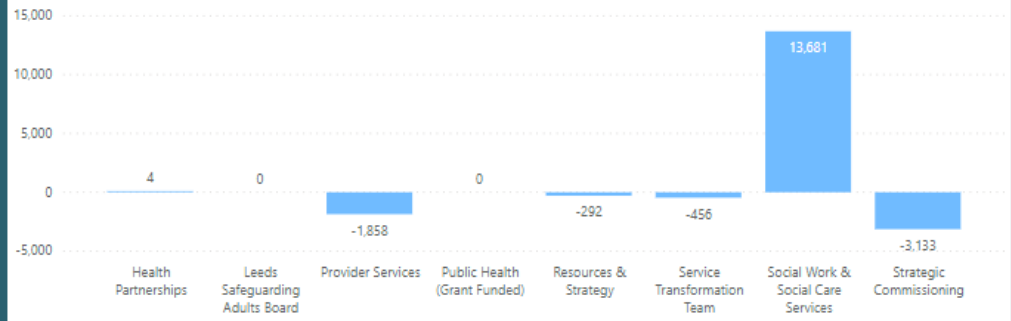


Budget Variation £000s

7,947

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	75,082	70,480	-4,602
Premises	1,227	1,305	78
Supplies and Services	5,295	5,305	10
Transport	906	906	0
Internal Charges	15,817	16,254	437
Third Party Payments	347,799	362,795	14,996
Transfer Payments	15,176	14,242	-934
Transfer to/from Reserves	-147	149	296
Internal Income	-3,963	-4,011	-48
External Income	-257,822	-260,110	-2,288
Total	199,370	207,317	7,947

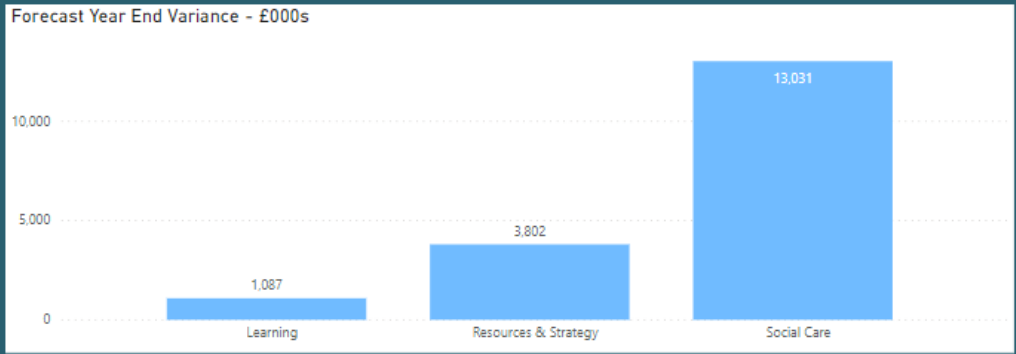
Financial Dashboard 2024/25 Financial Year



Budget Variation £000s

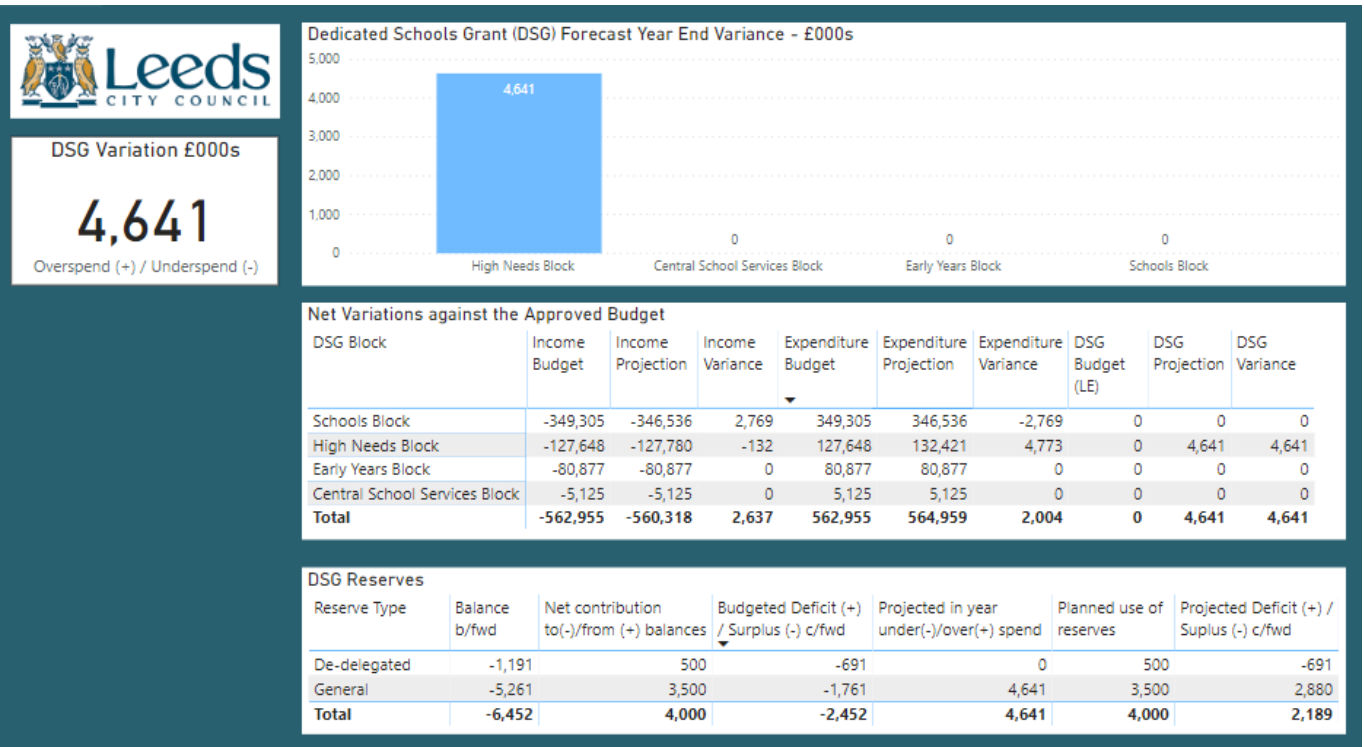
17,920

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	119,620	113,872	-5,748
Premises	4,359	4,361	2
Supplies and Services	62,023	64,680	2,657
Transport	14,606	17,159	2,553
Internal Charges	39,771	41,153	1,382
Third Party Payments	160,152	180,452	20,300
Transfer Payments	3,558	3,226	-332
Transfer to/from Reserves	-1,689	-1,749	-60
Internal Income	-37,284	-36,608	676
External Income	-207,713	-211,223	-3,510
Total	157,403	175,323	17,920

