


LGA Corporate Peer Challenge

Leeds City Council

1st-4th November 2022

Feedback report





1. Executive summary	3
2. Key recommendations	5
3. Summary of the peer challenge approach	8
4. Feedback.....	10
5. Next steps.....	28

1. Executive summary


Leeds City Council is a very well-led, ambitious and collaborative council, a beacon of best practice, delivering for and with its communities, partners and stakeholders. A uniform love, passion and ambition for the city shines through the organisation and through its many partnerships. Members, staff, stakeholders and partners speak of their enthusiasm of working in and with the council for the benefit of the city, the region and beyond.

Consistent political leadership is provided both internally and externally, and partners appreciate how the smooth political transition from the previous to current Leader of the Council has maintained confidence in the council's ability to deliver. This leadership reflects clear and meaningful values with the purpose of delivering for all communities of Leeds, in a way which is compassionate and impactful. There are good working relationships across the membership of the council, and political differences are respected across the political groups.

Partners working at both strategic and delivery levels feel well supported and committed to deliver for Team Leeds. Voluntary and community sector organisations are equally enthused about their roles in working alongside the council. They speak with pride about the council and what can be collectively delivered across the city. Stakeholders describe feeling as if they are part of the council's team, and they describe partnership working as a "true shining light in our city".

The personal leadership of the council's Chief Executive is widely recognised and praised both internally and externally. The can-do, inclusive approach and listening style reflect the council's agreed values, and are instrumental in encouraging stakeholders, staff and partners to engage with the council, and have confidence that their views are heard. This ranges from the most junior of staff through to senior leaders in anchor organisations, and at national level.

Senior level engagement between the council and some of the city's major public sector organisations has led to the development of the Anchor Institutions network.



Working alongside the council in a Team Leeds approach, the network's members are committed to shared employment standards, procurement principles, and equality, diversity and inclusion. Anchor partners enthusiastically speak of their commitment to the city and how much they value the support of the council. They evidence deep and collaborative partnership working which many other councils could learn from and is national best practice.

The current approach to locality working has evolved over time into a broad array of approaches and structures which are valued and have good engagement with communities and stakeholders. However, the arrangements appear to have a degree of overlap across a number of geographies and with some themes. A next step should be to review these arrangements in line with data and evidence, and available resources, as well as exploring how outcomes for residents can be best achieved, balancing enthusiasm and commitment with the resources available.

The Best City ambition was adopted in February 2022 and expands on the earlier Best Council plan, expanding the remit and ambition beyond the council. It has 3 core strategic ambitions of health and wellbeing, inclusive growth and net zero carbon by 2030. Partners, stakeholders and staff understand and have a collective ownership of these ambitions.

On the net zero ambition the council has some solid building blocks in place including the country's first Climate Commission in 2019, and the development with partners of a carbon budget and roadmap. A joined-up approach can be seen across in delivering the council's ambitions, with projects meeting more than one ambition, for example the district heating scheme underway Leeds PIPES addresses net zero and affordable energy objectives.

People based services continue to deliver across the city, including the noteworthy and unusual achievement of two consecutive outstanding ratings for Children's Services from Ofsted. The council has recently celebrated the 10-year anniversary of its child friendly city approach, which aims to make Leeds the best city to grow up in.

The council's finances have been managed well to date. The need to urgently reduce expenditure in 2020/2021 resulted in 811 people leaving the council through the Early Leavers Initiative, the detrimental impact of which is still felt and talked about across the organisation and more widely across partners. The financial challenge ahead is significant, compounded by Covid, inflation and the cost-of-living crisis: the council knows that greater investment in transformation and planning to do things differently will be needed if it is to meet its forecast budget gap, reported to the September Executive Board, of £183m by 2027/28.

There are many areas in which the council should be regarded as a national exemplar, including where the council influences policy and practice. A recommendation arising from the LGA Corporate Peer Challenge undertaken in 2016 was to further develop its national leadership role, which the council has clearly acted upon. It has the potential to do more for the city, the region and the sector, as despite the challenges ahead, there is significant and widespread confidence in its role as a partner and deliverer of high-quality public services.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

2.1. Keep being Leeds, keep being ambitious and living the values of collaboration, compassion and convening

2.2. Be mindful of the risk of staff burnout and provide clarity about priorities especially as budgets further reduce

Capacity at some levels is stretched and some employees are worried about the health and wellbeing of their colleagues

2.3. Build on the success of the EDI champions network

and strengthen corporate champions at the senior level to support the further

development and embedding of EDI in the council

2.4. Review locality working to improve clarity and coherence for the council, partners and communities:

- Ensure shared understanding of priority areas, underpinned by work on indices of deprivation
- Map out services and existing assets, and through a collaborative process review locality arrangements to potentially cluster and consolidate where this would add value and efficiency
- Review and align service provision geographies with health, education/clusters, and the voluntary sector
- Consider how to further strengthen place-based networks
- In this context, review and develop the community committees and draw on the work of the Social Progress Index to measure progress

