



SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 25th March, 2024 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

| | | |
|----------------|---|--------------------------------|
| G Almass | - | Beeston and Holbeck; |
| H Bithell | - | Kirkstall; |
| S Burke | - | Middleton Park; |
| A Carter | - | Calverley and Farsley; |
| D Chapman | - | Rothwell; |
| S Firth | - | Harewood; |
| T Hinchcliffe | - | Bramley and Stanningley; |
| A Khan (Chair) | - | Burmantofts and Richmond Hill; |
| W Kidger | - | Morley South; |
| A Parnham | - | Armley; |
| E Thomson | - | Guiseley and Rawdon; |

Please Note: Please do not attend the meeting in person if you have symptoms of Covid-19 and please follow current public health advice to avoid passing the virus onto other people.

Note to observers of the meeting: We strive to ensure our public committee meetings are inclusive and accessible for all. If you are intending to observe a public meeting in person, please advise us in advance by email (FacilitiesManagement@leeds.gov.uk) of any specific access requirements, or if you have a Personal Emergency Evacuation Plan (PEEP) that we need to consider. Please state the name, date and start time of the committee meeting you will be observing and include your full name and contact details.

To remotely observe this meeting, please click on the 'View the Meeting Recording' link which will feature on the meeting's webpage (linked below) ahead of the meeting.

[Council and democracy \(leeds.gov.uk\)](https://www.leeds.gov.uk/council-and-democracy)

Principal Scrutiny Adviser:
Rob Clayton
Tel: 37 88790

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A G E N D A

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|---------|--------------------------|---------------|---|---------|
| 1 | | | <p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).</p> | |
| 2 | | | <p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:</p> <p>No exempt items have been identified.</p> | |

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| 3 | | | <p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p> | |
| 4 | | | <p>DECLARATION OF INTERESTS</p> <p>To disclose or draw attention to any interests in accordance with Leeds City Council's 'Councillor Code of Conduct'.</p> | |
| 5 | | | <p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p> | |
| 6 | | | <p>MINUTES - 19 FEBRUARY 2024</p> <p>To confirm as a correct record, the minutes of the meeting held on 19 February 2024.</p> | 7 - 18 |
| 7 | | | <p>FINANCIAL REPORTING 2023/24 - MONTH 10 (JANUARY)</p> <p>To consider a report from the Head of Democratic Services providing the Board with the latest update on the in year financial position in respect of the Revenue Budget and the Housing Revenue Account (HRA).</p> | 19 - 70 |
| 8 | | | <p>PROCUREMENT UPDATE</p> <p>To consider a report from the Director of Strategy and Resources providing an update on the Council's Procurement and Commercial Services. This follows consideration in previous municipal years and focuses on social value in procurement and effective contract management.</p> | 71 - 80 |

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| 9 | | | <p>INTEGRATED DIGITAL SERVICES (IDS) SERVICE DESK - UPDATE</p> <p>To consider a report from the Chief Digital and Information Officer on the Integrated Digital Services (IDS) service desk which supports staff with IT related issues and supports the wider delivery of services to citizens, patients, visitors and businesses by the Council, Health and other partners.</p> | 81 - 90 |
| 10 | | | <p>SCRUTINY STATEMENT - EQUALITY, DIVERSITY & INCLUSION</p> <p>To receive a report from the Head of Democratic Services which provides scrutiny statement on the Council's approach to Equality, Diversity and Inclusion (EDI) which has included input and feedback from each of the Council's staff networks in recent municipal years.</p> | 91 - 100 |
| 11 | | | <p>STRATEGY AND RESOURCES SCRUTINY BOARD END OF YEAR STATEMENT 2023/24</p> <p>Members are asked to note the appended 2023/24 end-of-year statement for the Scrutiny Board (Strategy and Resources) and, subject to any agreed amendments, approve its publication.</p> | 101 - 112 |
| 12 | | | <p>WORK PROGRAMME</p> <p>To consider the Scrutiny Board's work programme for the 2023/24 municipal year.</p> | 113 - 136 |
| 13 | | | <p>DATE AND TIME OF NEXT MEETING</p> <p>Subject to approval at the Annual Council meeting in May and observations at today's meeting from the Board, the next public meeting of the Board will take place on 17 June 2024 at 10.30am. There will be a pre-meeting for all board members at 10.00am.</p> | |

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| | | | <p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. | |

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 19TH FEBRUARY, 2024

PRESENT: Councillor A Khan in the Chair

Councillors G Almass, H Bithell, S Burke,
A Carter, D Chapman, S Firth,
T Hinchcliffe, W Kidger, A Parnham and
E Thomson

77 Appeals Against Refusal of Inspection of Documents

There were no appeals.

78 Exempt Information - Possible Exclusion of the Press and Public

There was no exempt information considered by the Board.

79 Late Items

There were no late items.

80 Declaration of Interests

There were no declarations of interest.

81 Apologies for Absence and Notification of Substitutes

Apologies were received from the Executive Board Member for Communities in relation to Item 7 of the agenda pack.

82 Minutes - 15 January 2024

RESOLVED – That the minutes of the previous meeting held on 15 January 2024, be approved as an accurate record.

83 Matters Arising

The Principal Scrutiny Adviser highlighted the following areas as matters arising from the 15 January 2024 meeting of the Board:

Min 71 – Financial Reporting - Members have been provided with additional information on the HRA following questions from Board members at the last

Draft minutes to be approved at the meeting
to be held on Monday, 25th March, 2024

meeting – the HRA now has a plan in place to address the reported overspend.

Min 72 – Budget 2024/25 – A composite report summarising this Board’s discussion of the budget (and the other four boards) was submitted to Executive Board on 7 February as set out under this item in January and will also be in the agenda pack for the full Council meeting on 21 February 2024.

Min 73 – Performance Report – The information on the representative workforce KPI has been received and will be provided to the Board later this week.

Min 74 – Best City Ambition Update – Following the meeting the Chair sent a letter to the Leader of Council and Director of Strategy and Resources setting out the board’s views on the BCA 2024 update in accordance with the budget and policy framework.

84 Equality, Diversity and Inclusion - Corporate Approach & Staff Networks Feedback

The Board considered a report from the Director of Strategy and Resources providing an update on the Council’s approach to Equality, Diversity and Inclusion (EDI) which includes input and feedback from each of the Council’s staff networks. This item follows previous work undertaken by the Board in previous municipal years which sought to hear directly about lived experiences working for the Council from the staff networks and also to review and comment on the Council’s wider approach to EDI.

In attendance for this item were:

- Cllr Debra Coupar, Executive Board Member for Resources
- Tom Riordan, Chief Executive
- Mariana Pexton, Director of Strategy and Resources
- Andy Dodman, Chief Officer HR
- John Ebo, Head of HR – EDI
- Vanessa Wenham, Freedom to Speak Up Guardian (FTSUG)
- Kat Denvir, LGBT+ Network Chair
- Terry Pycroft, DAWN Network Chair
- Maisie Roberts, DAWN Network Vice-Chair
- Lydia Anchen, Women’s Voice Network Chair
- Carole Gentles, Race Equality Network Co-Chair
- Hayley Lloyd-Henry, Race Equality Network Co-Chair
- Mej Chaudhry, Carers Network Chair
- Helen Saunders, Healthy Minds Network Chair
- Sasha Walton, Career Advancement Network Co-Chair
- Paul Leahy, HR Business Partner

The Chief Executive, Tom Riordan recorded his thanks for the work of the networks and in particular the Chairs who take on the responsibility in addition to their daily roles for the Council. It was noted that EDI is a key priority of the Council to reduce stigma and stereotyping and enable people to bring their whole selves to work and achieve their potential. It was emphasised that EDI is central to the Council and what it is trying to achieve on key issues such as having a workforce that reflects the diversity found in Leeds. It is not an easy agenda and sometimes there are difficult issues to address but progress has been made. The recent drive to provide mandatory EDI training to managers was highlighted as a key example of recent work but there is still work to do to ensure that progress continues.

The Chair of the Board, Cllr Khan also added his thanks and appreciation to the networks for the work they do and highlighted the diversity found in Leeds as a strength of the city adding to its vibrancy and contributing to its success.

The Board received a presentation setting out the Council's overall approach to EDI and the progress made since the issue was last considered by the Board in the 2022/23 municipal year. Key elements of this included:

- Details on the five workforce priorities on EDI – Training, Recruitment, Data Monitoring, Speaking Up/Discrimination and Progression
- Information on the five step Be Your Best training programme for the Council's 2,200 appraising managers, highlighting that the Council is now on the final step of the five step programme which is review and reflection of what the impact has been following this work
- Voluntary training has also been delivered to elected members with a focus on the committee chairs, Executive Board and other senior elected members
- The ongoing work of the Freedom to Speak Up Guardian (FTSUG) including the challenges faced and overall aim to create a positive speaking up culture within the Council
- The role of the staff networks and the importance of their roles including the passion and commitment they bring to this agenda
- The ongoing role of the Recruitment Task and Finish Group, including embedding clear guidance for managers on inclusive recruitment & selection and the commitment to diverse recruitment selection panels
- The recently launched 18 month Aspiring Leaders Programme, which has recruited 16 aspiring leaders and is aimed at under-represented groups providing opportunities to build the skills & experience to become future senior leaders
- The launch of an EDI data dashboard which shows how diverse and representative the workforce is at the Council and offers opportunities to compare across different teams and services against wider averages both in Leeds as a city and the Council workforce as a whole.
- Details of priorities and next steps including completion of the five step Be Your Best Manager Training Programme, the Annual Equality Report to the July Executive Board, continued communications and engagement and ongoing support to the staff networks and FTSUG.

The Board also received a further presentation which enabled each of the seven staff networks to present their views on the Council's approach to EDI, including where things have gone well, ongoing challenges and priorities for 2024/25. Each network presented against these key areas providing details on lived experiences of their network members. All networks highlighted the positive way in which challenge has been received by council leadership and that progress has taken place over the past 12-18 months. Key points covered included:

- The Race Equality network highlighted the need for progression and representation at all levels in the Council, suggesting that at senior manager and wider management levels (above PO2) that is not always the case. Informal progression and succession planning were highlighted as areas that could assist with increased progression of ethnically diverse colleagues.
- The Women's Voice network were keen to emphasise internal changes including the new Chair and the potential for added capacity through ongoing development as a network. There is now a new steering group with more regular meetings and elected member and CLT representation. Priorities included: the need for a clear strategy to address gender equality in the workplace including a focus on women's life course/well-being and a desire to benchmark against other organisations in terms of gender equality.
- The LGBT+ Network highlighted the quick changes delivered to IT functionality around use of pronouns on MS Teams as well as benchmarking through completion and submission of the Workplace Equality Index as recent, positive work. A key concern of the network remains around the continued politicisation of LGBT+ identities and rights and the hostility and hate crime that can lead from this with impacts on staff in terms of depression which can impact on the workplace. There was a wider concern around consistency of approach in relation to LGBT+ inclusion and ownership the view being that the Equality Team or the Network itself run the overwhelming majority of the work.
- The Dawn Network highlighted the positive progress made since 2019 both internally and externally to the Council. Key challenges were around application and manager understanding of reasonable adjustments, the volume of disabled colleagues who are in the attendance and performance management processes with a focus on developing a refreshed disability strategy to address this and improving representation within the workforce to better reflect the city demographics through positive action initiatives and removal of barriers that disabled colleagues face on progression.
- The Carers Network highlighted the Super Families element of the network and the work they do. Work life balance was stressed as an issue with network members often having busy work and home lives. A key focus in the future is enhanced membership and ambassadors/allies, work on a survey with the DAWN and Healthy Minds network to better understand the challenges faced by colleagues and development of the Carer Confident Accreditation working with colleagues in HR on a submission for next year.
- Healthy Minds Network highlighted increased links to frontline staff through a men's and women's talking group established at Leeds Building Services

- and the Mental Health First Aider conference held in December 2023 to provide support to that staff cohort and with plans to run the conference again in April 2024. In terms of challenge a key issue raised was around staff being allowed the time off to attend some of the sessions offered by the network such as the 'How are You Feeling' events. Providing more support to the frontline was highlighted as a key ambition for 2024/25.
- The Career Advancement Network highlighted internal changes that have strengthened the steering group and should increase capacity of the network and external links being developed to run new programmes in 2024/25. In 2024 the network will be involved in the Aspiring Leaders Programme, will look to develop bespoke approaches to support for different services and relaunching the informal coffee mornings and events. The network will also continue to focus on support to individuals as requests arise.

In response to questions and comments from the Board the following issues were discussed:

- The Executive Board Member for Resources added her thanks to the networks for the work they do as well as thanking the DAWN Network Chair, Terry Pycroft, for his service as he will be retiring in March 2024.
- Members wanted to understand more about how the Council workforce reflects the wider demographics in the city and embedding change in the culture of the authority. The Board also wanted to know more about recognising meritocracy and ensuring that positive action does not become positive discrimination. In response the board heard that culture change is a key element of the work and embedding it in day to day activity and that all staff are engaged in the agenda, led by managers. On positive action, the approaches are taken based on the law and on the data available to the authority which highlights that some groups are clearly underrepresented, the new Aspiring Leaders Programme is based on analysis of data.
- The Board asked about the 0.8% of managers who have not yet had the Be Your Best Manager Training, whether staff who have protected characteristics think there has been positive progress and what will happen after step 5 in the be your best approach with an emphasis on developing a plan to move forward with once that programme has concluded. In response the Board heard that the manager training is mandated, and managers will not be able to wilfully avoid the training and the 0.8% will to some extent reflect staff turnover which will be followed up on through additional training sessions. Post step 5 the plan is still in development but there are plans to do service specific work to move the EDI journey on particularly in areas where the culture in the organisation varies, it will be a targeted, 'hot spot' approach. Capacity of the HR EDI Team is limited, having done the strategic piece for managers accountability is encouraged and managers are encouraged to own that through objectives rather than a continuous training journey. This is an issue of capacity as well as embedding accountability and the change in culture.
- In discussion it was noted that the elected members training was voluntary as opposed to mandatory but that it had been a positive cross party

- discussion on EDI, it was suggested that the report should note that it was voluntary for members as opposed to the approach with staff.
- In response to a question on liaison between the Freedom to Speak Up Guardian (FTSUG) and Trade Unions the Board heard that there is a positive working relationship between the FTSUG and Unions but there is room for improvement in terms of working together strategically through more attendance by the FTSUG at the Joint Trade Union meetings that take place.
 - On a wider point on FTSUG there are examples of staff who speak up that are not directly affected by behaviours but who have witnessed poor practice or behaviour.
 - The capacity of the FTSUG was also discussed by the Board. The idea of champions was mentioned but ultimately the workload would fall on the appointed FTSUG as a champion could not replace the role fully. There are links between the FTSUG and Internal Audit along with the role played by staff networks in referring cases to the FTSUG.
 - The Board were interested in the digital divide where some staff are harder to reach both through the staff networks and the FTSUG. Members were keen to know if the planned digital app work which would make functionality available through personal devices was still on track, to which the answer was in the affirmative linked to the Core Business Transformation developments.
 - Members wanted to know more about the impact of the work being done by the Council on EDI both through the workforce priorities initiative and the FTSUG particularly focussing on data and statistics to back this up in terms of reductions in negative behaviour and discrimination. A key question being; has there been a reduction in the volume of complaints and grievances as well as anecdotal evidence that improvements are being seen. In response, and also in answer to the question about those with protected characteristics and how they feel about the Council's approach to EDI, the Board were informed that the staff survey revealed positive data on whether services and teams take EDI seriously, there was a positive response overall and only slightly lower for those with protected characteristics, in the region of 8 or 9 out of 10 responders felt it was taken seriously.
 - The Board also asked about a trauma informed approach and what this means on the ground in terms of behaviour and does the Council have its own version of being trauma informed. The Board were informed that it is based on being compassionate, kind and understanding but also acting on issues, so compassion leading to action.
 - The Board also sought to understand more about allyship and how much value it brings. In response the Board were informed that allyship is seen as an activity and not just a title so activities such as examining of biases and delivering proactive work in support of networks. It was also added that allies can assist in identifying and challenging micro-aggressions in support of colleagues with protected characteristics.
 - In response to a query about ministerial statements on EDI linked to financial pressures, the Chief Executive was clear that any work on productivity plans would emphasise that there is confidence about the value of EDI work, with none discredited (as was suggested in some of the

statements) and that this is backed up with productivity and performance at the Council which compares well with other similar organisations. It was also noted that this challenge is welcome and it is why the EDI agenda is at the centre of the Council's activity as it can assist with improving experiences at work, reducing sickness and improving performance by allowing everyone to be their best. Whilst the data is positive this does not always match lived experiences and there is therefore more work to do on this in the coming months and years.

- In response to a question about the Aspiring Leaders Programme members were informed that the key difference with this programme, compared to others, is intention and clear priorities around outcomes in trying to deliver a more diverse position in future years at senior levels in the authority. It was made clear that there is no job guarantee through the programme, so it is based on merit but aimed at underrepresented groups and protected characteristics.
- The Board heard more about recruitment and the commitment to inclusion during the application process with inclusion at the heart of interview processes and trying to ensure that applicants feel it has been a fair and transparent process. It was also noted that diversity of thought is an important element of recruitment panels not all protected characteristics are visible. The Recruitment Task and Finish Group has been central in delivering changes in this area with the network leads well represented on this group.
- The Executive Member for Resources noted the past discussion that has taken place on EDI at Scrutiny. The organisation has clearly progressed during the time it has featured on the Board's work programme and is an issue that has clear commitment from senior leadership of the authority that has been developed quickly and is making a difference within the Council. It was also noted that there is still much to do in terms of improving staff experience across the piece and noted the ongoing role of scrutiny in terms of check and challenge of the work that is going on.

Approved

The Board:

- a) noted the content of the report and the positive work that has been done on EDI over the past 12 to 18 months.
- b) Agreed to the Strategy and Resources Scrutiny Board providing formal comment on the ongoing EDI work being carried out by the authority, through a Scrutiny Board statement that would reflect the Board's consideration of this issue since the 2021/22 municipal year.

85 Leeds 2023 Update

The Board considered a report from the Chief Officer Economy and Culture setting out an update on delivery of the Leeds 2023 programme in the second half of last year, governance arrangements and closedown of the Leeds Culture Trust, evaluation and impact, beyond 2023 and funding and

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to be held on Monday, 25th March, 2024

sponsorship. This follows consideration of an update report on Leeds 2023 at the Boards meeting on 17 July 2023.

In Attendance for this item were:

- Cllr Jonathan Pryor, Executive Member for Economy, Culture & Education
- Eve Roodhouse, Chief Officer, Culture & Economy
- Karen Murgatroyd, Executive Manager – Leeds 2023
- Kully Thiarai, Creative Director and CEO Leeds 2023
- Abigail Scott Paul, Director of External Relations & Strategic Partnerships Leeds 2023
- Richard Coram, Director of Finance & Operations Leeds 2023

The Executive Member for Economy, Culture & Education opened the item by passing on thanks for the work done by the Leeds 2023 team, noting that it will be the last time they attend scrutiny albeit the final evaluation report will return later in 2024. The Executive Member noted the hundreds of events that had been delivered, the excellent coverage received for the city and the lasting impact the programme will have in terms of inspiring people and economic benefits.

The Board received a presentation from Leeds 2023 setting out the unique Covid-19 impacted circumstances of the programme, the events that had taken place, the goals of the programme, the local and national media coverage, the partners that had taken part, creative engagement and learning and details on evaluation and legacy.

In response to questions and comments from Board members, the following was discussed:

- The Board asked about neighbourhood hosts and how they integrated/interacted with existing community groups during 2023 and the plans for future work through communities and the neighbourhood hosts. In response the Board were informed that there will be a direct evaluation with the neighbourhood hosts and there is ongoing discussion between the Council and Leeds 2023 around future plans both through community groups and neighbourhood hosts. It was also noted that The Centre for Cultural Value (Leeds University) is conducting specific research on the neighbourhood hosts that will lead to a detailed, qualitative report on their roles. In addition, the neighbourhood host role was new and learning from it will be passed on to the Council around things that could be changed about the approach taken. It was also noted that plans on this and how to take it forward are still being developed a key issue being around funding of any future activity. The Paul Hamlyn Foundation were also to be approached in regard to funding a continuation of the neighbourhood host scheme, and they retain ambition to develop devolved approaches to this type of activity and understanding the impact of grassroots working. The Board also heard that the impact of the pandemic played a part in how the role developed as people were not allowed to meet in person for much of the planning phase.

- Members wanted to understand more about the various Boards that have played a part in the governance of the Leeds 2023 project and whether these are available to members to look at minutes and terms of reference with a view to scrutinising the work moving forward. It was noted that these will be available to scrutiny members and can be provided both retrospectively and going forwards.
- On the evaluation of the project, it was suggested that the organisations involved are culture focussed so it might be better to have more independent evaluation and analysis. In response members heard that the evaluation and research partners were obtained through a transparent procurement exercise and that having expertise in the field was a requirement to get value for money and have the necessary expertise. Some of the organisations, notably Open Innovations, had not been involved in culture projects previously and Leeds 2023 were one of the first culture based evaluations undertaken by them. Funding for evaluation was an issue and a consideration when procurement took place.
- In response to a question about the Northern Dreaming book that was to be provided to all children born in Leeds in 2023 the Board were informed that these were distributed through libraries, community groups and the book trust. Plans to work with maternity units were limited by GDPR constraints and pressures on maternity wards that made that difficult. A small number of books remain but the vast majority have been distributed, in total 13,000 books were produced to support this element of the project, with a handful of copies left.
- Noting the plans to continue to employ some Leeds 2023 staff beyond the 2023/24 focussed on closing down the Leeds Culture Trust, will be paid work and that it is accounted for in the closedown plans that are in place.
- On funding and Hibiscus Rising the Board wanted to know how much of the funding from the Council will be used for landscaping which was part of the £1.83m forward funding provided by the authority. The Board were informed that the landscaping costs moving forward are £46,000 over 15 years and will be provided through Green Spaces within the Council.
- Members asked about the loan linked to Hibiscus Rising and plans to recoup the loan made by the Council. Concerns were raised about whether the loan will be paid back in full as well as wider concerns about funding and cash flow. The Board were informed that front funding has taken place by the Council whilst the Leeds Culture Trust awaited the funds to come back. The Board were informed that due to the nature of the projects much of the funding is paid after the activity had occurred and that cash flow has been managed appropriately with expenditure matched against the timing of income to ensure cash flow is in place. In addition, it was noted that Trusts and Foundations hold a percentage of funding allocation back until final reports are received usually in the region of 10%.
- Specifically on the loans question the Board heard that there were different types of loan arrangements included in the funding for Leeds 2023. These included loans linked to tax relief payments. External analysis of the robustness of the tax relief claims has been carried out and advice has been provided on these which means that there is a high degree of confidence that the relief payments will be made. On Hibiscus

Rising, reports have been regularly provided to the Readiness Board throughout the process, but it is important to note that it is not the end of the process yet with fund raising going on and significant effort still ongoing to reach the fund raising target. One issue that has been encountered is linked to wider economic issues in Leeds and nationally that have led to some funding applications being unsuccessful due to organisations, trusts and foundations prioritising other grants to address the needs of communities with cost of living issues. The fund raising has not reached the target expected but efforts are still ongoing to reach a higher fund raising figure.

- Some members were keen to understand more about the number of events delivered through Leeds 2023 with a concern about delivery of value for money. In response it was noted that the final evaluation will provide fuller details on this but for example Leeds 2023 reached schools in each ward in the city and that once feedback is received from partners the number of events will increase and will feature in the planned future report
- The Board sought clarity on the Hibiscus Rising sculpture costs is it £1.83m or is that cost expected to increase. In response the Board heard that the £1.83m budget will be met. The cost of maintenance and upkeep of the sculpture will be £46k over 15 years and this function will fall to the Green Spaces team.
- The Board also asked about KPIs on funding and the doubling of funding provided by the Council through other sources. It was confirmed that the £11.9m raised in addition to funding from the Council does double the total amount allocated by the Council, which was £10.6m. Total core funding allocated by the Council was £4.07m with the rest of the funding allocation made up of funding replacement from Gainshare and Business Rate Pool funding.

Resolved:

The Board:

- a) noted the information provided in this report and the progress made.
- b) Noted that a final evaluation report will be provided to the Board in Autumn 2024.

86 Work Programme

The Principal Scrutiny Adviser updated Board members on the following:

- The March meeting is likely to be a busy agenda and it was agreed that the Chair and Adviser would go away and prioritise items mindful of the option to also recommend work items to the successor board in 2024/25, which had been the subject of discussion in the pre-meeting.

Resolved:

The Board:

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to be held on Monday, 25th March, 2024

- a) Noted the Scrutiny Board's work programme for the 2023/24 municipal year.
- b) Agreed that in consultation with the Chair items would be prioritised for the March meeting following discussion at the pre-meeting.

87 Date and Time of Next Meeting

The next public meeting of the Board will take place on 25 March 2024 at 10.00am. There will be a pre-meeting for all board members at 9.30am.

Meeting concluded at 13.14.

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Financial Reporting 2023/24 – Month 10 (January)

Date: 25 March 2024

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy & Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Scrutiny Board Strategy and Resources has a standing commitment to monitor financial performance throughout the financial year as part of its remit and to identify emerging issues and suggest alternative approaches as appropriate.

Appendix 1 to this report provides the Month 10 budgetary position in respect of the Council's 2023/24 General Fund revenue and Housing Revenue Account (HRA) budgets reported to Executive Board on 13th March 2024.

The national context for local authority finances is challenging with a number of authorities reporting that their budgetary position is under significant stress. The reasons for this focus on growing national pressures linked to children's social care costs both in terms of higher than projected numbers in care and the costs of care delivery, pressure in other demand led budgets, inflationary pressures on employee pay, energy and fuel prices and the overall cost of living impacting the prices paid for good and services.

As a result of this and the level of funding provided by Government the Council is projecting an overspend of £36.3m on the Authority's General Fund (6.3% of the approved 2023/24 net budget) and a balanced position in respect of the Housing Revenue Account (HRA).

The role of scrutiny as a 'critical friend' on financial performance and management contributes to supporting the Best City Ambition in ensuring a sustainable and robust financial position from which to deliver against the objectives set out in the Three key pillars.

Recommendations

- a) Members are asked to note the content of the report and appendix within the wider Board remit linked to financial sustainability and long-term budgetary robustness.
- b) Board members are also asked to highlight any future areas of scrutiny work should any arise during discussion of this item.

What is this report about?

- 1 Scrutiny Board Strategy and Resources has several key financial functions within its remit. These include scrutiny of the Council's functions with regard to the setting of the Budget and the Council's financial Strategy, i.e. ensuring effective financial management and controls; setting, supporting and monitoring the Council's policies and procedures for budgets; administering effective financial management and controls; and setting, supporting and monitoring the Council's financial strategy. As a consequence, the Board closely monitors financial performance as part of its remit. Appendix 1 provides the latest financial performance report for 2023/24 considered by Executive Board in March 2024.
- 2 The net revenue budget for 2023/24 was set at £573.4m in February 2023 with general reserves standing at £33.2m, following the closure of the 2022/23 accounts. There are plans to increase the general reserve by £3m in 2023/24 as a measure to enhance budgetary robustness in the future.
- 3 As noted above, a key area of budget pressure is in the provision of children's social care and in particular the Children Looked After budgets. The main causes of this are high-cost external placements where there is a projected overspend of £22.098m, semi-independent living for care leavers where there is a budget pressure of £3.551m, transport costs £4.256m largely linked to increase in demand for Education, Health and Care plans (EHCPs) and Independent Fostering Agency (IFA) placements £4.365m. Overall, the Children and Families Directorate is projecting an overspend of £39.344m driven largely by the pressures identified here.
- 4 These trends within children looked after services are not unique to Leeds and reflect the national picture where increased numbers of children in care, increased complexity of care requirements and higher costs have impacted all local authorities in England in what are demand led services.
- 5 As noted in previous reports considered by this Board, inflationary costs and the wider cost of living being felt in the economy are also adding pressure to the Council's budget. Important factors here are increased pay awards for staff, higher energy and fuels costs (which are now beginning to stabilise) and higher costs of goods and services which are in excess of the level of resources provided by Government.
- 6 Given the level of projected overspend the Council has opted to continue with two policies aimed at limiting spend these are to maintain a freeze on recruitment, agency and overtime spending and a freeze on non-essential spend except on health and safety related matters, income generation and provision of statutory service requirements. On recruitment a robust post-by-post review is conducted to identify which posts meet agreed exceptions and can be excluded from the freeze.
- 7 In order to manage the budget pressure, four key messages have been reiterated to staff in 2023/24:
 - 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.

- 8 As noted above the general fund reserve stands at £33.2m following closure of accounts for the 2022/23 financial year, with plans to further enhance these by £3m in 2023/24. The Council also have other reserves and these will be used to support the budget in 2023/24. The Strategic Contingency Reserve, established in 2020/21, to fund future unforeseen budget pressures had an opening balance of £19.9m at the start of 2023/24. Budgeted use of this in 2023/24 is £14.3m with a further £0.6m committed to support Covid backlog recovery and £1.3m from this reserve to fund budgeted fleet savings which are not deliverable in year due to the costs of maintaining an ageing fleet and increased demand for services. A further £3.5m has been allocated against slippage in the Children’s Residential and Fostering provision action plan and £0.2m will provide Internship funding in Strategy and Resources.
- 9 At its meeting of 12th October 2023, the West Yorkshire Combined Authority (WYCA) confirmed a one off refund of transport levy reserves to member authorities aimed at reducing the financial pressures faced in the region, with Leeds to receive £17.7m. Together with any underspend on the energy budget and the use of the Merion House Reserve these funds will be applied towards balancing the 2023/24 budget position.

What impact will this proposal have?