Financial Dashboard 2024/25 Financial Year



Financial Dashboard 2024/25 Financial Year

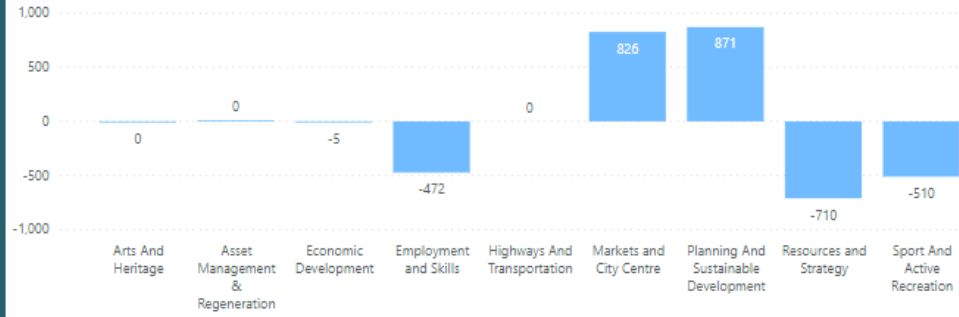


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	78,421	77,671	-750
Premises	32,815	33,220	405
Supplies and Services	46,090	45,504	-586
Transport	6,720	6,720	0
Internal Charges	10,383	10,417	34
Third Party Payments	221	221	0
Transfer Payments		0	0
Transfer to/from Reserves	-685	-685	0
Internal Income	-47,544	-47,037	507
External Income	-88,521	-88,131	390
Total	37,900	37,900	0

Financial Dashboard 2024/25 Financial Year

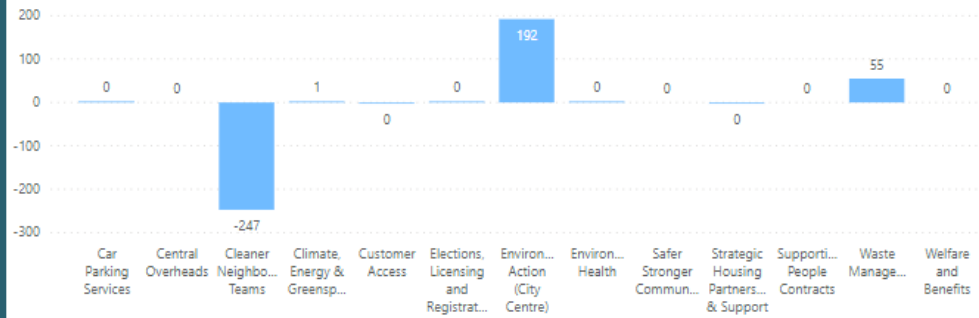


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	114,470	113,803	-667
Premises	11,557	11,744	187
Supplies and Services	66,236	67,027	791
Transport	13,094	13,094	0
Internal Charges	22,156	22,122	-34
Third Party Payments	21,825	20,844	-980
Transfer Payments	182,897	182,737	-160
Capital		0	0
Transfer to/from Reserves	-5,385	-5,424	-39
Internal Income	-42,081	-40,667	1,413
External Income	-277,211	-277,721	-511
Total	107,558	107,559	0



Financial Dashboard 2024/25 Financial Year



Surplus (-) / Deficit (+) £000s

0

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
Internal Income	-9,311	-8,668	643	643
Dwelling Rents	-244,924	-244,924	0	0
Non Dwelling Rents	-3,392	-3,392	0	0
Service Charges	-10,347	-10,347	0	0
Grants	-21,385	-21,385	0	0
External Income	-1,667	-1,667	0	0
Total	-291,026	-290,383	643	643

HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
Disrepair Provision	4,000	4,000	0	0
Repairs to Dwellings	62,952	62,952	0	0
Employees	35,773	34,675	-1,098	1,966
Premises	12,334	12,334	0	0
Supplies and Services	5,742	5,742	0	0
PFI Unitary Charge	14,348	14,348	0	0
Transport	300	300	0	0
Internal Services	35,396	35,396	0	0
BITMO Management Fee	3,721	3,721	0	0
Provision for Doubtful Debts	1,136	1,136	0	0
Capital Charges	47,361	47,361	0	0
Contribution to Capital Programme	68,017	68,017	0	0
Total	291,080	289,982	-1,098	1,966

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
Net Position	54	-401	-455	2,609
Appropriation: Sinking Funds	-1,054	-1,054	0	0
Appropriation: Reserves	1,000	1,455	455	455
Total	0	0	0	3,064

Financial Dashboard 2024/25 Financial Year

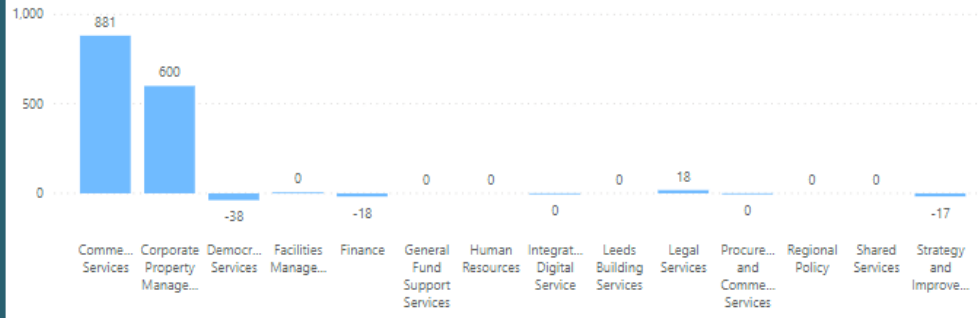


Budget Variation £000s

1,426

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	171,974	174,900	2,926
Premises	16,277	16,719	442
Supplies and Services	68,256	66,833	-1,423
Transport	27,389	27,370	-19
Internal Charges	4,951	5,140	189
Third Party Payments	28	28	0
Transfer Payments	66	66	0
Transfer to/from Reserves	-74	0	74
Internal Income	-180,845	-181,762	-917
External Income	-16,222	-16,069	153
Total	91,800	93,226	1,426

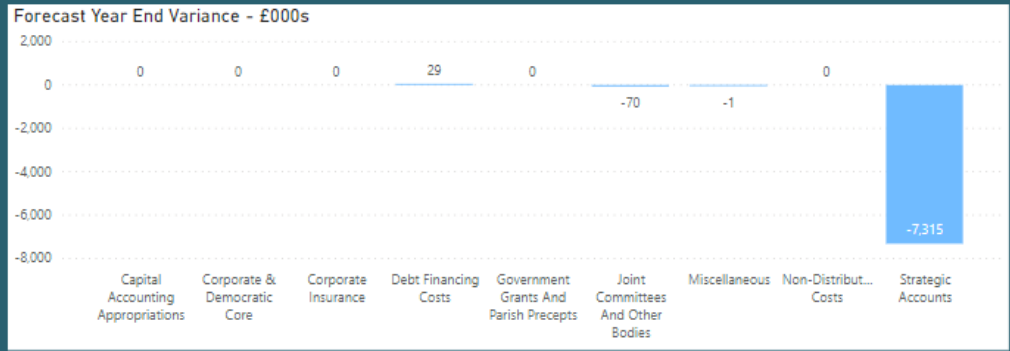
Financial Dashboard 2024/25 Financial Year



Budget Variation £000s

-7,357

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,689	4,689	-1
Premises		0	0
Supplies and Services	3,039	3,039	0
Transport		0	0
Internal Charges	5,328	5,328	0
Third Party Payments	37,708	37,638	-70
Transfer Payments	1,466	1,466	0
Capital	94,285	94,966	681
Transfer to/from Reserves	-7,965	-15,280	-7,315
Internal Income	-34,867	-34,867	0
External Income	-75,950	-76,602	-652
Total	27,735	20,378	-7,357