2.5. Invest in member development on strengths-based community development

Councillors' ambitions for their communities are clear but as the council's resources reduce members have an important role to play in supporting communities to be able to do more for themselves

2.6. Consider a more outcomes focused and evidence-based approach to medium-term financial planning

As budgets reduce the development of a more consistent and clearer set of guiding principles and criteria to drive the budget process is needed to help bring consistency across the council

2.7. Prepare for the financial challenges ahead

Although there is some awareness of future budget pressures, it is not yet widely understood in terms of the scale and impact on council and its ability to deliver. The council needs to develop a clear and robust plan and process to address the council's budget gap, which further mitigates risk

2.8. Develop capacity for transformation and change

Incorporate a stronger user design focus, bringing existing teams together horizontally across the council and bringing in new capacity and skills. Further develop an evidence-led approach, supported by insight for prioritisation

2.9. Take best practice on specialist commissioning and robust financial management from the Adults and Health directorate into the Children and Families directorate

2.10. Use the opportunity of the new leadership team to review and develop strong practice in Children's and Families

in light of the MacAlister review and strengthen collaboration between Children's and Families, and Adults and Health services in communities

2.11. Use the opportunity of the digital transformation

to co-produce with middle managers a system that is more agile and responsive to their needs on the ground

2.12. As the Mayoral Combined Authority develops

use the Leader's and Chief Executive's leadership roles to help further strengthen relationships. Some stakeholders feel a peer challenge would be a helpful catalyst at this stage

2.13. There is an opportunity to be a new national exemplar for community-led integrated public service delivery

For example, starting with a new model of home care and a wide range of community services and activities, and net zero projects

2.14. Leeds is undoubtedly a beacon of best practice across the country

Continue to influence and improve policy and practice in partnership with national and local government

2.15. Leeds could work with anchors and city partners to strengthen further

their campaigning and lobbying on the financial challenge and the need for investment in the Leeds transport infrastructure to maintain their major contribution to the city and the economy

3. Summary of the peer challenge approach

3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Member Peer – Georgia Gould, Leader, LB Camden
- Chief Executive Peer – Pat Ritchie CBE
- Officer Peer – Sarah Reed, Executive Director, Corporate Services, West Northamptonshire Council
- Officer Peer - Mark Fowler, Corporate Director, Population Wellbeing, Luton Borough Council
- Officer Peer - Jon Rowney, Executive Director Corporate Services, LB Camden Council
- Judith Hurcombe - LGA Peer Challenge Manager

3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance

- arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
 5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, the council asked the peer team to provide feedback on:

- Partnership working
- The localities model and
- Its relationship with West Yorkshire Mayoral Combined Authority (the CA).

3.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Leeds, during which they:

- Gathered information and views from more than 60 meetings, in addition to further research and reading.
- Spoke to more than 160 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

4. Feedback

4.1. Local priorities and outcomes

The council has 3 stated headline priorities of health and wellbeing, inclusive growth and zero carbon. The Best Council strategic plan was expanded in February 2022 to become the Best City Ambition and is underpinned by these priorities. There is a clear commitment and collective narrative to making Leeds a better city for its residents, businesses and stakeholders, and this is reflected in the council's day to day engagement and service delivery, and how members and officers talk about their roles and what they want to achieve. There is widespread buy-in externally to the council's ambitions for the city and to its values, which are readily discussed in an unprompted way by staff, councillors, partners and community groups.

The city's response to Covid and how it worked with community, voluntary, public sector and private sector stakeholders is regarded by partners as outstanding. The response built on already good working relationships, particularly within the Leeds health and care system, and an engaged and mobilised 3rd sector and was able to deliver quickly and with confidence.

Whilst Covid was a challenge for everyone, collective efforts and engagement have led to the emergence of Community Anchors. Work led by Voluntary Action Leeds is ongoing to develop this network, described by them as a movement, and with the aims of improving access to services, working in partnership, and getting people involved.

Outstanding Ofsted ratings were given to the council for 2018 and 2022 and evidence of powerful restorative practice and preventative practices. Ofsted described consistently strong and creative social work delivered to an exceptionally high standard, with senior leaders and council members being unstinting in their efforts and ambitions for children to achieve their full potential. Experience is shared with other councils through the Department for Education's Partner in Practice programme.

This year the council celebrated 10 years of being a Child Friendly City. The council's stated overall aim is to tackle poverty and inequality, putting children and

young people at the centre of a strong economy. This includes a children's mayor, over 750 child friendly ambassadors who are businesses, individuals and community organisations, and annual awards which recognise the contributions of children, community organisations and businesses.

Leeds is one of a few cities worldwide to reduce levels of childhood obesity, with reductions across all age ranges and significant reductions amongst 4 and 5 year olds. This follows the introduction of its obesity strategy in 2009 which targets pre-school children and works through a family and community setting approach.