- 10 Scrutiny Board Strategy and Resources has a clear interest in the financial health of the authority established through its remit. Ongoing scrutiny of budgetary matters will support the Council in terms of budgetary robustness and long-term sustainability and will support the delivery of the three pillars contained in the Best City Ambition.
- 11 The Vision for Scrutiny agreed by full Council sets out the nationally agreed four principles of good scrutiny. Within these is a commitment to ‘Promote Scrutiny as a means by which the voice and concerns of the public can be heard.’ Given media coverage of financial difficulty being experienced by local authorities it is hoped that this report assists in responding to any concerns amongst Leeds residents on this subject.

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

- Health and Wellbeing Inclusive Growth Zero Carbon

- 12 The terms of reference of the Scrutiny Boards continue to promote a strategic and outward looking Scrutiny function that focuses on the Best City Ambition.
- 13 Having a robust and sustainable budgetary position will enable the Council to deliver against its priorities including the three key pillars set out above.

What consultation and engagement has taken place?

| | | |
|-----------------------------------|------------------------------|--|
| Wards affected: | | |
| Have ward members been consulted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

- 14 This is a factual report and is not subject to consultation.
- 15 The Authority’s Financial Strategy is driven by its ambitions and priorities as set out in the Best City Ambition. The determination of these ambitions were subject to consultation with Members

and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies.

What are the resource implications?

16 All resource implications are detailed in the main body of the attached Executive Board report at Appendix 1.

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

17 As noted when the Scrutiny Board considered the Annual Corporate Risk report in December 2023, 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.

What are the legal implications?

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

Appendices

- Appendix 1: Financial Reporting 2023/24 – Month 10 report considered by Executive Board on 13 March 2024.

Background papers

- None

Financial Reporting 2023/24 Month 10 (January)

Date: 13th March 2024

Report of: Chief Officer - Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

1. The purpose of this report is to update the Executive Board of the financial position at the end of the first ten months of this financial year. The report comments on performance against the 2023/24 Budget which targets resources in support of the council's strategic priorities as set out in the Best City Ambition, whilst also supporting our ongoing journey to strengthen the authority's financial resilience and sustainability. The report also updates the Board on the latest position on the Housing Revenue Account (HRA) and the Council Tax and Business Rates Collection Fund. For full details, please refer to **Appendices A1-A2**.

Financial Health Monitoring 2023/24 – Month 10 (January)

2. As at the end of January 2024, we are forecasting a General Fund overspend of £36.3m or 6.3% of the 2023/24 approved net revenue budget, an improvement from the £39.0m overspend position reported to this Board in February. Where known, pressures have been incorporated into the reported financial position, including those due to increased inflation and the resulting cost of living crisis, demand and demography in social care, and the employer's final pay award for 2023/24.
3. At the final Local Government Settlement Government announced that £100m will be refunded to councils from the Business Rates Levy Account in 2023/24. Final allocations have not yet been announced but the Leeds share is estimated to be £1.3m, which is reflected in the Strategic position reported for Month 10.
4. The budget for 2023/24 requires delivery of £58.6m of savings and as at end of January it is anticipated that most of these budgeted savings will be delivered or have mitigating actions found. However, a £13.5m shortfall has been identified, primarily due to the delayed delivery of savings within Children's social care. This shortfall is included within the £36.3m overspend being reported today, with further details provided in the appended directorate positions.
5. The overspend needs to be understood within the wider national context: local government finances are in a critical state and there is growing concern as an increasing number of councils are reporting overspends in the current financial year and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability. The increasing cost of social care, particularly within Children's Services where the increasing numbers of external placements and significantly higher costs of those placements, combined with the impact of pay and price pressures which are in excess of the level of government resources provided, has not yet been recognised. As a result, a number of local authorities issuing or raising the possibility of issuing Section 114 notices, effectively giving notice that a council cannot balance its budget. This current and future financial climate for local government represents a significant risk to Leeds City Council's priorities and ambitions.
6. 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.

7. 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.
8. Any adverse variation to a balanced budget position at the year-end will require further savings to be identified for 2024/25. As such this report sets out that the WYCA refund agreed in October 2023 and the year-end underspend on energy will be applied to any overspend remaining at year end, with any additional funding required to be provided from the Merrion Reserve.
9. Any Collection Fund income shortfall arising this year will impact on next year's revenue budget.
10. The council's Housing Revenue Account (HRA) is projecting a balanced position.

Recommendations

Executive Board is asked to:

- a) Note that at Month 10 (January) the authority's General Fund revenue budget is forecasting an overspend of £36.3m for 2023/24 (6.3% of the approved net revenue budget) within a challenging national context, and that a range of actions are being undertaken to address this position.
- b) Note that at Month 10 (January) the authority's Housing Revenue Account is forecasting 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 2023 through the annual Revenue Budget report (details at Appendix 11 of the linked document).

What is this report about?

- 1 This report updates the Board on financial performance against the council's 2023/24 General Fund revenue and Housing Revenue Account budgets for the first 10 months of the financial year. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations as at the end of Month 10 (January) 2024.
- 2 Executive Board will recall that the net revenue budget for 2023/24 was set at £573.4m. The Medium-Term Financial Strategy (refreshed for the period 2024/25 to 2028/29 and considered at September's Executive Board meeting) assumes a balanced budget position for 2023/24 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves.

- 3 Following the closure of the 2022/23 accounts, the Council’s general fund reserve stood at £33.2m. The 2023/24 budget assumes a £3m contribution to this reserve as part of measures taken to ensure financial robustness and sustainability in the future.
- 4 At January directorates are reporting an overspend of £36.3m (6.3% of the approved 2023/24 net budget), an improvement compared with the Month 9 position (£39.0m, 6.8% of the net budget) and the HRA is forecasting a balanced position. As noted in the summary at the start of this report, this reflects a national picture whereby local government finances are in a critical state.
- 5 Directorate positions are summarised in Table 1:

Table 1: Summary position Month 10 (January), financial year 2023/24

| Directorate | Director | (Under) / Over spend for the current period | | | | Previous Reported Position |
|------------------------------------|-------------------|---|-------------------|-----------------|--------------------------|----------------------------|
| | | Staffing | Total Expenditure | Income | Total (under) /overspend | |
| | | £000 | £000 | £000 | £000 | £000 |
| Adults & Health | Caroline Baria | (102) | 20,196 | (20,196) | 0 | 0 |
| Children and Families | Julie Longworth | 2,848 | 45,367 | (6,034) | 39,334 | 39,490 |
| City Development | Martin Farrington | (525) | 4,369 | (5,389) | (1,020) | (979) |
| Communities, Housing & Environment | James Rogers | 1,999 | 18,696 | (13,563) | 5,134 | 4,894 |
| Strategy & Resources | Mariana Pexton | 4,942 | (1,958) | 5,260 | 3,303 | 4,026 |
| Strategic | Victoria Bradshaw | (62) | (10,154) | (332) | (10,487) | (8,432) |
| Total Current Month | | 9,100 | 76,516 | (40,254) | 36,264 | 38,999 |

| | | | | |
|---|--------------|---------------|-----------------|---------------|
| Previous reported (under)/over spend | 8,435 | 66,990 | (27,991) | 38,999 |
|---|--------------|---------------|-----------------|---------------|

- 6 This position reflects the 2023/24 pay increase and the demand and demographic pressures being experienced in social care. It also reflects the latest projections with regard to known inflationary pressures in respect of the costs of electricity, gas, fuel and the impact of the cost-of-living pressures on our residents and businesses which has significantly affected the cost of goods and services the council procures, demand for support and welfare services the council provides, and the activity levels that support a wide range of income streams. These will continue to be monitored throughout the year, as will any further increases in interest rates and their impact on the council’s financial position.
- 7 Four key messages have been reiterated to staff in 2023/24 to remind everyone of the part we all have to play in supporting the financial position:
1. **Stay within budget** – reduce discretionary spend and minimise recruitment, including agency and overtime.
 2. **Absorb in-year pressures** – directorates required to absorb all in-year pressures.
 3. **Highlight issues early** – use the budget monitoring process to raise issues with Financial Management as soon as possible.
 4. **Robust monitoring is essential** – includes detailed discussion at relevant monitoring meetings.
- 8 In addition, given the significant forecast revenue overspend position reported here, the council’s Corporate Leadership Team (comprising the Chief Executive and five directors) agreed to continue the freeze on recruitment, agency and overtime spend introduced in 2022/23 and further strengthen the controls through a post-by-post review to identify which posts meet agreed exceptions and can be

excluded from the freeze. Unless an identified vacancy is for an excluded post, services are required to identify how they will cover the costs of the post.

- 9 It has also been agreed to continue the non-essential spend freeze introduced in 2022/23. Following Executive Board's approval in September through the previous Financial Health report, relevant non-essential spend budgets totalling £1.85m have been moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. The directorate positions reported reflect the impact of this review and at Month 10, a £0.5m projected underspend is being reported in those services where budgets have been reduced.
- 10 Cross-directorate work continues to support and challenge the highest cost/spend areas, such as Children Looked After, Transport and LBS and all services are continuing to explore opportunities to maximise income. Asset reviews are underway to ensure the council has the right numbers and mix of assets and directorates continue to consider where future year savings options identified as part of the Financial Challenge to meet the MTFS funding gap could be brought forward to generate savings during 2023/24. Updates on further in-year savings to contribute towards reducing the current projected overspend will continue to be incorporated into Financial Health reports. These will include income generation, additional non-essential spend savings and savings resulting from reviews of key areas of expenditure which will both reduce activity levels and rationalise service provision.
- 11 Controls on spending has been further strengthened by the implementation of a range of measures that include the following:
 - No travel is being undertaken unless it is required for the essential delivery of a service 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 for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to "zero" in the majority of cases and only those approved by the respective Directors remain in use.
- 12 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are deemed to be at risk, for example the implementation of budget action plans and those budgets which are subject to fluctuating demand and key income budgets. This is reinforced through specific project management-based support and reporting around the achievement of key budget actions plans. It is due to the robustness of this monitoring that the projected overspend was identified so early in the financial year, enabling action to be taken.

What impact will this proposal have?

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

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

Health and Wellbeing Inclusive Growth Zero Carbon

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

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

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

What are the resource implications?

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

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

- 18 The reported budget position is considered in the context of risk to both the in-year financial position and the potential impact on the Council's Medium-Term Financial Strategy. These risks are included on the Council's corporate risk register, reported to this Board annually. At September 2023 both the risk of the in year financial position being in deficit and the Council being unable to balance the Medium-Term Financial Strategy were rated 'very high', reflecting the wider national context and the uncertainty of funding for future years.
- 19 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management-based support and reporting around the achievement of key budget actions plans is in place for 2023/24.

What are the legal implications?

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

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

Options, timescales and measuring success

What other options were considered?

25 Not applicable

How will success be measured?

26 Not applicable.

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

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

Appendices

29 The following appendices are attached to this report:

- **Appendix A – Financial Health Monitoring 2023/24 – Month 10 (January):** detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the HRA, update on Council Tax and Business Rates including collection performance.
- **Appendix A1** – Individual financial dashboards for directorates, DSG and the HRA
- **Appendix A2** – Directorate Budget Action Plans

Background papers

30 None

Financial Health Monitoring 2023/24 – Month 10 (January)

1. Directorate Positions at Month 10 (January)

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

Table 1: Summary position as at Month 10 (January), financial year 2023/24

| Directorate | Director | (Under) / Over spend for the current period | | | | Previous Reported Position |
|------------------------------------|-------------------|---|-------------------|-----------------|--------------------------|----------------------------|
| | | Staffing | Total Expenditure | Income | Total (under) /overspend | |
| | | £000 | £000 | £000 | £000 | £000 |
| Adults & Health | Caroline Baria | (102) | 20,196 | (20,196) | 0 | 0 |
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| Total Current Month | | 9,100 | 76,516 | (40,254) | 36,264 | 38,999 |

| | | | | |
|---|--------------|---------------|-----------------|---------------|
| Previous reported (under)/over spend | 8,435 | 66,990 | (27,991) | 38,999 |
|---|--------------|---------------|-----------------|---------------|

1.2 Adults & Health

Adult Social Care 2023/24 Budget

Budget Overview

At Month 10 (January) Adults and Health is projected to deliver a balanced budget. The Net Managed Budget (NMB) for 2023-24 is £198.8m, comprised of £430.0m Gross Expenditure offset by £231.2m income. Reflected in the 2023/24 budget are Budget Action Plans totalling £16.19m. At Month 10 all Budget Action Plans have been delivered or alternative savings & income identified allowing the Directorate to report a balanced position. All Action Plans are now actioned and there will be no impact on future years budgets. Some risks remain to deliver this position, predominately around demand budgets for Adult Social Care.

Social Care Grants

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

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

Reserves

The 2023/24 Budget assumes the use of £4.52m of Adult Social Care & Public Health reserves. At Month 10 the directorate is projecting to utilise an additional £7.93m, therefore £12.45m in total. The additional £7.93m comprises of £2.6m Newton Europe Home First programme, £2m Community Health & Wellbeing Service, £0.8m Leeds Older People's Forum for delivery of the Enhance programme; all three programmes funded by Health, and £2.53m for investment in additional social work and social care capacity.

Budget Action Plans

At Month 10 all Action Plans have been delivered or alternative saving and income proposals have been identified to cover any in-year shortfall. The £2.9m improvement is driven by £1.4m delivery of Action Plans and £1.5m from finding alternative savings or additional income options. No impact on the 2024/25 budget is anticipated.

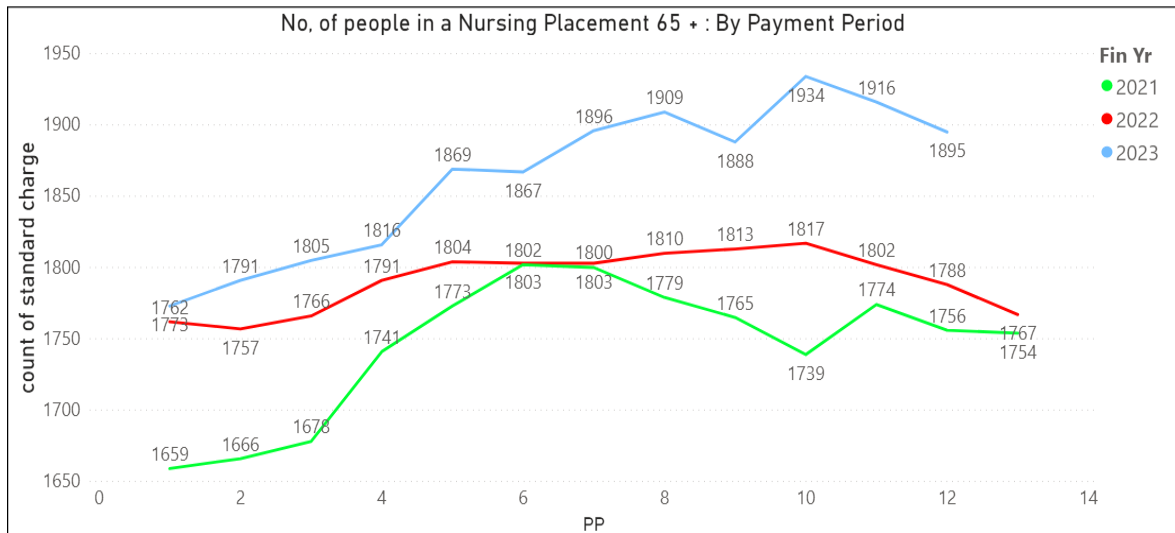
Demand Budgets

The 2023/24 demand related budgets reflect £29.83m additional funding for price, inflation, and demand & demography growth, taking the overall size of the demand led budgets up to £280.17m before reducing to £277.33m after netting off the £2.84m savings target reflected in the delivery of the 2023/24 budget action plans. The Month 10 projection is a pressure of £17.1m split £4.6m Learning Disability, £9.6m Older People, Working Age Adults Physical Impairment and Drugs & Alcohol service and £2.9m removal of Action Plan credits which were showing against demand budgets but now removed, as can be seen above in Budget Action Plans, an increase of £4.0m from the Month 9 reported position. Analysis of the £17.1m demand budget related pressures is detailed below:

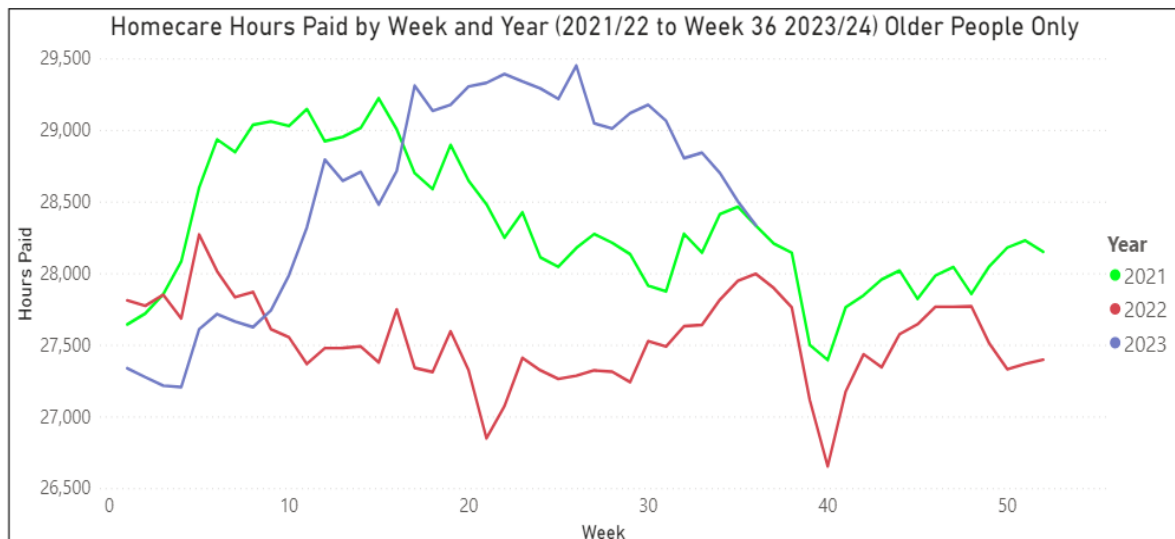
- +£3.6m (+£1.2m change from Month 9) Working Age Adults and Learning Disability
- +£14.4m (+£1.1m from Month 9) Residential and Nursing settings.
- +£1.0m (+1.8m from Month 9) Homecare
- -£1.9m (-£0.1m from Month 9) for Direct Payments and Individualised Care.

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

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



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



There are further risks:

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

Income

At Month 10 we are projecting: -

- Additional government grant income £5.7m, a £0.6m favourable movement from the Month 9 reported position. It should be noted that all the £5.04m Market Sustainability Improvement Fund grant mentioned above will be utilised.
- Additional Health income £2.6m. a £0.2m improvement from Month 9.
- Additional Income from Service Users £7.1m, a £1.7m improvement from the Month 9 reported position: £2.0m additional residential & nursing income (not included in the table below), £5.4m additional community-based income and £0.9m additional Mental Health income, offset by a £0.8m shortfall in Telecare

income (overall Telecare is reporting a net managed budget pressure of £0.3m) and a £0.4m shortfall in Learning Disability income. Details are provided in the table below.

Table 2: Income Recovery Highlight Report Month 10 (January)

| Income Recovery Board (finance) - highlight report | | | | | | | | |
|---|---------------------|---------------------|---------------------|--------------------------------|--|---|-------------------------------|---|
| Financial position reported : period 10 2023-24 | | | | | | | | |
| Description | Previous Year Total | Budget 2023-24 | Actual YTD | Projection (period 10 2023-24) | Variance to Budget + pressure/- Saving | Assumption (remaining periods) | Projection (period 9 2023-24) | Movement in projection from previous period |
| Community Based Income (excluding LD & Telecare) | (11,059,067) | (14,540,000) | (7,255,543) | (7,255,543) | 7,284,457 | Based on latest period + increase in recovery in 2023-24 based on uplift in rates (FNC) | (7,253,573) | (1,970) |
| Community Based Income - Billing Engine (Older People & WAA PI) | | | (6,217,577) | (12,694,733) | (12,694,733) | Action Plan value excluded from projection - overall reported position for community based income to budget. | (10,646,703) | (2,048,030) |
| Telecare | (577,742) | (2,291,000) | (1,357,911) | (1,460,000) | 831,000 | Income pressure matched to staffing savings reported. Actual income reduced in latest month due to credit notes | (1,800,000) | 340,000 |
| Mental Health | (347,197) | (298,000) | (721,697) | (1,195,315) | (897,315) | Based on latest periods data. | (1,132,207) | (63,108) |
| LD | (8,267,970) | (10,482,000) | (7,860,978) | (10,130,675) | 351,325 | Based on latest periods data - some credit notes issued since P9 | (10,185,785) | 55,110 |
| Total | (20,251,976) | (27,611,000) | (23,413,706) | (32,736,266) | (5,125,266) | | 0 | (31,018,268) |

Pay

Adults & Health at Month 10 are projecting pay savings of £0.1m: Leeds City Council employee pay savings of (£6.0m) principally around social worker recruitment & retention reflecting the national position and pay savings in Provider Services are offset by additional use of Agency staff +£5.0m, Overtime +£0.7m and other employee cost pressures of £0.2m relating to severance payments. Some of the pressures in Agency are covered by additional use of reserves, income from Health and DHSC grant funding for specific programmes of short-term intervention programmes and detailed above.

Other staffing issues around retention payments for Social Workers £0.6m, to be funded from the DHSC MSIF Workforce Development grant, have now been approved and are due to be paid in the March 2024 pay run. The first instalment of a two-year agreement of £1,500 per fte is payable in 2023/24 with further payment of £1,500 per fte in 2024/25, mirroring the agreement with Children & Families social workers.

Other

Additional CEL charges of £1.6m have been reflected in the Month 10 projection: £1.3m for passenger transport, £0.2m for catering charges and £0.1m vehicle hire. This position now reflects the advised full year cost of the passenger transport service.

Public Health 2023/24 Budget

Public Health (PH) Grant funding for 2023/24 is £48.66m, an increase of £1.54m from 2022/23 (3.3%). This is the first year of a two-year grant funding settlement for Public Health. Public Health grant is a ring-fenced account and limited to specific terms and conditions. At Month 10 we are projecting a balanced position.

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

1.3 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £39.334m. This represents a decrease of £0.157m from the position reported at Month 9. The main movements since Month 9 are summarised below:

- Transport £0.592m
- Semi-independent placements (£0.730m)
- Adel Beck Welfare Beds income (£0.408m)
- CLA placements £0.232m
- Legal Fees £0.100m
- Other net movements £0.057m

Overall, the main variations included within the Month 10 position are:

| | £m |
|--------------------------------------|---------------|
| CLA: External Residential Placements | 22.098 |
| CLA: Semi Independent / Leaving Care | 3.551 |
| CLA: In House Placements | 1.275 |
| IFA Placements | 4.365 |
| Chad | 0.714 |
| Little Owls Nurseries | 1.176 |
| Secure Welfare | 0.131 |
| Transport | 4.256 |
| Learning Inclusion | 1.282 |
| Mindmates | 0.250 |
| Learning Improvement | 0.225 |
| Legal | 0.200 |
| Adel Beck welfare bed income | (0.408) |
| Reprofiling of School Balances | (0.500) |
| Non-Essential Spend Savings | (0.500) |
| Non-Delivery of Action Plans | 0.823 |
| Other Variances | 0.396 |
| Total | 39.334 |

The Month 10 position reflects a reduction in the General Fund forecast, now standing at an overall overspend of £39.334m. The narrative supplied to Executive Board in previous months included:

- The continuing significant element of volatility in the number of children in high-cost residential placements and the cost of those placements. (As previously stated, this reflects a national position of demand and demography challenges along with increasing costs, in part reflecting the wider cost of living challenges experienced more broadly in the economy).

- Significant additional challenges around transport costs estimated at £2m, whilst this reflects additional demand relating to issued Education, Health and Care plans (EHCPs), urgent work is being undertaken to model the impact of the increased demand and additional work will be undertaken on possible mitigation. EHCP demand is also driving increased costs on Educational Psychologist provision which cannot be avoided without increased risk of non-compliance by the Council. The issues of additional costs relating to EHCPs will be considered as part of the current review processes underway via the PwC supported activity and the DfE supported SEND Change Programme.

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

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

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

External Residential Placements:

The External Residential budget for 2023/24 is £14.617m. Due to known inflation and demand pressures over and above what was assumed in the budget for 2023/24 there is a projected overspend of £22.098m. External Residential placements have increased from 95 at the start of the year to 148 at Month10. The projection includes the non-delivery of £2.966m of action plan savings against this budget including a proportion of Turning the Curve and the Commissioning Review which have experienced delays in delivery and a reassessment of potential deliverables.

Care Leavers: Semi-Independent Living:

The budget for Semi-Independent Placements is £6.78m. Currently there are 322 placements, including 141 placements for 16 and 17 year olds, which is an increase from previous years. A continued increase in demand and prices with particular reference to 16/17 year old's requiring higher support packages is seeing a pressure of £6.9m against this budget. This pressure has been mitigated with projected additional UASC income £2.33m.

IFA Placements:

The number of Independent Fostering Agency placements have increased from 209 to 213 since the beginning of 2023/24. The Month 10 projection assumes that £3.3m of action plan savings will not be delivered against this budget.

Little Owls Nurseries:

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

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

Transport:

Based on recent trends, the overall transport budget is showing a projected overspend of £4.256m due to further increases in inflation and demand.

The increased demand for passenger transport and the increased demand and need for passenger assistants has more than offset the further reduction in the unit cost per young person. Unit costs are now £6,260; the lowest level they have been in recent years (excluding the non-comparable pandemic period). However, as highlighted by national reports on the rising cost and demand for home to school transport, the number of young people for whom we provide transport stands at 3051 with further applications awaiting assessment and new applications coming in at the rate of about 15 per month. It is anticipated that, year on year, the numbers of young people provided with transport will increase by 15%, compared to the 6% increase originally forecast. We are also seeing a 25% increase in transport awards with a passenger assistant due to a significant increase in complex behavioural and/or medical issues. Given the increase in demand, it has been difficult to offset the cost of the pay award for drivers and passenger assistants which was c9.5%. This was more than had been provided in the base budget and represents an unfunded pressure of £471k in the overall projection.

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

Learning Inclusion:

Within the Learning Inclusion service there is a projected budget pressure of £1.282m. This pressure includes the Education Psychologist Team £0.659m and SENSAP £0.623m. The Education Psychologist Team has had increased demands on the statutory service and recruitment difficulties, and the service is projecting a reduction in its trading capacity and so a loss of trading income, in addition to increased locum costs. The SENSAP team has pressure due to additional agency and complaint costs in addition to non-delivery of budget action plans.

Foster Carer Fee Uplift:

The proposed cost of the Foster Carer fee uplift for 2023/24 is £1.833m, this is based on a 5% fee uplift and 7% allowance uplift. This proposed uplift was

approved by Executive Board on 7th February and, as it was not implemented by Month 10, the position includes a forecast for this anticipated amount.

Additional Savings Proposals 2023/24:

Additional in year savings were originally put forward to the amount of £5.249m, and the Month 10 position assumes that £1.614m of these saving will be delivered as summarised below.

Table 3: Additional Savings Update at Month 10 (January)

| | | |
|---|--|------------------|
| Other costs | Restrict budgets: Non-essential spend/transport/misc property budget | (£0.570m) |
| Other costs Staffing/service changes | Partnership contributions | (£0.016m) |
| Staffing/service changes Funding | Restructure (Workforce Development) | (£0.045m) |
| | Service rationalisation (Little Owls) | (£0.100m) |
| | Placements - ICB funding | (£0.788m) |
| | DSG funding for posts | (£0.095m) |
| Total | | (£1.614m) |

Budget Action Plans

The budget for 2023/24 included action plan savings of £18.486m, and the Month 10 position continues to assume that £13.077m of these action plans will not be achieved, as below:

- Diversifying Children's Residential and Fostering provision £3.479m: it has been agreed that the slippage in this action plan will be funded corporately and so it is not included as a C&F pressure in the Month10 position.
- Review of Placement Commissioning £4.00m
- Turning the Curve £3m
- Review of Childrens Centres £0.350m
- Review of Contracts £0.369m
- Efficiencies across the directorate £1.556m
- Transport Efficiencies £0.323m

Dedicated Schools Grants

The approved DSG budget for 2023/24 assumed a balanced in year budget. The position at Month 10 projects an in-year pressure of £2.572m. This projected pressure is within the high needs block and equates to 0.49% of the total estimated DSG funding.

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

A proportion of the surplus came from previous contributions from maintained mainstream schools for de-delegated services. As a result, it was agreed £0.5m would be used to fund de-delegated services, thereby reducing contributions

required from those schools. In addition, it was agreed £1.25m would be refunded to maintained mainstream schools pro-rata to their original contributions.

Other options were also considered for increasing school funding by effectively reversing the £3.127m schools block to high needs block transfer in 2022/23, which would need to be actioned within the 2024/25 funding formula. However, the projected overspend in 2024/25 means that a proposed reversal of the 2022/23 transfer from the schools block is no longer recommended.

Taking into account the proposals for using £1.75m de-delegated contributions, plus the Month 10 pressure of £2.572m, DSG reserves at the end of 2023/24 are projected to be a surplus of £4.688m. This comprises £3.980m for general DSG and £0.708m contingency for de-delegated contributions.

- 1.4 **City Development** – the financial position for City Development at Month 10 is a projected underspend of £1.02m. This position includes the estimated additional cost of the local government pay award of £1m (net of amounts charged to capital and grant schemes) as well as other identified service pressures but it also includes additional savings which have been identified as part of the in-year directorate wide savings programme.