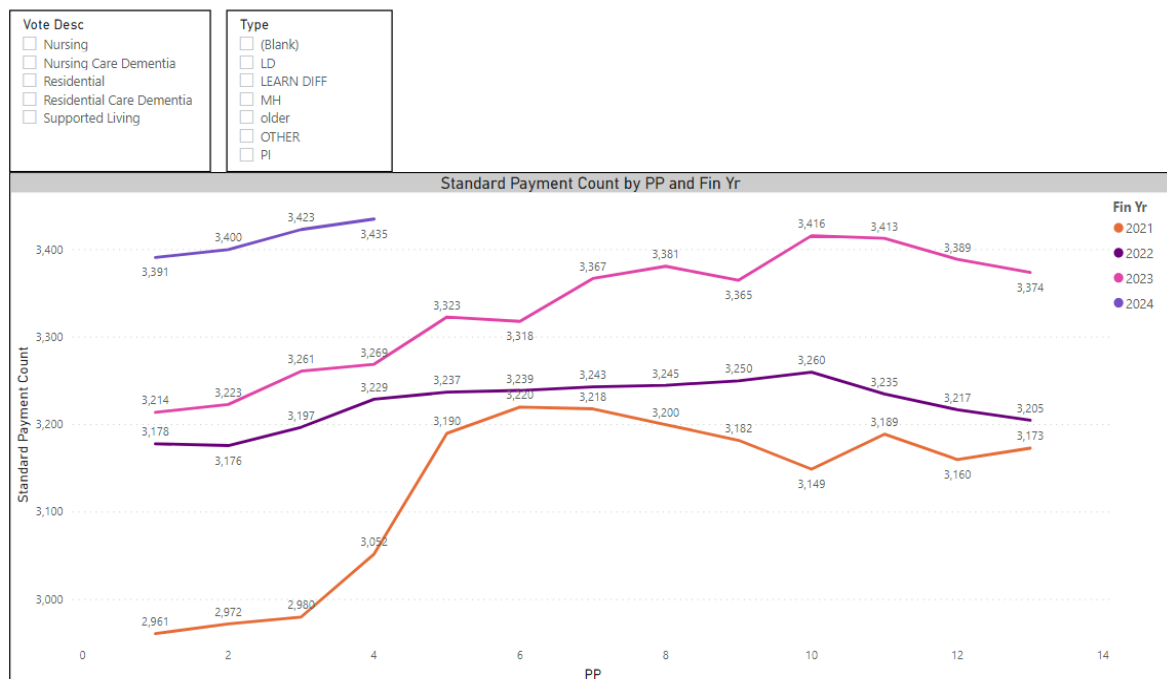
Financial Health Monitoring 2024/25 Report– Quarter1

Adults & Health Demand Budgets – Current Numbers and Trends

1. The modelling for Older People assumes numbers at Quarter 1 continuing at that level for the remainder of the year. For Working Age Adults, the modelling takes current numbers and takes account of adolescents transferring into adulthood from Children & Families and the full-year effect of people who came into care in the 2023/24 financial year. This is prior to the £14.6m action plan adjustment in Table 4 at **Appendix 1**. Detailed below are a series of graphs showing current trend for Quarter 1 2024/25 and trend for the previous three financial years.

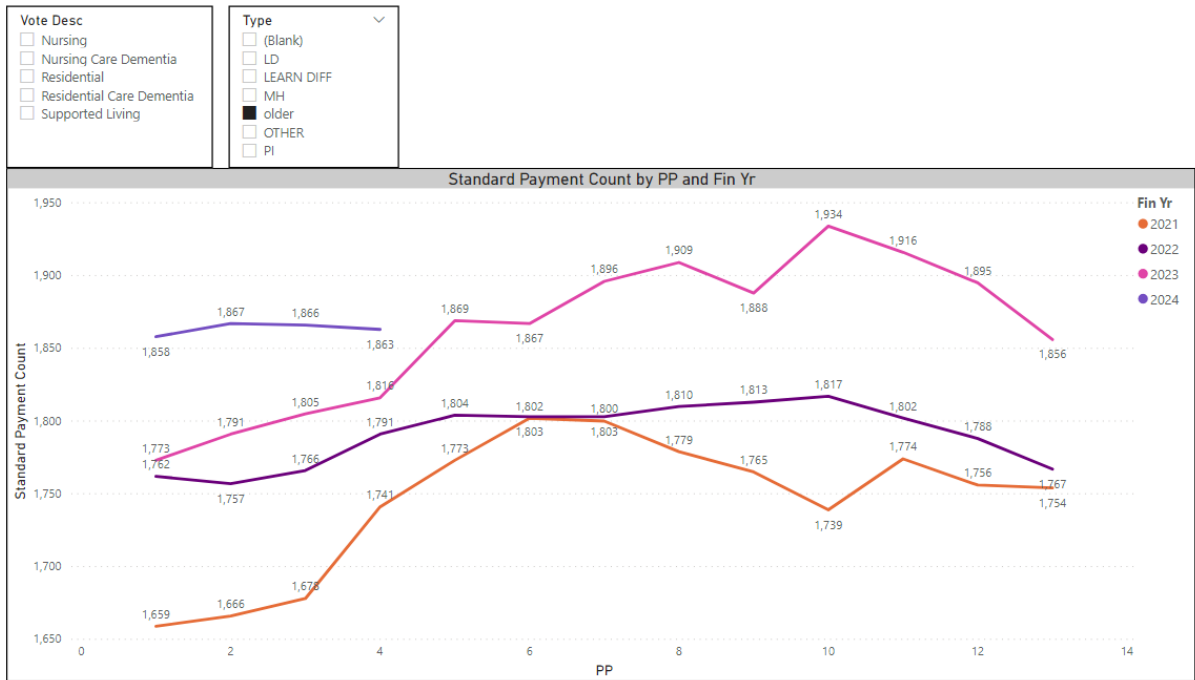
Graph 1 shows numbers across all settings. The increasing trend over the 2023/24 financial year is clearly visible, with a slight fall off towards year-end, but at the start of the new financial year, 2024/25, numbers have risen and are above trend.

Graph 1- Trend Analysis for Working Adults Quarter 1 2024/25



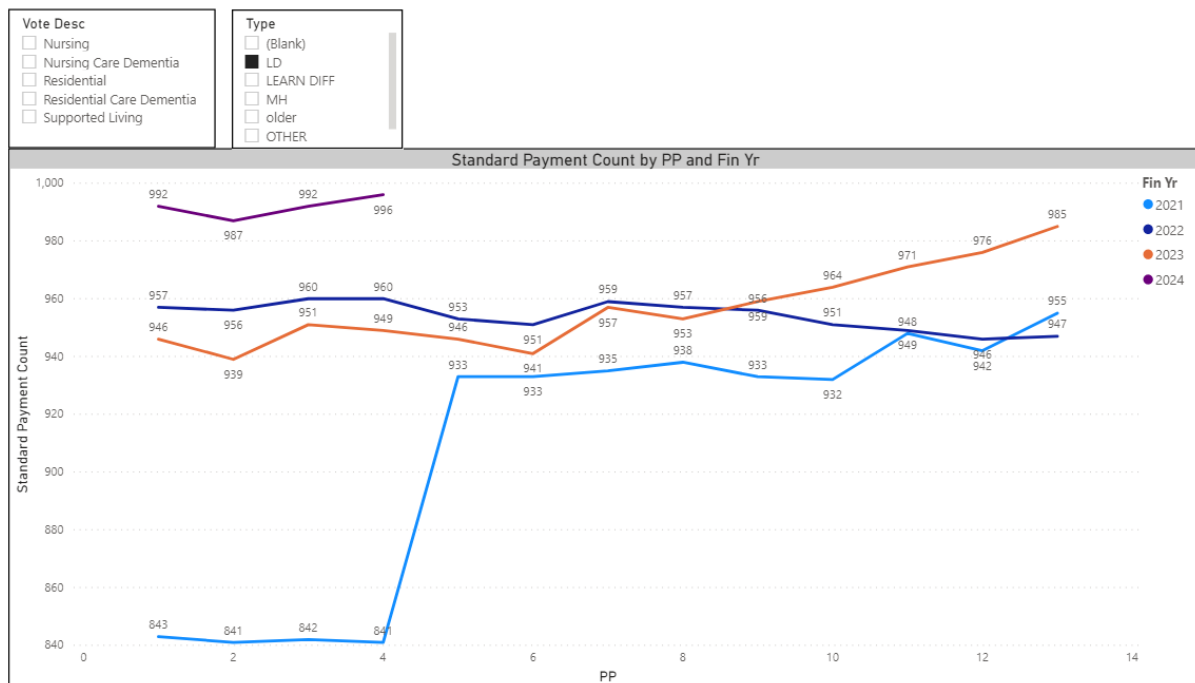
2. **Graph 2** shows the trend for Older People. Numbers are steady for the first four payment runs in 2024/25, but they have started from a higher position than previous trends. The Quarter 1 projection assumes stable numbers over the remainder of the year. There is a potential risk if last year’s trend is repeated alongside unknown winter pressures.