The council has strong adult and community-based services, built on the ABCD strengths-based approach working in communities, and is a further illustration of the council's compassionate approach. Adult social care is widely regarded as well-led and impactful. A clear commissioning framework is in place with good outcomes and further consideration should be given to how that framework could also apply to Children's Services. The implementation of the national MacAlister review of children's social care envisages a strong community model to produce better outcomes and reduced costs for Looked After Children. Given the pressures on councils arising from Children's Services, including in Leeds, now would be a good time to consider how such community model would work, including the lessons and experience which can be shared from Adults and Health Directorate.

There is strong partnership work to keep the city safe through the night time economy including licencing, taxis and street support. Partners told the peer team that the council's support helps the police and other agencies make best use of their resources. These collective efforts have resulted in the city being awarded a purple flag for excellence in managing the evening and night time economy, for the 4th consecutive year.

The Best City Ambition the city's mission is to tackle poverty and inequality and improve the quality of life for everyone who calls Leeds home. From 2017-2022 16,249 homes have been delivered, and in 2021 Leeds produced 2.2% of England's housing supply. Significant housing growth across all tenures enables an impactful housing pathway. This is demonstrated for example through the use of temporary

accommodation and recent success with work across Children's and Families for young people leaving care.

Wrap around support through the city's Street Support partnership is regarded as national best practice. Launched in 2018 it provides a cross partner (council, health, police and the voluntary sector) approach to help the homeless, rough sleepers and associated vulnerable people. The work provides life changing interventions that over time prevent ongoing demands on services. It also includes work to raise awareness, inform, educate and engage people in the best ways to help those in need on the streets of Leeds city centre to discourage begging and help people access the services they need.

The city has an ambitious carbon reduction programme with a clear mission, and partners have bought into shaping and delivering it. The Big Leeds Climate Conversation held in 2019 included extensive consultation with over 80 events, and ran alongside the Leeds Climate Change Citizens' Jury, with the findings from these feeding into the city's plans. A climate emergency was declared in 2019 and performance is reported annually to the Executive Board and more regularly to scrutiny.

In 2021 the council embarked on a public sector decarbonisation scheme (PSDS), backed by government funding of £25.3m. The aim of this is to decarbonise 40 publicly owned buildings and reduce the city's carbon emissions by 4,000+ tonnes each year. Under Phase 1 of the PSDS, over the past year eight leisure centres, 12 primary schools, four homes for older people, two popular attractions, four civic buildings, a children's centre, a community hub and six other council-owned buildings have all received upgrades. In total, 7,500+ solar photovoltaic panels were installed as part of the programme, with dozens of council buildings now being part-powered by local renewable electricity. The low carbon Leeds PIPES district heating network is also reducing the council's use of gas combustion boilers, saving money and improving local air quality. In September 2022, the council announced plans for decarbonisation works in another 10 buildings, including children's centres and primary schools, as part of PSDS Phase 3. The council already has what is believed to be the largest electric vehicle fleet of any local authority in the UK and will be investing in its first electric Refuse Collection Vehicles in 2022. Work is ongoing with

the Energy Savings Trust to develop a plan for how the remainder of its fleet can be transitioned to zero emissions vehicles by 2030.

The Connecting Leeds Transport Strategy has decarbonisation as one of its central pillars. The strategy outlines the key steps to deliver the changes needed in transport to meet the city's 2030 target of making Leeds Carbon neutral. It includes an ambition of Leeds being a place where a car is not needed to get around the city; improving the efficiency of the transport network and making better use of road space; and encouraging and leading the uptake of zero emission vehicles in freight, public and private transport.

Council performance is reported to the Executive Board reflecting headline priorities through a Best Council Plan Scorecard, which was last updated in March 2022. The council's comparative performance compared to other metropolitan councils is available through LGInform. For the most recently available data this shows that Leeds spends more than average on education services, children's social care, cultural services, highway and transport services, and regulatory services but lower than average on adult social care. Improving trends can be seen in the number of additional affordable homes and collection of non-domestic rates. For most of the LGInform headline comparative data, the council performs broadly in line with its metropolitan peer group although there are some worsening trends including delayed discharge of care, 16-17 year olds not in education or training, and household recycling rates: https://lginform.local.gov.uk/reports/view/lga-research/lga-research-report-headline-report-dashboards?mod-area=E08000035&mod-group=AllMetropolitanBoroughLainCountry_England&mod-type=namedComparisonGroup

How performance is reported, and how data and evidence are used in informing decisions and driving service improvement are areas where the council should consider a refresh. This should include the frequency of reporting headline data to councillors, for example the City Plan Scorecard was last reported to the Executive Board in March 2022. Some observers felt that the council could do more to overtly evidence data and analysis in its wider decision making and in its scrutiny activities, and in doing so make better use of the information readily available including through the Leeds Data Mill. This may require investment in the development of new skills.