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

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

- **Active Leeds** – the service is projecting an underspend of £1.31m which reflects the cost of the additional pay award of £0.48m offset by vacancies and expected running cost savings of £1.6m. In addition, although income receivable is subject to a degree of variability, current projections are that it will £0.1m above the budget.
- **Arts & Heritage** – the forecast underspend of £1.29m reflects the estimated additional cost of the pay award of £0.27m, as well as projected income shortfalls in respect of Breeze card charges and Pudsey Civic Hall car parking (£0.2m). These are offset by savings from vacant posts (£0.16m) and running cost savings of £1.6m in respect of refunds received as a result of Business Rates appeals at Heritage sites.
- **Asset Management & Regeneration** – a shortfall to budget of £0.16m is currently projected which mainly reflects pressures in respect of the Strategic Investment Fund (£0.66m) and Estate Rationalisation savings targets (£0.55m), partially offset by net staffing savings of £0.25m and other one-off sources of income of net £0.8m such as release of restrictive covenants and fees relating to capital receipts.
- **Employment and Skills** – a projected underspend of £0.77m reflects final balances in respect of programmes which have now concluded, vacant posts and other running cost savings.
- **Highways and Transportation** – the overall balanced position includes staffing vacancies offset by the associated loss of income recoveries and additional external spend required to deliver the work programs. In addition, there is an anticipated shortfall in income from operating licences at Park and Ride sites

and from the major schemes contractor procurement framework as well as inflationary Plant and Material costs incurred in the DLO and additional fleet costs across the service. However, further savings of £900k in respect of the capitalisation of Highways minor works have been identified as part of the directorate wide savings programme, meaning that the overall reported position for the service is a balanced position.

- **Markets and City Centre Management** – a variation to budget of £0.62m 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 £0.2m 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 is an overspend of £1.97m which reflects staffing pressures of £0.52m due to the impact of the pay award and a projected shortfall in meeting the budgeted vacancy factor. In addition, based on income received to date there it is likely that the budgeted level of planning fee income will not be achieved due to a reduction in planning applications. The latest forecast assumes a shortfall of planning fee income of £1.4m to the year end. There is a risk that this position could deteriorate further before the year end but the recently introduced increase in planning fees is anticipated to maintain the shortfall at the current projected levels. Further shortfalls in Building Control and CIL administration income are largely offset by other sources of grant income and running cost savings.
- **Resources and Strategy** – the forecast underspend of £0.54m mainly relates to savings identified as part of the in-year directorate wide savings programme. This includes £0.53m identified savings in respect of tighter restrictions on non-essential spending across the directorate.
- **Staffing** – within the overall reported position described above, there is an overall staffing underspend of £0.7m reflecting vacant posts offset by the additional cost of the pay award.

Key Budget Action Plans

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

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

- 1.5 **Communities, Housing & Environment** - At Month 10, an overspend of £5.13m has been projected for the directorate. This is an increase of £0.24m from the previously reported position.

The projected overspend at Month10 includes the additional cost of the local government pay award which is approximately £3.8m, which can be netted down by £1.1m by passing on the impact of the pay award to capital schemes, HRA and grant funding. Other significant pressures have arisen due to changes in Waste Management legislation (+£2.1m) and net cost of Housing Benefits where the Council is unable to claim subsidy (+£3.0m) alongside other inflation and demand led service pressures.

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

The main variations anticipated are:

- **Waste Management +£6.1m** – The service is facing a significant number of pressures, most of which only become known after the 2023/24 budget was approved.

New Environment Agency (EA) guidance on the disposal of upholstered furniture that contain Persistent Organic Pollutants (POPs) mean that these materials are now required to be separated and disposed of in accordance with the new EA regulations. Higher disposal charges are now being incurred for all collections (typically collections of bulky waste and the general waste skips at Household Waste sites) that contain any POPs materials. To mitigate the in-year cost to a forecast +£2.1m a temporary sorting solution has been implemented.

From 1st January 2024, the Government required the Council to remove charges for the disposal of inert waste (typically soil and rubble) at Household Waste Recycling Centres. The in-year pressure is projected to be a minimum of £0.1m, with a greater FYE in 2024/25.

The cost of the disposal and recycling of Green Bin waste is now forecast to be £1.2m due to below budgeted market prices for recycled materials. Residual and trade waste demand led pressures are expected to be £1.0m for the year based on activity levels during the first nine months of the year. An NNDR pressure of £0.1m is anticipated relating to the PFI contract. The impact of the pay award offer and pressures on staffing is forecast to be £3.2m.

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

- **Welfare and Benefits +£2.8m.** Pressures arising from placement of people in Supported Accommodation with providers who are not registered and placement of people in temporary accommodation. The forecast subsidy pressure is £4.8m, offset with an assumed £1.4m from one off additional income from recovery of benefit overpayments. Whilst this projection shows the continuing demand pressures on benefits subsidy income, it does reflect the fact the service has delivered £0.48m of the budgeted action plan saving of £0.6m at Quarter 3, and the assumption that the remainder will be delivered.

Other mitigations are £0.3m from use of the Homelessness reserve to cover Temporary Accommodation subsidy shortfalls and £0.3m DWP grant income.

- **Cleaner Neighbourhoods Teams & City Centre Cleansing +£1.6m.** The variation reflects the impact of the pay offer at £0.5m, although there are significant pressures £0.4m on overtime and achievement of vacancy factor targets within the service. Transport pressures of £0.7m have been identified.
- **Climate, Energy and Greenspaces +£0.0m.** The service is experiencing pressures across several areas, which are mitigated by staff savings and non-essential spend savings. The key variances are inflationary pressures of +£0.2m on the cultural events programme, net pressures on estates and attractions +£0.3m, Bereavement services income pressures of +£0.5m, transport pressures of £0.2m, pay award impact £0.7m less Parks operations and maintenance income maximisation savings of -£0.5m. This net pressure is expected to be offset in full by charges to capital, management of vacancies within the service and utilisation of grant funding.
- **Elections, Licensing and Registration and Environmental Health -£0.1m –** Only minor variations are expected across these services. Operational spend savings, additional registrars income and external funding are offsetting the impact of the pay award and other service pressures.
- **Car Parking Services -£0.6m.** Income has continued on a recovery trajectory since COVID lockdowns, and at Month 10 the projected receipts are now £0.7m better than budgeted. Staffing costs are £0.1m under after pay award and £0.2m of other pressures have been identified.
- **Directorate wide - £0.5m -** A sum of -£538k has been removed from Directorate budgets as part of the review of all non-essential spend items.
- **Safer Stronger Communities -£1.1m –** Staffing pressures +£0.2m are projected but have been fully offset by a combination of the use of additional grant income and passporting the pay award on to the HRA/grants.
- **Customer Access -£1.6m –** Grant income maximisation is projected to deliver net savings of £1.1m in 2023/24, business rate costs are now expected to come in £0.2m below budget. The pay award pressure of £0.4m has been offset by charges to grant/HRA, holding posts vacant and non-essential spend savings with £0.3m of further savings arising from non-essential spend and identification of alternative funding sources.
- **Statutory Housing Services -£1.4m** Staffing savings are projected to cover the cost of the pay award and deliver an overall underspend on employees of £0.8m. It is expected an additional £0.6m saving can be delivered by maximising charges of existing staffing into new grant income, charges to capital and by maximising collection from other income streams.

Budget Action Plans

£6.6m of budget action plans are being monitored each month with an overall positive variance against the plans reported at Month 10 and savings embedded in the projections above. £0.9m of plans have been marked as delivered in full.

1.6 **Strategy and Resources** - Based on an examination of key risk budgets, the Strategy and Resources Directorate is forecasting a pressure of £3,303k at this reporting period. This is summarised into the following areas across the Directorate's services:

- **Finance (£481k)** - A staffing overspend of £520k (including an unbudgeted pay award pressure, overtime and agency) has been offset by (£487k) from holding vacant posts and additional income from the maximisation of grant funding. A £125k pressure resulting from a shortfall in Court Fee income (primarily due to the cancellation of a court hearing and slight reduction in Business Rate Allowances), and a £72k increase in external audit fees has been offset by (£711k) following a review of chargeable costs to Core Business Transformation, a contribution from the covid recovery reserve, and additional income from charging staff to a range of projects.
- **Integrated Digital Services (£1,573k)** - (£269k) of this underspend relates to the net impact of vacant posts savings offset by the cost of contractors for priority projects. Revenue savings of (£1.0m) have been achieved by the reallocation of equipment costs to the Essential Services Programme capital scheme. The flexible use of capital receipts has offset expenditure on a range of transformational projects. The sum of a number of minor variations to other income and expenditure budgets has resulted in a further (£304k) underspend.
- **Procurement (£60k)** - Staffing overspends of £7k to reflect the additional unbudgeted pay pressure based on the agreed pay award offset against vacant posts held and £16k shortfall in income expected due to delayed recruitment offset against additional Schools Management fee income of (£82k).
- **Legal Services £108k** - By not recruiting to posts, a staffing underspend of (£273k) is now forecast. An agency locum pressure of £266k, and other additional pressures of £206k are partly offset by additional reimbursement income from a legal case of (£91k).
- **Democratic Services (£7k)** - Staffing overspends of £16k including £37k to reflect the additional unbudgeted pay pressure based on the current offer, are being offset by expenditure savings of (£23k).
- **Shared Services £1,330k** - Staffing overspends of £2,393k including the unbudgeted pay award, income pressure of £180k on electronic goods salary sacrifice scheme, are being offset by income mitigations of (£573k), additional funding of (£250k) and other expenditure savings of (£436k) offset against reduced income of £16k for Advertising and DBS checks.
- **Strategy and Improvement (£56k)** - A review of staffing has led to a forecast underspend of (£9k), including the pay award pressure. A pressure of £150k against budgeted savings on communications and marketing is being offset by (£99k) savings on expenditure and additional income of (£98k).

- **Human Resources (£59k)** - The staffing overspend of £594k includes the provision for the agreed pay award, and £283k expenditure pressures are being offset by additional funding from Adults and Health for HR support of (£81k), income mitigations of (£367k), use of reserves of (£397k) and COVID recovery Fund of (£100k) and a reduction in HRA chargeable income £9k.
- **Leeds Building Services (LBS) £1,953k** - The pressure reflects the current understanding of the level of work likely to be commissioned by clients (£73.8m) relative to the £80.1m required turnover and the consequent impact on the rate of return.

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

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

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

There remains a risk that any variance from the current understanding of client budget will impact to the LBS business plan.

- **Corporate Property Management £12k** - The £12k projection reflects pressures from the pay award impact. This is a net figure based on the assumption that £500k of additional capitalisation is identified from current and projected spend against decarbonisation and general capitalisation budgets. Work on this area is ongoing, therefore there remains a risk to the revenue budget if this is not identified.
- **School Crossing Patrol (£90k)** - Staffing savings of £90k.
- **Catering £489k** - The service has a net additional unbudgeted pay award pressure of £711k which is partly mitigated by price increases and vacant posts leaving a net staffing pressure of £285k. The service also has a pressure on running cost budgets of approximately £489k (including food costs) partially offset by additional income of £285k.
- **Cleaning £308k** - The service has a net additional unbudgeted pay award pressure of £804k which is partially mitigated by price increases but results in a projected staffing overspend of £173k, and an increase in transport charges of £50k and £85k reduction in income due to specialist job requests slowing down. This is the net pressure after actions taken by the service to mitigate the overall pressure through increased charges.

- **Fleet £580k** - The Fleet position reflects the ongoing 2022/23 pressures of an aging fleet increased demand and inflation resulting in increased occasional hire costs to maintain front line service operations. The use of vehicles across the authority is subject to review.

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

- **Security £70k** - The additional unbudgeted pay pressure based on the pay award led to a projected staffing overspend of £70k.
- **Presto £280k** - Staffing overspends of £20k reflect the additional unbudgeted pay pressure based on the pay award as well as £120k income pressure on the Meals and Home service; the service is seeing a reduction in demand following an increase during Covid. There is a £140k income pressure on the Civic Flavour service.
- **Facilities Management £500k** - Staffing overspends of £74k to reflect the additional unbudgeted pay pressure based on the pay award, £125k pressure for additional security and £50k pressure for front of house staffing costs, offset by (£15k) saving due to a reduction in drivers. Additional pressures have arisen from Joint Service Centres due to loss of service charge income and inflationary increases in rent charges disproportionately increasing the variance between the rent charged and grant received resulting in a net pressure of £266k. Significant additional pressure on the Hard FM (Mechanical and Electrical) contract on planned and responsive works to the Merrion House building have limited the scope to mitigate the pressures further.

Budget Action Plans

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

- 1.7 **Strategic & Central Accounts** - At the end of January the projection for the Strategic and Central Accounts is an underspend of (£10.5m) an improvement from the December position of (£8.4m). This position includes a projection that the debt budget will underspend by (£4.6m). Although interest rate rises have been higher than was anticipated when the budget was approved, the borrowing requirement has reduced due to anticipated capital programme slippage and the fact that revenue balances have remained robust. This projection assumes that short term borrowing will be obtainable at an average of 5.25% during the remainder of the financial year, a forecast which is in line with the predictions of most market commentators. Currently market interest rates for short term borrowing are above the base rate, however this is anticipated to be manageable for the remainder of the

current year due to the continued strength of revenue balances. The overall (£4.6m) saving in the debt budget also includes a saving of (£1.9m) in the MRP charge in relation to 2022/23 capital spend.

A projected underspend of (£4.9m) has also been included within the Strategic Accounts, which reflects corporate savings where the incidence across directorates has not yet been determined.

Additional grant income of £1.3m has been recognised within the Strategic accounts in Month 10, following the announcement within the final Local Government settlement that the surplus held in the national Business Rates levy pool will be distributed to councils before the end of 2023/24. A pressure of £0.3m has been recognised in the levy payable to WYCA (the West Yorkshire Combined Authority). This arises because, although WYCA's overall budget has remained unchanged, the proportion which is charged to the Council has increased due to changes in the relative population sizes of the five West Yorkshire councils. This pressure has been partly offset by the recognition of £0.2m of residual COVID-19 sales, fees and charges compensation grant income, which had previously been uncertain but is now expected to be received during the current year. However, a potential shortfall of £0.1m in S278 income has been recognised as a result of slippage in delivery of the relevant schemes, and a further pressure of £0.1m in amounts rechargeable to the HRA for central functions. The position also reflects a projected loss of £2.4m in the net retained income position in relation to business rates, comprising S31 grants receivable less the levy payable to the regional pool. This is to be funded by a transfer from the S31 grants reserve and so has no impact on the bottom line.

1.8 Budget Action Plans

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

At end of January, it is anticipated that most savings will be delivered in full through the identified saving plans or through mitigating actions identified by directorates, however an overall shortfall of £13.5m (an adverse movement from the Month 9 (December) position which was £12.7m), has been identified and is reflected in the reported directorate positions except where noted, including:

- Children & Families - £13.1m shortfall on the budgeted level of savings from the following projects: diversifying Children's Residential and Fostering provision £3.479m; review of Placement Commissioning £4.0m; Turning the Curve £3.0m; review of Children's Centres £0.350m; review of Contracts £0.369m, Transport £0.323m and efficiencies across the directorate £1.556m. More detail is provided at paragraph 1.3, where it is noted that the target for Children's Residential and Fostering provision £3.479m, which is included in the £13.1m shortfall reported, will be funded corporately and so does not appear in the projected January position.

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

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

Where other directorates have indicated shortfalls in regard to fully meeting their targeted budget action plans, they have identified other mitigating measures to offset these shortfalls, as explained in paragraphs 1.2 to 1.7.

1.9 **Measures to address the 2023/24 overspend position:**

As detailed above, an overspend of £36.3m is currently projected against the 2023/24 revenue budget.

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

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

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

Following Executive Board's approval in September, £1.85m of non-essential spend budgets have been moved out of respective Chief Officer budgets to specific strategic cost centres within each directorate to prevent further spend where it has been identified that this reduction in spend is not detrimental to the delivery of services. At Month 10, a £0.5m projected underspend is being reported in those services where budgets have been reduced.

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

- No travel is being undertaken unless it is required for the essential delivery of a service 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 for the delivery of a service is not being incurred. To deliver this requirement all orders need to be approved and no spend is being incurred on Purchase Cards unless this is essential to the delivery of the service. Purchase Card Levels have been reduced to “zero” in the majority of cases and only those approved by the respective Directors remain in use.

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

In addition, at the final Local Government Finance Settlement for 2024/25, announced on 5th February 2024, Government announced that there is a surplus on the national Business Rates Levy Account in respect of 2023/24, and that £100m will be distributed to local authorities on a one-off basis, apportioned using the 2013/14 Settlement Funding Assessment. Although allocations have not been announced, this is the same basis of apportionment as the distribution of £100m in 2022/23, where Leeds received £1.3m. This funding is reflected in the Month 10 Strategic position at paragraph 1.7.

After application of these sources of funding, any remaining overspend will be funded by use of the Merrion Reserve.

2. Inflationary Pressures

- 2.1 At the end of January an overspend of £36.3m is projected against the Council's 2023/24 revenue budget.
- 2.2 **Pay Inflation** – The 2023/24 budget allows for £38.9m of pay inflation. The increase provides for the following elements: £18.8m which reflects the Employer's final offer for 2022/23 and which was not agreed until after approval of the 2022/23 budget; £18.2m for an assumed 2023/24 pay award incorporating a 4% pay award for all other staff and the Real Living Wage of £10.90 at pay scale points 1 and 2 announced in September 2022; £0.3m in regard to the pay impact of the additional day of leave included in the 2022/23 pay award to be implemented from 2023/24; and £1.6m for the additional cost of Enhancements. The forecast position reflects the agreed 2023/24 NJC pay award of £1,925 and JNC pay award of 3.5%. Directorates have included any identified pay award mitigation measures in their 2023/24 budget action plans.
- 2.3 **Energy** – The Government's Energy Bills Discount Scheme, which runs for 12 months from 1 April 2023 to 31 March 2024 for businesses and other non-domestic energy users (including charities and public sector organisations), sets a much higher price threshold above which organisations become eligible for relief than was in effect over the Winter 2022/23, and, for the most part, the Council does not expect to benefit from any discounts based on its forward purchases and current market forecasts. However, the Government has set a lower threshold for relief for

what they term as 'energy trade intensive industries', which include libraries, museums, historical sites and botanical and zoological gardens, and there may therefore be some eligibility for the Council.

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

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

- 2.4 **Fuel** – The average UK pump prices for diesel and unleaded petrol saw decreases of (12.9%) and (5.6%) respectively between January 2023 and January 2024. The 2023/24 budget has allowed for an increase of £1.2m, largely attributable to the significant price increases in 2022/23. Fuel costs will continue to be monitored throughout the year.
- 2.5 **Cost of Living Pressures** – Further to the inflationary pressures detailed here, there has been a wider inflationary impact to the Council due to the severity of increased cost of living on our residents and businesses. As expected, we have seen the impact of this in increased costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently. The position will continue to be closely monitored.

3. Reserves

General Reserves

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

Strategic Contingency Reserve

- 3.2 The 2023/24 budget includes use of reserves to support the Council's General Fund, including use of the Strategic Contingency Reserve which was established in 2020/21 to fund future unforeseen budget pressures and to ensure the Council becomes more financially resilient.
- 3.3 The opening balance on the Strategic Contingency Reserve for 2023/24 was £19.9m with budgeted use of the reserve being £14.3m and a further £0.6m committed to support COVID-19 backlog recovery. As discussed at paragraph 1.6, September's meeting of the Executive Board approved the use of £1.3m from this reserve to fund budgeted fleet savings. A further £3.5m has been allocated against slippage in the Children's Residential and Fostering provision action plan and £0.2m will provide Internship funding in Strategy and Resources.
- 3.4 At its meeting of 12th October 2023, the West Yorkshire Combined Authority (WYCA) confirmed a one off refund of transport levy reserves to member authorities aimed at reducing the financial pressures faced in the region, with Leeds to receive £17.7m. These funds will be applied towards balancing the 2023/24 budget position.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of January 2024 was 86.55%. This is a 0.98% decrease from the January 2023 in-year collection rate of 87.54%. Initial worsening in collection can be attributed to application of around £4m in £150 cost of living 'rebates' to Council Tax accounts in July 2022, thereby artificially increasing the amount collected at that point in the year and impacting on the comparison. There is still the effect of post-covid backlogs in that, for example, the attachment to benefits practice employed to recoup arrears can be against multiple years, but earliest debts are taken first, therefore current year arrears will be left outstanding until prior years are cleared. This has been compounded by the ongoing cost-of-living crisis making collection of Council Tax more challenging as residents are financially impacted.

The current collection rate is still lower than the January 2020 in-year collection rate of 89.53%, however the profile of taxpayers' payments has changed significantly since the pandemic, with many more residents choosing to pay their council tax over twelve months rather than ten. Due to the challenging conditions following the pandemic, the target collection rate in the fullness of time was reduced for 2022/23 to 98.5%, at a cost to the Council's share of the Collection Fund deficit of £2.0m. It has been assumed collection rates will return to the normal 99% recovery rate from 2023/24 onwards.

The opening deficit on the Collection Fund is £8.901m, which includes the deficit from 2022/23 and the final instalment of the deficit from 2020/21 which the Government mandated had to be spread over three years. At the time of declaration these elements were estimated to be £8.778m. The declared deficit is required to be repaid by the Council, the Fire Authority and the Police in 2023/24 with the

remaining £0.123m, the difference between the estimated declared deficit in December 2022 and the end of the 2022/23 financial, being carried forward into 2024/25.

This repayment of the 2020/21 and 2022/23 deficits would be expected to generate a surplus on the collection fund, however current projections, based on historical trends of growth and movements in discounts and local council tax support, are that an in-year surplus of only £6.528m will be generated in 2023/24 leaving of projected closing deficit on the collection fund of £2.373m. Leeds share of this projected closing deficit would be £1.99m, with the remainder being paid by the Fire Authority and the Police.

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

4.2 Business Rates

The Business Rates collection rate at the end of January 2024 is 88.13% which is significantly higher than the January 2023 in-year collection rate of 87.64% but slightly lower than the January 2020 in-year collection rate of 89.49% before the pandemic. As with Council Tax, the profile of ratepayers' payments has changed after the pandemic with many more local businesses choosing to pay their rates bill over twelve months rather than ten. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.8%, collecting £347.4m of business rates income. The collection rates will continue to be closely monitored in the current year and into future years.

The total rateable value of business properties in Leeds has decreased from £954.44m at the time of the 2023/24 budget to £947.26m as at 31st January 2024, a fall of £7.17m. Around £4.8m of this reduction is due to hereditaments undergoing redevelopment or major works and so it is anticipated that in time the rateable value of these properties will be revised upwards with the remainder losses being due to reductions in Rateable Values from the Valuation Office Agency. The 2023/24 budget includes an expected increase in Rateable Value of £2.5m for the full year. The size of the Business Rates tax base in Leeds continues to be monitored closely.

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

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

In 2023/24, an in-year deficit of £1.2m is projected, driven mainly by recent reductions to Rateable Value on the 2017 and 2023 ratings list. The impact of Valuation Officer Reports (VORs), which occur in areas outside of Leeds but have an impact on properties within the Councils borders, has particularly affected the 2017 list with a total loss of £7.8m. These losses cannot be charged against provisions for appeals and are an in-year cost. However, because the VOR costs have been charged to income rather than provisions, and a reassessment of the requirement for provisions for outstanding appeals, the VOR costs are offset by a reduction in those provisions of £4.8m.

Further reductions in Rateable Values on the 2023 List have an ongoing impact on growth which is now £4.3m below expectations. Increased demand for Small Business Rates Relief is £1.4m above the budgeted forecast, which has also added to the deficit.

These losses are partially offset by an improvement in bad debt provisions of £3.6m. This is due to improved in-year collection rates and a reassessment of collection of prior year debt. Also, a £1.9m lower cost for extended retail relief and a reduced demand for Empty Rate Relief of £1.1m contribute to reducing the deficit. Other smaller changes to Business Rates income result in a further £0.9m saving.

When combined with the £1.93m worsening in the closing position for 2022/23 it is currently forecast that there will be a total closing deficit of £3.09m, which will have to be repaid to the collection fund by the Council in 2024/25.

4.3 Business Rates Appeals

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

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

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

The 2017 ratings list came to an end on 31st March 2023. In most cases this sees the end of the ratepayers' right to appeal against their Rateable Value on that list. As such the number of Checks received by the Valuation Office Agency increased significantly in the last few months of 2022/23. The increase was even greater than expected and, although an allowance had been included in the forecast of the declared deficit, further provisions were made to outturn at an additional cost of £4.2m to the General Fund and a £1.93m worsening against the position projected at declaration.

As at 31st January 2024, the Council is providing for a net of 407 Checks and Challenges against the 2017 ratings list. The position will be monitored closely over the coming months to ensure that the Councils provisions for the 2017 list remain

adequate. There are also 224 Checks and Challenges against the new 2023 ratings list. It is anticipated that because of the move to 3 yearly revaluations from 2023 (previously 5 years) the valuation lists will necessarily be more representative of the current commercial property market, and it is expected that there will be fewer challenges to the lists going forward. The level of appeals against the 2023 ratings list, and the losses incurred, will also continue to be closely monitored in the coming months.

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

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

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

5. Housing Revenue Account (HRA)

5.1 At Month 10, the HRA is projecting a balanced position.

5.2 The key projected variations are:

- Dwellings Rent £787k– a forecast reduction in rental income due to the number of void properties being higher than budgeted and some slippage in the new build schemes.
- Non-Dwellings Rent £60k - pressure on garage rent.
- External Income (£80k) –this reflects an increase in telecoms income compared to the budget.
- Service Charges (£93k) – mainly reflecting the impact of Gascoigne House.
- Employees Net £60k - there is a forecast underspend against the employee budget of (£1,109k) due to vacant posts, this position includes a projection for the pay award. However, this underspend on employee costs is offset with a reduction in capitalised salaries of £1,025k and a £144k pressure regarding internal services for recharged staff in the Council House Growth (CHG) Programme.
- Repairs to Dwellings £1,062k - reflects the forecast pressure on the repairs budget.

- Premises (£512k) – reflects the updated energy and cleaning agency projected costs.
- PFI £0k - a forecast pressure on the Unitary Charge of £532k is offset by a projected underspend on internal income (£51k) and the use of PFI Sinking funds (£481k).
- Internal Services excluding staff recharge for CHG (£258k) – savings identified on internal recharges partly offset with a projected pressure on disrepair legal costs.
- Provision for Doubtful Debt £225k – to reflect the updated arrears position.
- Capital Charges (£448k) – reflects savings from slippage in the CHG programme borrowing.
- Contribution to the capital programme (£874k) – the current forecast underspend on the capital programme 2023/24.