Graph 2 – Trend Analysis for Older People Quarter 1 2024/25



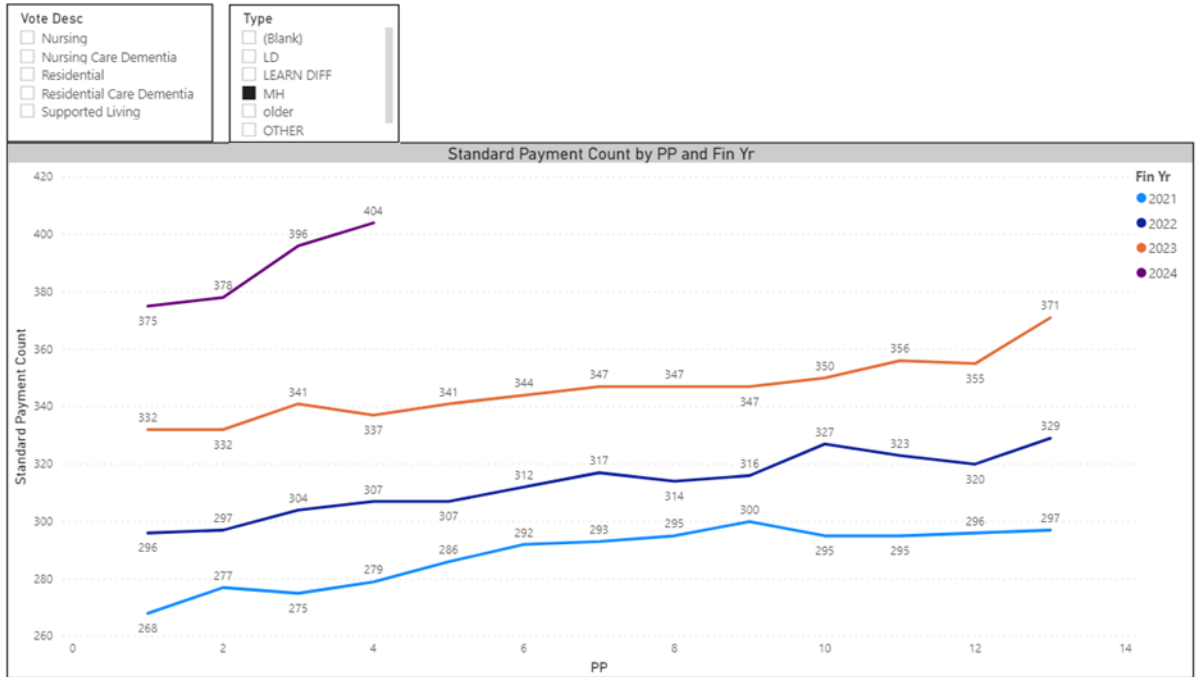
3. **Graph 3** covers the Learning Disability cohort of clients. From last Autumn the trend increased month on month and has continued to rise into 2024-25. This trend has created the £16.7m pressure identified above. It should be noted that the basis for the 2024-25 budget was on the 2023 trend figures during the summer months, therefore without the expectation for the upturn in demand.

Graph 3 – Trend Analysis for Learning Disability Cohort Quarter 1 2024/25



4. **Graph 4** shows the trend in numbers for Mental Health. A gradual increase can be seen over 2023/24 until 2024 Spring and this has continued sharply into the current financial year. Intelligence and Finance Teams are working with colleagues in Social Work teams to understand the trend and potential wider implications for future years budget setting.

Graph 4 – Trend Analysis for Mental Health Quarter 1 2024/25

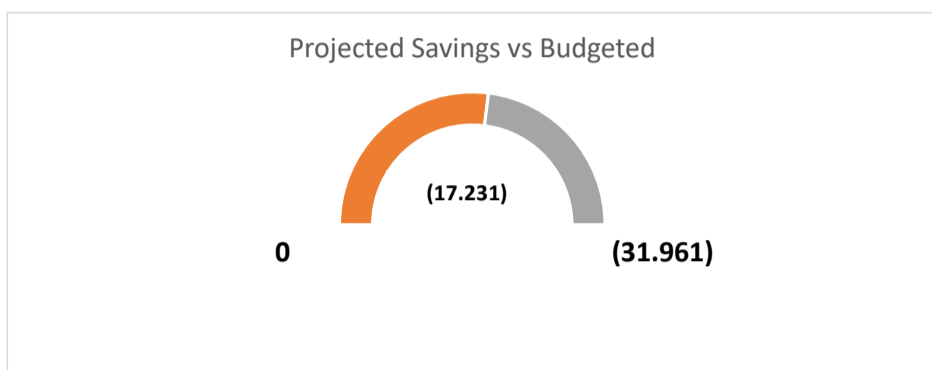
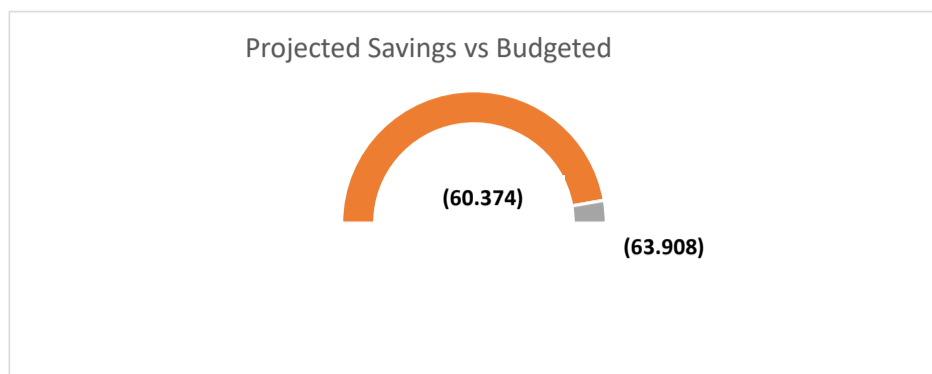


