

## 2024/25 Revenue Budget and Council Tax

### Agenda Item 13A

Date: 7<sup>th</sup> February 2024

Report of: Chief Officer Financial Services

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### **Brief summary**

At its December 2023 meeting, the Executive Board considered initial proposals for the 2024/25 Revenue Budget and approved these for consultation. This report presents updated final Budget proposals for 2024/25, seeking the Board's approval to recommend the Budget to Full Council at its meeting on 21<sup>st</sup> February 2024.

These final proposals take into account the one-year provisional Local Government Finance Settlement for 2024/25, the Written Statement on 24th January 2024, council budget consultation results and other influencing factors, such as the wider economic context. The 2024/25 Budget being proposed continues to support the council's strategic ambitions, policies and priorities aimed at tackling poverty and reducing inequalities, whilst also supporting our ongoing journey to strengthen the authority's financial resilience and sustainability.

In line with the council's statutory requirement, a balanced budget is presented for the next financial year. Compared to 2023/24, this is based upon:

- An increase in Settlement Funding Assessment – core government funding received – of £9.9m.
- A proposed 4.98% increase in Council Tax: 2.99% for the 'core' element, and an additional 1.99% for adult social care, estimated to contribute an additional £30.7m to the budget.
- An £8.0m increase in Business Rates contribution to the budget.

The overall impact is to increase the net revenue budget by £48.6m (8.5%) to £622.0m for 2024/25.

Whilst resources receivable from the Settlement Funding Assessment and estimated from Council Tax and Business Rates have increased, these are outweighed by pay, price, cost of living and demand pressures. This means the authority will need to deliver £63.9m of savings by March 2025 to achieve a balanced budget position.

Looking ahead, the position remains challenging: against a backdrop of uncertain government funding from April 2025, inflation and cost of living pressures have significant implications for the Council's finances and levels of demand. In common with local authorities throughout the country, in order to balance the Budget and to avoid issuing a Section 114 notice (in effect declaring that the Council cannot achieve a balanced budget and preventing all new spending), difficult decisions will have to be taken that will impact across services, affecting service users, residents, businesses, partners and our workforce. It needs to be recognised that we are not funded to provide all the functions we currently do, and so future service provision must be provided within the limited resources available. Alongside a continued focus on securing value-for-money and investing in transformation, services will continue to be reviewed as part of an overall resetting and reshaping of the authority to ensure it remains fit-for-purpose and sustainable in future years.

The updated Provisional Budgets for 2025/26 and 2026/27 set out in this report estimate a budget gap of £64.6m in 2025/26 and a further £47.1m in 2026/27. This future position will continue to be revised and reported to the Executive Board through a refreshed five-year Medium-Term Financial Strategy in September 2024.

## Recommendations

Executive Board is requested to:

- a) Recommend to Council that it notes 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 this report.
- b) Recommend to Council the adoption of the following resolutions:
  - 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 21<sup>st</sup> February 2024.
  - ii. Grants totalling £73.1k to be allocated to parishes as shown at Appendix 5.
  - iii. Approval of the revised virement rules at Appendix 7 Virement Decisions to Amend Approved Budgets, specifically that the de minimis level for 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. Approval of the strategy at Appendix 9 in respect of the flexible use of capital receipts. Specifically additional planned use in 2023/24 of £6.7m and planned use in 2024/25 of £18.9m.
  - v. In respect of the Housing Revenue Account that 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 to increase from £24.54 in 2023/24 to £28.77 in 2024/25.
  - vi. In respect of the Schools Budget, that the High Needs Block budget for 2024/25, as set out in paragraph 3.4 of the Schools Budget Report at Appendix 8 (specifically the table at paragraph 3.4.6) be approved.
- c) Thank 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.

## What is this report about?

- 1 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Full Council. This report seeks Council's approval to a revenue budget of £622.0m for the 2024/25 financial year.
- 2 This report presents final budget proposals for 2024/25, updating the financial positions reported to this Board in September 2023 through the [Medium Term Financial Strategy 2024/25 to 2028/29](#) and in December 2023 through the [Proposed Budget for 2024/25](#).
- 3 Related reports in respect of the Capital Programme and the Treasury Management Strategy are also being received at Executive Board today and can be found elsewhere on this agenda.
- 4 Full details on the final budget proposals for 2024/25 are provided in the attached appendices, with key points summarised below:

### Revenue Budget 2024/25

- a) Following the Executive Board's approval of the Council's Proposed Budget for 2024/25 at its 13<sup>th</sup> December 2023 meeting, the Chancellor of the Exchequer announced the Provisional Local Government Finance Settlement on 18th December, covering the year 2024/25. The Final Settlement, expected in early February, will be subject to debate in the House of Commons. As such, the implications of all known relevant announcements are included in this Budget Report.
- b) When compared to 2023/24, the Council's net revenue budget has increased by £48.6m to £622.0m, due to an increase in the Settlement Funding Assessment (SFA) of £9.9m (5.0%) – the core funding local authorities receive from Government, an increase in business rates of £8.0m, and an increase in Council Tax of £30.7m.
  - i. The increase in Council Tax comprises an increase in core council tax of 2.99% together with a further 1.99% in respect of the Adult Social Care precept. The overall increase in council tax income also reflects a recovery in tax base growth following reductions in both the unemployment level and council tax support claims. Excluding police and fire precepts, for a Band D property this is an increase of £81.91 per annum to £1,726.84.
  - ii. The net £8.0m impact of business rates retention on the 2024/25 General Fund reflects an improvement both on the budgeted deficit position from 2023/24 to 2024/25 (£4.0m), as the final instalment of the deficit from 2020/21 drops out, and an improvement in accumulated growth as the commercial property market slowly recovers from the pandemic years (£4.0m).
- c) Whilst resources receivable have increased, additional pay, price, cost of living and demand pressures mean that the Council will need to deliver £63.9m of savings by March 2025 to achieve a balanced budget position. Full details are provided at Part 5 of Appendix 1 with these updated assumptions incorporated into Directorate reports at Appendix 8.
- d) Cost of living pressures continue to have a wider inflationary impact on the Authority due to the impact of the increased cost of living on our residents and businesses. In addition, there are risks associated with increases in 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 due to reduced disposable income or rising inflation. As part of the wider ongoing financial monitoring processes, this position will continue to be kept under review throughout the financial year. Additional insight on how the cost of living is impacting upon people has also been provided within the Budget Equality Impact Assessment at Appendix 6 and in regular cost of living reports to Executive Board.

- e) Demographic and demand pressures continue to grow. In Children and Families, Children Looked After (CLA) numbers in Leeds continue to increase reflecting the national trend, with costs of placements increasing significantly. This trend is expected to continue, and provision has been built into the budget for 2024/25. Within Adults and Health, the population growth forecast assumes a steady increase in the number of people aged 65+; provision has also been built into the 2024/25 budget for this pressure. Due to the growing pressures in social care, these budget proposals provide for a Social Care Contingency Reserve to be set up in 2024/25.
- f) The authority will continue to put measures in place to ensure the assumed increases in funding, savings and cost efficiencies set out in the proposals for the 2024/25 Budget are realised by March 2025, with regular 'Financial Health Monitoring' reports provided to the Executive Board throughout 2024/25. Any variation to budgeted assumptions will be required to be managed within the approved budget. This is in line with the Council's Revenue and Capital principles, first approved by the Executive Board in July 2019 and updated in February 2023 to further strengthen budget management and accountability. The updated principles are presented at Appendix 11 for information.

### **Use of capital receipts**

- g) Capital receipts can only be used for specific purposes, their main permitted purpose being to fund capital expenditure. However, under Government guidance issued in March 2016 and updated in August 2022, local authorities are allowed to use capital receipts more flexibly, specifically for, 'expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.' Under the Local Government Finance Settlement for 2021/22, these capital receipts flexibilities were extended to the end of 2024/25. In December 2023, the Government extended the programme further, to March 2030. Government has also committed to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government. A Government consultation closed on 31st of January 2024 and we await publication of the outcomes.
- h) Appendix 9 sets out the Council's Strategy for the Flexible Use of Capital Receipts, noting an additional planned use of £6.7m when compared with the budgeted position for 2023/24 (please refer to the Month 9 Financial Health Monitoring elsewhere on this agenda for further information), and the planned use of £18.9m to support transformation in 2024/25.

### **Housing Revenue Account and Dedicated Schools Grant**

- i) With regard to the Housing Revenue Account (HRA), it is proposed to increase rents to all properties by 7.7% in accordance with the Government's rent formula of CPI (6.7% as at September 2023) +1%. In addition to this the HRA budget includes proposals to increase service charges to cover rising costs due to price inflation.
- j) At the end of 2023/24 it is projected that there will be a surplus balance of £4.4m on the Dedicated School Grant (DSG) compared to a surplus balance of £9.0m at the end of 2022/23. The projected surplus equates to 0.1% of the total DSG funding 2023/24. The position will be monitored, and the balance will be carried forward into 2024/25. The Schools Budget is mainly funded by the DSG, the majority of which is passed on to schools, with a small proportion of the grant being retained to support the Council's education responsibilities. Details of the 2024/25 DSG can be found within the Schools Budget narrative at Appendix 8.