Financial Dashboard 2023/24 Financial Year

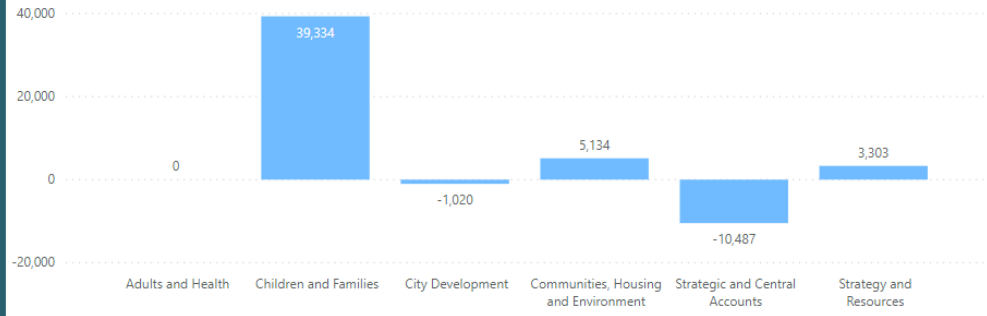


Budget Variation £000s

36,264

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 538,124 | 547,223 | 9,100 |
| Premises | 65,604 | 69,293 | 3,689 |
| Supplies and Services | 263,016 | 267,947 | 4,932 |
| Transport | 54,040 | 60,680 | 6,641 |
| Internal Charges | 92,218 | 95,989 | 3,771 |
| Third Party Payments | 500,810 | 558,520 | 57,710 |
| Transfer Payments | 181,696 | 190,274 | 8,579 |
| Capital | 91,351 | 87,995 | -3,356 |
| Transfer to/from Reserves | -22,959 | -37,406 | -14,447 |
| Internal Income | -345,177 | -344,387 | 790 |
| External Income | -845,365 | -886,509 | -41,144 |
| Total | 573,358 | 609,622 | 36,264 |

| Directorate | Change in Variance £000s |
|--------------------------------------|--------------------------|
| Adults and Health | 0 |
| Children and Families | -157 |
| City Development | -40 |
| Communities, Housing and Environment | 240 |
| Strategic and Central Accounts | -2,055 |
| Strategy and Resources | -723 |
| Total | -2,735 |

Financial Dashboard 2023/24 Financial Year

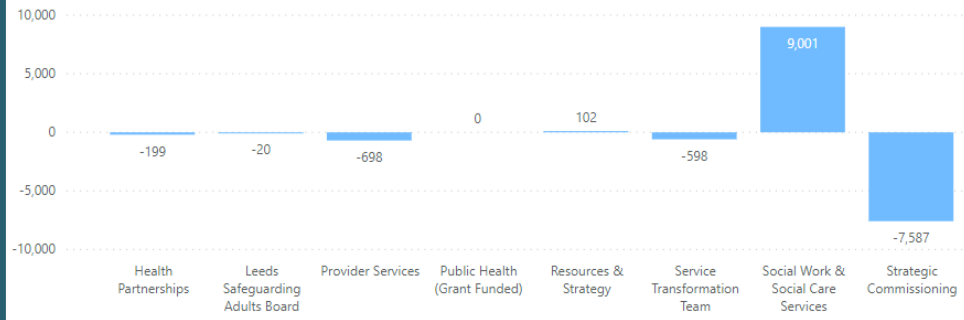


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 70,508 | 70,406 | -102 |
| Premises | 1,381 | 1,298 | -83 |
| Supplies and Services | 7,509 | 14,575 | 7,065 |
| Transport | 1,011 | 855 | -156 |
| Internal Charges | 14,404 | 16,177 | 1,772 |
| Third Party Payments | 326,198 | 347,707 | 21,510 |
| Transfer Payments | 13,488 | 11,604 | -1,884 |
| Transfer to/from Reserves | -4,521 | -12,447 | -7,926 |
| Internal Income | -5,016 | -5,347 | -331 |
| External Income | -226,157 | -246,022 | -19,865 |
| Total | 198,806 | 198,806 | 0 |

| Directorate | Change in Variance £000s |
|-------------------|--------------------------|
| Adults and Health | 0 |
| Total | 0 |

Financial Dashboard 2023/24 Financial Year

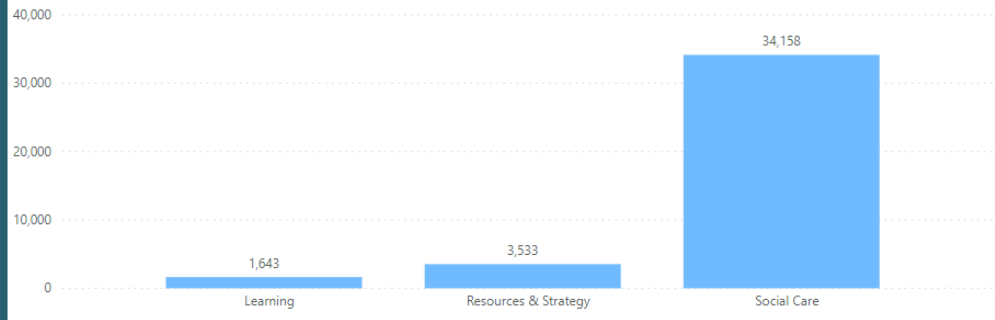


Budget Variation £000s

39,334

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 112,443 | 115,291 | 2,848 |
| Premises | 4,698 | 4,704 | 6 |
| Supplies and Services | 65,692 | 66,824 | 1,132 |
| Transport | 11,794 | 15,377 | 3,583 |
| Internal Charges | 36,311 | 38,070 | 1,759 |
| Third Party Payments | 113,725 | 149,819 | 36,095 |
| Transfer Payments | 3,882 | 4,112 | 230 |
| Capital | | 0 | 0 |
| Transfer to/from Reserves | -819 | -1,105 | -286 |
| Internal Income | -35,820 | -36,157 | -336 |
| External Income | -170,592 | -176,289 | -5,698 |
| Total | 141,312 | 180,646 | 39,334 |

| Directorate | Change in Variance £000s |
|-----------------------|--------------------------|
| Children and Families | -157 |
| Total | -157 |

Financial Dashboard 2023/24 Financial Year

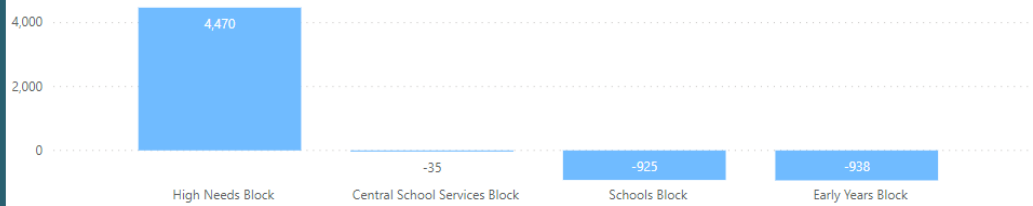


DSG Variation £000s

2,572

Overspend (+) / Underspend (-)

Dedicated Schools Grant (DSG) Forecast Year End Variance - £000s



Net Variations against the Approved Budget

| DSG Block | Income Budget | Income Projection | Income Variance | Expenditure Budget | Expenditure Projection | Expenditure Variance | DSG Budget (LE) | DSG Projection | DSG Variance |
|-------------------------------|-----------------|-------------------|-----------------|--------------------|------------------------|----------------------|-----------------|----------------|--------------|
| Schools Block | -341,721 | -338,402 | 3,319 | 341,721 | 337,477 | -4,244 | 0 | -925 | -925 |
| High Needs Block | -117,035 | -117,171 | -136 | 117,035 | 121,641 | 4,606 | 0 | 4,470 | 4,470 |
| Early Years Block | -57,538 | -60,387 | -2,849 | 57,538 | 59,449 | 1,911 | 0 | -938 | -938 |
| Central School Services Block | -5,106 | -5,106 | 0 | 5,106 | 5,071 | -35 | 0 | -35 | -35 |
| Total | -521,400 | -521,066 | 334 | 521,400 | 523,638 | 2,238 | 0 | 2,572 | 2,572 |

DSG Reserves

| Reserve Type | Balance b/fwd | Net contribution to(-)/from (+) balances | Budgeted Deficit (+) / Surplus (-) c/fwd | Projected in year under(-)/over(+) spend | Planned use of reserves | Projected Deficit (+) / Surplus (-) c/fwd |
|--------------|---------------|--|--|--|-------------------------|---|
| De-delegated | -1,950 | 500 | -1,450 | -508 | 1,750 | -708 |
| General | -7,060 | 0 | -7,060 | 3,080 | 0 | -3,980 |
| Total | -9,010 | 500 | -8,510 | 2,572 | 1,750 | -4,688 |

Financial Dashboard 2023/24 Financial Year

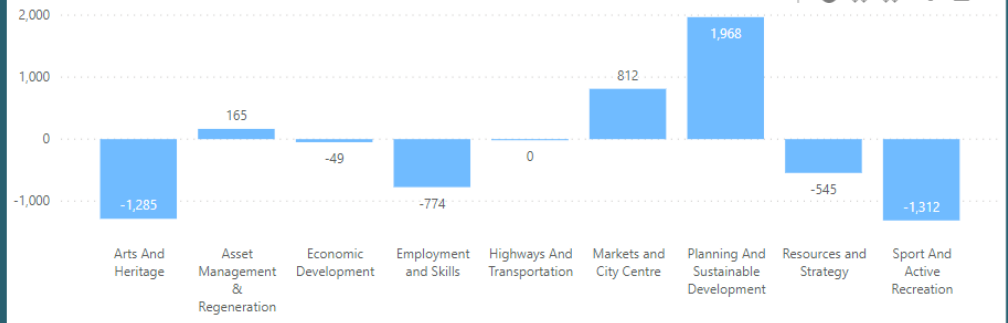


Budget Variation £000s

-1,020

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 75,585 | 75,060 | -525 |
| Premises | 31,551 | 34,916 | 3,365 |
| Supplies and Services | 50,470 | 50,347 | -123 |
| Transport | 6,856 | 8,828 | 1,972 |
| Internal Charges | 10,610 | 11,330 | 720 |
| Third Party Payments | 189 | 187 | -2 |
| Transfer Payments | | 0 | 0 |
| Capital | | 0 | 0 |
| Transfer to/from Reserves | -3,841 | -4,878 | -1,038 |
| Internal Income | -46,938 | -51,033 | -4,095 |
| External Income | -83,967 | -85,261 | -1,294 |
| Total | 40,516 | 39,496 | -1,020 |

| Directorate | Change in Variance £000s |
|------------------|--------------------------|
| City Development | -40 |
| Total | -40 |

Financial Dashboard 2023/24 Financial Year

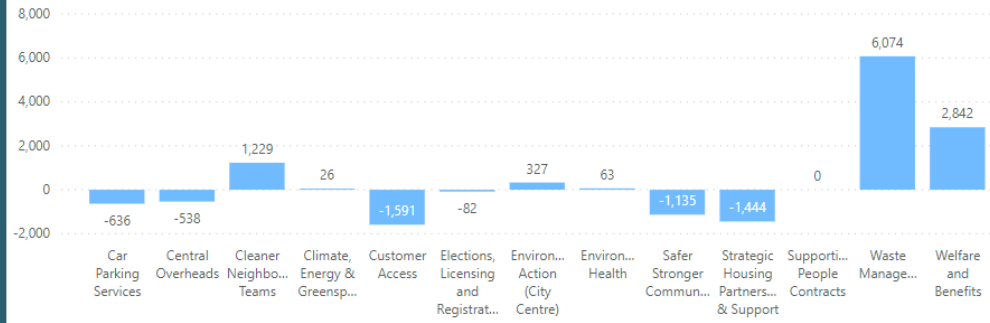


Budget Variation £000s

5,134

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 108,384 | 110,382 | 1,999 |
| Premises | 11,859 | 12,067 | 208 |
| Supplies and Services | 71,012 | 77,316 | 6,304 |
| Transport | 11,305 | 12,097 | 792 |
| Internal Charges | 21,000 | 20,644 | -356 |
| Third Party Payments | 23,464 | 23,280 | -185 |
| Transfer Payments | 163,130 | 173,469 | 10,339 |
| Capital | | 0 | 0 |
| Transfer to/from Reserves | -1,768 | -2,173 | -405 |
| Internal Income | -49,348 | -47,647 | 1,700 |
| External Income | -265,711 | -280,975 | -15,263 |
| Total | 93,326 | 98,460 | 5,134 |

| Directorate | Change in Variance £000s |
|--------------------------------------|--------------------------|
| Communities, Housing and Environment | 240 |
| Total | 240 |

Financial Dashboard 2023/24 Financial Year



Surplus (-) / Deficit (+) £000s

0

| HRA Income | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|--------------------|-------------------|------------------|----------------|--------------------------|
| ▲ | | | | |
| Dwelling Rents | -230,240 | -229,453 | 787 | -146 |
| Non Dwelling Rents | -3,347 | -3,287 | 60 | 4 |
| Service Charges | -9,551 | -9,644 | -93 | -9 |
| Internal Income | -9,349 | -8,312 | 1,037 | 38 |
| Grants | -21,385 | -21,385 | 0 | 0 |
| External Income | -1,778 | -1,858 | -80 | -180 |
| Total | -275,650 | -273,938 | 1,712 | -292 |

| HRA Expenditure | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|-----------------------------------|-------------------|------------------|----------------|--------------------------|
| ▲ | | | | |
| Disrepair Provision | 4,000 | 4,000 | 0 | 0 |
| Repairs to Dwellings | 65,103 | 66,165 | 1,062 | -728 |
| Employees | 33,708 | 32,599 | -1,109 | 220 |
| Premises | 11,732 | 11,220 | -512 | -334 |
| Supplies and Services | 5,486 | 5,496 | 10 | 547 |
| PFI Unitary Charge | 12,662 | 13,194 | 532 | 0 |
| Transport | 304 | 301 | -3 | 6 |
| Internal Services | 39,815 | 39,701 | -114 | -127 |
| BITMO Management Fee | 3,524 | 3,524 | 0 | 0 |
| Provision for Doubtful Debts | 1,136 | 1,361 | 225 | 0 |
| Capital Charges | 46,666 | 46,218 | -448 | -422 |
| Contribution to Captial Programme | 51,891 | 51,017 | -874 | -256 |
| Total | 276,027 | 274,796 | -1,231 | -1,094 |

| Surplus (-) / Deficit (+) | Budget (LE) £000s | Projection £000s | Variance £000s | Change in Variance £000s |
|------------------------------|-------------------|------------------|----------------|--------------------------|
| ▼ | | | | |
| Net Position | 377 | 858 | 481 | -1,386 |
| Appropriation: Sinking Funds | -326 | -807 | -481 | 0 |
| Appropriation: Reserves | -51 | -51 | 0 | 0 |
| Total | 0 | 0 | 0 | -1,386 |

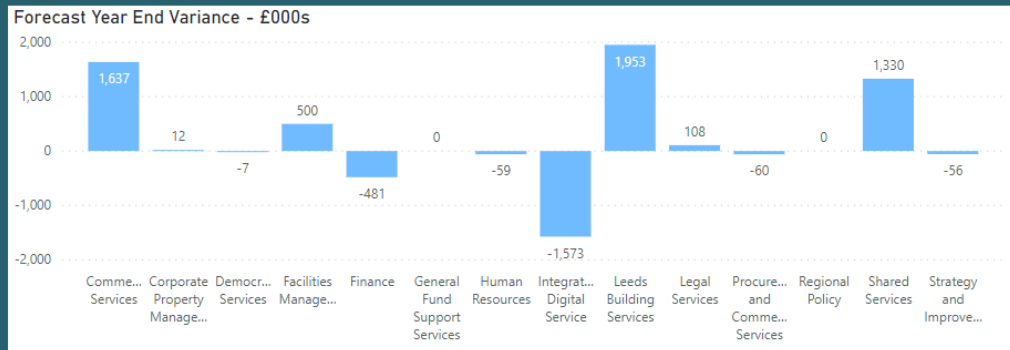
Financial Dashboard 2023/24 Financial Year



Budget Variation £0

3,303

Overspend (+) / Underspend (-)



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 166,475 | 171,417 | 4,942 |
| Premises | 16,116 | 16,308 | 192 |
| Supplies and Services | 63,303 | 57,525 | -5,778 |
| Transport | 23,074 | 23,523 | 449 |
| Internal Charges | 4,931 | 4,750 | -181 |
| Third Party Payments | 28 | 28 | 0 |
| Transfer Payments | 66 | 66 | 0 |
| Transfer to/from Reserves | -74 | -1,656 | -1,582 |
| Internal Income | -172,884 | -167,789 | 5,095 |
| External Income | -16,462 | -16,296 | 165 |
| Total | 84,573 | 87,876 | 3,303 |

| Directorate | Change in Variance £000s |
|------------------------|--------------------------|
| Strategy and Resources | -723 |
| Total | -723 |

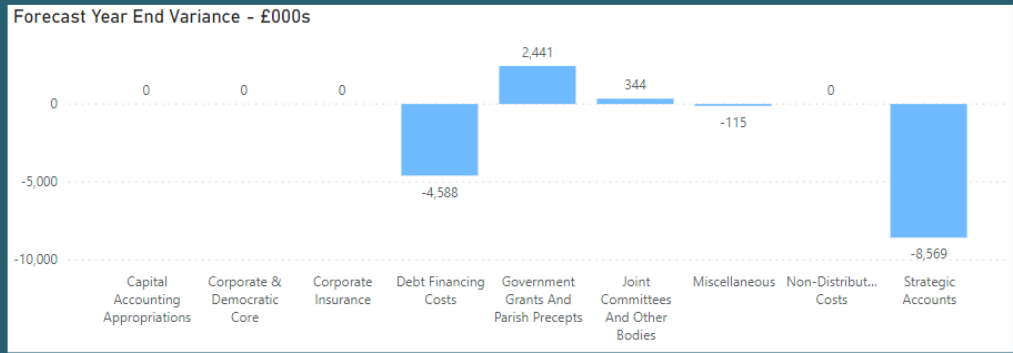
Financial Dashboard 2023/24 Financial Year



Budget Variation £000s

- 10,487

Overspend (+) / Underspend (-)



| Expenditure Type | Budget (LE) £000s | Projection £000s | Variance £000s |
|---------------------------|-------------------|------------------|----------------|
| Employees | 4,729 | 4,667 | -62 |
| Premises | | 0 | 0 |
| Supplies and Services | 5,029 | 1,361 | -3,669 |
| Internal Charges | 4,962 | 5,019 | 57 |
| Third Party Payments | 37,207 | 37,499 | 293 |
| Transfer Payments | 1,130 | 1,023 | -107 |
| Capital | 91,351 | 87,995 | -3,356 |
| Transfer to/from Reserves | -11,936 | -15,146 | -3,210 |
| Internal Income | -35,171 | -36,414 | -1,242 |
| External Income | -82,476 | -81,665 | 810 |
| Total | 14,826 | 4,339 | -10,487 |

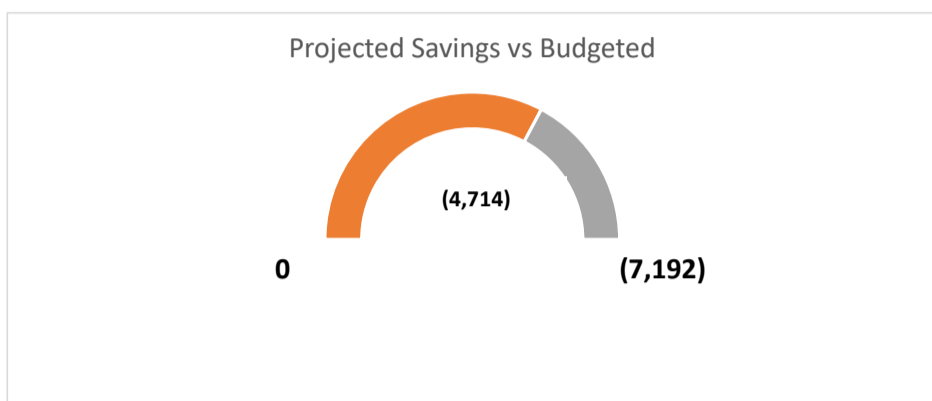
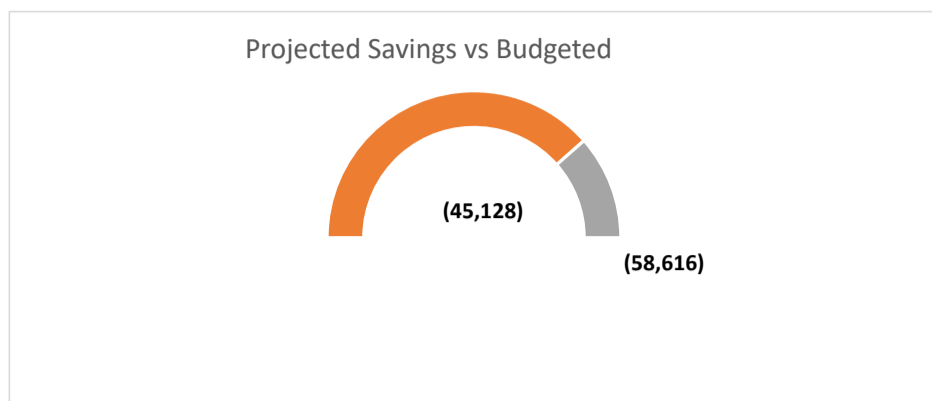
| Directorate | Change in Variance £000s |
|--------------------------------|--------------------------|
| Strategic and Central Accounts | -2,055 |
| Total | -2,055 |

LEEDS CITY COUNCIL - SUMMARY

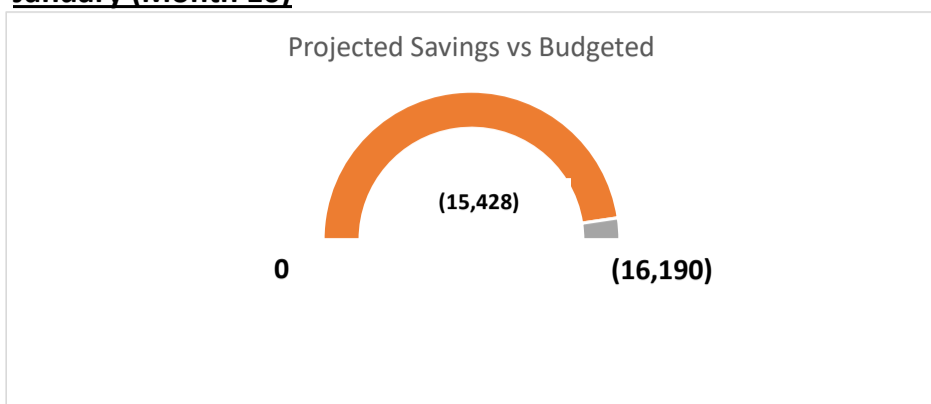
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (18,448) | (19,068) | (620) |
| On track, no issues | (13,438) | (15,205) | (1,767) |
| Some risk | (11,076) | (9,861) | 1,215 |
| High risk | (15,654) | (994) | 14,660 |
| Cancelled | 0 | 0 | 0 |
| Total | (58,616) | (45,128) | 13,488 |

LEEDS CITY COUNCIL - Other Savings Measures

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



January (Month 10)



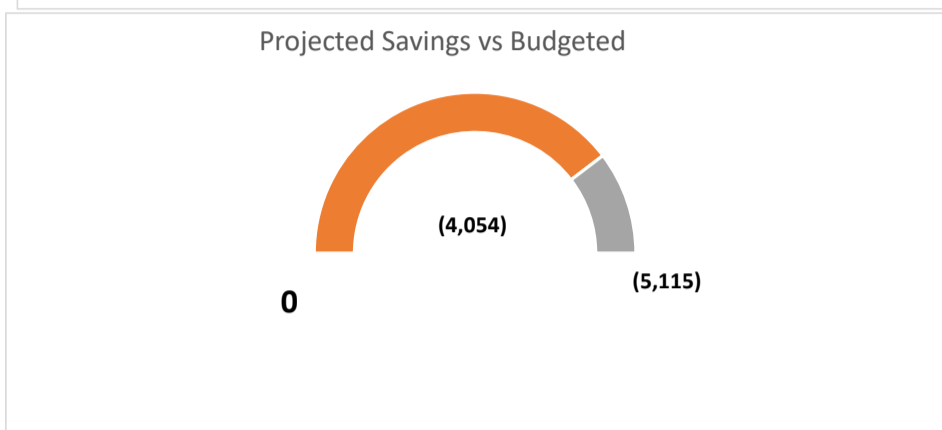
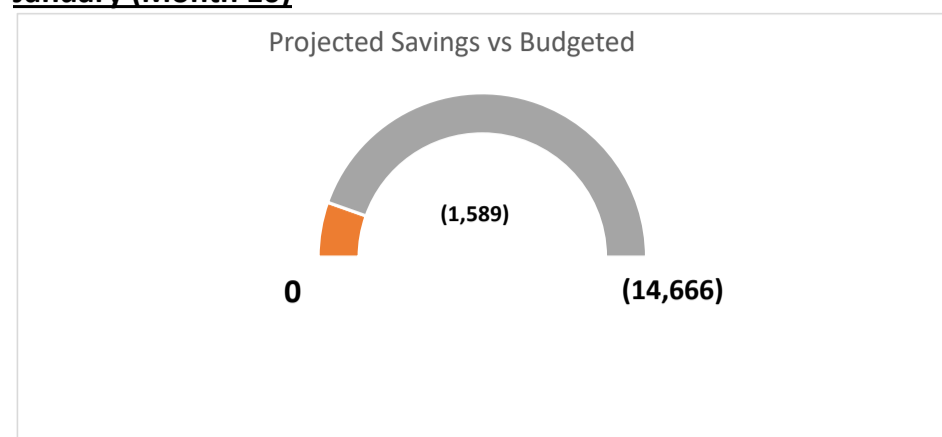
ADULTS & HEALTH - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (13,710) | (14,180) | (470) |
| On track, no issues | 0 | 0 | 0 |
| Some risk | (1,220) | (908) | 312 |
| High risk | (1,260) | (340) | 920 |
| Cancelled | 0 | 0 | 0 |
| Total | (16,190) | (15,428) | 762 |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|--|
| Budgeted Savings | BAU | Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost) | Shona McFarlane | High risk | (160) | (40) | 120 | Spring Gardens completed November and now open. Dolphin Manor, scheme commenced December'23 with completion Spring'24. Knowl Manor on hold for now. Shortfall will be contained within budget or via reserves as this is slippage and not non-delivery (JC 15/2/23). |
| Budgeted Savings | SR | Strategic Review of Adult Social Work provision | Shona McFarlane | Some risk | (1,120) | (830) | 290 | Reviewing Team operational and over achieving the action plan. Other element around front door still to be designed. |
| Budgeted Savings | BAU | Review of mental health placements (s117 health contribution) | Caroline Baria | Some risk | (100) | (78) | 22 | Alternative savings of £22k identified, Touchstone and their outreach offer which is expensive. |
| Budgeted Savings | BAU | Invest to save proposal for Home care - performance management | Caroline Baria | High risk | (1,000) | (250) | 750 | Delays in recruiting 2 new staff has meant that the action plan will under deliver by £750k but no impact on future years due to slippage. |
| Budgeted Savings | BAU | Review supported bank account contract (direct payments) | Caroline Baria | High risk | (100) | (50) | 50 | contract renewal late than originally thought. Sum will be contained within budget - or use of reserves as this is slippage and not non-delivery |

January (Month 10)



CHILDREN & FAMILIES - SUMMARY

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

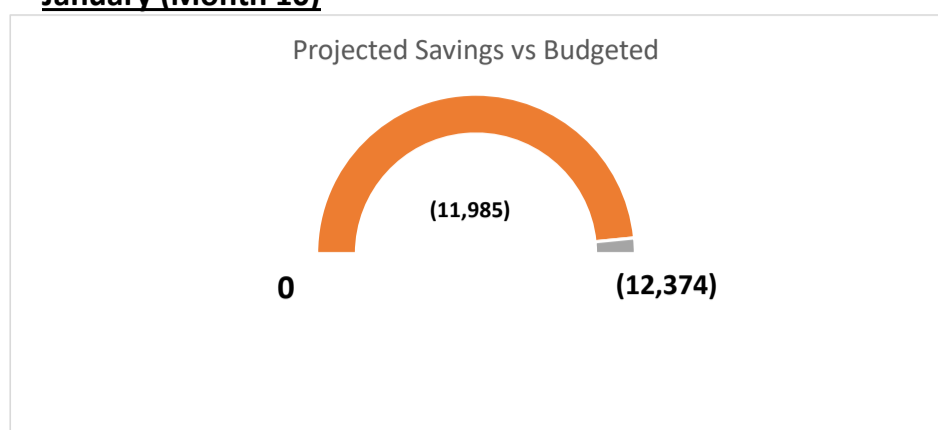
CHILDREN & FAMILIES - Other Savings Measures

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

Amber & Red Risk Areas

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

January (Month 10)

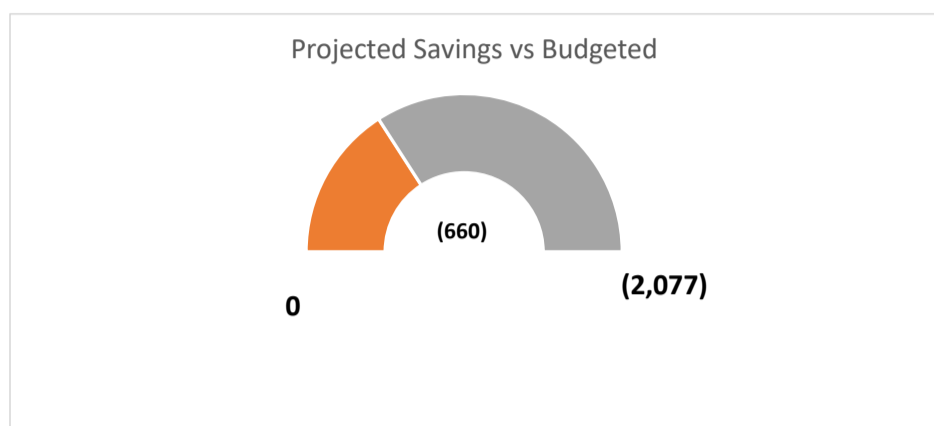


CITY DEVELOPMENT - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (3,760) | (3,760) | 0 |
| On track, no issues | (7,056) | (7,056) | 0 |
| Some risk | (1,192) | (1,169) | 23 |
| High risk | (366) | 0 | 366 |
| Cancelled | 0 | 0 | 0 |
| Total | (12,374) | (11,985) | 389 |

CITY DEVELOPMENT - Other Savings Measures

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

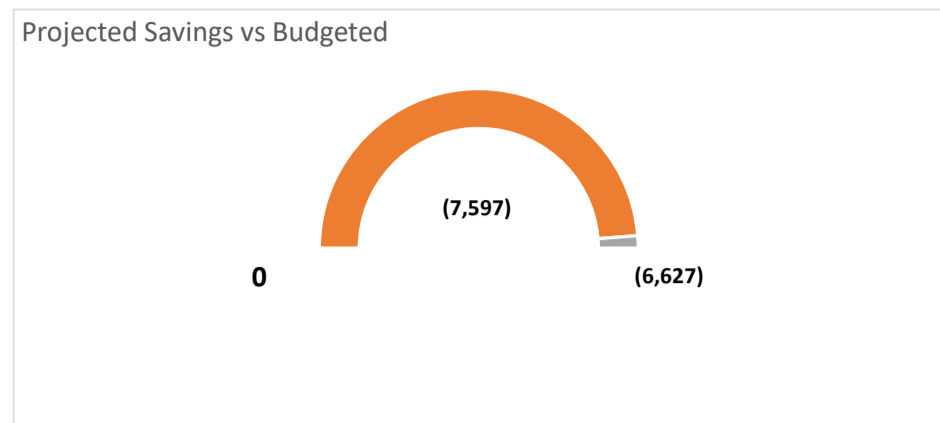


Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---|---------------------------|------------|-------------------------|-----------------------------------|-----------------------------|--|
| Budgeted | BAU | 1% increased vacancy provision | Jane Walne | Some risk | (677) | (677) | 0 | 0 |
| Budgeted | SR | Leeds Museums & Galleries Invest to Save: relocation of Café | Eve Roodhouse | Some risk | (90) | (67) | 23 | 0 |
| Budgeted | BAU | Leeds Museums and Galleries commercial review | Eve Roodhouse | Some risk | (100) | (100) | 0 | 0 |
| Budgeted | BAU | Income Generation (New) - Provision of Services to other local authorities | Gary Bartlett | Some risk | (50) | (50) | 0 | 0 |
| Budgeted | BAU | Additional income from new contractor framework implemented in 22/23 | Gary Bartlett | Some risk | (25) | (25) | 0 | 0 |
| Budgeted | SR | Street Lighting: Adaptive lighting via a Central Management System (CMS) | Gary Bartlett | High risk | (166) | 0 | 166 | 0 |
| Budgeted | BAU | Development Management - generation of additional income from pre-app advice service | David Feeney | High risk | (100) | 0 | 100 | 0 |
| Budgeted | BAU | Strategic Planning - consultancy advice (e.g. to other local authorities) | David Feeney | High risk | (50) | 0 | 50 | 0 |
| Budgeted | BAU | Building Control - additional income through providing expert technical services to other local authorities | David Feeney | High risk | (50) | 0 | 50 | 0 |
| Budgeted | BAU | Planning & Levelling Up Bill: National fees | David Feeney | Some risk | (250) | (250) | 0 | 0 |
| Other | BAU | Estate Rationalisation | Angela Barnicle | High risk | (583) | (30) | 553 | 0 |
| Other | BAU | Strategic Investment Fund | Angela Barnicle | High risk | (664) | 0 | 664 | 0 |
| Other | BAU | Contractor Procurement Framework | Gary Bartlett | High risk | (200) | 0 | 200 | 0 |