LEEDS CITY COUNCIL - SUMMARY

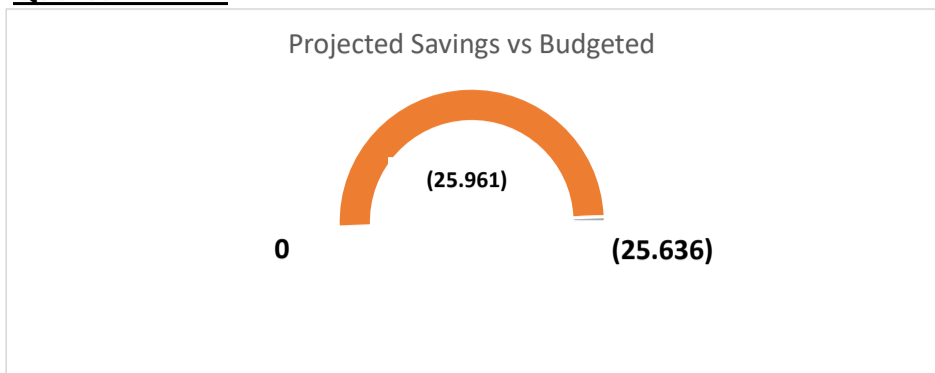
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(9.216)	(10.216)	(1.000)
On track	(21.452)	(21.452)	0.000
Some risk	(18.771)	(17.782)	0.989
High risk	(14.469)	(10.924)	3.545
Cancelled	0.000	0.000	0.000
Total	(63.908)	(60.374)	3.534

LEEDS CITY COUNCIL - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0.000	0.000	0.000
On track	6.461	6.461	0.000
Some risk	6.023	6.420	0.397
High risk	19.477	4.350	15.127
Cancelled	0.000	0.000	0.000
Total	(31.961)	(17.231)	14.730



Quarter 1



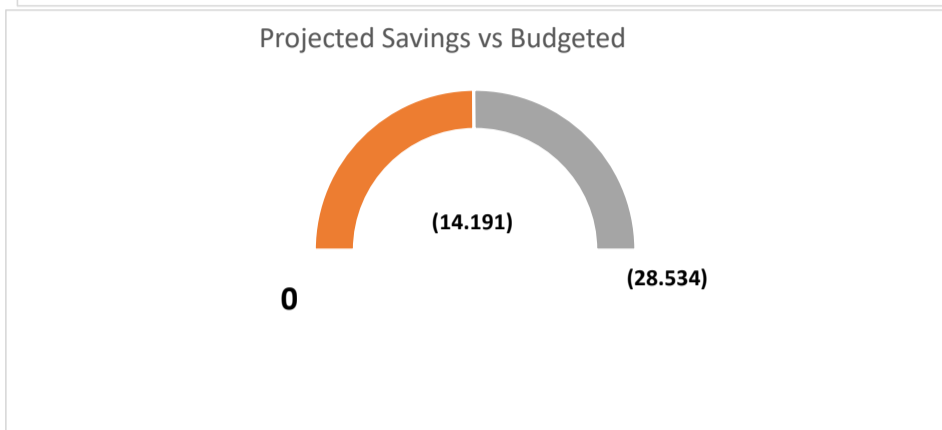
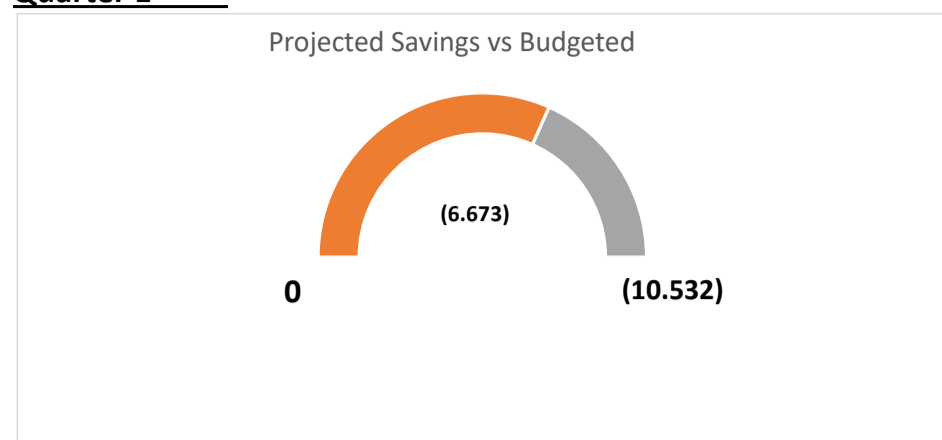
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(4.714)	(5.714)	(1.000)
On track	(6.580)	(6.580)	0.000
Some risk	(4.570)	(4.570)	0.000
High risk	(9.772)	(9.097)	0.675
Cancelled	0.000	0.000	0.000
Total	(25.636)	(25.961)	(0.325)

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	Review supported bank account contract (direct payments)	Tony Meadows	High risk	(0.150)	0.000	0.150	Contract will not be operational till 25-26. Need to identify alternative savings.
Budgeted savings	BAU	Invest to save proposal for Deputy and appointeeship's team	John Crowther	High risk	(0.050)	0.000	0.050	Ombudsmen decision means unable to charge. Need to identify alternative savings.
Budgeted savings	SR	Review of existing charges and introduction of new charges for adult social care activities	John Crowther	Some risk	(0.150)	(0.150)	0.000	Service Review completed. Go Live Q2 onwards.
Budgeted savings	BAU	Impact of telecare growth plan	Shona McFarlane	Some risk	(0.200)	(0.200)	0.000	Service Transformation Team supporting service area to deliver.
Budgeted savings	SR	Review of in-house care homes	Shona McFarlane	Some risk	(0.100)	(0.100)	0.000	Report going to July Executive Board.
Budgeted savings	SR	Strategic Review of Adult Social Work: Integrated Reviewing Function	Tony Meadows	Some risk	(0.560)	(0.560)	0.000	0
Budgeted savings	SR	Strategic Review of Adult Social Work: new 'Front Door' model supporting 'Early Intervention'.	Tony Meadows	Some risk	(0.560)	(0.560)	0.000	0
Budgeted savings	BAU	Client income: reduce period of temporary placements	Shona McFarlane	High risk	(1.500)	(1.325)	0.175	Backlog of Temporary Placements cleared in 23-24 financial year. Need to identify alternative Action Plan.
Budgeted savings	BAU	Newton Europe - Home First Programme	Shona McFarlane	Some risk	(3.000)	(3.000)	0.000	0
Budgeted savings	SR	Review of commissioned and Leeds City Council-provided day services and opportunities	Shona McFarlane / Tony Meadows	High risk	(1.350)	(1.350)	0.000	Delay in implementing review but assume over recover in remainder of the financial year.
Budgeted savings	BAU	Demand / market management: reviewing fee setting, care package review, in-house and commissioned services	Shona McFarlane / Tony Meadows	High risk	(3.622)	(3.622)	0.000	Links with overall management of trend affecting both Working Age Adults and Older People cohort.
Budgeted savings	BAU	Widen transition process for children to adults (able to address and reduce high cost packages)	Tony Meadows	High risk	(0.500)	(0.500)	0.000	Alternative proposals identified from reviewing packages.
Budgeted savings	BAU	General management of market to include value for money and package prices outside framework price range	Tony Meadows	High risk	(2.000)	(2.000)	0.000	Links with overall management of trend affecting both Working Age Adults and Older People cohort.
Budgeted savings	BAU	Remove quality premium from independent sector care home placements	Tony Meadows	High risk	(0.600)	(0.300)	0.300	Prolicy not implemented in 24-5. Some savings from identifying providers no longer eligible for the premium payment.