There is the opportunity to use next year's business planning process to highlight and target priorities for Best City delivery. As resources shrink the council needs to plan more for others using their resources to deliver the shared ambition for the city.

4.2. Organisational and place leadership

The council engages through collaborative and consistent leadership across the city and internally across its departments. The council's Leader is visible, and partners praised the commitment to the city and to its many diverse communities. Councillors express ambition for communities and their potential and voice a desire to deliver more for residents through their community leadership roles. Frontline staff and their colleagues at all levels, partners and stakeholders speak with enthusiasm about the accessible and values-led leadership of the Chief Executive.

Frontline staff echo members' enthusiasm, and they too speak passionately about their pride in the city, their work and the difference they make to communities. They feel supported and feel able to voice where the council could improve further, through their own direct line managers or working with other service managers and feel empowered to ask managers more senior in the council for support or to get involved. When asked by the peer team to describe the council's leadership frontline staff described a strong team spirit, with "fantastic" management who are caring, accessible, look after their colleagues and who visibly deliver the council's stated values. They also recognise that there are always issues which need improvement, and that managers do step in and address problems where they can.

Business representatives describe the city as having clear priorities, with good relationships which are helpful and collegiate. They describe key partners and the council feeling that they "are all in it together" and feel part of Team Leeds. There is confidence in the Chief Executive's and senior managers' ability to engage and deliver, including those working on property, environmental and transport programmes. Civic pride events were also described as being part of the glue which brings people together across the city, and examples cited include carnivals, cycling events, and the annual charity fundraising Abbey Dash run.

The Leeds Inclusive Anchors Network is a group of the city's largest, mainly public sector employers, supported by the city council. They come together and focus on

areas where they can make a difference for people as an employer, through procurement, through service delivery or as a civic partner. Anchors are locally rooted, have high spend, provide vital services and are influencers, enablers and champions within the city. There are 13 anchor institutions in Leeds: Leeds Teaching Hospitals NHS Trust, Leeds Beckett University, Leeds City College, Leeds and York Partnership Foundation NHS Trust, University of Leeds, Leeds College of Building, Leeds Community Healthcare NHS Trust, Leeds Trinity University, Leeds City Council, NHS Digital, Yorkshire Water, British Library and Northern Gas Networks. An additional large business is about to join the network.

Anchors speak with enthusiasm about their roles and their potential across the city, and outcomes delivered so far include over £1bn of goods and services purchased locally, the Lincoln Green targeted employment scheme led by Leeds Teaching Hospital Trust getting 50 local people into jobs, and a focus on social value across the city. Anchors describe supportive conversations with councillors and council officers, as well as recognising the potential for the network to expand to include more businesses. They also recognise the potential impact for delivering in the city's priority neighbourhoods, and in collective working on climate change. The Anchors are also ambitious to have greater connection and synergy with the Community Anchors network across the city, which could deliver more outcomes for local people. This includes taking the best practice recently gained on recruitment and employment through a range of projects and applying it more widely across the city with more businesses and employers.

The depth of community knowledge and the investment the council has made in community empowerment is a real strength. The ABCD approach and the work to develop community ambassadors and to support and encourage and help facilitate deeper networks within communities is impressive. Similar to the drive by city ambassadors, the focus by local stakeholders also continues to have impact and delivers the city's ambitions, for example the Food Strategy for Leeds.

The collective ambition for the city is very deeply embedded across the council and its partners. The council takes up opportunities on a large scale and is trusted to deliver, and partners describe it as "an organisation which likes to say yes". This presents a challenge going forward, as the council's budget gap over the next few

years and demand pressures mean that capacity will need to be considered and the opportunities which LCC so keenly promotes and explores now, may be harder to deliver as resources are reduced.

Changes at director level bring a degree of uncertainty and change to the dynamics of the top team, and the peer team heard of concerns about this change and how these dynamics would work. New appointments also bring new opportunities to consider ongoing visible dispersed leadership across the council and to reflect more widely on succession planning.

4.3. Governance and culture

There are positive working relationships across the council. This is led from the top and is reflected in the council's structure, with the inclusion of the two main opposition party leaders on the council's Executive Board. Political differences are openly aired and respected across the council's membership, cross party working is normalised and is a strength, and councillors work to high standards of behaviour and conduct. This is complemented by low numbers of complaints about councillors through formal and informal channels.

Working relationships between councillors and officers are mature, transparent and constructive. The council was an early adopter of the LGA's Model Code of Conduct, and a cross-party working group has amended the code to fit local circumstance and the culture of the organisation and how it makes decisions. This includes further amendments to the Leeds code in light of updates to the LGA Model, particularly to provide clarity for councillors on expectations about declarations of interest. The Member-Officer protocol was refreshed in February 2022, although officers describe few occasions when there is a need to refer to the code and what is expected, as this seems to be widely understood and adhered to, not least due to the visible values the council promotes and has embedded.