January (Month 10)

COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY



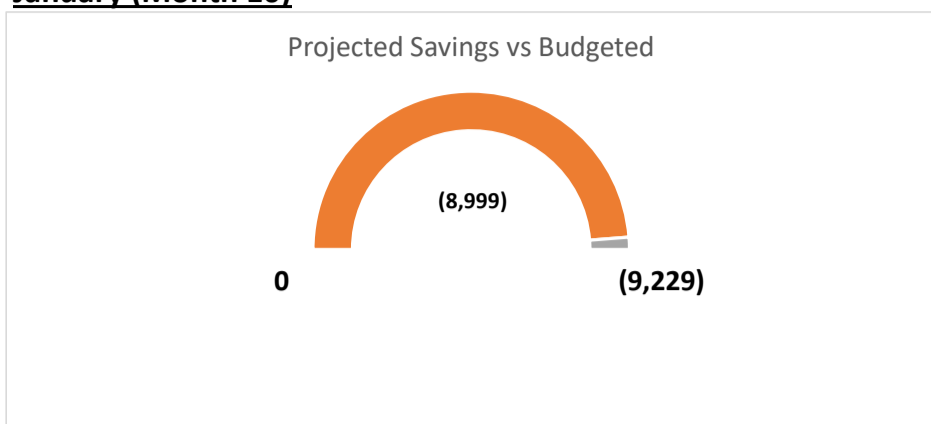
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (863) | (1,013) | (150) |
| On track, no issues | (3,747) | (5,514)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

Amber & Red Risk Areas

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

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

January (Month 10)



STRATEGY & RESOURCES - SUMMARY

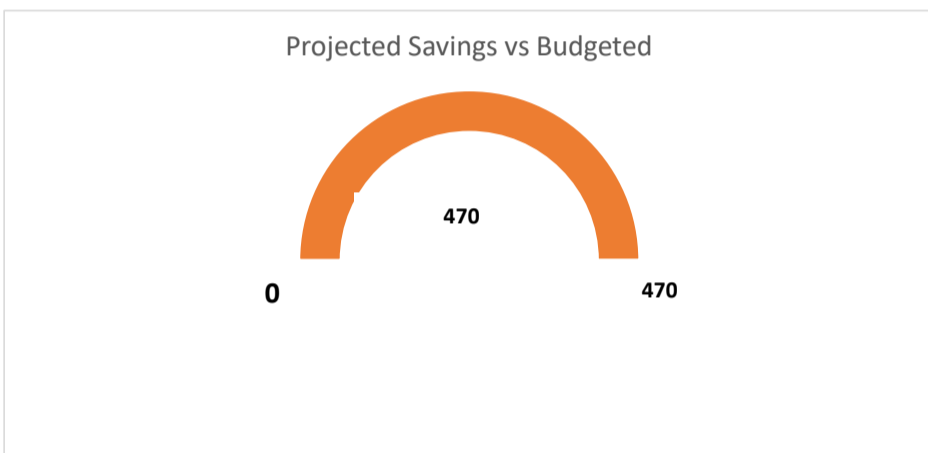
| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | (115) | (115) | 0 |
| On track, no issues | (2,893) | (2,893) | 0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

Amber & Red Risk Areas

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

| | | | | | | | | |
|----------|-----|--|------------------|-----------|-------|-------|-----|--|
| Budgeted | BAU | Staffing efficiencies: Integrated Digital Services: additional 2% vacancy factor | Leonardo Tantari | Some risk | (500) | (500) | 0 | Both IDS DAPs to be consolidated into one. |
| Budgeted | SR | Review of Network Management Centre | Leonardo Tantari | Some risk | (370) | (370) | 0 | This is a full year's cost - any delay will be mitigated by further IDS vacancy factors. |
| Budgeted | BAU | BSC Shared Cost Salary Sacrifice- This would generate Employer NI savings (as well as savings for the individual). | Andy Dodman | High risk | (80) | 0 | 80 | 0 |
| Budgeted | BAU | Staffing efficiencies: Business Support Centre | Gemma Taskas | Some risk | (276) | (276) | 0 | 0 |
| Budgeted | BAU | Staffing efficiencies: Contact Centre | Gemma Taskas | Some risk | (125) | (125) | 0 | 0 |
| Budgeted | BAU | Staffing efficiencies: Business Administration Service: additional 2% vacancy factor | Gemma Taskas | Some risk | (275) | (275) | 0 | 0 |
| Budgeted | BAU | Communications & Marketing: Synergies from a co-ordinated approach to marketing and promotion | Jane Maxwell | High risk | (150) | 0 | 150 | 0 |

January (Month 10)



STRATEGIC - SUMMARY

| RAG Status | Budgeted Savings £'000s | Year End Projected Savings £'000s | Shortfall/ (Surplus) £'000s |
|---------------------|-------------------------|-----------------------------------|-----------------------------|
| Achieved | 0 | 0 | 0 |
| On track, no issues | 470 | 470 | 0 |
| Some risk | 0 | 0 | 0 |
| High risk | 0 | 0 | 0 |
| Cancelled | 0 | 0 | 0 |
| Total | 470 | 470 | 0 |

Amber & Red Risk Areas

| Budgeted savings / Other savings measures | Service Review / Business as Usual | Savings title | Accountable Chief Officer | RAG Status | Budgeted Savings £'000s | Achieved Savings to date £'000s | Savings Achieved % | Including mitigating actions for Reds & Ambers |
|---|------------------------------------|---------------|---------------------------|------------|-------------------------|---------------------------------|--------------------|--|
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Procurement update report: Contracts Management, Social Value and Procurement Act 2023

Date: 25th March 2024

Report of: Director of Strategy and Resources

Report to: Scrutiny Board (Strategy and Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

- The Council's procurement function helps to ensure that the Council is able to deliver the 3 pillars of the Council's Best City Ambition. The goods, works and services we choose to buy and commission, the suppliers we select, the influential relationships we maintain with those suppliers, and the commercial opportunities we offer can help deliver inclusive growth, improve the health and wellbeing of local people, and support the push toward zero carbon.
- As reported previously, as part of the Core Business Transformation (**CBT**) programme and in response to an LGA facilitated peer review, work is ongoing to review the Council's entire "procure to payment" processes in order to:
 - maintain effective procurement support, including sufficient capacity/capability and appropriate training and guidance;
 - develop more efficient systems and processes in order to deliver greater value for money in relation to external spend; and
 - adopt a best practice approach to contract management in order to ensure delivery of desired outputs, avoid value leakage and ensure our contracts continually respond to the Council's changing requirements

(the **P2P Review**).

- This report provides an update on progress in developing the best practice approach to contract management.
- This report also provides the annual update to the Board on progress in relation to further implementing additional social value as part of the Council's procurement and contracting activity.
- Finally, the report provides an update as to the upcoming operation of the Procurement Act 2023 and anticipated implications for the Council.

Recommendations

Members are recommended to:

1. note the contents of this report; and
2. endorse the work underway to develop a Council-wide best practice approach to contract management.

Why is the proposal being put forward?

- 1 This report provides an update as to progress made in relation to:
 - a) developing a Council-wide best practice approach to contract management; and
 - b) delivering additional social value in the Council's procurement and contracting activity.
- 2 In addition, this report provides a summary update in relation to the Procurement Act which is anticipated to be operational in October 2024 and the anticipated implications for the Council.

Contract Management Best Practice

- 3 Contract management and procurement work hand in hand throughout the lifecycle of a contract. Contract management arrangements should be considered during the procurement of a contract to ensure that the Council's requirements are clear and deliverable.
- 4 Good contract management can provide many benefits, including:
 - the identification and realisation of financial savings, continually ensuring that contracts respond to the Council's changing requirements;
 - the delivery of desired outputs including the provision of quality services to the Council and community;
 - the development of service specifications by identifying and encouraging innovation and industry best practice;
 - the avoidance of costs and other issues which might otherwise have arisen;
 - ensuring that actual spend accords with budgets, or any over/underspend is monitored and managed.
- 5 On the other hand, research by the International Association for Contract and Commercial Management shows that poor contract management can cost as much as 8.6% p.a. in value leakage. In short - without appropriate contract management the Council may not get what is being paid for, and opportunities to realise greater efficiencies/outputs are being missed.
- 6 The Contract Procedure Rules (**CPRs**) provide that the relevant Director is responsible for ensuring that the contract is managed appropriately. A recent review indicates that there are over 400 Council employees whose roles involve contract management. However, typically individuals responsible for managing the Council's contracts are subject matter/technical experts and contract management is inconsistent across the Council.
- 7 In order to support implementation of a Council-wide best practice approach to contract management, in 2023 the Director of Strategy and Resources scheme of delegation (with sub-delegation to Head of Procurement and Commercial Services) was amended to include: "Setting, supporting and monitoring the council's policies and procedures for: ... c) procurement, purchasing, contract management and commercialisation;...".
- 8 Subsequently, the following initiatives have been progressed:
- 9 Training - To date, 110 contract managers have completed the Government Commercial College's Contract Management Foundation training course, with a further 125 who are registered or progressing through the training. A further 42 contract managers have been enrolled on the Contract Management Practitioner course, two of whom have been accredited with the others at

various stages of progress. The Practitioner course is for contract managers responsible for high value contracts and takes a minimum of six months to complete. We have also been working with Ernst & Young (EY) on a broader contract assurance project, part of which includes a training offering on the fundamentals of contract management and softer commercial skills (influencing, negotiation, stakeholder management etc) that has also been rolled out to colleagues.

- 10 LCC Contract Management Community - Work has been ongoing to build a community of contract managers across the Council, with regular communications, training offerings and feedback sought to inform contract management transformation. A quarterly newsletter is issued to share key messages, highlight training opportunities and provide resources and tools to support contract managers. Work is ongoing to develop a wider communications strategy to tie in with the Core Business Transformation change proposals (below), including the use of a new SharePoint platform and potentially Viva Engage.
- 11 Contract Management Framework - As an element of developing best practice in contract management, a Contract Management Framework is being established that will embed a strategic approach to contract management. Contracts will be segmented in to 'high', 'medium' and 'low' tiers based on risk, value and other key factors. Each tier will have a defined and proportionate contract management governance regime and contract manager training programme, along with materials and guidance to support contract managers. This approach will be supported by a balanced scorecard which is currently being piloted by a select group of contract managers. The scorecard will provide intelligence on the performance of the Council's contracts, highlight risk areas and give a strategic overview with consistent data.

These elements will feed into a quarterly Contract Management Assurance Board (officers from BCT Financial Challenge), commencing in July 2024. The board will have corporate oversight and assurance of contracts and contract management. The scorecard will provide consistent metrics and this will be supplemented by further intelligence on performance and risk in relation to the best and worst performing contracts in each directorate. One of the board's roles will be reviewing identified contracts with the relevant service leads or contract managers.

- 12 Source to Contract Business Case - Procurement and Commercial Services (PACS) and the CBT team will be presenting a business case for Source to Contract technology and additional staffing resource to the CBT Programme Board in April 2024. New technology is required as the current electronic tendering platform is not fit for purpose, as it does not have the contract management capability the Council requires and will not fully support the requirements of the Procurement Act 2023 when it comes into operation (see below). More advanced technology is available that is increasingly being adopted in the public sector - by other local authorities, the NHS and central government. Such technology provides far more robust data and intelligence, supports the contract management lifecycle and automates a substantial range of work that is currently undertaken manually.

Recent work into contract assurance (supported by EY) has demonstrated that the Council is suffering value leakage through poor contract management. New technology and increased support (alongside the aforementioned changes to introduce best practice) will help the Council to save money and meet the Financial Challenge. World Commerce and Contracting estimate that poor contract management costs organisations as much as 8.6% of annual turnover. If the figure for the Council were only 1%, this would still equate to more than £11 million. Other public sector organisations have been able to demonstrate clear benefits from the adoption of new technology and greater focus on contract management.

PACS require increased staffing capacity to support the changes coming into force under the Procurement Act. These include onerous transparency requirements, such as the publication of a much larger range of public notices, publication of contract Key Performance Indicators and supplier performance metrics and several new procedures. Resource capacity is required to support these changes, train staff and support services to ensure they are compliant with the new legislation. Corporate support for contract managers is required to prevent value leakage, ensure the Council is getting what it is paying for, ensuring compliance with legislation and maintain good supplier relationships.

Social Value

- 13 The Social Value Act (2012) requires the Council to have regard to Economic, Social and Environmental well-being (**Social Value**) in connection with our contracts. Social Value involves looking beyond the price of each individual contract and looking at what the collective benefit to a community can be when a public body chooses to award a contract. It refers to wider financial and non-financial impacts of projects and programmes including the wellbeing of individuals and communities, social capital, and the environment.
- 14 The Council has been delivering additional Social Value through its contracting activity for many years and in 2016 signed up to the 'Leeds Social Value Charter'. Since 2020 we have:
- a) Adopted the National social value themes, outcomes and measures ("**TOMs**") framework, and amended it to fit specifically for Leeds (the "**Leeds TOMs**"); and
 - b) Included a constitutional requirement in the Council's Contract Procedure Rules to require incorporation of Social Value commitments in all contracts and detail the Social Value process.
- 15 Social Value Team - In order to support services further, PACS established a Social Value team in June 2023. Leeds is one of the only local authorities in the UK to have a designated Social Value team. As well as providing general advice and direction on how additional Social Value can be delivered in procurement and contracting activity, the team:
- supports the evaluation and monitoring of Social Value commitments (having previously been outsourced to a consultant);
 - has produced process documents and workflow charts to ensure consistency across directorates;
 - undertakes monthly pipeline meetings to discuss contracts that are due to go out to tender, to ensure that Social Values are considered;
 - has adopted a new social value platform for recording and monitoring social value commitments – Social Value Engine (the **Engine**). The team holds regular review strategy meetings with the Engine;
 - has trained over 200 officers and is currently planning training for commissioners that will be delivered over the next few months;
 - has worked with colleagues in Employment & Skills to use their skills and knowledge; and
 - is a regional point of contact and support for other authorities in the Yorkshire & Humber (see below).
- 16 Social Value Board - To facilitate and embed consideration of Social Value opportunities in procurement activity a Social Value Board of officers from services across the Council was established in 2019. The board has not met for some time, but will start to meet again from April 2024 with the mission to promote the inclusion of Social Value in procurement and contracting activity, and report on the outcomes achieved.

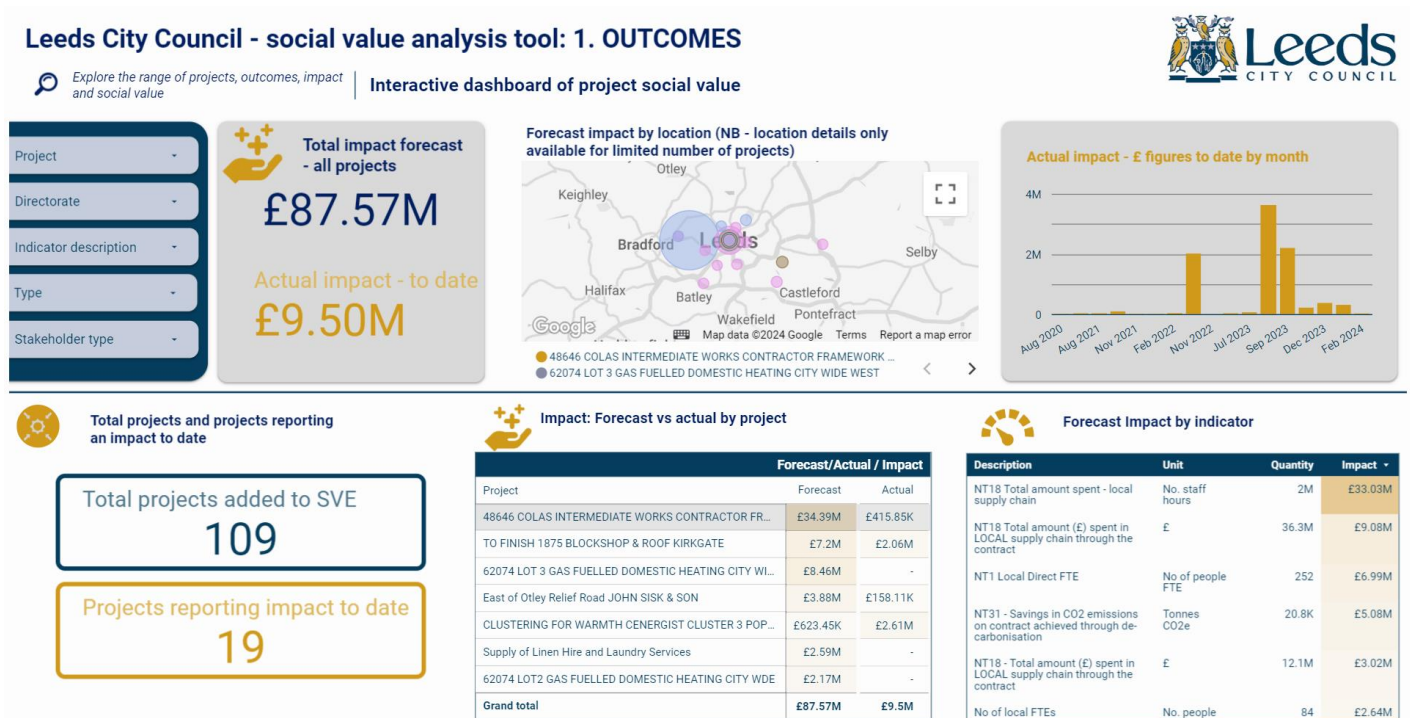
The board will meet on a quarterly basis to:

- Review and report Social Value outcomes;
- Review any lessons learned to action changes to the Social Value strategy;
- Discuss each directorate’s successes and any issues;
- Seek to identify specific areas of focus for Social Value commitments (bringing parties together).
- Forward planning.

17 Partnerships and Collaboration – The partnerships and collaborations that have been created over the last few years have been integral to the success we have seen in Leeds. Below is a summary of the joint working that has happened throughout our Social Value journey:

- The Council chairs the Social Value Regional subgroup to SPG. The meeting is attended by other local authorities in Yorkshire & Humber to discuss best practice and work collaboratively.
- We have built strong relationships with partners across the City such as the 3rd sector, community hubs, charities, and suppliers.
- The Social Value lead has attended workshops and webinars to present how Leeds City Council have implemented Social Values.
- Leeds have collaborated with partners to discuss how we can enable them to deliver Social Values successfully, for example within the insurance and IT sectors.
- Leeds was part of an Action Learning Set where we played a vital role of suggesting ways to make the Social Value Engine easier to use and more functionally appropriate for procurement professionals.
- Attended meet the buyer events to ensure that we are supporting suppliers and the supply chain.
- The Social Value Lead attends Community Committee Chair Forums alongside Councillors to consider where Social Value commitments are most needed.

18 Social Value Commitments and Reporting – There are currently 109 live contracts in the Engine with a total contract value of £377.57M and a cumulative additional Social Value commitments of £87.57M.



Source: Social Value Engine | Designed by www.jamesturne

19 Further Examples of Delivered Social Values - Prior to establishment of the Social Value team, our consultant supporting delivery and monitoring of Social Value reported delivered Social Value of £4,181,047.00. However, it was difficult to understand who was benefitting and where it was being delivered.

The work of the team and the information from the Engine allows us to clearly to identify where Social Values have been delivered, including in relation to:

- Local spend;
- Local direct employment hired on the contract;
- Hours of staff volunteering time to participate in local community projects;
- Total amount (£) spent through contract with local micro and small enterprises;
- Donations to community led initiatives.

Due to networking and building strong relationship across the city the team have been able to identify opportunities and deliver additional Social Values beyond existing contractual commitments. Please see some examples below:

- Leeds School Uniform Exchange – working with Zero Waste Leeds, the Social Value team contacted several suppliers in September 2023 to seek to support families across Leeds that may be forced into poverty due to buying school uniforms. One supplier kindly donated £5,000 to Zero Waste Leeds, and as a result Zero Waste Leeds have been able to form two new uniform exchanges and to buy the equipment they needed to successfully run their uniform exchanges. This means that more families across Leeds will not face uniform poverty.
- Armed Forces Event 21st July 2024 – the team was made aware that Armed Forces event needed donations and has obtained a £600 donation from a supplier to cover the buffet on the day.
- Armed Forces Children’s Activity Away Day – a £1,600.00 supplier donation has been made to support the day, along with the free use of a road sweeper.

20 EDI Reporting - Social Value encourages our suppliers to think about specific areas such as staff wellbeing, the impact their business is having on society and the environment. Many companies proactively conduct “EDI” activities which can range from Employment & Skills, Education, Environment, Promoting Social Innovation, Supporting Growth of Responsible Regional Business and Financial donations. Public sector procurement can harness this EDI activity as part of the additional Social Value it seeks to generate - promoting fairness, economic empowerment, and innovation. By integrating EDI into the procurement process, public sector organisations can build a diverse and inclusive supplier base, improve community relations, and enhance their reputation.

There are a variety of measures that ensure public money is not spent on practices which lead to unfair discrimination, and the following are areas we report on:

- Percentage of women (FTE) hired on the contract
- Percentage of employees (FTE) BAME hired on the contract
- Percentage of LGBTQ+ employees (FTE) hired on the contract
- Percentage of disabled employees hired on the contract because of a recruitment programme

We also seek to improve the overall value for money for the Council in terms of the goods, works and services procured through its supplier base by using our contracts to:

- increase the percentage of staff working on our contracts that are paid at least the relevant Real Living wage as specified by Living Wage foundation

- encourage contractors to adopt good employment practices
- seek to ensure modern slavery/human trafficking is not taking place within our supply chains
- deliver savings through procurement and the supply chain

The above measures are considered in the council's tender evaluations and contract managed in terms of its employment practices and service delivery.

- 21 Social Value in all Contracts – At present, while Social Value must be considered in respect of all the Council's contracting activity, in practice it is primarily focused on high value contracts (i.e. £100k plus) as it is not currently not practical to measure and monitor Social Value delivered through lower value contracts. Furthermore, a survey undertaken of all Council suppliers (i.e. not just larger contracts) in relation to Social Value, received only 13 responses out of over 2,000 survey recipients, suggesting disconnect between the majority of the Council's supply chain and a commitment to deliver social and economic value in Leeds.

The Social Value Fund has been developed and will be launched in 2024/25 in order to facilitate delivery of Social Value across all the Council's contracts. Any organisation (other than those that risk bringing the Council's reputation into disrepute) are able to contribute a modest annual fee to the Social Value Fund in exchange for a listing for their business on the Council's Social Value Fund Contributors webpage (providing contributors with access to a "backlink" of significant digital value).

All current suppliers of the Council will be invited to contribute but this will be optional. For future procurements, bidders will be entitled to a Social Value evaluation benefit if they have made a Social Value Fund contribution and the Council's standard T&Cs will require all contractors to make an annual Social Value Fund contribution. Social Value Fund contributions will then be utilised in proportion toward local and community initiatives supporting the Council's Best City Ambition and relating to the subject matter of contracts to which contributors are counterparties.

- 22 Support to Leeds Suppliers – We are currently developing proposals to provide direct, free, support to local SME's/VCSE's. In particular, this will include:
- a) engaging with potential local suppliers via a new comms and marketing plan;
 - b) providing potential suppliers with training, support and guidance regarding bidding for public contracts;
 - c) understanding barriers to bidding for Council contracts.

Procurement Act 2023

- 23 The Procurement Act 2023 received Royal Assent on 26th October 2023 and is expected to come into force from October 2024, having application to new procurement activity from the "go live" date. Further detail is anticipated throughout the year in the form of secondary legislation, statutory guidance, and "knowledge drops" and other training.
- 24 The Council has established a Procurement Act working group to consider implications of the new legislation for the Council and any necessary changes in working practices/policies, as well as ensuring that relevant staff have access to appropriate training. As noted above, the Source to Contract business case will seek approval for technical and resource proposals which will help respond to the Council's statutory obligations under the new legislation.

25 Key Changes:

- a) Procurement Processes – The current regulations detail 7 procurement processes that may be followed in particular circumstances, with varying degrees of complexity. These procedures are being reduced to 3 procedures, 2 of which (open and direct award) essentially reflect existing procedures. The third is a new "competitive flexible" process which allows authorities

to design their own proportionate procedure(s) to suit the particular circumstances. Clearly this flexibility has to potential to allow innovation in procurement, but the current lack of a legislative framework around this process means that the Council will need to very clear in its documentation precisely how any competitive flexible procedure operates. In order to ensure governance/control and efficiency in procurement processes, it is intended that we will develop a set of “approved” processes and relevant pro-formas, though with the potential to develop bespoke approaches on an exceptions basis with support from PACS.

- b) Notices – Currently notice obligations are focused on the commencement and conclusion of procurement activity. The new legislation seeks to achieve greater transparency in procurement and contracting, and requires various notices to be published throughout the whole contract lifecycle (including in relation to contract variations, termination and supplier performance). Active contract management will be essential to collect and report the necessary data, and suppliers will have an interest in what data is published and how it is presented.
- c) Contract Management – The current regulations include very little in relation to the operational phase of a contract. The new legislation includes obligations to publish a wide variety of notices and performance related data, and for contracts valued above £5m contracts must include at least 3 KPIs that are reported on annually and the contracts themselves must also be published. This presents an increased risk of challenge throughout the operation of the Council’s contracts, and requires the application adequate resource and oversight.
- d) Debarment – Current regulations already include mandatory and discretionary grounds for excluding suppliers. In addition, the new legislation provides for a central debarment list of all suppliers who have been excluded or are excludable. Discretionary grounds for exclusion include in relation to labour market misconduct, environmental misconduct and breach of contract/poor performance. Given the broader implications of debarment for the supplier, any decision to exclude a supplier will have to be well founded and may be contentious.
- e) Contract award/challenge – The opportunity for unsuccessful bidders to challenge under the new legislation is similar to the current position. However, the information that must be provided to bidders has been changed, and includes providing unsuccessful bidders with copies of the feedback provided to the successful bidder. While we already seek to ensure that any feedback is accurate and appropriate, this additional obligation underscores the need for diligence in this part of the process.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

26 Each of the matters detailed in this report seek to further improve the efficiency and effectiveness of the Council’s procurement and contract management function, in order deliver the key areas of the Council’s Procurement Strategy:

- a) Value for money, and efficiency
- b) Governance – legal compliance and managing risk
- c) Social Value and the Real Living Wage
- d) Commercial opportunities
- e) Supplier engagement and contract management.

What consultation and engagement has taken place?

- 27 Together with senior officers from across the Council, both the Leader and the Chair of Scrutiny Board participated in the LGA Peer Review which provided the recommendations that the matters detailed in this report respond to.
- 28 The P2P Review is the subject of Council-wide consultation as part of the Core Business Transformation Programme.
- 29 Seeking opportunities for procurement savings and improving contract management is subject of oversight by BCT: Financial Challenge, and feeds into the overall Council budget-setting process.
- 30 Regular consultation and engagement with the Executive Member takes place, and an annual procurement assurance report is provided to Corporate Governance and Audit Committee.

What are the resource implications?

- 31 As noted above, the procurement system currently in place is no longer considered fit for purpose, as it does not have the contract management capability the Council requires and will not fully support the requirements of the Procurement Act 2023 when it comes into operation. A business case will be presented to CBT Programme Board in April 2024 including proposals for a new system and additional resource to deliver improvements in contract management, greater efficiencies and value in Council spend, and compliance with the Council's new statutory obligations.

What are the legal implications?

- 32 While the P2P Review seeks to deliver improved efficiency and greater strategic value from procurement activity the current Procurement Strategy, CPRs and procurement tools and documentation meet all legal requirements.
- 33 The review and refresh of the Council's procurement systems and processes will ensure that they continue to be fit for purpose with a view to facilitating compliance by the Council with requirements of the new procurement legislation, as well as improving as efficiency. Similarly, improving contract management arrangements across the Council will also deliver benefits from a governance and compliance perspective.
- 34 This report is not eligible for call-in.

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

- 35 The systems and processes that form part of the Council's procurement framework are currently functioning well, however they include significant levels of manual processing and are inefficient, do not facilitate the improvements in contract management that the Council is seeking to embed and will not facilitate compliance with the new legislation. One of the aims of the P2P Review is to improve this.
- 36 One of the Strategy and Resources directorate risks relates to risk of procurement challenge, and it is anticipated that improving processes and systems will further reduce the risk of challenge. One of the actions identified as part of the wider P2P Review was development of a procurement risk register, which is now in place. Risks in relation to the procurement and operation of specific contracts are reported monthly to the City Solicitor, and are also subject to escalation within relevant directorates. There have been no formal challenges to procurement activity in the year to date, and work is continually undertaken to ensure the tender evaluation guidance is embedded through training and monitoring. Development of additional governance and oversight in relation to contract management will help to further manage risk during operational contract periods.