Quarter 1



CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0.000	0.000	0.000
On track	1.250	1.250	0.000
Some risk	(7.085)	(6.096)	0.989
High risk	(4.697)	(1.827)	2.870
Cancelled	0.000	0.000	0.000
Total	(10.532)	(6.673)	3.859

CHILDREN & FAMILIES - Other Savings Measures

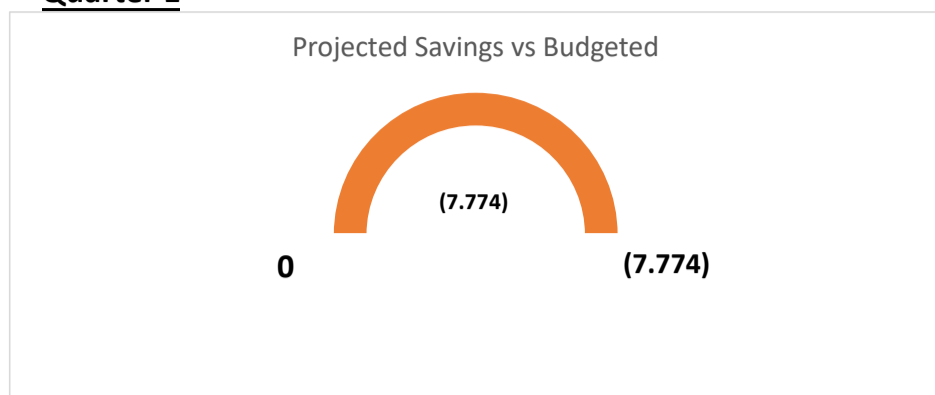
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0.000	0.000	0.000
On track	(4.131)	(4.131)	0.000
Some risk	(6.023)	(5.710)	0.313
High risk	(18.380)	(4.350)	14.030
Cancelled	0.000	0.000	0.000
Total	(28.534)	(14.191)	14.343

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	Non-essential spend savings	Julie Longworth	Some risk	(1.000)	(1.000)	0.000	To be closely monitored across all services aligned to corporate messaging re non essential spend reductions
Budgeted Savings	SR	Staffing reductions	Julie Longworth	Some risk	(2.250)	(2.250)	0.000	Further VLS options to be considered.
Budgeted Savings	SR	Review of commissioned activity	Julie Longworth	Some risk	(1.200)	(1.200)	0.000	Commissioning service reviewing further options to mitigate any shortfalls against this savings
Budgeted Savings	BAU	Review of Children & Families' traded services to break even position (nil General Fund Support)	Julie Longworth	High risk	(0.347)	(0.084)	0.263	Transformation team are currently reviewing traded activity
Budgeted Savings	BAU	CLA: Small Group Living - bring forward timescales for delivery	Farrah Khan	High risk	(0.200)	0.000	0.200	Further review and re profiling of the modelling to be undertaken
Budgeted Savings	SR	Review of Little Owls nursery provision (nil staffing impact based upon potential reallocation to retained nurseries – subject to confirmation)	Farrah Khan	High risk	(0.900)	(0.900)	0.000	Final decision report going to Exec Board in June
Budgeted Savings	SR	Adolescent Support Service invest to save proposal	Farrah Khan	High risk	(1.250)	0.000	1.250	Service currently developing a savings delivery plan
Budgeted Savings	SR	Review of Children's Centres	Farrah Khan	High risk	(1.000)	0.000	1.000	Savings plan still to be produced
Budgeted Savings	SR	Unaccompanied Asylum Seeker Children Housing invest to save proposal	Farrah Khan	Some risk	(1.820)	(1.646)	0.174	0
Budgeted Savings	BAU	Passenger Transport	Tim Pouncey	Some risk	(0.200)	0.000	0.200	0
Budgeted Savings	BAU	Transport: Including independent travel training, personal transport allowances, use of private hire, commissioning an external review	Tim Pouncey	Some risk	(0.115)	0.000	0.115	Policy change options developed but will take effect 25/26. Alternative saving required for 24/25.
Budgeted Savings	BAU	WYCA transport cost and income sharing	Tim Pouncey	Some risk	(0.500)	0.000	0.500	0
Budgeted Savings	BAU	Additional savings arising from review of transport costs (efficiencies, process changes and delivery opportunities)	Tim Pouncey	High risk	(1.000)	(0.843)	0.157	0

Other savings measure	BAU	Additional Children Looked After demand and inflation pressures over and above what was assumed in the approved MTFS 24/25	Farrah Khan	High risk	(8.039)	(2.589)	5.450	Ongoing review and work of the Reunification Team has identified potential in year savings of £1.713m.
Prior year savings	SR	Reprofiling of assumed costs / savings of the Review of Fostering Provision	Farrah Khan	High risk	(0.633)	0.000	0.633	0
Prior year savings	SR	Turning the Curve: 2023/24 savings still to be realised	Farrah Khan	High risk	(3.000)	0.000	3.000	0
Prior year savings	SR	Commissioned Placements: 2023/24 savings still to be realised	Farrah Khan	Some risk	(4.000)	(4.000)	0.000	0
Other savings measure	BAU	Additional Transport demand and demography pressures above and beyond what was assumed in the original MTFS	Tim Pouncey	High risk	(1.547)	0.000	1.547	0
Prior year savings	BAU	Efficiency targets 2023/24 still to be realised.	Julie Longworth	Some risk	(1.710)	(1.710)	0.000	0
Other savings measure	SR	Social Worker retention payments	Farrah Khan	High risk	(1.761)	(1.761)	0.000	0
Other savings measure	SR	Independent Travel Training (ITT)	Dan Barton	Some risk	(0.235)	0.000	0.235	0
Other savings measure	SR	Independent Travel Training (ITT)	Dan Barton	Some risk	(0.028)	0.000	0.028	0
Other savings measure	SR	Passenger Transport Allowances (PTAs) for foster carers	Dan Barton	Some risk	(0.050)	0.000	0.050	0
Other savings measure	SR	DSG: High Needs block saving target	Dan Barton	High risk	(3.400)	0.000	3.400	Savings Plan still to be produced

Quarter 1

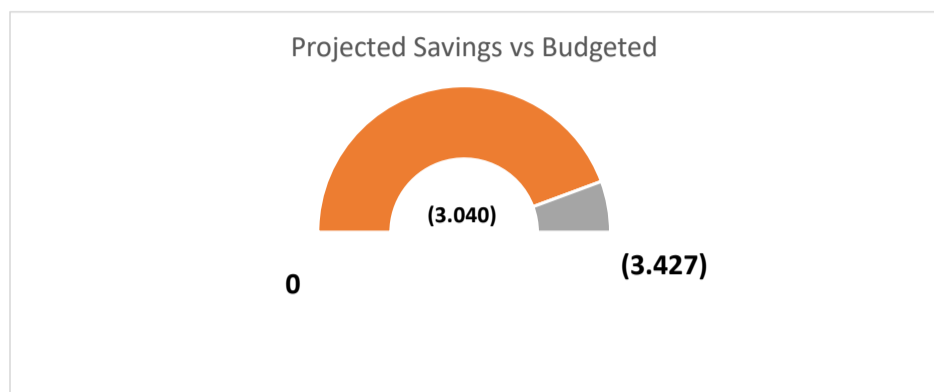


CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(1.112)	(1.112)	0.000
On track	(3.970)	(3.970)	0.000
Some risk	(2.692)	(2.692)	0.000
High risk	0.000	0.000	0.000
Cancelled	0.000	0.000	0.000
Total	(7.774)	(7.774)	0.000

CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	0.000	0.000	0.000
On track	(2.330)	(2.330)	0.000
Some risk	0.000	(0.710)	(0.710)
High risk	(1.097)	0.000	1.097
Cancelled	0.000	0.000	0.000
Total	(3.427)	(3.040)	0.387



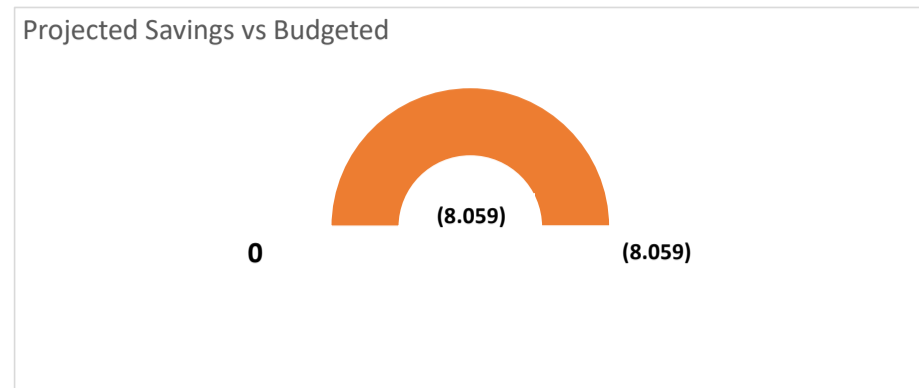
Amber & Red Risk Areas

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	Additional recovery of income, business rates reductions, fees and charges review	Jane Walne	Some risk	(0.380)	(0.380)	0.000	All service areas to review/achieve.
Budgeted Savings	BAU	Additional income from council's property portfolio	Angela Barnicle	Some risk	(0.150)	(0.150)	0.000	Negotiations ongoing - awaiting response from LUFC
Budgeted Savings	BAU	Mass Transit - additional income associated with MT team	Gary Bartlett / Angela Barnicle	Some risk	(0.500)	(0.500)	0.000	Agreement with WYCA not yet signed
Budgeted Savings	BAU	Income Generation (New).	Gary Bartlett	Some risk	(0.070)	(0.070)	0.000	0
Budgeted Savings	SR	Highways & Transportation review: includes stopping work, staff redeployment and service redesign	Gary Bartlett	Some risk	(0.750)	(0.750)	0.000	0
Other Savings Measures	SR	Pudsey Civic Hall	Eve Roodhouse	Some risk	0.000	0.000	0.000	December 25 closure now planned due to closure of Morley Town Hall for refurbishment. No revenue savings anticipated so no issue around the delayed closure
Budgeted Savings	BAU	Economic Policy & Programmes: recharging of staff time to external funding	Eve Roodhouse	Some risk	(0.092)	(0.092)	0.000	Delays to investment zone funding coming to LCC - WYCA/DLUHC not signed MOU before general election called
Budgeted Savings	BAU	Staffing reductions through voluntary measures where possible: Active Leeds	Jane Walne	Some risk	(0.250)	(0.250)	0.000	Part achieved - 3 VLS agreed to start July. Further savings against target to be achieved pending approval which could generate further VLS at a future point
Budgeted Savings	BAU	Staffing reductions through voluntary measures where possible: Markets	Jane Walne	Some risk	(0.100)	(0.100)	0.000	Part achieved through FR although VLS may only come into effect in 25/26. Other work areas ceased and externalised to make savings
Budgeted Savings	BAU	Biodiversity net gain income	David Feeney	Some risk	(0.350)	(0.350)	0.000	HBV not yet established - working through legals to establish HBV but savings being identified through S106 and wider opportunities
Other Savings Measures	BAU	Estate rationalisation savings - prior years' savings target	Angela Barnicle	High risk	(0.433)	0.000	0.433	Unlikely to achieve in year. Assumed mitigating savings will offset the pressure. Savings dependent on service reviews across the Council

Other Savings Measures	BAU	Strategic Investment Fund	Angela Barnicle	High risk	(0.664)	0.000	0.664	Unlikely to achieve, only pipeline project Seacroft Industrial estate. Assume mitigating savings will offset the pressure. Exploring ways to develop growth on current portfolio
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Quarter 1

COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY



RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Achieved	(2.920)	(2.920)	0.000
On track	(2.730)	(2.730)	0.000
Some risk	(2.409)	(2.409)	0.000
High risk	0.000	0.000	0.000
Cancelled	0.000	0.000	0.000
Total	(8.059)	(8.059)	0.000

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 saving	BAU	Seek further opportunities to maximise funding through grant income streams and / or alternative funding - One-off	Lee Hemsworth	Some risk	(1.209)	(1.209)	0.000	No pressure assumed but funding has only been confirmed for six months.
Budgeted saving	SR	Retain free collection of Bulky Waste for first collection each year (five items) and introduce charges for repeat collections (excluding those in receipt of Council Tax Support)	John Woolmer	Some risk	(0.169)	(0.169)	0.000	Risk here is any shortfall (or additional income) unlikely to be known until later in year - ie after residents have had free collections. Income for bulky collections Apr - May were £0.8k in total but still early days

Financial Year 2024/25

	Notes		Budget	Current	Movement
			DM10a 2023/24	DM 02b 2024/25	
PRUDENTIAL CODE INDICATORS					
CAPITAL EXPENDITURE					
<u>Estimate of Capital Expenditure</u>	a				
General Fund		£k	347,560	365,883	18,323
Housing Revenue Account		£k	138,292	157,120	18,828
Total		£k	485,852	523,003	37,151
<u>Capital Financing Requirement</u>	b				
Borrowing - General Fund		£k	2,175,873	2,177,657	1,784
Borrowing - Housing Revenue Account		£k	821,905	811,944	-9,961
Sub Total Borrowing		£k	2,997,778	2,989,601	-8,177
Other Long Term Liabilities - GF		£k	359,397	359,397	0
Other Long Term Liabilities - HRA		£k	90,579	90,579	0
Sub Total Other Long Term Liabilities		£k	449,976	449,976	0
Total Capital Financing Requirement		£k	3,447,754	3,439,577	-8,177
EXTERNAL DEBT					
<u>Operational Boundary</u>	c				
External Borrowing		£k	2,900,000	2,900,000	0
Other Long Term Liabilities		£k	550,000	550,000	0
Total			3,450,000	3,450,000	0
<u>Authorised Limit</u>	c				
External Borrowing		£k	3,200,000	3,200,000	0
Other Long Term Liabilities		£k	570,000	570,000	0
Total		£k	3,770,000	3,770,000	0
<u>Actual External Debt (year end Forecast)</u>	d		2023/24	2024/25	
PWLB		£k	1,811,737	1,842,737	31,000
Market (Inc LOBO)		£k	464,836	461,936	-2,900
Short term (Actual)		£k	0	0	0
Short term (Forecast)		£k	274,919	426,899	151,980
Total Gross External Debt		£k	2,551,492	2,731,572	180,080
Other Long Term Liabilities		£k	485,486	449,976	-35,510
Total Including OLTL		£k	3,036,978	3,181,548	144,570
<u>Gross Debt and the CFR</u>	e				
External Borrowing			ok	ok	
Other Long term Liabilities			ok	ok	
Total Gross Debt and the CFR			ok	ok	
AFFORDABILITY					
<u>Estimate of Financing Cost to Net revenue Stream</u>	f				
<u>External Borrowing Only - General Fund</u>					
Financing Cost		£k	128,195	128,797	602
Net Revenue Stream		£k	621,960	621,960	0
Ratio		%	20.61%	20.71%	0.10%
<u>Including Other Long Term Liabilities - GF</u>	f				
Financing Cost		£k	176,150	176,752	602
Net Revenue Stream		£k	621,960	621,960	0
Ratio		%	28.32%	28.42%	0.10%
<u>External Borrowing Only - Housing Revenue Account</u>	f				
Financing Cost		£k	30,979	31,109	130
Net Revenue Stream		£k	16,221	16,221	0
Ratio		%	11.00%	11.04%	0.05%
<u>Including Other Long Term Liabilities - HRA</u>	f				
Financing Cost		£k	47,200	47,330	130
Net Revenue Stream		£k	16,221	16,221	0
Ratio		%	16.75%	16.80%	0.05%
INVESTMENTS					
Non Treasury Financial investments			80,000	80,000	0
Non Treasury Property investments			200,000	200,000	0
<u>Limit on non-Treasury Investments</u>	g		280,000	280,000	0