Councillors and officers feel that scrutiny is respected and the approach and work of the 5 Scrutiny Boards adds value to council decision making. The scrutiny function is well-resourced, being supported by 3 full time equivalent officers. Two of the Boards are chaired by opposition councillors. The focus of scrutiny activity has clear links to the city's priorities as stated in the Best Council Ambition and on issues which

local people would recognise as significant to their daily lives. The annual report summarises headline scrutiny activity in terms of impact and outcomes for the city and its stakeholders.

During 2021-2022 areas of scrutiny focus included access to local NHS dental services, preventing death and serious injuries on Leeds roads, and integrated digital services and how residents contact the council. The ongoing review of bus service provision across West Yorkshire was highlighted by several people as a good example of how scrutiny works well in Leeds, with appropriate levels of challenge and good input from councillors and officers. Items being considered for next year's scrutiny workplan include flood risk management and the green economy.

Making better use of data and evidence across the council applies to the Scrutiny Boards and broader policy development which would be further enhanced by collecting, using and analysing data and other information to shape enquiries and recommendations. This may require the development of existing skills and introducing new skills for both members and officers and will need new investment. Such skills could also be applied to pre-decision scrutiny and earlier engagement on policy development could add more value to the development of the council's policies, especially when difficult decisions have to be made.

The council's Governance Framework has 7 core principles including "Defining Outcomes" and this is reflected across the council's business, on a formal basis through reports and is recognisable on a day to basis through the language and dialogue members and officers have about their roles and the services being delivered. This focus on outcomes is clear and commendable. It does however, need to be tempered with beginning to focus on thinking the unthinkable in terms of the future finances of the council, what it can and cannot afford to deliver, staff capacity and resilience, and how services and interventions are prioritised. The council's ambition to deliver the best is very clear, but will its future finances and capacity always allow this to happen?

The council's approach to equality, diversity and inclusion could be further developed by having a more consistent and comprehensive approach in formal decision making, particularly in ensuring that reports have been subjected to more robust expert input

before entering the decision-making cycle. Given the importance and emphasis placed on EDI matters across the council, this could be reflected in the Annual Governance Statement.

The overall impression given in the council's approach to governance is that Leeds is a self-aware, reflective organisation which is open to challenge and learning. It could improve further by exploring in more detail and tackling some of the concerns of middle managers about the speed of delegated decision making, which at times feels too slow for the ambition of the council and causes frustration at this level, particularly for those working in corporate and support functions. Whilst the peer team gained a small insight into concerns of middle managers, taking some more time to research and understand those concerns would be a step in reducing what some perceive to be as unnecessary bureaucracy and an opportunity to improve user satisfaction.

Trade unions work well with the council and working relationships are good, and there is mutual respect between the two parties with a drive to continue to support Team Leeds. Making stronger links between staff and the community anchor organisations would help to raise awareness of cost-of-living concerns which are affecting staff as well as residents.

4.4. Financial planning and management

The council has a strong track record of balancing the budget and delivering savings plans and addressing a difficult finance challenge with reduced finances over the last decade. Between 2010 and 2021 the council has reduced staffing levels by over 2,800 FTEs (full time equivalents).

There is a clear commitment to medium-term financial planning with a strengthened focus on a three-year direction. The Medium-Term Financial Strategy (MTFS) covers the period 2023/24 to 2027/28 and was presented to the Executive Board in September 2022. The aim of the strategy is to set out the council's commitment to provide services that meet the needs of people locally, that the council is financially resilient, stable and sustainable for the future, and the use of resources represents good value for money. The MTFS identifies an estimated General Fund budget gap of £182.6m for the five-year period. Other assumptions over the duration of the

MTFS include an assumption of no progress on implementing the Fair Funding review, and that council tax collection rates will remain at 99% whilst recognising that this remains an area of high risk given the economic situation facing residents.

The capital investment programme is well developed and ambitious and reflects the council's good track record of attracting external funding to the city. It has a clear aim of supporting the delivery of inclusive growth in the city. The overall level of borrowing required to fund the 2022-27 capital investment programme of £2.7bn is £570.1m, which over the life of the MTFS will require additional provision of £26.78m to service the debt, driven by the anticipated increase in external interest costs. The 4-year Housing Revenue Account (HRA) capital programme provides for capital investment of £598.5m up to 2025/26.

The council's General Fund reserve stands at £33.2m with no contribution towards reserves anticipated during the current financial year. A £3m contribution to the General Fund reserve is assumed for each year from 2023/24 onwards. The opening General Fund earmarked reserves for 2022/23 stood at £143.4m, including £37.5m of Strategic Contingency Reserve. A General Fund Energy Reserve of £1.07m was created as part of the 2021/22 budget process, and which was carried forward into 2022/23 where it will increase the budgeted 2022/23 reserve from £2.87m to £3.94m. Leeds has the lowest proportion of available reserves relative to its net budget of comparable metropolitan local authorities.