37 The Council will need to stay alert to impact of the Procurement Act 2023 as further secondary legislation, guidance and training becomes available. The Council will need to manage related risks by ensuring it has adequate resources to fulfil the new transparency requirements, and training and upskilling officers responsible for procurement and contract management.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

38 The Council's procurement function ensures that the Council is able to deliver the council's three Key Pillars.

39 Effective procurement activity supports the Council's ambitions of a strong economy and a compassionate city, and the Procurement Strategy is specifically drafted in response to the Best Council Plan. Individual procurements support most/all of the Council's priorities and breakthrough projects.

Options, timescales and measuring success

What other options were considered?

40 A "do nothing" option was considered and discounted. Options for the proposed new Source to Contract systems will be the subject of the upcoming business case, and a competitive procurement process. Developing contract management best practice has been the subject of significant research and consultation.

How will success be measured?

41 Success will be measured against "best practice", the number of procurement challenges and contract disputes received, and the Procurement Strategy KPIs.

42 The Social Value Engine dashboard provides contemporaneous reporting and data.

What is the timetable for implementation?

43 The Source to Contract business case will be submitted in April 2024, with a view to a new system being operational by 2025/26.

44 The Social Value board will be re-commissioned in April 2024.

45 The Contract Management Assurance Board will be established in July 2024, with relevant supporting processes to progress in the lead up to establishment.

46 Preparation for "go-live" in relation to the Procurement Act 2023 by October 2024 is ongoing.

Appendices

47 None

Background papers

48 None

Integrated Digital Services – Service Centre Performance

Date: 25 March 2024

Report of: Chief Digital and Information Officer

Report to: Scrutiny Board – Strategy & Resources

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report provides Strategy & Resources scrutiny board with an update on Service Desk performance and initiatives being introduced to improve the quality of the service provided.

This report seeks to reassure Strategy & Resources scrutiny board that lessons have been learned from the past and robust processes are embedded to ensure service performance is maintained.

Recommendations

Strategy & Resources Scrutiny board are requested to consider and note the positive assurances set out in this report.

What is this report about?

IDS Service Centre performance update and other initiatives

- 1 The effective performance of the IDS Service Centre underpins successful delivery of services to citizens, patients, visitors and businesses by the Council, Health, and other partners.

Following questions at Resources Scrutiny Board in September 2021, the performance of the Service Centre has been a reoccurring agenda item which provides details on the progress made to maintain and improve the delivery of its services.

Further detail is provided covering:

- a) Service Centre new structure and extended service offering
- b) New recruitment approach and onboarding process
- c) Service Centre performance levels for the past 24 months
- d) Future vision for Service Centre

What impact will this proposal have?

- 2 Amongst many tasks, every month the Service Centre answers circa 7400 telephone queries, handles approximately 1000 requests generated by customers via the self-service portal and triage 110 000 emails held in our filtering system. It is a busy team with 53 posts and a high rotation of staff; since 2020, 60 new staff have been recruited and trained. It is nearly a brand-new team of people.
- 3 As seen in 2021 for example, the performance of the team has always been very susceptible to drops in staffing numbers, recruitment, and training. Sustained staff shortages lead to an increase of workload for others and directly impact staff morale.
 - a) Appendix B illustrates how staffing levels drop quarterly due to internal progression and projects.
 - b) Recruitment has a double impact on staffing levels, as work to fill vacant positions is undertaken by existing Service Centre resources.
 - c) Staffing availability is also impacted during onboarding of new resources or training of existing ones as resources are trained by other members of the team.
 - d) Staffing availability can be impacted during major issues due to the increase of queries and the need for additional communications and internal administration.
- 4 Whilst staffing rotations are unavoidable, the Service Centre worked on ways to ease the impact of short-term staffing reductions when training and recruiting.
 - a) The structure of the Service Centre had been the same for about 20 years and did not allow the team to work more flexibly and provide a bespoke service to customers.
 - b) Recruitment has a double impact on staffing levels, as work to fill vacant positions is undertaken by existing Service Centre resources.
 - c) Staffing availability is also impacted during onboarding of new resources or training of existing ones as resources are trained by other members of the team.
- 5 Actions taken:
 - a) Earlier in the year, the Service Centre moved from a hierarchical organisational structure to a flat one with clearer roles and responsibilities for each job. This change of approach allowed the team to have a more dynamic approach to succession planning; it has improved communication and the relationship of staff across the team despite staff having different working patterns and working from home. It has also improved the team spirit whilst allowing us to be more responsive.
 - b) Advertising our extended hours to new applicants so that new staff are involved in providing cover for the out of hours Enhanced access service to ICB, GPs and LCC staff (this service was a statutory requirement which became live in October 2022)
 - c) Since the Service Centre recruits quarterly, there was a need for a rolling advert to advertise one of the key entry level positions. It aims to reduce the time it would take to release an advert each time we have a vacancy. Furthermore, the Service Centre have reviewed their job adverts to make them more current, more inclusive, appealing, and competitive. Service Centre vacancies are also advertised on several platforms to attract and increase visibility and enable the team to backfill faster.
 - d) Working with Generation UK to support our local community by allowing unemployed people into a life-changing career in IDS that would otherwise be inaccessible to them whilst maintaining a diverse team.

- e) The Service Centre have reviewed the approach and content of the training sessions so that new starters are able to work independently as early as 4 weeks into their training.
- f) The major incident process has been streamlined to reduce the amount of administration and reporting. It is now only focussed on council wide systems. Locally based systems have a streamlined version of the process. In addition to messages on the Service Centre phone lines and SharePoint site, major issues have also been communicated via the LCC Colleague Facebook page to make sure key information on council-wide systems is readily available to all staff on or off the network and reduce the impact to the Service Centre.
- g) A dedicated phone line as part of the Service Centre IVR for Assistive Technology users so that more resources can help underpin the service, reduce waiting times, and provide a like for like experience for all staff.
- h) The IDS daily operations scrum and the Service Centre performance reports have been automated to reduce manual input, repetition, error, improve the graphical interface, release resources, and save time. An extract can be seen in Appendix D.
- i) Maintaining staff moral and improving communication for a hybrid team are at the forefront of the day to day running of the Service Centre. This can be reflected in the buddy system where every junior colleague has access to a dedicated mentor as well as their manager. Team meetings take place twice monthly as well as team days that are packed with events to enable the team to update their technical skills, their soft skills and learn from one another.
- j) Celebrating the team's success is equally important. Customer feedback is gathered after every interaction with the team and compliments and complaints are fed-back to individuals. Compliments are emphasised with the whole team so that it is clear what a good job looks like. This year, the Service Centre Recognition Award was launched, it mirrored the council wide recognition award but was more relevant to the team. It helped the team celebrate their own success by nominating their managers and colleagues.
- k) The Service Centre run regular customer service and satisfaction surveys throughout the year. Most of the customers are keen to share their positive experiences and feedback for our agents which reflects how happy they are with the service offer. Results for these surveys are consistently high, as seen in Appendix C, with the team receiving an average of 4 or above out of 5 for the two main questions, also seen in Appendix C. This demonstrates the Service Centre's commitment to delivering excellent customer's experience and shows that, despite a high turnover of staff, the team are committed to training and always delivering excellent customer service.

6 Further planned actions

- a) Progress foundation work required to achieve the Service Centre automation ambitions including the introduction of chatbots to deal with queries.
- b) New tools including more self-service options will be investigated.
- c) Working with schools and colleges to increase visibility of our vacant positions and career opportunities including the Supported Internships program to allow young people with Special Education Needs to have a career in IT.

7 Future vision

- a) The IDS Service Centre is one of our main entry routes into an IT career with the Council, this is an ongoing key strand of our workforce plan to bring in new talent, provide training and skills so they are ready to move into other roles within IDS. We expect ongoing turnover and have many success stories of staff who started in our Service Centre and who have remained with us for many years building their careers.

- b) With the Service Centre proven success in staff retention and succession planning for IDS, more effort will be spent in advertising career opportunities using a variety of channels including engagement with schools, colleges, and the 3rd sector.
- c) In addition, our long-term vision for the Service Centre includes significantly more use of automation and bot technologies to simplify and speed up the service to customers. These technologies will allow the customer to self-serve and free up the IDS Service Centre staff to provide an enhanced offering on the phone, this could include training and guidance sessions on new technologies being deployed by IDS.

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

- Health and Wellbeing
- Inclusive Growth
- Zero Carbon

- 8 The delivery of robust ‘lights on’ support directly supports the three key pillars.
- 9 The combined team for Council and ICB directly supports the Health & Wellbeing agenda.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 10 The lead member for Resources is consulted and briefed on all key IDS initiatives.

What are the resource implications?

- 11 Management of IDS resource capacity is undertaken by IDS Prioritisation and Resource Allocation forum.

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

- 12 Resource availability – Work is managed through the Prioritisation and resource allocation forum where decisions can be made around the scheduling of work or the need to source additional capacity.
- 13 There is currently a freeze on all recruitment due to the financial challenge. If this remains in place for an extended period, due to the high turnover of staff in the Service Centre, this will start to impact on service performance.
- 14 Prioritisation of work – The Digital Board will review all potential requests for work and ensure that only those that are a priority are brought forward to IDS for consideration.
- 15 Effective provision of services from the IDS Service Centre directly link to corporate risk LCC15 – Major ICT failure.

What are the legal implications?

- 16 There are no specific legal implications relating to this report.

Options, timescales and measuring success

What other options were considered?

17 None

How will success be measured?

18 Ongoing review of KPI achievement – see Appendix A for detail.

19 Ongoing review of capacity available for Service Centre activities versus project support.

20 Staff progression and retention within IDS.

21 Continue receiving consistently high service result from customers' feedback.

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

22 Ongoing

Appendices

- Appendix A – Service Centre Key Performance Indicators (KPI)
- Appendix B – Service Centre SLA performance Quarter 2 2020 – Present
- Appendix C – Service Centre Customer Satisfaction survey results Oct 2021 – Nov 2023
- Appendix D – Service Centre Dashboard (Power BI)

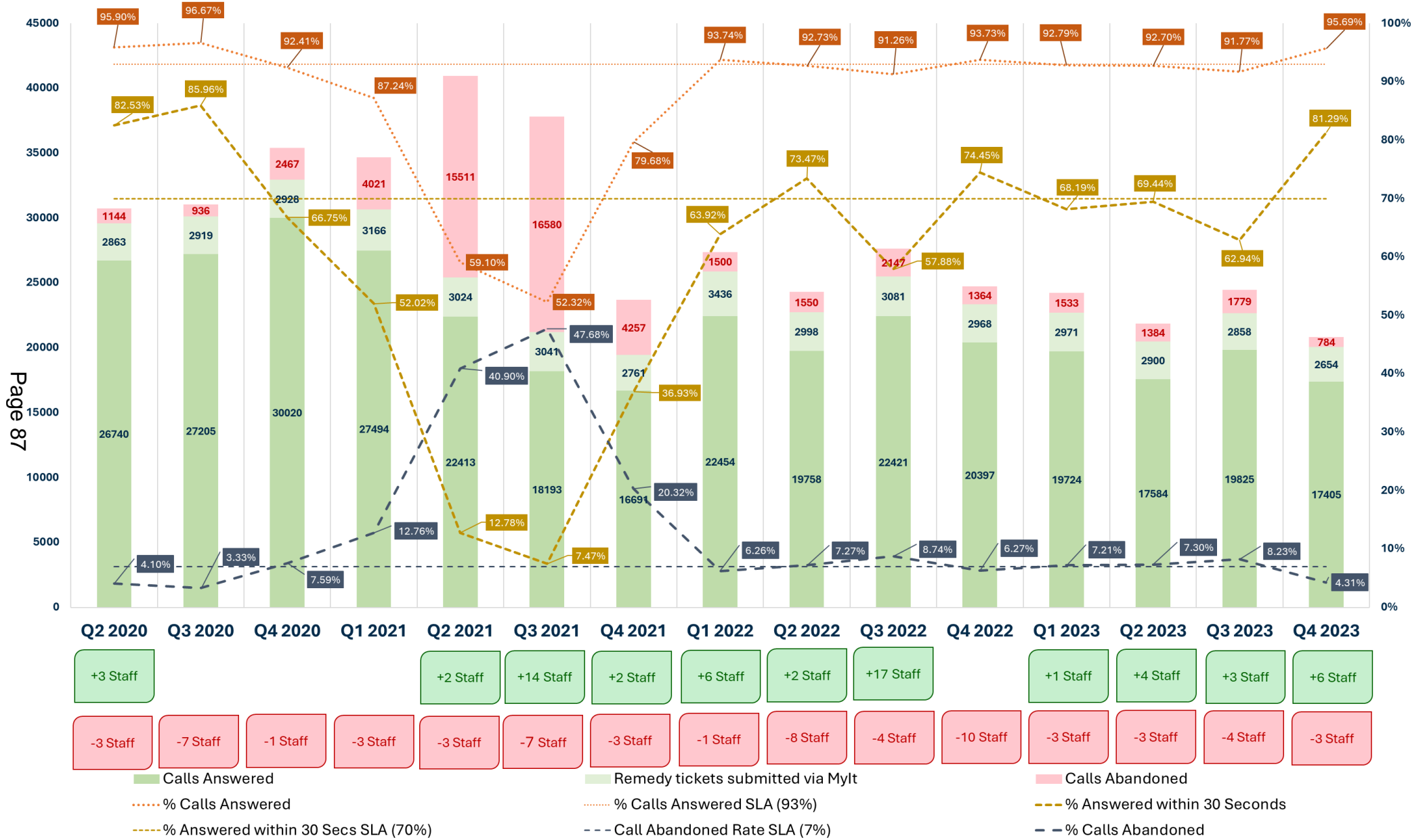
Background papers

- No

Appendix A – Service Centre Key Performance Indicators (KPI)

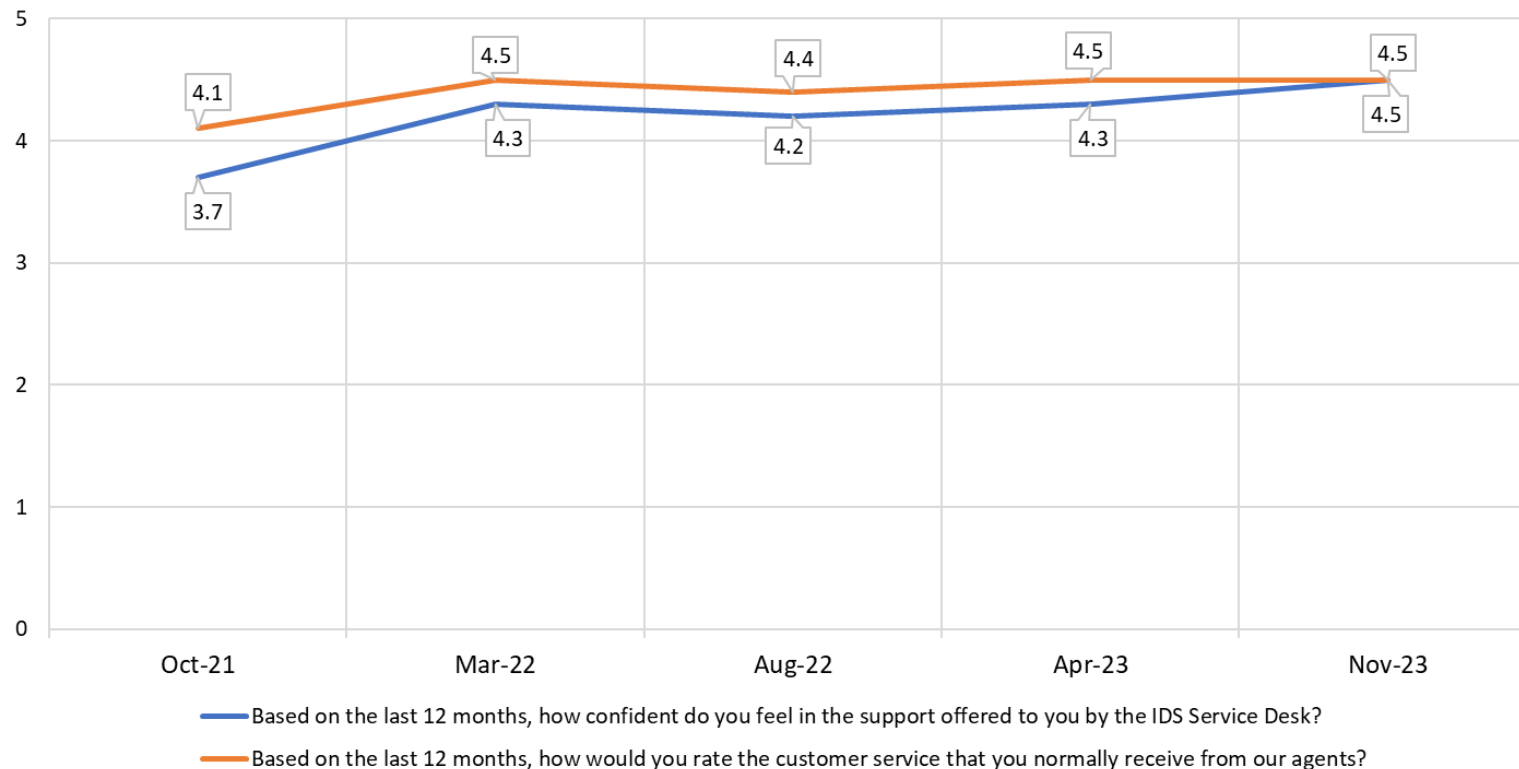
| Service Centre | Description | Target (per month) |
|------------------------------|--|---------------------------|
| Call Pickup Rate | % of incoming service centre calls answered within 30 seconds | 70% |
| Call Answer Rate | % of incoming calls answered without the customer abandoning prior to our agent pickup | 93% |
| Call Abandonment Rate | % of calls queued to an operator but abandoned prior to pickup | 7% |
| First Time Fix | % of calls resolved by an operator during the initial call | 70% |

Appendix B – Service Centre SLA performance Quarter 2 2020 – Quarter 4 2023



Appendix C – Service Centre Customer Satisfaction survey results Oct 2021 – Nov 2023

Customer Satisfaction Results: 2021 - Present (each question is measured out of 5)

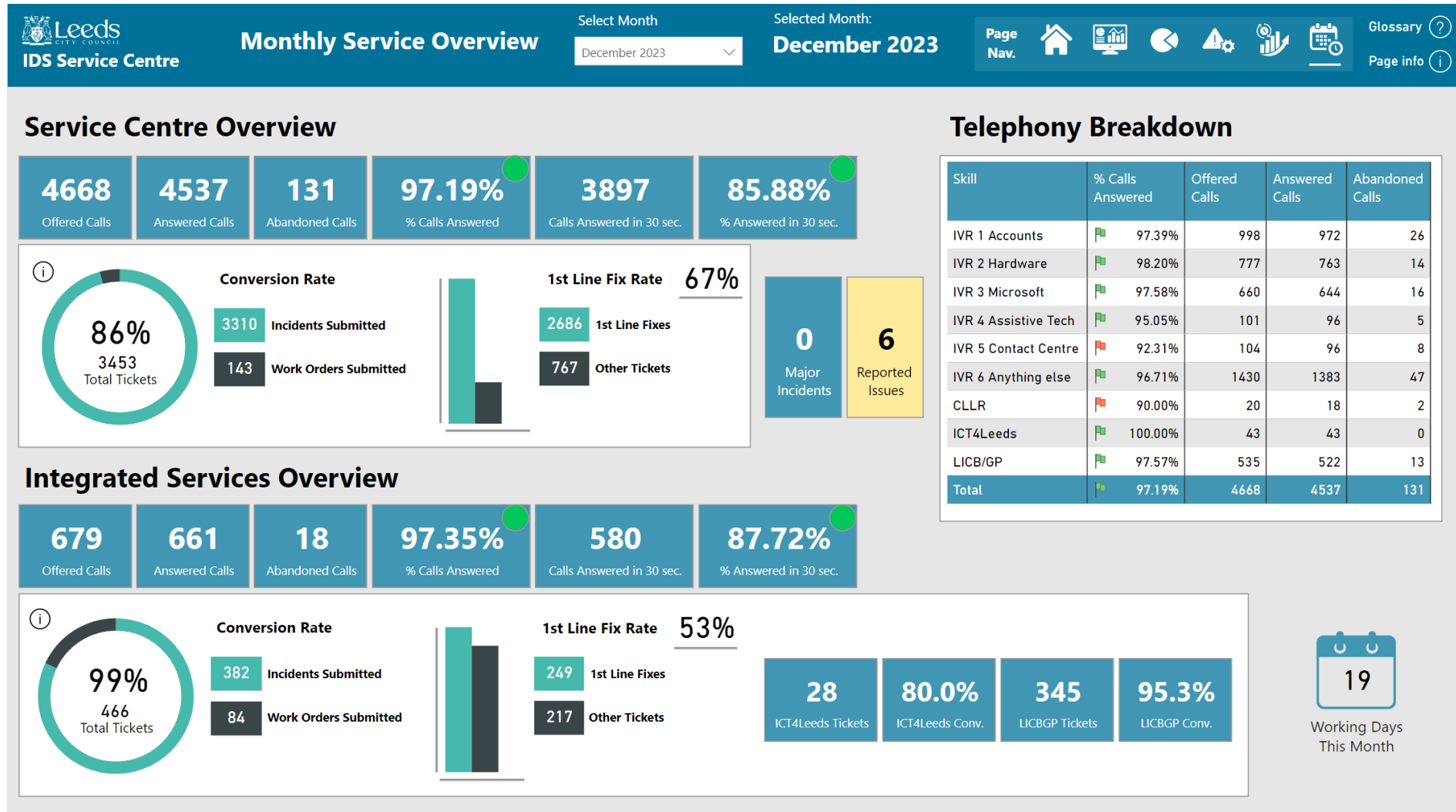


Full survey data:

| Period | Start Date | End Date | Duration (weeks) | Num of survey responses | Num of calls during period | % of replies |
|---------------|------------|------------|------------------|-------------------------|----------------------------|--------------|
| Oct-21 | 04/10/2021 | 08/10/2021 | 1 | 50 | 1034 | 4.84% |
| Mar-22 | 01/03/2022 | 25/03/2022 | 4 | 116 | 6550 | 1.77% |
| Aug-22 | 15/08/2022 | 26/08/2022 | 2 | 155 | 3478 | 4.46% |
| Apr-23 | 10/04/2023 | 28/04/2023 | 3 | 140 | 4292 | 3.26% |
| Nov-23 | 01/11/2023 | 30/11/2023 | 4 | 111 | 6574 | 1.69% |

Appendix D – Service Centre Dashboard (Power BI)

[Click here to access the Dashboard](#)



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Equality, Diversity and Inclusion (EDI) Scrutiny Statement Follow Up

Date: 25 March 2024

Report of: Head of Democratic Services

Report to: Strategy and Resources Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Scrutiny Board Strategy & Resources has received a number of reports on Equality, Diversity and Inclusion (EDI) dating back to municipal year 2020/21.

The work of the Board has supported ongoing work on EDI being undertaken by human resources linked to the Council's organisational values and behaviours which are aimed at helping everyone to be their best in the workplace and the commitment to treat people fairly.

The Board's interest in EDI has evolved to also include receiving direct feedback from the Council's staff networks to hear about their lived experiences working for the Council. This led to reports being brought to the Board in January 2022, December 2022 and February 2024 through which the networks were able to focus on challenges, successes and the future in respect of their areas of focus.

The latest report considered by the Board on 19 February 2024 contained a recommendation that asked the Board to consider a formal comment on the ongoing EDI work being carried out by the authority, through a Scrutiny Board statement that would reflect the Board's consideration of this issue. This recommendation was agreed and attached at Appendix 1 is a scrutiny statement for comment and approval.

Recommendations

Strategy and Resources Scrutiny Board is asked to:

- a) To comment on and approve the attached Scrutiny Board Statement on Equality, Diversity and Inclusion which can be found at Appendix 1.

What is this report about?

- 1 Equality, Diversity, and Inclusion (EDI) as an organisational priority has been given a clear focus in recent years. A concerted effort has been made to bring about positive change on this agenda for the organisation, across workforce and organisational priorities.
- 2 Throughout this process and dating back to the 202/21 municipal year the Strategy and Resources Scrutiny Board has received update reports on the work being carried out on EDI. This has included regular updates on workforce approaches and receiving input from the Council's seven staff networks, with a focus on lived experiences of those networks and their members.
- 3 As a result of this work an item was considered at the Board meeting held on 19 February 2024 through which it was agreed that the Board would produce formal comment on their work through a scrutiny board statement.
- 4 All of the Council's staff networks have now attended the Board on two occasions providing feedback on progress, challenges and future priorities and to pass on their lived experiences in working for the Council. This has included the Race Equality, Dawn, Carers, Women's Voice, Career Advancement, LGBT+ and Healthy Minds networks.
- 5 Appendix 1 to this report provides the scrutiny statement for comment and approval by board members.

What impact will this proposal have?

- 6 This item will enable the Board to provide views and formal comment on the Council's ongoing work on EDI reflecting past consideration and discussion at the meeting on 19 February 2024.
- 7 Following consideration of this report today, the Executive Board will consider the conclusions of the Scrutiny Board (Strategy and Resources) as set out in the appended statement. In line with Procedure Rules, the Executive is asked to provide a response indicating what action (if any) it proposes to take and to publish its response.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 Ensuring that staff from all backgrounds are treated fairly is a key and ongoing ambition of the Council. Having a content and productive workforce where staff feel valued and can bring their whole selves to work will contribute to the Council's approach to the Best City Ambition and the three pillars.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 9 The Strategy and Resources Scrutiny Board agreed to the production of scrutiny board statement at its meeting in February 2024.
- 10 Consultation and engagement on EDI is ongoing with the Chief Executive, Director of Strategy and Resources, CLT Executive Board Member for Resources and Council Leader in terms of development of EDI activity and the work that has taken place to date.

What are the resource implications?

11 There are no specific resource implications contained in this report.

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

12 This report has no specific risk management implications.

What are the legal implications?

13 This report has no specific legal implications.

Options, timescales and measuring success**What other options were considered?**

14 This report responds to an agreed recommendation made by the Board as such no alternatives were considered.

How will success be measured?

15 Not applicable.

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

16 Not applicable.

Appendices

- Appendix 1 – Strategy and Resources Scrutiny Board Statement: Workforce Equality, Diversity and Inclusion (EDI)

Background papers

- None

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Scrutiny Board Scrutiny Board (Strategy & Resources)

Scrutiny Board Statement: Workforce Equality, Diversity and Inclusion (EDI)



Strategy & Resources Scrutiny Board 2023/24



Cllr Gohar
Almass



Cllr Hannah
Bithell



Cllr Sharon
Burke



Cllr Andrew
Carter



Cllr Dianne
Chapman



Cllr Sam Firth



Cllr Tom
Hinchcliffe



Cllr Asghar Khan
(Chair)



Cllr Wyn
Kidger



Cllr Andy
Parnham



Cllr Eleanor
Thomson

Leeds City Council Workforce EDI

Background: The Strategy and Resources Scrutiny Board, chaired by Cllr Asghar Khan, has had a long standing focus on the Council's approach to Equality, Diversity and Inclusion (EDI) in the workplace and has considered a series of reports as part of its work programme since the 2020/21 municipal year. This interest evolved into a dual approach that has involved check and challenge on the Council's approach corporately to EDI and listening to lived experiences of staff at the Council by considering evidence from the Council's 7 staff networks. The lived experience focussed sessions took place in January and December 2022 and most recently on 19 February 2024. Through these each network has had two opportunities to set out their views on the Council's approach to EDI and the progress made to ensure everyone is treated fairly in the workplace and has an opportunity to progress and succeed at the Council.

Attendees: Alongside Scrutiny Board members, the following attendees were present at the meeting on 19 February 2024:

- Tom Riordan, Chief Executive
- Mariana Pexton, Director of Strategy and Resources
- Andy Dodman, Chief Officer – HR
- John Ebo, Head of HR – EDI
- Vanessa Wenham, Freedom to Speak Up Guardian (FTSUG)
- Cllr Debra Coupar, Executive Member for Resources
- Kat Denvir, LGBT+ Network Lead
- Terry Pycroft, DAWN Network Lead
- Maisie Roberts, DAWN Network
- Lydia Anchen, Women's Voice Network Lead
- Carole Gentles, Race Equality Network Co-Chair
- Hayley Lloyd-Henry, Race Equality Network Co-Chair
- Mej Chaudhry, Carers Network Lead
- Helen Saunders, Healthy Minds Network Lead
- Sasha Walton, Career Advancement Network Lead

Recommendation: The Executive Board is asked to consider the conclusions of the Scrutiny Board (Strategy and Resources) as set out in this report. In line with Procedure Rules, the Executive is asked to provide a response indicating what action (if any) it proposes to take and to publish its response.

Key Conclusions

1

The Networks — Staff Networks are playing a valuable and valued role within the Council providing a range of activities and events, influencing policy and check and challenge on the activity of the authority as it implements new EDI initiatives and seeks to create a more representative workforce. The Board welcomes the commitment to support the work of the networks through measures such as ensuring allocated facility time for network leads, where capacity and business requirements allow, and believes the networks should continue to contribute to this agenda by playing a lead role in areas such as the recruitment task and finish group. Understanding the lived experiences of colleagues is a key aspect of this work and will underscore the positive feedback received from, for example the staff survey.

2

Digital Divide — Subject to the ongoing financial challenge, for change to reach all areas of the Council's workforce more work needs to be done on bridging the digital divide to facilitate more input and the sharing of new initiatives and approaches with frontline staff, some of whom do not have regular access to IT equipment. It is recognised that some services do this well and there are ongoing efforts to bridge the digital divide through face to face events and more engagement with staff generally. However, the development and deployment of new opportunities through the Core Business Transformation Programme is welcomed but needs to be delivered as quickly as possible to facilitate this. For example, the development of a new app to be used on personal mobile devices could be a significant step forward.