## **Business Rates Pool**

- k) In 2023/24 the Council is a member of the Leeds City Region Business Rates Pool, with 50% business rates retention. In early October 2023, the Government invited authorities to apply to continue their pooling arrangements into 2024/25. The Leeds City Region applied, and the Provisional Local Government Finance Settlement in December 2023 confirmed that this application had been successful. Executive Board, at its meeting on 13<sup>th</sup> December 2023, approved that Leeds City Council should continue in the Pool and remain lead authority. The 2024/25 Pool will be legally formed on 1<sup>st</sup> April 2024, as no member authority withdrew within the statutory 28-day period after the publication of the Provisional Local Government Finance Settlement, and will continue until 31<sup>st</sup> March 2025.

## **Future years**

- l) Looking ahead, Appendix 1 presents provisional Revenue Budgets for 2025/26 and 2026/27. These update the position set out in the Proposed Budget received by the Executive Board in December 2023, with latest forecast gaps of £64.6m in 2025/26 and £47.1m in 2026/27. (These are provided for information and planning purposes only, with decisions continuing to be made as part of the Council's annual budget-setting process.) The forecast position for the financial period to March 2027 recognises the requirement to make the Council's budget more financially resilient and sustainable whilst providing increased resources to support demand-led services.
- m) It is clear from the level of savings required to be delivered in 2024/25 and the size of the estimated budget gaps in future years that the financial climate for local government continues to present significant risks to the Council's priorities and ambitions. In addition, this report has been prepared against a background of uncertainty in regard to the Government's spending plans from April 2025, following a one-year financial settlement announcement in 2024/25. The Council continues to make every effort possible to protect the front-line delivery of services and to avoid large scale compulsory redundancies while making decisions which are sustainable for the future. But the position remains extremely challenging, especially when account is taken of the ongoing financial impact of the cost of living crisis. As such, the Authority's 'Financial Challenge' savings programme will continue, supporting reviews and wider transformation that will deliver improved services and, at the same time, efficiencies. As noted above, alongside a continued focus on securing value-for-money and investing in transformation, services will continue to be reviewed as part of an overall resetting and reshaping of the authority to ensure it remains fit-for-purpose and sustainable in future years.

## **What impact will this proposal have?**

- 5 The Equality Act 2010 requires the Council to have "due regard" to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay due regard be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show due regard.
- 6 The Council is fully committed to ensuring that equality and diversity are given proper consideration when we develop policies and make decisions. In order to achieve this the Council has an agreed process in place and has particularly promoted the importance of the process when taking forward key policy or budgetary changes. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.
- 7 Equality impact screenings have been carried out on all 'service review' savings proposals previously approved by this Board for implementation / consultation at its December 2023

meeting. Where appropriate, further equality impact assessments will be carried out as part of the Council's decision-making process.

- 8 A full strategic equality impact assessment and analysis of this proposed Revenue Budget for 2024/25 is included at Appendix 6.
- 9 Broader potential impacts (for example, on service delivery levels, particular geographical areas etc.) are considered throughout the process of developing this Budget and the supporting savings proposals and will continue to be considered as decisions are made. Such considerations are based on the best possible information available at the time of preparing the papers.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 10 The council's strategic ambitions can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget, with this report presenting the proposals for the 2024/25 Budget.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 11 The 2024/25 Budget proposals were developed through consultation with a range of stakeholders, notably with the Executive Board, all Scrutiny Boards, the Council's Corporate Leadership Team and other senior officers, and through wider staff engagement. They also draw on insights from the priorities set out in existing council and partnership plans and strategies which have themselves been subject to extensive consultation and engagement. The public consultation results are included in full at Appendix 2 with the results of the consultation with Scrutiny Boards provided at Appendix 3. Specific consultations have been, or are being, carried out on the 'service review' savings proposals.