The net revenue budget for 2022-23 is £521.9m. An in-year overspend was projected at £20.4m in October 2022 and a budget gap for 2023-24 of £65.7m has been identified. Like other councils the budget is under pressure from a combination of increased demand, inflation, energy costs and anticipated pay increases. The largest departmental overspend of £11.855m is predicted in the Children and Families directorate, reported as driven by Covid related pressures and increasing numbers of Looked After Children. Mitigating actions across the council were agreed in September 2022 including a freeze on recruitment (including on agency staff and overtime), and a freeze on non-essential spend.

Provision of 2% for pay awards has been made, and the September report to the Executive Board includes an illustration of the impact of the current national

employers' offer of a flat rate increase of £1,925 per annum. An increase of 4% has been budgeted for from 2023/24, and the overall cost of the estimated pay increase will cost £81.7m over the duration of the MTFs.

A review of the council's property estate is underway with a focus on keeping the buildings of most local importance and use, as well as reflecting a shift to a more agile and hybrid office estate.

There is a well-considered and thoughtful approach to risk and commercialism, with a clear connection to the council's stated strategic objectives. The budget sign off includes appropriate reference to risks and appears to be logically consistent with the decisions taken.

Savings and pressures are set out by individual directorates, and proposals also include the consideration of alternative options, timings of decisions and the likely level of savings. Current departmental collaboration with finance is maturing but appears to vary slightly across departments. A more consistent framework and approach across departments would allow more focused prioritisation.

The scale and the challenge of the future financial pressure needs to be more clearly understood across the council and the city, and at the time of the peer challenge had a lower than might have been expected profile. The previous significant budget reduction which led to the rollout of the Early Leavers Initiative and 811 staff leaving quickly during 2020/21 caused a shockwave through the council which people still talk about, particularly in the context of losing roles and individuals who were well respected and held some of the organisational memory of the council. The scale of the budget challenge looming over the next 3 years is still not widely understood and there is a general expectation that the council will continue to be able to deliver services and work in partnership, yet this will become significantly harder given the extent of the 5-year gap identified in the MTFs.

There is a clear focus on balancing the budget for next year with the MTFs proposing to use reserves during 2023/24 to accommodate pressures arising due to the national cost-of-living crisis. The council acknowledges that the use of one-off funding, such as drawing on reserves, to support ongoing budgetary pressures is not

financially sustainable. More attention and focus therefore need to be on longer term outcome-focused transformation to contribute towards a more sustainable budget, but whether a wholly balanced budget can be achieved in the medium term is unclear due to the scale of the gap and pressures involved.

4.5. Capacity for improvement

Although the organisation is large and complex the values and behaviours framework provides the glue, and the direction is provided by the Best City Ambition to focus efforts on better outcomes for local people.

There is a clear internal People Strategy in place that helps to embed the values, focuses on improvement and the high-level ambitions of the council for the city. This strategy is up front about making the council the best place to work and sets out what employees can expect of the council, including flexible career paths and progressions, and emphasis on being your best at work. Emphasis is placed on how managers and staff engage with each other, and employees reflect how much they enjoy working for the council. A key aspect of this engagement is formal and informal dialogue and everyone the peer team engaged with told us they have regular appraisals which add value to their roles and how they feel supported.

Equality, diversity and inclusion has high profile and commitment internally and externally. In 2020 the Executive Board agreed new equality improvement priorities aligned to the Best Council Plan for 2021 – 2025 and these were recently revised to reflect the Best City ambition. EDI performance is reported annually to the Executive Board under two broad headings of what has been achieved and what else needs to be done. The report received in September 2022 included many examples of delivery, of which two were the city being one of 7 host cities across the country for The World Reimagined (TWR), a national creative education project inviting artists to help transform understanding of the Transatlantic Slave Trade and its impact; and progress on decarbonising social housing. A framework is being developed for the council as an employer, a service deliverer and as a community leader. The identification of a named corporate champion or lead would help to keep EDI matters in focus.

External EDI representatives describe being proud of LCC's approach and achievements and they feel connected to the Best City vision. They describe the council as open, transparent and responsive, and willing to change approaches in the face of evidence, for example the transport investment programme reflects people's lived experiences following engagement from the council's highways and planning services. They also appreciate the leadership and listening style of the outgoing Director of Adults and Health and her role in supporting involvement in the Better Lives Board.

Internally there is a zero-tolerance ambition which aims to create an inclusive culture across the organisation. This is underpinned by a workforce EDI inclusion plan which has 5 priorities, which have involved staff networks, trade unions and employees from across the council in their development. These priorities are on recruitment; progression; training including mandatory EDI training for all appraising managers launched in October 2022; zero tolerance; and data monitoring.