Financial Year 2024/25

	Notes		Budget DM10a	Current DM 02b	Movement
Estimate of Net Income from Investments for Commercial and Service Purposes	g				
Income		£k	7,063	7,030	-33
Ratio of Income from Commercial and Service Purposes to Net revenue Stream		%	1.19%	1.13%	-0.06%

TREASURY MANAGEMENT CODE INDICATORS

Liability Benchmark for Borrowing	See attached
Liability Benchmark for Investments	Not Applicable

Maturity Structure of Borrowing 2024/25	h	Lower	Upper	At budget 31/03/2024	Current 31/03/2025	%
under 12 mths		0%	25%	349,628	578,800	21%
12 mths and within 24 mths		0%	20%	66,900	76,339	3%
24 mths and within 5 years		0%	35%	225,043	195,241	7%
5 years and within 10 years		0%	40%	126,477	128,768	5%
10 years and within 20 years				93,000	59,000	
20 years and within 30 years				223,469	304,252	
30 years and within 40 years		25%	90%	679,955	669,173	64%
40 years and within 50 years				665,000	595,000	
50 years and above				125,000	125,000	
				2,554,473	2,731,573	100.00%

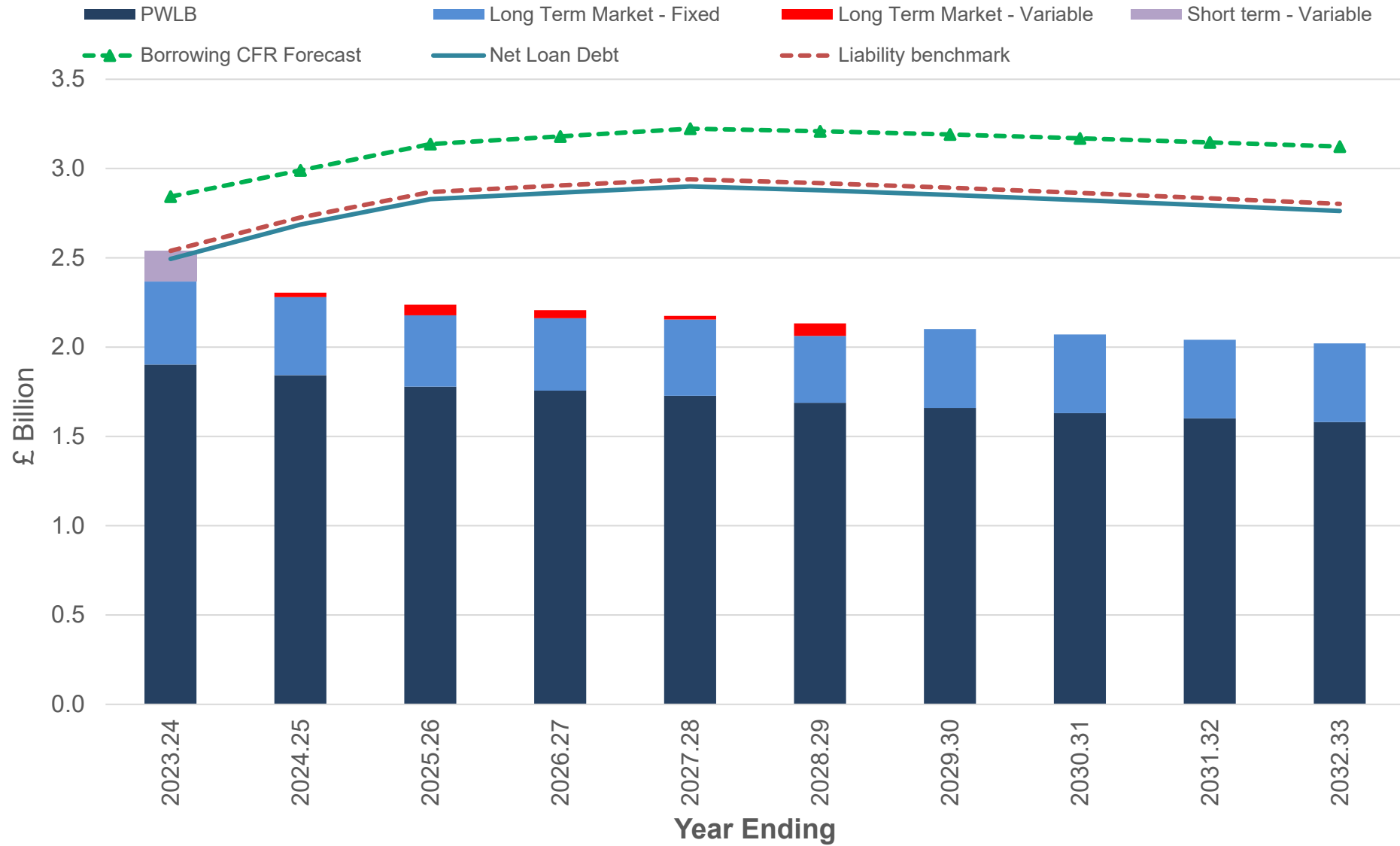
Upper Limit for Long Term treasury investments to mature in following years

Year +1	150,000	150,000
Year +2	150,000	150,000
Year +3	150,000	150,000

Notes

- a Forecast of capital expenditure for year at period end, actual at year end outturn
- b Forecast of CFR for year end at period end, actual at year end outturn
- c Authorised limit and Operational Boundary as set at the Budget setting time should only change in exceptional circumstances
- d This is the year end forecast for DEBT and OLTL with Short term being the balancing figure
- e In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that total gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement, which is used for comparison with gross external debt. This is a key indicator of prudence. (This is shown as "OK" or "Breach" depending on the result of the above comparison)
- f Code only requires full comparison of debt costs including OLTL to Net revenue Streams however the Council have always reported the external borrowing metrics which are more informative.
- g This is all investments under the code for Service or Commercial purposes and excludes Investments for TM purposes
- h This now includes all external debt including variable and short term external debt
- i This is non specified Treasury Management investments typically with a duration of greater than 364 days

Appendix 5b - Liability Benchmark Borrowing 10 years from 2023/24 to 2032/33



Appendix 5c - Prudential Code Monitoring 2024/25 - Debt