### Public Budget consultation – summary

#### Introduction and approach

- 12 Following agreement by December's Executive Board, public consultation on the council's Proposed Budget for 2024/25 took place during the four weeks between 13<sup>th</sup> December 2023 and 10<sup>th</sup> January 2024 through an online survey. A short animation provided additional context on the significant financial challenges facing the authority, the reasons for this, and that we will need to make difficult decisions: stopping, changing or charging for services.
- 13 The survey explored a range of themes relevant to the proposed budget including: principles of how we should be funded, our savings proposals, changes to council tax, and how we plan to allocate the revenue budget by directorate. Other questions explored: satisfaction with how we run things, ideas for bringing in extra money or making savings, future service reductions and community engagement. Questions were also included on our Best City Ambition key priorities, the results of which have been included in the 'Best City Ambition – 2024 update final proposals' elsewhere on this agenda.

- 14 The survey was carried out using online methods only. In previous years, when paper surveys have been offered, they have had low take-up and those were predominantly from groups of respondents that are already over-represented. The consultation was circulated primarily through Leeds City Council social media channels and online community groups, and as a news item on the council's website. The Citizens' Panel, which has around 2,500 members, received an email with a link to the survey. Staff and elected members were invited to take part through emails and a news item on the council's intranet (InSite). Invitations were also emailed to partner organisations, requesting that they share through their networks.
- 15 1,722 participants completed the survey. This response is in line with responses from when the same online survey method was carried out in previous years (1,742 for 2023/24, 2,495 for 2021/22 and 1,537 for 2020/21). It is highly statistically accurate, representing the population of Leeds to a confidence interval of +/-2.4% (with 95% confidence). As noted above, full results are available at Appendix 2. Throughout the summary below and at Appendix 2, percentages and percentage point changes have been rounded to remove decimal places and therefore may not sum exactly.
- 16 Survey participants were from a range of different demographic groups, which in general represented the population of Leeds residents compared with the 2021 Census. Ethnically diverse communities and younger people were underrepresented, however there were enough of each group for their views to be reported. Most respondents (90%) said that they live in Leeds, over half (58%) work in Leeds, and a smaller group (2%) said they study in Leeds. In total, 3 in 10 (30%) said they work for the council, much higher than the previous year (18%), making this group highly overrepresented in the results. However, analysis of non-council staff responses for each key question confirmed the significance of findings. It should also be noted that a large number of council staff are also Leeds residents.

### Main survey findings

- 17 In response to the financial challenges that Leeds City Council faces:
- 4 out of 5 respondents (80%) agreed with the statement that we should raise money through increasing council tax and charges:
    - 30% of all respondents felt we should raise enough money by increasing council tax and charges to avoid having to cut services.
    - 50% of all respondents said that council tax and charges should be slightly increased whilst balanced with cuts and reduction of some services.
  - 1 in 5 (20%) of all respondents said we should not increase council tax or charges, even if this has a large impact on the services we provide. This is lower than previous years (27% in 2023/24 and ranging between 22 and 24% from 2019/20 to 2022/23).
- 18 When asked how much participants agree or disagree with our proposals to increase the 'core' element of council tax in Leeds by 2.99%, and to levy an adult social care precept of 1.99%:
- 3 quarters of respondents (75% rounded) agreed with our approach for increasing the core rate of council tax (41% strongly agreed, 33% tended to agree). 1,692 of all 1,722 respondents completed this question.
  - Slightly fewer (72%) agreed with our approach of applying an additional levy to support adult social care services (39% strongly agreed and 33% tended to agree).
  - In previous years the question was presented differently, asking about the proposed increase in the combined figure for the 'core' and adult social care elements. Comparing these with a mean average of the two results from this year (to create a proxy for this), agreement with the proposed increase in council tax can be seen to have increased

greatly by 13 percentage points (from 60%). However, this is likely to have been affected by the change in approach.

- The largest number of themes from comments about council tax agreed with the approach or acknowledged that tough decisions need to be made (110), followed by themes referring to reducing waste and making efficiencies (58).