Staff networks have been created for: BAME employees; carers; disability and wellbeing; early careers; mental health; LGBT+ Staff Network; military families' support; and women. In 2021 subgroup of the carer's network was formed called Super Families, which is a support group specifically for parents/carers of children with special and complex needs; this is regarded as the first of its kind in the country. As well as acting in a 'critical friend' role, the networks also support ongoing improvement in organisational development and cultural change work. Representatives of the networks are engaged, thoughtful and appropriately challenging of the council's EDI plans and delivery, and whilst the consultative role is welcomed and embraced, some had reservations about the networks overlapping with the council's HR functions and processes in policy development and implementation.

This year Leeds became the first local authority to appoint a Freedom to Speak Up Guardian, to support efforts to tackle discrimination and improve EDI within the organisation, as well as to provide an opportunity to champion everyone's right to be heard within the council. This role will operate with some independence and autonomy, with direct links to the Chief Executive, and a role in reporting trends and

significant concerns. It is not regarded however as a substitute for HR advice, formal processes or trade union representation. At the most senior levels the creation of this role has been welcomed and there is interest in its potential impact on the culture of the organisation.

Public health is understood and feels supported across the organisation. It has gained momentum from the city's response to Covid, where the public health function was engaged and included in social care and housing. The approach to joining up services across the council includes actively trying to put residents first and support and understand and apply the Marmot principles of the importance of having good homes, good social networks, access to good education and work, and low carbon living, rather than public health being added as an extra layer of activity.

Emphasis is placed on supporting staff at work and regular wellbeing pulse surveys are undertaken, with 5 surveys conducted since 2020. The most recent undertaken was survey 5, conducted in March 2022. Results are shared with managers across the council via innovative dashboards. Three in five staff (60%) were feeling fairly or very happy when they completed the survey and three quarters of staff (76%) reported they were happy with the level of support they receive at work. However, there are concerns about work levels being too high or stressful, lack of support/communication, feeling undervalued, personal health or family support issues and losing staff to ELL/increased workload/staff shortages.

Some of these concerns were also voiced by staff during the peer challenge, including concerns about some colleagues feeling tired, at risk of becoming burnt out and increasing levels of staff sickness. Although work has been done around well-being to support staff in the workforce the peer team received many comments around the challenges of the complexity of work being done on the ground and increasing demand from local communities. They echoed the trade unions concerns about the cost-of-living crisis affecting employees as well as residents and businesses across the city. and consideration could be given to further support for them as employees. Continuing to maximise digital solutions to support productivity and smart ways of working will help to improve capacity and this work as already started through the ways of working programme. However, this needs to be a

continuous approach and integrating work with partners will also support helping to work smarter as a city.

More can still be done to continue to engage and co-produce with the voices of everyone across the council. There is recognition of the need to offer more support in the middle management cohort of staff and more to do with around half of the workforce that are digitally not connected at work, which would in turn support greater engagement for example in staff surveys.

A Core Business Transformation (CBT) Programme is underway which seeks to bring about fundamental changes in the way Finance, Procurement, Human Resources (HR) and Payroll activities are undertaken across the council, which will generate annual savings of £4m. CBT is anticipated to deliver significant changes by 2024/25, although some middle managers expressed concerns that more can be done to unlock processes and improve pace before then, including a less bureaucratic approach to delegated decisions, and faster and slicker recruitment processes. Managers reflected that there is a tendency for departments to work well vertically, but that more cross-council working involving a stronger user design focus would support the sharing of new ideas and practice and be a more effective way of working on large scale transformation.

Overall, there are challenges ahead which affect capacity and which will need to be carefully managed, including some things which will need to be done differently, with or by others. Leeds is a council which is self-aware and quietly confident and the position statement it produced for this peer challenge was well written and reflective about its strengths and where it needs to improve. Partners describe LCC as having a culture of calmness and humility which pervades the whole organisation, backed up by real ambition and delivery. These are real assets for the future.

4.6 Locality working

As reflected elsewhere in this report, the city has a strong and vibrant social infrastructure. Many community organisations are involved and the buy-in of these organisations is clear and evident. The council's political leadership is clearly committed to neighbourhood working and the opportunities and impact it brings to communities.

There are a wide variety of locality approaches in place including:

- 19 Local Care Partnerships covering the whole of the council's geography in a collaboration with health and community organisations. These focus on person centred care as well as the broader determinants of health in localities.
- Community Care Hubs in each of the city's 33 electoral wards which involve voluntary, community and social enterprise organisations. Originally their role was to support residents through the initial Covid lockdown in 2020, and activities included food provision; collecting and transporting prescriptions and other essentials; befriending services; health promotion; and other bespoke service, including walking pets
- 37 neighbourhood networks
- There are 12 priority neighbourhoods - these operate at the MSOA level - and have been determined because they are in the bottom 1% of MSOAs in the Index of Multiple Deprivation. They provide for very focussed and localised action in areas of the city where poverty is most acute
- 12 'pathfinder' communities supported by a Community Builder (referenced below)
- Approximately 30 clusters based around schools and services for children and their families

Building on the Community Care Hubs led to the development of the Leeds Community Anchor Network (LCAN), which aims to continue and build on the citizen-led activities and partnerships from both before and during the pandemic. The role of a Community Anchor is to strengthen community participation; encourage involvement of local people in local issues and services; bring together local organisations to work in inclusive partnership; support the community to call for changes in policy in practice through advocacy for a community; and be gateways to services people need.