3

Data — There has been good progress in terms of data, monitoring and benchmarking not least development of the Leeds City Council EDI Data Dashboard. Use of data could be taken a step further, within the resource envelope available, and used to benchmark the Council against other organisations, where comparison is available, to address specific asks by some of the staff networks such as the Women's Voice and Race Equality networks. Enhanced use of data will also enable the Authority to more clearly measure success and progress in the future.

4

Organisational Culture — The establishment of the Freedom to Speak Up Guardian (FTSUG) role is a significant step in terms of developing a freedom to speak up culture within the Council. Progress has clearly been made, set against a challenging financial backdrop, but it is noted that there is more to do on culture and the Board would be keen to receive a further report on this in the next municipal year to facilitate check and challenge on culture and the progress that has been made.

5

Impact of Training — The 'Be Your Best' Manager Training Programme, targeting 2,200 appraising managers has contributed to significant progress on EDI through the 5 step mandatory training programme and should be commended. Whilst noting that managers are accountable for sharing this practice within their teams, and the positive responses received on EDI in the most recent staff survey, the Board would be interested in understanding the difference the training programme has made to practice 'on the ground' and whether it has impacted in areas such as number of grievance cases or other measurable data.

6

Aspiring Leaders— The Board welcomes the Aspiring Leaders Programme and in particular the use of data to inform the programme and where it should be targeted, in terms of under represented groups at senior levels of management. It is noted that this is not a 'job guarantee scheme' but would be interested to receive an update on the success of the 18 month programme once it completes in 2026.



Summary of Issues Considered by the Scrutiny Board

Consideration of EDI by the Board

Strategy and Resources Scrutiny Board has considered Equality, Diversity and Inclusion issues for a number of years initiated by a report in February 2021 that responded to the Black Lives Matter Movement and the disproportionate impact of the Covid-19 pandemic on ethnically diverse communities. The interest of the Board evolved into consideration of a range of issues including the Joint Race Equality Action Plan 2021-23, the Disability and Carers Equality Action Plan 2021-23 and hearing direct feedback from staff networks on their members' lived experiences working for Leeds City Council.

These lived experience sessions took place in January and December 2022 and then most recently in February 2024 and have provided staff networks with two opportunities to provide feedback to the scrutiny board and senior officers of the Council including the Chief Executive. In addition to this the Board has considered an item on the Council's workforce approach to EDI in March 2023 to facilitate check and challenge of the approach and overall journey the Council is on in terms of its approach to EDI.

Financial Challenge

This work has been carried out during a time of significant financial challenge with a shrinking financial envelope and reducing staffing resources to implement the agenda. Given these circumstances the Board welcomes the progress that has been made and believes that the ongoing work adds significant value to the Council in terms of employee satisfaction which in turn could positively impact sickness rates, enhance productivity and reduce employee dispute through process such as grievance.

Throughout consideration of these issues the Board has been aware of the impact of budgetary challenge on this policy approach and that it is a potential limiting factor in terms of available staff resource within Human Resources to support the programme. Despite this it is also noted that significant progress has been made and this is backed up by the comments made by the staff networks and how they have been able to impact policy and provide challenge in an open and transparent environment.

Wider EDI Issues Considered

In addition to the conclusions reached The Board has considered and provided comment on a range of issues, including a number of significant developments in recent years, the following briefly summarises these:

- The term 'BAME', when the staff networks first attended the term 'BAME' was still widely used. Board members were keen for this to change and noted that point during consideration of these items. As a consequence this term has now been replaced and although not directly connected, the BAME staff network is now known as the Race Equality Network.



Summary of Issues Considered by the Scrutiny Board

- The Zero-tolerance policy approach to racism was developed during consideration of these issues at scrutiny and received support from the Board as a key area for development and implementation.
- Support for the provision of individual budgets for each staff network to support their activity.
- Consideration and backing for the development of Mental Health First Aiders and the Mental Health First Aiders conference and the work of the Healthy Minds network in targeting an issue that contributes significantly to staff absence.
- Consideration and support for the development of the five key workforce themes on EDI: Recruitment and initial welcome; Progression; Training for staff and managers; Speaking up and zero tolerance; Data and monitoring.
- The review of the Grievance Procedure in 2022 and the four themes that emerged:
 - ⇒ Timeliness – acting quicker and earlier to resolve conflict and reduce time taken to complete the process.
 - ⇒ Accountability – actively demonstrate, evidence and report on positive change.
 - ⇒ Behaviours – managers to provide stronger leadership at service and local levels to tackle behaviours in a timely manner.
 - ⇒ Consistency of approach – ensuring consistency across the organisation in discharging our duty of care as well as ensuring due process.
- Understanding of data on the Council's workforce and comparison with Census data for Leeds to understand whether the workforce is representative of the Leeds population and providing check and challenge in areas where there is more to do.
- Regular updates and check and challenge of the Be Your Best Manager EDI training programme.

Other Contributors

The attendance from the February 2024 meeting is noted at the front of this statement but it is also important to note that other key contributions from:

Cllr James Lewis, Leader of Council

Cllr Mary Harland, Executive Member for Communities

Comment from the Chair

Cllr Asghar Khan, Chair of the Strategy and Resources Scrutiny Board, said:

“The diversity found in communities across Leeds is one of our city’s strengths and we should be proud of the work we are doing to ensure that the Council’s workforce represents that diversity. We have heard from our staff networks about their lived experiences working for the Council and their contributions have highlighted that whilst we have made progress there is still more work to do on EDI and tackling inequality. Lastly, I would like to thank everyone who has contributed, we have heard from colleagues at all levels right up to senior leadership and I think this has shown that EDI is still a work in progress but that it is at the centre of our workforce strategies and plans.”

Strategy & Resources Scrutiny Board

Focusing on the council's central strategic and regulatory functions, including financial services, human resources, digital and information services, elections, registrars, licensing, local land charges and council tax processing. The Board will also oversee cultural related activities to deliver the city's cultural ambitions.

More information about Leeds City Council's Scrutiny Service, along with the activity and membership of individual Scrutiny Boards, can be found on the Council's committee webpages.

You can also follow @ScrutinyLeeds on X.



2023/24 Scrutiny Board Summary

Date: 25 March 2024

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy & Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Article 6 of Leeds City Council's Constitution states that the Head of Democratic Services, as designated Scrutiny Officer, will provide an annual report to Council setting out how the authority has carried out its overview and scrutiny functions during the preceding twelve-month period. As such this year's Annual Report will collate highlights of the work of all five Scrutiny Boards over 2023/24.

To complement the Annual Report, each Scrutiny Board also produces an end of year statement. This provides details of the full work programme for each Scrutiny Board for the last municipal year, with links to the associated agenda packs, minutes and webcast recordings. The document also includes a statement from the relevant Scrutiny Chair reflecting on the key priorities for the Scrutiny Board over the last year.

The 2023/24 summary for the Scrutiny Board (Strategy & Resources) is appended to this report. Once it has been approved by members it will be published on the Council's website.

Recommendations

- a) Members are asked to note the appended 2023/24 end of year statement for the Scrutiny Board (Strategy & Resources) and, subject to any agreed amendments, approve its publication.

What is this report about?

- 1 The appended report summarises the 2023/24 work programme for the Scrutiny Board (Strategy & Resources), providing links to the associated agenda packs, minutes and webcasts. It also includes a statement from the Scrutiny Chair, which highlights the issues that have been priorities for the Scrutiny Board over the last municipal year.

What impact will this proposal have?

- 2 It is intended that the detail in the appended summary will complement the Annual Report to Council, which will bring together highlights from all five Scrutiny Boards during 2023/24.
- 3 The appended statement illustrates how the Scrutiny Board (Strategy & Resources) has operated within its Terms of Reference and in the context of the [Vision for Scrutiny](#) to add value to the organisation.
- 4 Items reflected in the work programme illustrate how the Scrutiny Board has assisted with the development of the Budget and Policy Framework, monitored progress against key performance indicators, analysed proposed Council policy, and provided 'critical friend' challenge to decision makers. The work programme further reflects engagement with Executive Members, senior Leeds City Council officers and representatives from partner organisations.
- 5 Where the Scrutiny Board has made recommendations to the Executive Board, Council and/or other committees these can be accessed via the links included in the schedule. In line with the requirements of the Budget and Policy Framework, this has included a contribution to the composite Scrutiny Statement on the Budget, as provided to Executive Board in February 2024.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 6 All Scrutiny Boards aim to ensure that they add value through engagement in programmes of activity that reflect the three pillars of the Best City Ambition. Within this context the appended report sets out the items of business conducted by the Board in 2023/24.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 7 During 2023/24 the Board has aimed to add value through a member led process of examination and review, involving engagement with a range of stakeholders. The nature of such engagement has varied depending upon the issue under consideration – full details are available via the links in the appended statement.

What are the resource implications?

- 8 There are no resource implications associated with this report.

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

- 9 The appended report provides a summary of work already undertaken and therefore presents no risks that require management.

What are the legal implications?

10 There are no legal implications associated with this report.

Options, timescales and measuring success

What other options were considered?

11 It has previously been agreed with Scrutiny Chairs that an end of year statement will be produced for individual Scrutiny Boards to complement the publication of the Annual Report to Council.

How will success be measured?

12 The appended report summarises the activity of the Scrutiny Board during 2023/24.

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

13 All five Scrutiny Boards will be asked to approve their respective end of year statements at the final public meetings of the 2023/24 municipal year.

14 Once the five statements have been approved, they will be published on the [Leeds City Council website](#).

Appendices

- Appendix 1 - End of Year Statement – Scrutiny Board (Strategy & Resources)

Background papers

- None

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Strategy & Resources Scrutiny Board

Year End Summary: 2023/24



Scrutiny at Leeds City Council



Purpose

Scrutiny is nationally recognised as an integral part of the improvement landscape for local government and forms part of governance arrangements for councils and some other local statutory bodies.

Terms of Reference

The Terms of Reference that are applied to all Scrutiny Boards are set out in Leeds City Council's Constitution. The variations in the Scrutiny Boards' remits, together with any special responsibilities, are captured within Article 6 of the Constitution.

Article 6 also sets out the Council's agreed 'Vision for Scrutiny'.

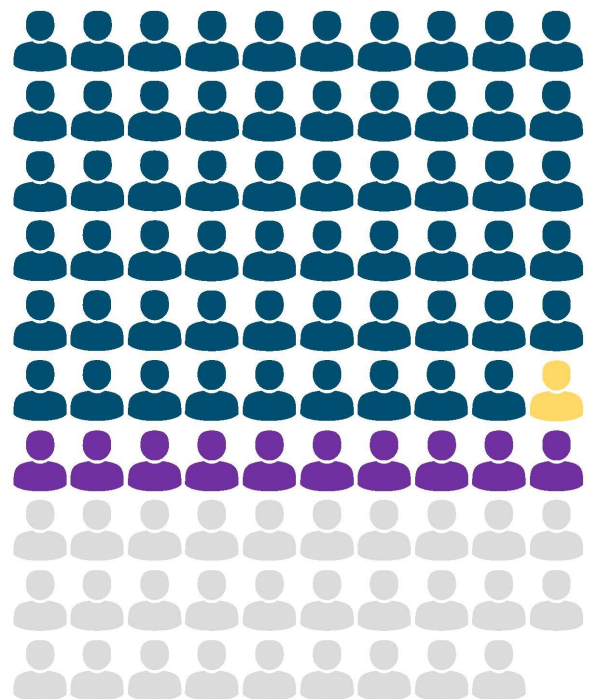
Transparency & Accountability

Scrutiny Boards usually meet in public, holding key decision makers to account, as well as providing 'critical friend' challenge and support for public service improvement and policy development.

Membership

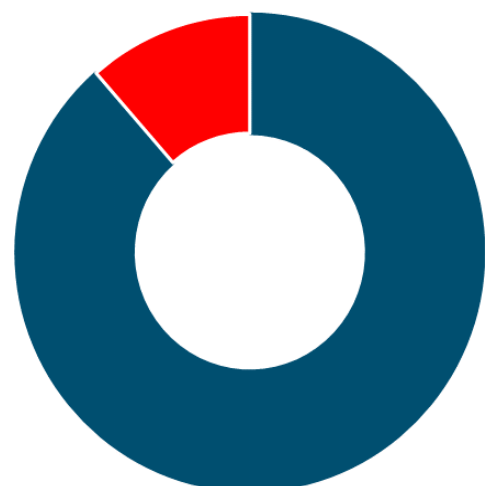
Membership of all Scrutiny Boards broadly reflects the political balance of the Council and cannot include members of the Council's Executive.

There is provision for Scrutiny Boards to appoint additional Co-opted Members.



Councillors who are members of a Scrutiny Board

Scrutiny Board Membership



■ LCC Councillor ■ Co-Opted

Strategy & Resources Scrutiny Board 2023/24



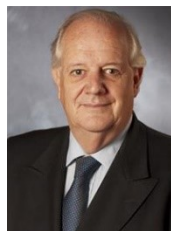
**Cllr Gohar
Almass**



**Cllr Hannah
Bithell**



**Cllr Sharon
Burke**



**Cllr Andrew
Carter**



**Cllr Dianne
Chapman**



**Cllr Sam
Firth**



**Cllr Tom
Hinchcliffe**



**Cllr Asghar
Khan (Chair)**



**Cllr Wyn
Kidger**



**Cllr Andy
Parnham**



**Cllr Eleanor
Thomson**

Strategy & Resources Scrutiny Board

Focusing on the council's central strategic and regulatory functions, including financial services, human resources, digital and information services, elections, registrars, licensing, local land charges and council tax processing. The Board will also oversee cultural related activities to deliver the city's cultural ambitions.

Completed Work Schedule for the 2023/24 Municipal Year

Each Scrutiny Board schedules eight formal meetings throughout the course of a municipal year. The Local Government Act 1972 requires formal meetings to be held in person to enable members of the public to be admitted as observers wherever the meeting is being held. To further promote access and engagement, formal meetings are also webcast.

In addition, the Scrutiny Board may choose to carry out additional work using alternative methods including site visits, working groups and remote consultative meetings (consultative sessions do not constitute formal meetings but do enable public access via a webcast).

The completed work schedule of the Scrutiny Board (Strategy & Resources) for the 2023/24 municipal year has been provided as part of this summary. This presents an overview of all meetings held throughout the year and the work items considered at each meeting. The work schedule also includes links to the agenda papers, minutes and webcast recordings of the Scrutiny Board's publicly accessible meetings.



Strategy & Resources Scrutiny Board

Statement from the Chair



In municipal Year 2023/24 we have focused on a number of core areas within our remit, Human Resources, staff well-being and mental health, the Best City Ambition 2024 Update, people management and organisation strategies, the Staff Survey findings, Equality, Diversity and Inclusion (EDI), procurement, budget management and financial challenge, Electoral Services, customer contact, culture and the Leeds 2023 Year of Culture and the follow up from the LGA Peer Challenge.

It has been a busy year, and in my first year as Chair of this Board it has highlighted the commitment of our staff and the hard work that goes on to deliver against the Council's ambitions whether that is on the frontline or in services that operate in the background providing equally valuable support services and ensuring that, for example, our budgetary position is sustainable and robust.

Through our work on the budget and the Medium-Term Financial Strategy it has become increasingly clear that the financial challenge we have faced for a number of years is an almost ever present in the issues we deal with. Reduced budgets mean reduced staffing and the reduced financial envelope means that the Council is having to re-think how and what services it delivers. Wider cost pressures through inflation have made this situation even more challenging and it is really heartening that despite this challenge we continue to deliver services prioritised at the most vulnerable in the city and that we continue to do such good work in areas such as equality, diversity and inclusion and supporting our staff to be the best they can be when working for the Council.

The scrutiny function has a variety of roles in terms of performance monitoring, conducting pre-decision scrutiny and policy and service reviews but our overall aim is to provide critical friend challenge to the Executive. To make sure that as far as possible we are getting things right for Leeds residents. Our work on the 2024/25 budget highlights this along with the scrutiny statement on the Council's approach to Equality, Diversity and Inclusion and our work on the Best City Ambition Update. Through these, and our wider work, we hope to add value to the work of the authority and provide check and challenge through detailed scrutiny of policy and performance.

We also continue to engage with external partners where appropriate and when are our Work Programme requires. In 2023/24 we did this through our consideration of Leeds 2023 updates and an item on West Yorkshire Joint Services. I remain committed to engaging with external partners and participants where appropriate and where value can be added.

The Board would not be as effective without the support of officers at all levels, Executive Board Members and key partners and I would like to put on record the Board's thanks for their regular contributions.

Lastly, I would like to thank my fellow Board members who have been committed to our work programme and made excellent contributions to Board meetings. It has been a pleasure to Chair the Board and I am proud of the work we have done in 2023/24.

Councillor Asghar Khan

Strategy and Resources Scrutiny Board Chair



Strategy & Resources

Scrutiny Board

Work Programme 2023/24

| June | July | September |
|---|---|--|
| <u>Agenda for 19 June 2023 at 10.00 am</u> | <u>Agenda for 17 July 2023 at 10.00 am</u> | <u>Agenda for 18 September 2023 at 10.00 am</u> |
| Scrutiny Board Terms of Reference / Sources of Work / Co-opted members reports Performance Report Organisation Plan (Pre-decision Scrutiny) | Leeds 2023 Progress Update People Management Update Financial and Treasury Management Outturn | Electoral Services Update – 2023 Election Review/Postal Voter Validation Staff Survey Analysis Office for Local Government (OFLOG) |
| Additional Sessions | | |
| | | |

| October | December | January |
|---|--|---|
| <u>Agenda for 16 October 2023 at 10.00am</u> | <u>Agenda for 11 December 2023 at 10.00am</u> | <u>Agenda for 15 January 2024 at 10.00am</u> |
| Medium Term Financial Strategy Financial Health Monitoring 2023/24 Best City Ambition Attendance Management and Mental Health Well Being | West Yorkshire Joint Services Update Customer Contact – Performance Update LGA Peer Challenge – Progress Review Annual Corporate Risk Management Report | Performance Report Financial Health Monitoring 2023/24 <u>The Proposed Budget 2024/25 and Provisional Budgets for 2025/26 and 2026/27</u> Best City Ambition |
| Additional Sessions | | |
| | Working Group: 2024/25 Initial Budget Proposals: 20 December 2023 | |



Strategy & Resources

Scrutiny Board

Work Programme 2023/24

| February | March | |
|---|--|--|
| <u>Agenda for 19 February 2024 at 10.00 am</u> | <u>Agenda for 25 March 2024 at 10.00 am</u> | |
| Equality, Diversity and Inclusion – Corporate Approach & Staff Networks – Feedback Leeds 2023 Update | Financial Reporting 2023/24 (Performance Monitoring) Procurement Update (Performance Monitoring) IDS Helpdesk (Performance Monitoring) <u>Scrutiny Statement – Equality, Diversity and Inclusion (EDI) (Policy/Service Review)</u> Strategy and Resources Scrutiny Board End of Year Summary Statement | |
| Additional Sessions | | |
| | | |

More information about Leeds City Council's Scrutiny Service, along with the activity and membership of individual Scrutiny Boards, can be found on the Council's committee webpages.

You can also follow @ScrutinyLeeds on X.



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Work Programme

Date: 25 March 2024

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy & Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The report sets out the draft 2023/24 work programme for the Scrutiny Board (Strategy & Resources) and reflects initial views from Board members at the June 2023 Board meeting and through subsequent consideration of work programme reports at each public meeting.

All Scrutiny Boards are required to determine and manage their own work programme for the municipal year. In doing so, the work programme should not be considered a fixed and rigid schedule, it should be recognised as a document that can be adapted and changed to reflect any new and emerging issues throughout the year.

The Scrutiny Board Procedure Rules also state that, where appropriate, all terms of reference for work undertaken by Scrutiny Boards will include 'to review how and to what effect consideration has been given to the impact of a service or policy on all equality areas, as set out in the Council's Equality, Diversity and Inclusion Scheme.'

Members will be invited to review and discuss the work programme at each public Scrutiny Board meeting that takes place during the 2023/24 municipal year.

Recommendations

Members are requested to:

- a) consider and discuss the Scrutiny Board's work programme for the 2023/24 municipal year.
- b) note the draft meeting dates for 2024/25
- c) agree the items to be recommended to the successor board in the 2024/25 municipal year

What is this report about?

- 1 A draft work programme for the Strategy & Resources Scrutiny Board is presented at Appendix 1 for consideration and discussion. Reflected in the programme are known items of scrutiny activity, including performance and budget monitoring and identified Budget and Policy Framework items.
- 2 Under the Sources of Work agenda item considered at the 19 June 2023 meeting of the Board initial views on work programming were put forward by Board Members, Executive Board Members and comments were also heard from senior officers. In addition, discussion at subsequent Board meetings under this item are reflected in Appendix 1.
- 3 The latest available Executive Board minutes from the meetings held on 7 February 2024 are provide at Appendix 2 to enable Board Members to highlight any items for future consideration by the Board. The minutes of the Executive Board meeting held on 13 March 2024 were unfortunately not available at the time of publication of these papers.
- 4 Some adjustments have been made to the Work Programme that impact today's meeting agenda. The Digital Strategy Update item will now be delayed to the 2024/25 municipal year and its place an item following up on the Board's work on equality, diversity and inclusion (EDI) has been programmed in. This item provides a scrutiny statement for board consideration and approval on the work that has been done on EDI and reflecting past consideration of these issues dating back to the 2020/21 municipal year.
- 5 As highlighted at the Board meeting in February a number of items remain of interest to the Board and it is proposed that those that are not considered as part of today's agenda are recommended to the successor board for consideration in 2024/25. These items are as follows:
 - Digital Strategy Update
 - Employee Mental Health and Well Being Update
 - EDI & Consultation
 - Election Update
- 6 This is the final time the work programme will be considered in the 2023/34 municipal year and reflects the work carried out by the Board in the municipal year. In consultation with the Chair the following draft meeting dates have been agreed for the 2024/25 municipal year for board members consideration:
 - Monday 17 June at 10.30AM
 - Monday 22 July at 10.30AM
 - No Meeting in August
 - Monday 16th September at 10.30AM
 - Monday 14th October at 10.30AM
 - No Meeting in November
 - Monday 9 December at 10.30AM
 - Monday 13 January at 10.30AM
 - Monday 17 February at 10.30AM
 - Monday 17 March at 10.30AM
- 7 There will be a pre-meeting scheduled for 10.00AM to support these meeting dates.

- 8 The planned site visit to the Council’s Contact Centre unfortunately had to be cancelled due to technical issues impacting the office where the service is based. This will be rescheduled for a later date which will be communicated to members once it is available, or consideration will be given to a visit in the new municipal year to follow up on the positive item that the Board considered on the Contact Centre in December 2023.

What impact will this proposal have?

- 9 All Scrutiny Boards are required to determine and manage their own work programme for the municipal year.

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

- Health and Wellbeing Inclusive Growth Zero Carbon

- 10 The terms of reference of the Scrutiny Boards promote a strategic and outward looking Scrutiny function that focuses on the priorities in the Best City Ambition.

What consultation and engagement has taken place?

| |
|---|
| Wards affected: |
| Have ward members been consulted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

- 11 To enable Scrutiny to focus on strategic areas of priority, it is recognised that each Scrutiny Board needs to establish and maintain an effective, early dialogue with relevant Directors, senior officers and Executive Board Members.
- 12 The Vision for Scrutiny also states that Scrutiny Boards should seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources prior to agreeing items of work.
- 13 The Board’s Work Programme is the subject of consultation with Board members at each public meeting and is subject to input from relevant Directors, senior officers and Executive Board Members both early in the municipal year and on an ongoing basis.

What are the resource implications?

- 14 Experience has shown that the Scrutiny process is more effective and adds greater value if the Board seeks to minimise the number of substantial inquiries running at one time.
- 15 The Vision for Scrutiny, agreed by full Council also recognises that like all other Council functions, resources to support the Scrutiny function are under considerable pressure and that requests from Scrutiny Boards cannot always be met.
- 16 Consequently, when establishing their work programmes Scrutiny Boards should:
- Seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources;
 - Avoid duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue;
 - Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.

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

17 This report has no specific risk management implications.

What are the legal implications?

18 This report has no specific legal implications.

Appendices

- Appendix 1: Draft work programme 2023/24
- Appendix 2: Minutes of the Executive Board meeting held on 7 February 2024

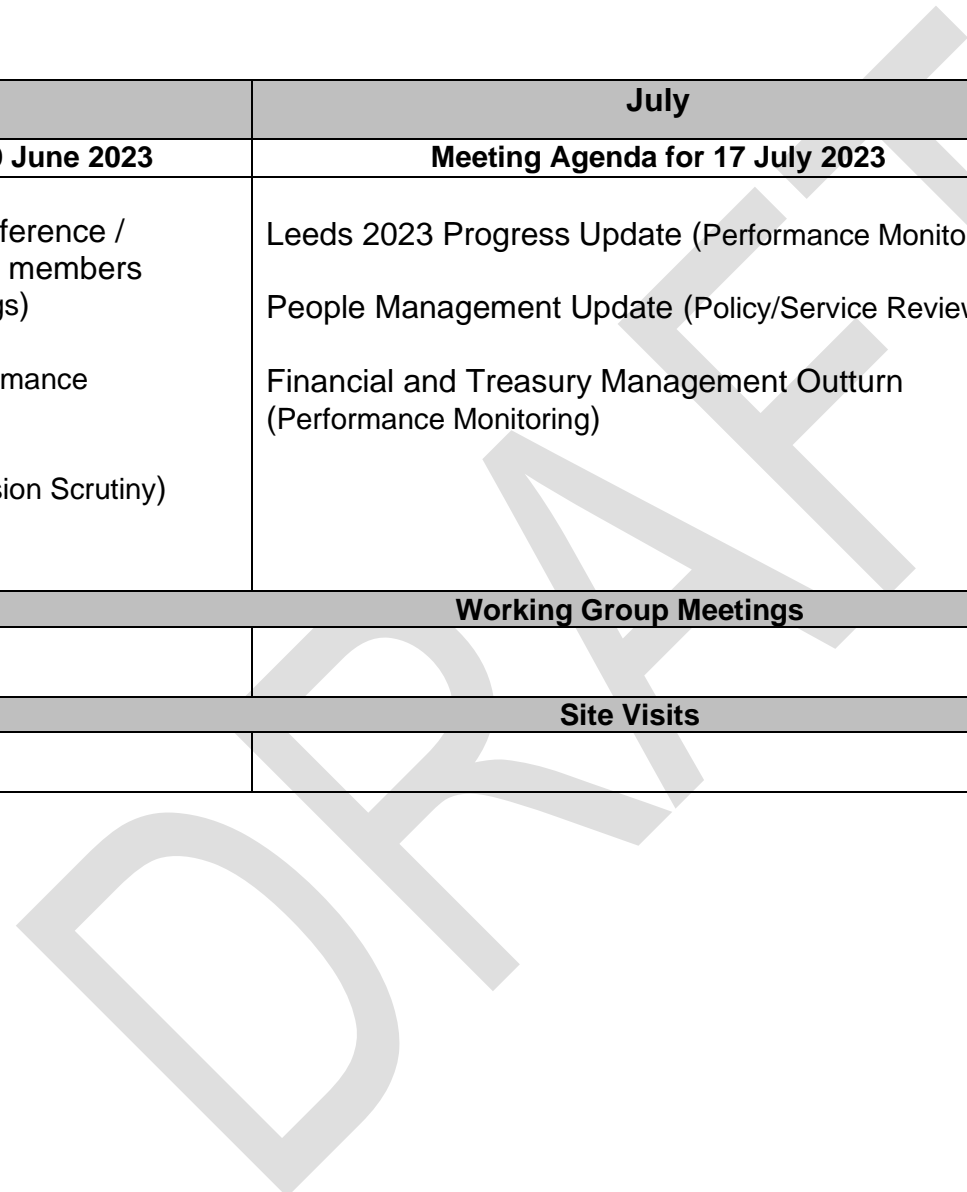
Background papers

- None



Appendix 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2023/24 Municipal Year

| June | July | August |
|---|--|---|
| Meeting Agenda for 19 June 2023 | Meeting Agenda for 17 July 2023 | No Scrutiny Board meeting scheduled. |
| Scrutiny Board Terms of Reference / Sources of Work / Co-opted members reports (Development Briefings) Performance Update (Performance Monitoring) Organisation Plan (Pre-decision Scrutiny) | Leeds 2023 Progress Update (Performance Monitoring) People Management Update (Policy/Service Review) Financial and Treasury Management Outturn (Performance Monitoring) | |
| Working Group Meetings | | |
| | | |
| Site Visits | | |
| | | |





Appendix 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2023/24 Municipal Year

| September | October | November |
|--|--|-------------------|
| Meeting Agenda for 18 September 2023 | Meeting Agenda for 16 October 2023 | No meeting |
| Electoral Services Update – 2023 Election Review/Postal Voter Validation (Performance Monitoring) Staff Survey Analysis (Performance Monitoring) Office for Local Government (OFLOG) (Pre-decision Scrutiny) | Medium Term Financial Strategy (Performance Monitoring) Financial Health Monitoring 2023/24 (Performance Monitoring) Best City Ambition (Pre-decision Scrutiny) Attendance Management and Mental Health Well Being (Performance Monitoring) | |
| Working Group Meetings | | |
| | | |
| Site Visits | | |
| | <i>Contact Centre Site Visit - TBC</i> | |



Appendix 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2023/24 Municipal Year

| December | January | February |
|---|---|--|
| Meeting Agenda 11 December 2023 | Meeting Agenda for 15 January 2024 | Meeting Agenda for 19 February 2024 |
| West Yorkshire Joint Services Update (Policy/Service Review) Customer Contact – Performance Update (Performance Monitoring) LGA Peer Challenge – Progress Review (Performance Monitoring) Annual Corporate Risk Management Report (Performance Monitoring) | Performance Report (Policy/Service Review / Performance Monitoring) Financial Health Monitoring 2023/24 (Performance Monitoring) The Proposed Budget 2024/25 and Provisional Budgets for 2025/26 and 2026/27 (Pre-decision Scrutiny) Best City Ambition (Performance Monitoring) | Equality, Diversity and Inclusion – Corporate Approach & Staff Networks – Feedback (Policy/Service Review) Leeds 2023 Update (Performance Monitoring) |
| Working Group Meetings | | |
| Budget Working Group – 20/12/2023 at 10.00AM | | |
| Site Visits | | |
| | | |



Appendix 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2023/24 Municipal Year

| March | April | Notes |
|---|---|------------------------------|
| Meeting Agenda for 25 March 2024 | No Scrutiny Board meeting scheduled. | Items to be scheduled |
| Financial Reporting 2023/24 (Performance Monitoring) Procurement Update (Performance Monitoring) IDS Helpdesk (Performance Monitoring) Scrutiny Statement – Equality, Diversity and Inclusion (EDI) (Policy/Service Review) Strategy and Resources Scrutiny Board End of Year Summary Statement | | |
| Working Group Meetings | | |
| | | |
| Site Visits | | |
| | | |

EXECUTIVE BOARD

WEDNESDAY, 7TH FEBRUARY, 2024

PRESENT: Councillor J Lewis in the Chair

Councillors S Arif, D Coupar, H Hayden,
A Lamb, J Lennox, J Pryor, M Rafique and
F Venner

APOLOGIES: Councillor M Harland

88 Exempt Information - Possible Exclusion of the Press and Public

RESOLVED – That, in accordance with Regulation 4 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting during consideration of the following parts of the agenda designated as exempt from publication on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

- (A) That Appendix B to the report entitled, 'Capital Receipts Programme Update', referred to in Minute No. 101 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 and be considered in private. This is on the grounds that it contains information relating to the financial and business affairs of the Council. It is considered that the release of such information would, or would be likely to prejudice the Council's commercial interests in relation to property transactions. It is considered that the public interest in maintaining the exemption from publication outweighs the public interest in disclosing this information at this point in time.