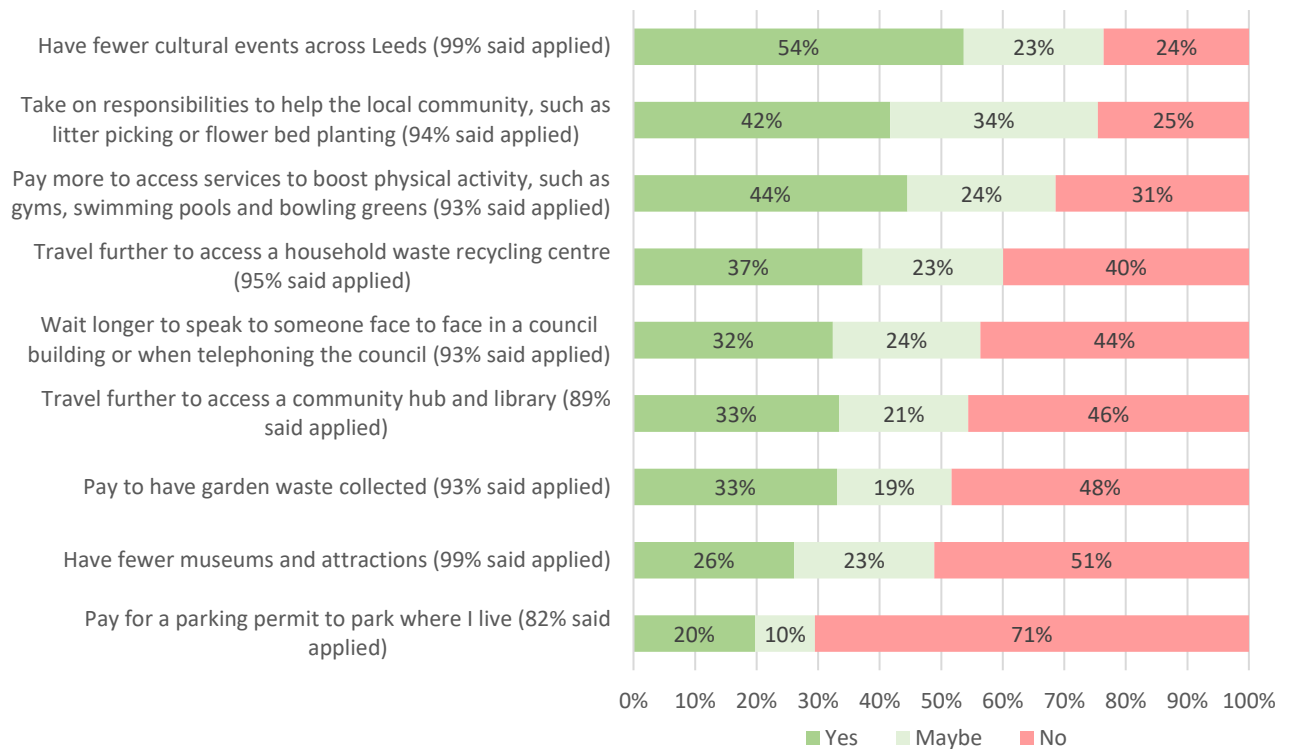
19 Participants were presented with a chart of the proposed net revenue budget per directorate and details of how this has changed from the previous year, alongside a summary of the services that each directorate provides, and links to the Revenue Savings Proposals and Proposed Budget reports considered by the Executive Board in December 2023.

- When asked how much they agreed with the savings proposals for 2024/25, two thirds of respondents (66%) agreed (9% strongly agreed and 57% tended to agree), an increase of 7 percentage points from the previous year (59%). 1,503 of all 1,722 respondents completed this question.
- In terms of the overall proposed revenue budget, over two thirds of respondents (68% rounded) agreed (9% strongly agreed and 58% tended to agree). Levels of agreement with our proposed budget have increased greatly since last year by 9 percentage points (from 59%), appearing to break the decreasing trend in agreement in recent years. 1,492 of all 1,722 respondents completed this question.
- Respondents were invited to comment on the proposed approach to how we spend our revenue budget. In total, 475 (28%) respondents completed this open text field, providing comments that often contained multiple themes. These have been individually analysed, resulting in 640 themes:
  - The largest number of themes from comments stated that the council needs to reduce waste and create efficiencies (71), followed by comments about reducing city roadworks and cycle lanes (58), and increasing/sustaining Adults and Health funding (45).
  - Other key themes suggested reducing staff numbers/wages (38), reducing the budget in the Strategy & Resources directorate (35), and that they disagree with financial challenge proposals (34).

20 Looking ahead, participants were informed that we will need to find further significant savings over the next two years and were asked whether they would be prepared to accept changes relating to a range of services we offer, responding yes, maybe, no or to tick if this service was not applicable to them.