The city's asset-based approach to community development (ABCD) led to 12 'pathfinder' communities across Leeds being identified in 2019, each with access to a Community Builder to identify people active in the community and bring others

together. Independently assessed in 2021 the programme showed a range of positive outcomes across the pilots, including estimating that up to £14.02 of social value is returned for every £1 invested. The intention is to build on this approach further across the city, which is welcomed by community partners. Members' levels of awareness about the asset-based approach are mixed and some councillors hold strong views about what could be regarded as a more paternalistic model of distributing grants to communities rather than working alongside communities to empower them. Creating some learning and development opportunities for councillors on the ABCD model and how it works would be beneficial to them as individuals, and to the communities they represent.

There is clearly a great deal of enthusiasm, activity and impact being achieved by locality working across Leeds. Some networking and mapping out of provision is being undertaken at priority neighbourhood level. However, structures and geographies are varied and some aspects appear to be overlapping, with boundaries, rationale and responsibilities not always clear to those involved. But in an environment of reducing budgets and increasing pressure on demand for public services, locality working should also be put under the spotlight to ensure the best is being achieved for communities. A review of locality working is needed to address potential duplication of effort or resources, and this should include locality working in its broadest sense, including ward level budgets and the role of councillors. A challenge will be to minimise duplication, maximise resources and join up activity without stifling effort, enthusiasm and impact.

4.7 Partnership working

Partnership working is a core value and an established way of working across the council and the city. The council plays a key leadership and convening role, extensively recognised inside and externally of LCC. A wide diversity of partnerships is in place, and these feel genuine with an equal footing, and a lack of hierarchy between the council and its many partners.

Strong partnership working is evident with national government, Core Cities and neighbouring local authorities. The degree of partnership buy-in from the broader city and with anchor institutions is outstanding. The evolution from the Best Council

Plan to the Best City Ambition in February 2022 has been a powerful way of galvanising partners across the city at a time of less resource.

The council can point to many achievements through partnership working including:

- Leading the successful campaign for the relocation of Channel 4 from London to Leeds which was announced in 2021
- Good examples of ensuring assets are delivering for communities e.g., Lincoln Green project
- The creation of the Anchor Network and the projects it has delivered

Partners are effusive about the council and its role in the city, and this enthusiasm could be harnessed further to encourage the further growth of existing partnerships and the support for new ones, although to do this would require more resources. However, the current and future resource pressures on the local authority present a barrier to this, and a creative approach may be needed.

Partners were also clear in expressing their frustration about the lack of national investment in the city's transport infrastructure being a major barrier to economic growth for Leeds and the wider region.

4.8 The Combined Authority

There is widespread recognition from partners and stakeholders within and beyond the council's geography that the Leeds economy is crucial to the success of the wider region. Partners feel that there is limited evidence of a clear embedded regional economic strategy being agreed which reflects the importance of the city's potential contribution to the regional economy. There is scope for Leeds to further support the development of the strategy, subject to the agreement of other stakeholders across the CA.

The council was instrumental in establishing the Combined Authority with national government and plays a strong leading role. The Leader of the Council is the Deputy Mayor, and the Chief Executive chairs the Chief Executive's Group.

Throughout the peer challenge we heard that Leeds has the potential to play a stronger role to play across the Combined Authority, particularly on filling the current capacity gap on economy, technology and innovation. Some observers recognise that Leeds playing a stronger role could develop tensions between other councils within the CA but felt that relationships should be mature enough to overcome reservations for the benefit of the greater good, which would in turn benefit neighbouring authorities and their communities as well as Leeds. The peer team also heard of some partners' expectations that as the regional Mayoral model develops, Leeds could help develop stronger political relationships with and between the Mayor and other council Leaders.

To make further progress with CA partners, Leeds could identify where it could offer support to neighbouring boroughs so that everyone can benefit from the capacity which Leeds has, but others do not.

Whilst it is not the purpose of this peer challenge of Leeds City Council to give a view on other organisations and what they should or should not do, several people told the peer team that a peer challenge might be a helpful tool in supporting the relationship between Leeds, the other councils and WYMCA.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Mark Edgell, Principal Adviser for Yorkshire and the Humber, is the main contact between your authority and the Local Government Association. He is available to discuss any further support the council requires

Mark.edgell@local.gov.uk