89 Late Items

Supplementary Information – Agenda Item 13A - 2024/2025 Revenue Budget and Council Tax

With the agreement of the Chair, supplementary information was circulated to Board Members and published ahead of the meeting for inclusion within agenda item 13A, '2024/2025 Revenue Budget and Council Tax' in the form of Annex 2 which provided a statement of 2023/24 and 2024/25 budgets by service and also a revised Appendix 10 which presented budgeted movements in Earmarked Reserves 2024/25. The supplementary information was considered by the Board as part of agenda item 13A. (Minute No. 99 refers).

90 Declaration of Interests

Regarding agenda item 13 entitled, '2024/25 Revenue Budget and Council Tax Report including Reports on the Capital Programme and Treasury

Draft minutes to be approved at the meeting
to be held on Wednesday, 13th March, 2024

Management Strategy’, Councillor Rafique drew the Board’s attention to the fact that he is a Trustee of Wade’s Charity in a personal capacity. As such, Councillor Rafique advised the Board that he would leave the meeting room for the duration of the Board’s consideration of that item (Minute No. 99 refers).

91 Minutes - 13th December 2023 and 15th January 2024

RESOLVED – That the minutes of the previous meetings held on 13th December 2023 and 15th January 2024 be respectively approved as correct records.

ECONOMY, CULTURE AND EDUCATION

92 Ofsted Inspection: Employment and Skills Service, Adult Learning and Employer Provider Apprenticeships

The Director of City Development submitted a report which presented to the Board the key judgements and full report of the recent full Ofsted inspection of the Employment and Skills Service, Adult Learning and Employer Provider Apprenticeship programmes.

By way of introduction to the report, the Executive Member advised the Board that the Council had been found to be ‘Outstanding’ in all areas, following the recent Ofsted inspection of the Employment and Skills Service, Adult Learning and Employer Provider Apprenticeship programmes. It was noted that Leeds was the first Local Authority to achieve this ‘Outstanding’ judgement since the new Inspection Framework commenced in September 2019.

Members welcomed the report and congratulated all involved in achieving this ‘Outstanding’ outcome, which it was highlighted was in such a key service area. The Board extended its thanks to all who had contributed to this achievement.

RESOLVED –

- (a) That the contents of the submitted report be noted, with the fact that Leeds City Council is the first Local Authority to achieve the ‘Outstanding’ judgement since the new Education Inspection Framework (EIF) commenced in September 2019, being celebrated;
- (b) That it be noted that the Employment and Skills Service has improved from its previous inspection and judgement of ‘Good’ to ‘Outstanding’;
- (c) That it be noted that there are no areas identified for improvement;
- (d) That Executive Board’s appreciation and congratulations be formally recorded and extended to all those involved in the inspection.

93 Determination of School Admission Arrangements for 2025/26

The Director of Children and Families submitted a report which sought approval of the Leeds City Council admission arrangements (admission policy) for September 2025.

In introducing the report, the Executive Member specifically highlighted that these arrangements applied to all Leeds community and voluntary controlled maintained schools, and not to schools that are an academy, voluntary aided, foundation trust or free schools, as these schools must set their own arrangements annually. The Board's attention was also drawn to the proposals regarding reductions in the published admission numbers (PAN) for some specific schools as identified within the report, which had been incorporated into the proposed admission arrangements for 2025/26.

RESOLVED –

- (a) That in determining the school admissions arrangements for the academic year 2025/26, the admissions policies for the Leeds Community and Voluntary Controlled maintained Primary and Secondary schools (as detailed at Appendices A, B, and C to the submitted report), be approved;
- (b) That the resolutions within this minute be exempted from Call In for the reasons as set out within paragraphs 48 and 49 of the submitted report;
- (c) That any necessary authority be delegated to the Lead for Admissions and Family Information Service, to enable that officer to take any actions should there be a need to revise these arrangements after they have been determined, where this revision is necessary to give effect to a mandatory requirement of the School Admission Code 2021, admissions law, a determination of the Schools Adjudicator or any misprint in the admission arrangements, under regulation 19 of the School Admissions Regulations 2012;
- (d) That the following be noted:-
 - (i) The Coordinated scheme for admissions arrangements for entry in September 2025 (as detailed in Appendix D to the submitted report) has been set;
 - (ii) That the officer responsible for this work is the Lead for Admissions and Family Information Service;
 - (iii) That the statutory date for implementation (i.e. determination of the policies) is no later than 28 February 2024, with the arrangements published by 15 March 2024.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (b) above, and for the reasons as detailed above and as set out within sections 48 - 49 of the submitted report)

CLIMATE, ENERGY, ENVIRONMENT AND GREEN SPACE

94 Parks and Green Spaces Overview

The Director of Communities, Housing and Environment submitted a report which presented an update on the progress being made by the Green Spaces Service and which provided a response to a statement of the Scrutiny Board (Environment, Housing and Communities) entitled, 'Plans for Community Parks' and its associated recommendations.

In introducing the report, the Executive Member drew the Board's attention to the key points within it and the actions for the service which were proposed to be undertaken in response to the Scrutiny Board's recommendations. Details of proposed changes to the Leeds Quality Park Assessment process were also highlighted.

The Board welcomed Councillor Stewart Golton to the meeting, as Chair of the Scrutiny Board (Environment, Housing and Communities), who was in attendance to introduce the Scrutiny Board statement and its recommendations, as referenced at Appendix 1 to the submitted report.

Members welcomed the report and extended their thanks to the Scrutiny Board (Environment, Housing and Communities) for the work undertaken and the statement produced on this issue. Thanks was also extended to the team of Council officers delivering the Green Spaces service.

RESOLVED –

- (a) That the Statement of the Scrutiny Board (Environment, Housing and Communities), as presented at Appendix 1 to the submitted report, be noted, and that the response provided, as detailed in section 17 of the submitted report, be approved;
- (b) That approval be given to the reduction in frequency of the Leeds Quality Park Assessment to once every three years, which is more in line with how Green Flag assessments are undertaken;
- (c) That the Board's continued support for community food growing in areas of land managed by the Green Spaces Service, which builds upon the approach as set out in paragraph 14 of the submitted report, be confirmed;
- (d) That it be noted that the Director of Communities, Housing and Environment is responsible for the implementation of the resolutions above.

SUSTAINABLE DEVELOPMENT AND INFRASTRUCTURE

95 A Habitat Banking Vehicle for Leeds City Council

The Director of City Development and the Director of Communities, Housing and Environment submitted a joint report presenting details to the Board on how the Council could respond to new approaches to protecting and

enhancing biodiversity in Leeds which have been brought about by the Environment Act 2021. The report proposed the principle of establishing a Habitat Banking Vehicle (HBV) for the Council, which would enable direct investment in strategic nature recovery.

By way of introduction to the report, the Board received details of the relevant requirements arising from the Environment Act 2021 and how the proposals within the report responded to those requirements.

Responding to an enquiry raised, assurance was provided that in line with Government guidance and the Council's draft Local Plan Update the delivery of the biodiversity net-gain would be onsite wherever possible. Regarding sites where this was not possible and off-site biodiversity was delivered, it was noted that the Council's draft Local Plan Update emphasised that this should be within the locality where possible.

Emphasis was placed upon the importance of this issue and Members extended their thanks to officers for the proactive work which had been undertaken in developing such proposals.

In response to a further enquiry regarding the potential involvement of Parish and Town Councils, it was noted that there was the opportunity of working in partnership with other stakeholders so that their land could potentially be included within the HBV process.

RESOLVED –

- (a) That the principle of establishing a Special Purpose Vehicle (a Habitat Banking Vehicle (HBV)) be approved so that the sale of habitat units can be undertaken by the HBV in line with the Environment Act 2021;
- (b) That approval be given to delegate the necessary authority to the Director of City Development and the Director of Communities, Housing and Environment regarding the establishment and operation of the HBV, in consultation with the City Solicitor, Section 151 officer and the Executive Members for 'Sustainable Development & Infrastructure' and 'Climate, Energy, Environment and Green Space';
- (c) That it be noted by Executive Board that an annual report will be provided which details the performance of the HBV for the previous financial year and which presents the future plans for the next financial year.

CHILDREN'S SOCIAL CARE AND HEALTH PARTNERSHIPS

96 Care Experience as a Protected Characteristic

The Director of Children and Families submitted a report which sought agreement to 'care experience' being recognised as a locally protected characteristic by Leeds City Council and which presented the reasons for this proposal. Further to this, the report also recommended a series of actions arising from that proposed designation.

By way of introduction to the report, the Executive Member highlighted the significance of the proposals, which followed the deputation presented to Full Council by care leavers on 17th January 2024. It was noted that the designation of care experience as a locally protected characteristic was part of a national campaign, and if adopted Leeds would be the 77th Local Authority to do so. It was also noted that the report recommended the establishment of an implementation group to develop and deliver this work, with an undertaking being given that care leavers would be invited to play a key role in that process.

Members welcomed the proposals within the report and reiterated their thanks to the care leavers who presented their deputation to Full Council.

Responding to an enquiry, it was confirmed that provision would be made to enable cross-party representation on the implementation group.

RESOLVED –

- (a) That it be recognised that care experienced people are a group likely to face discrimination;
- (b) That ‘care experience’ be enshrined as a locally protected characteristic, and that all other local organisations and partners be called upon to treat ‘care experience’ as a locally protected characteristic to be adopted with the Corporate Parenting Principles;
- (c) That it be agreed that the Council will amend its Equality and Diversity Policy to include ‘care experience’ as a Locally Protected Characteristic;
- (d) That it be agreed that the Council will amend its Equality Impact Assessment (EIA) process and associated guidance, to include ‘care experience’ as an additional category to be considered for any changes or improvements to future services and policy;
- (e) That it be agreed that the Council will include ‘care experience’ in the publication and review of Equality Objectives and annual information relating to protected characteristics;
- (f) That agreement be given to delegate responsibility to the Director of Children and Families, in consultation with the Executive Member for ‘Children’s Social Care and Health Partnerships’, to set up a time limited implementation group which will develop an action plan, co-produced with care experienced individuals, to support Council services to embed the amended Equality and Diversity Policy and EIA guidance and establish a cross-Council approach to creating opportunities for care experienced people.

97 Recommendation to increase levels of Fee and Maintenance payments to Leeds Foster Carers and agree ongoing process for annual review

The Director of Children and Families submitted a report which sought approval to recommendations for providing an uplift in the weekly fees and maintenance allowances paid to Leeds foster carers with the aim of ensuring that cost-of-living increases do not disadvantage and impact negatively on Leeds foster carers. The report also presented a proposal for a process to be established for future years regarding the approval of an annual uplift being delegated to the Director of Children and Families.

In introducing the report, the Executive Member highlighted the importance of the role undertaken by foster carers, and how this proposed uplift was something that the Council 'could not afford not to do', as it was vitally important to continue to recruit and retain foster carers. The significant demand for foster carers being experienced nationally was noted. It was highlighted that whilst foster carers provided the best outcomes for Looked After Children, foster care was also the most financially sustainable way of caring for those children.

Members welcomed the proposals and extended their thanks to foster carer community in Leeds for the vital role that they played.

Whilst supporting the proposals, a Member made enquiries regarding what further actions could be taken to provide greater support and incentives to foster carers, with an offer to work on a cross-party basis, as appropriate. In response, the Board received further detail on the actions being taken in this area, which included 'invest to save' initiatives such as the proposed establishment of an additional level of foster carer for adolescents. Members also noted that work continued to build upon Leeds' positive performance regarding in-house foster carer levels when compared to other Core Cities and statistical neighbours. Further detail was also given on the wider support and enrichment package being provided to foster carers in Leeds, and also the work being undertaken which aimed to enhance the provision for children's social care more generally.

RESOLVED –

- (a) That a 5% increase for the fee element paid to Leeds foster carers, to be implemented retrospectively from the 1st April 2023, be agreed;
- (b) That a 7% increase for the maintenance allowance element paid to Leeds foster carers, to be implemented retrospectively from the 1st April 2023, be agreed;
- (c) That given the need to annually review foster carer fees and allowances, it be agreed that the approval of changes in fee levels in subsequent years be delegated to the Director of Children and Families, in consultation with the Executive Member for Children's Social Care and Health Partnerships, the Deputy Leader and Executive Member for Resources and the Chief Officer, Financial Services.

LEADER'S PORTFOLIO

98 Best City Ambition - 2024 Update - Final Proposals

Further to Minute No. 80, 13th December 2023, the Director of Strategy and Resources submitted a report which presented the final proposals for the 2024 update of the Leeds Best City Ambition. The report sought the Board's endorsement of the Leeds Best City Ambition update and that the Board recommends to Full Council that the updated version is adopted.

Responding to a specific enquiry, the Board noted that the Council's Communications team would undertake the graphic design work referenced within the report, which would be consistent with the approach previously taken in relation to the Council's other strategy documents.

RESOLVED –

- (a) That the Best City Ambition update final proposals, as presented within Appendix 1 to the submitted report, together with the Strategy and Resources Scrutiny Board response, as detailed at Appendix 4, be noted;
- (b) That it be noted that graphic design work will continue to be developed prior to the publication of the updated Best City Ambition around 1st April 2024, which may include some amendments to wording;
- (c) That the Best City Ambition update, as presented in the submitted report, be endorsed, and that Full Council be recommended to adopt the updated Leeds Best City Ambition;
- (d) That it be noted that the Director of Strategy and Resources is responsible for the next steps, as outlined in paragraphs 10-14 of the submitted report, including bringing forward an update of the 'Being Our Best' organisational plan to Executive Board in March 2024.

(The matters referred to within this minute, given that they were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In, as Executive and Decision Making Procedure Rule 5.1.2 states that the power to Call In decisions does not extend to those decisions being made in accordance with the Budget and Policy Framework Procedure Rules)

(Under the provisions of Council Procedure Rule 16.5, Councillor A Lamb required it to be recorded that he abstained from voting on the decisions referred to within this minute)

99 2024/25 Revenue Budget and Council Tax Report including reports on the Capital Programme and Treasury Management Strategy

Further to Minute No. 81, 13th December 2023, the Chief Officer Financial Services submitted a suite of reports regarding: proposals for the City Council's Revenue Budget for 2024/25 and the Leeds element of the Council Tax to be levied during the same period; proposals regarding an updated

Capital Programme for 2024 – 2028 and also a proposed updated Treasury Management Strategy for 2024/25.

With the agreement of the Chair, supplementary information was circulated to Board Members and published ahead of the meeting for Members' consideration as part of agenda item 13A (2024/25 Revenue Budget and Council Tax), in the form of Annex 2 which provided a statement of 2023/24 and 2024/25 budgets by service and also a revised Appendix 10 which presented budgeted movements in Earmarked Reserves 2024/25.

The Board was advised that the budget proposals as detailed within the submitted report were based upon the provisional Local Government Finance Settlement. However, it was noted that following the publication of the submitted agenda papers, the final Local Government Finance Settlement had been received, which was consistent with the initial Settlement in all but the following elements: it was confirmed that additional resources had been received from the Services Grant of £98k and Social Care Grant of £97k, with a reduction in the New Homes Bonus Grant of £6k, totalling an additional £189k for 2024/25. Executive Board was asked to note this updated position and that this additional funding was proposed to be allocated to the Council's reserves to deal with in year pressures within Social Care.

Responding to a specific enquiry, the Board received an update on the Government's recent announcement regarding additional funding for Local Authorities, the level of funding being received by Leeds and how this was being managed in terms of the budget proposals.

(A) 2024/2025 Revenue Budget and Council Tax

RESOLVED –

- (a) That, subject to the inclusion of the updated position as referenced above, Council be recommended to note the recommendation of the Council's statutory Section 151 officer (the Chief Officer – Financial Services) that the Budget proposals for 2024/25 are robust and that the proposed level of reserves is adequate, as set out at Part 7 of Appendix 1 to the submitted report;
- (b) That, subject to the inclusion of the updated position as referenced above, Council be recommended to adopt the following:-
 - (i) That the revenue budget for 2024/25 totalling £622.0m be approved. This means that the Leeds element of Council Tax for 2024/25 will increase by 2.99% plus the Adult Social Care precept of 1.99% from 2023/24. This excludes the police and fire precepts which will be incorporated into the Council Tax report to be submitted to Council on 21st February 2024;
 - (ii) That approval be given to grants totalling £73.1k to be allocated to parishes, as shown at Appendix 5 to the submitted report;
 - (iii) That approval be given to the revised virement rules at Appendix 7 to the submitted report - Virement Decisions to Amend Approved Budgets, specifically that the de minimis level for

Draft minutes to be approved at the meeting to be held on Wednesday, 13th March, 2024

virements below which any variations to net managed budgets will be deemed 'Other Budget Adjustments' is increased from £10k to £50k. Budget movements that are not between budget headings within the approved net managed budget will also be 'Other Budget Adjustments';

- (iv) That approval be given to the strategy at Appendix 9 to the submitted report in respect of the flexible use of capital receipts - specifically the additional planned use in 2023/24 of £6.7m and planned use in 2024/25 of £18.9m;
 - (v) That in respect of the Housing Revenue Account, the budget be approved with:
 - An increase of 7.7% in dwelling rents;
 - An increase of 7.7% in garage and travellers site rent;
 - An increase of 7% for the standing charges in district heating schemes and the district heating unit rate will remain at 10p per kwh;
 - A 7% increase in heat consumption charges in sheltered complexes;
 - An increase in service charges for low/medium rise flats to £5.17 per week and for multi-storey flats to £12.20 per week;
 - An increase in the charge for tenants who benefit from the sheltered support service to £9.22 per week;
 - An increase in the Retirement Life charge for the provision of additional community facilities to £12.20 per week for services within complexes and £5.17 per week where they are within a standalone community centre;
 - An increase in the service charges for Wharfedale extra care scheme to £50.73 per week;
 - An increase in the service charge for Gascoigne House extra care scheme to £64.04 per week;
 - The support charge at both extra care schemes being increased from £24.54 in 2023/24 to £28.77 in 2024/25;
 - (vi) That in respect of the Schools Budget, the High Needs Block budget for 2024/25, as set out in paragraph 3.4 of the Schools Budget Report at Appendix 8 to the submitted report (specifically the table at paragraph 3.4.6), be approved;
- (c) That Executive Board's thanks be conveyed to Scrutiny Boards and all those who took part in the public consultation for their comments and observations made in consideration of the Council's Proposed Budget.

(B) Capital Programme Update 2023 – 2028

RESOLVED –

- (a) That Executive Board recommends to Council:-
 - (i) the approval of the Capital Programme for 2024-2028 totalling £1,906.7m, including the revised projected position for 2023/24, as presented in Appendix A to the submitted report;

(ii) the approval of the MRP policy statements for 2024/25 as set out in Appendix C to the submitted report; and
(iii) the approval of the Capital and Investment Strategy as set out in Appendix D to the submitted report; with it being noted that as part of the Capital and Investment Strategy, the Council is required to set prudential limits for the total value of its non-treasury investments and, specifically, limits for the total value of service investments and the total value of commercial investments that it holds; and as such, Council be recommended to approve, as detailed within Appendix D that:-

- the prudential limit for service investments be set at £80m;
- that a limit of £200m be set for the carrying value of assets which are classed as commercial investments, with it being noted that these limits represent no change between 2023/24 and 2024/25.

- (b) That Executive Board approval be given to the following net injections totalling £264.7m into the Capital Programme, as set out in Appendix A(iii) to the submitted report:-
- £31.7m to address Capital Programme Review budget pressures as detailed at Appendix A(iv) to the submitted report;
 - £72.6m of annual programme injections as detailed at Appendix A(v) to the submitted report;
 - £11.8m of ringfenced capital receipts for the District Heating Network Phase 4 scheme and the Future Ways of Working Programme;
 - £4.0m of Community Infrastructure Levy (CIL) Strategic Fund monies; and
 - £144.7m of other injections, primarily relating to annual capital grant allocations, one off capital grant allocations funding schemes such as junction improvements at Dawsons Corner and the LUF3 Heart of Holbeck project, the roll forward of the HRA Programme, invest to save borrowing schemes and other secured external grant funding.
- (c) That it be noted that the above resolutions to inject funding of £264.7m will be implemented by the Chief Officer - Financial Services.

(C) Treasury Management Strategy 2024/2025

RESOLVED -

- (a) That the treasury strategy for 2024/25, as set out in Section 8.5 of the submitted report, be approved by Executive Board, and that the review of the 2023/24 strategy and operations, as set out in Sections 8.3 and 8.4 of the submitted report, be noted;
- (b) That full Council be recommended to approve that the borrowing limits for the Authorised Limit and Operational Boundary for 2023/24, 2024/25 and 2025/26 be confirmed as set in February 2023 and that new limits for 2026/27 be approved at £3,200m for Borrowing and £490m for Other Long-term Liabilities for the Authorised Limit. For 2026/27 full Council be recommended to approve that the Operational Boundary be set at £3,000m for Borrowing and £470m for Other Long-term Liabilities, as detailed at Section 8.6 of the submitted report;

Draft minutes to be approved at the meeting to be held on Wednesday, 13th March, 2024

- (c) That full Council be recommended to approve the treasury management indicator for the maturity structure of the Council's borrowing as detailed in Section 8.7 and Appendix A to the submitted report;
- (d) That full Council be recommended to set the investment limits for periods greater than 364 days for 2023/24, 2024/25, 2025/26 at £150m, and that a new limit for 2026/27 be set at £150m, as detailed in Section 8.8.9 of the submitted report.

(The matters referred to in Minute Nos. 99(A)(a) – 99(A)(b)(vi) (Revenue Budget and Council Tax); 99(B)(a)(i) – 99(B)(a)(iii) (Capital Programme) and 99(C)(b) – 99(C)(d) (Treasury Management Strategy), given that they were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In)

(Under the provisions of Council Procedure Rule 16.5, Councillor A Lamb required it to be recorded that he abstained from voting on the decisions referred to within this minute)

(Further to Minute No. 90 above, Councillor Rafique left the meeting room for the duration of the Board's consideration of this item).

RESOURCES

100 Financial Reporting 2023/24 – Month 9 (December 2023)

The Chief Officer Financial Services submitted a report which presented the Council's financial position as at the end of the first 9 months of the 2023/24 financial year. Specifically, the report reviewed the current position against the 2023/24 Budget, provided an update on the use of other funding resources and also updated the Board on the current position regarding the Housing Revenue Account (HRA) and the Council Tax and Business Rates Collection Fund.

In presenting the report the Executive Member provided an overview of the key points which included the current forecasting of an overspend of £39.0m for the General Fund as at month 9 of the financial year. The measures being taken to manage this position were highlighted, but with it being noted that the use of the Council's reserves to achieve a balanced position for 2023/24 would be necessary, which would have an impact upon the resources available for 2024/25 and beyond.

Members further discussed the Council's current financial position and the financial outlook for the coming year, noted the range of actions being taken to manage that position and also considered the financial challenges being faced by Local Authorities nationally. The increasing pressures arising from key areas of demand such as children's social care were highlighted, with Members also referencing the national funding model for such areas.

RESOLVED –

- (a) That it be noted that at Month 9 of the financial year (December 2023), the Authority's General Fund revenue budget is forecasting an overspend of £39.0m for 2023/24 (6.8% of the approved net revenue budget) within a challenging national context, with it also being noted that a range of actions are being undertaken to address this position;
- (b) That it be noted that at Month 9 of the financial year (December 2023) the Authority's Housing Revenue Account is forecasting an overspend of £1.4m for 2023/24 (0.5% of the approved gross budget);
- (c) That it be noted 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, as submitted. That it also be noted that these pressures will continue to be reviewed during the year and reported to future Executive Board meetings as more information becomes available, and that proposals would need to be identified to absorb any additional pressures;
- (d) That it be noted that where an overspend is projected, directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures and those of the Council's wider financial challenge where possible, in line with the Revenue Principles agreed by Executive Board in February 2023 through the annual Revenue Budget report;
- (e) That the Month 9 positions regarding the use of Invest to Save, Covid Backlog and Flexible Capital Receipt resources be noted, and that the additional planned use of £0.3m of Capital Receipts in 2023/24 also be noted, which is to support transformation projects and deliver savings in addition to the budgeted use approved by the Board to date.

101 Capital Receipts Programme Update

Further to Minute No. 107, 8th February 2023, the Director of City Development submitted a report presenting an update and overview of the Council's Capital Receipts Programme and which recommended to the Board a number of related approvals in relation to the programme.

The Board noted that further to the submitted report, 'Pudsey Bolton Royd Primary School - Caretaker's Property, Moorland Grove, Pudsey, LS28 8EP' was to be withdrawn from Table 2 (properties proposed for inclusion in the Capital Receipts Programme) due to further discussions to be undertaken with the school.

In introducing the report, the Executive Member provided an overview of the actions which were ongoing in relation to the Capital Receipts Programme, which given the financial challenge being faced by the Council was with the aim of having a smaller estate that was more fit for purpose. It was also noted

that further reports were expected to be submitted to Executive Board on such matters, as and when appropriate.

Following consideration of Appendix B to the submitted report designated as being exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the public part of the meeting, it was

RESOLVED –

- (a) That, subject to the removal of ‘Pudsey Bolton Royd Primary School - Caretaker's Property’ from properties proposed for inclusion in the Capital Receipts Programme, the contents of the submitted report and its appendices be noted, together with the previous Key Decisions which have been taken in relation to the disposal of assets, as set out at paragraph 16 of the submitted report;
- (b) That the progress made and achieved since Executive Board considered the last report on 8 February 2023, be noted;
- (c) That, subject to the removal of ‘Pudsey Bolton Royd Primary School - Caretaker's Property’ from properties proposed for inclusion in the Capital Receipts Programme, those assets identified in Appendix A and exempt Appendix B of the submitted report as “Proposed for Inclusion” be declared surplus and that approval be given to their disposal. Also, agreement be given to their addition to the Council’s Capital Receipts Programme of surplus properties for disposal;
- (d) That, subject to the removal of ‘Pudsey Bolton Royd Primary School - Caretaker's Property’ from properties proposed for inclusion in the Capital Receipts Programme, the withdrawal of properties from the Capital Receipts Programme, as set out in Appendix A and exempt Appendix B to the submitted report, be approved, which will be implemented by the Director of City Development;
- (e) That the approach being taken in relation to the review of Locality buildings across the city, be supported, with support also being given to how this approach will be informed by the review of locality service delivery.

(Under the provisions of Council Procedure Rule 16.5, Councillor A Lamb required it to be recorded that he abstained from voting on the decisions referred to within this minute)

102 Health, Safety and Wellbeing Performance and Assurance Report

The Director of Strategy and Resources submitted a report which presented an update on the current position and provided assurance to the Board in respect of health, safety and wellbeing matters for the period 1st April 2022 to 31st March 2023. The report summarised the Council’s performance and main achievements, as well as looking ahead at any challenges and identified priorities for the next two years.

By way of introduction to the report, the Executive Member provided an update on some of the key points arising.

Responding to a Member's specific enquiries, the Board was advised that health, safety and wellbeing performance data was shared with Scrutiny for consideration. In terms of the timeliness of the data presented, it was noted that whilst the submission of the report to Executive Board was slightly later than it would normally be, given the availability of the data, the period that it covered was as timely as possible.

Members also noted that Corporate Leadership Team considered such matters regularly, with specific reference being made to the issue of violence, abuse and aggression against staff, which was a specific area of focus.

Thanks was extended to all officers involved for their role in this important area and for the work that would continue with the aim of delivering further progress and improvement.

RESOLVED –

- (a) That the contents of the submitted report and appendices, be noted;
- (b) That it be recognised that a robust, yet proportionate approach to health, safety and wellbeing risk management continues to be applied within the Council, in order to enable the Council do the best it can with the resources and information available.

(Councillor J Pryor left the meeting during the consideration of this item)

DATE OF PUBLICATION: FRIDAY, 9TH FEBRUARY 2024

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00PM, FRIDAY, 16TH FEBRUARY 2024

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