- The highest levels of agreement, with those saying yes or maybe (where this service was applicable to them), were for: having fewer cultural events (76% rounded), taking on responsibilities to help the local community (75%), and paying more to access services that boost physical activity such as gyms, pools, bowling greens (69%).
- The highest levels of disagreement (where this service was applicable to them), were for paying for a parking permit to park where they live (71%), followed by having fewer museums and attractions (51%).
- The remaining options performed more closely with agreement ranging from 52% to 60%: travel further to access a household waste recycling centre (60%), wait longer to speak to someone in a council building or when telephoning (56%), travel further to access a community hub or library (54%), and pay to have garden waste collected (52%).
- The chart below provides a breakdown of the responses, the figures in brackets highlighting the proportion of respondents who said this service was applicable to them.





21 657 people (38% of all respondents) provided comments or suggestions on how the council could do things differently to bring in extra money or make savings, with many giving multiple comments or suggestions, resulting in 965 themes. These were gathered into subgroups of linked themes:

- The group of themes with the most comments listed ideas and suggestions, with 57% of respondents. This group included the themes: selling or renting out council buildings (49), cancelling events such as Leeds 2023 and Light Night (43), charging for events and museums (36), and increasing enforcement/fines (34).
- The second largest group related to the council's ways of working, with 17% of respondents, with the most common theme being improving services and efficiencies (67).
- Overall, the most common single themes were: reduce the number of staff/pay or staff benefits (74), improve services and efficiencies (67), and stop city roadworks or cycle lanes (51).

22 3 in 5 (60%) participants were satisfied with how the council run things (13% very satisfied, 47% fairly satisfied). Slightly more than 1 in 5 (21% rounded) said they were dissatisfied (13% very dissatisfied, 9% fairly dissatisfied). Comparison with last year's consultation shows a strong increase in satisfaction of 11 percentage points, up from 49%. This reverses the downward trend in recent years, returning to levels seen in the 2021/22 Budget consultation.

### Scrutiny Board consultation – summary

23 In accordance with the requirements of the Budget and Policy Framework, all five Scrutiny Boards considered the Proposed Budget 2024/25 during their January cycle of meetings. Prior to this, and in line with the approach taken in previous years, officers and Executive members attended working group sessions with each Board in December, an approach welcomed by the Boards.

24 Following the January meetings, a composite report presenting the Scrutiny Board comments and conclusions was provided. This included six key considerations for all Scrutiny Boards:

- Scrutiny Boards sought and received assurance around the assumptions reflected in the Proposed Budget 2024/25, including the progress in delivering savings targets for 2023/24. Those assurances were provided by the relevant Leeds City Council officers and Executive Board members.
- Reflecting on the scale of the Council's financial challenge, the Scrutiny Boards sought assurances regarding the potential risk to the authority of retaining levels of reserves that are lower than those of other comparable authorities.
- Scrutiny Boards received assurances from officers and Executive Members that Trade Unions are being, or will be, engaged where service redesign and/or proposals to reduce staffing numbers are agreed.
- Scrutiny Members sought reassurance that where planned service redesign relies upon digital transformation, there is sufficient capacity within IDS to ensure those projects can be delivered within the required timeframe.
- Members reiterated the importance of considering the impact of increasing fees and charges in the context of wider economic pressures on Leeds citizens.
- Members welcomed the continued publication of Business as Usual savings to ensure transparency and to enable scrutiny members to understand how all savings proposals will contribute to reducing the budget gap. It is recommended that BAU savings continue to be published as part of the budget consultation process.

25 In addition, each Scrutiny Board presented a number of key findings specific to their remits. Further detail is provided in the composite report at Appendix 3.

### **Housing Leeds Tenant Consultation**

26 The service has integrated into its quarterly tenant satisfaction survey programme questions to help us understand tenants' service priorities, which in turn can be used to help inform annual budget setting. The findings of this consultation are at Appendix 12.

### **What are the resource implications?**

27 The financial position as set out in the Medium Term Financial Strategy which was received at September's Executive Board identified an estimated budget gap of £162.8m for the period 2024/25 to 2026/27 of which a gap of £59.2m related to 2024/25. The Proposed Budget presented to this Board in December 2023 encompassed a number of directorate savings proposals and corporate measures which enabled a balanced budget position for 2024/25, with estimated gaps at that time of £60.6m and £46.1m respectively for 2025/26 and 2026/27.

28 Final budget proposals, which incorporate a number of changes to the position presented in December, deliver a balanced budget for 2024/25 and are contained within Appendix 1 of this report. This position takes account of the estimated level of resources available to the Council. In addition, it reflects the requirement to make the Council's revenue budget more financially resilient and sustainable over the medium term whilst at the same time recognising increased demand pressures for the services that we deliver.

29 The provisional budgets for 2025/26 and 2026/27 have been updated and the estimated budget gaps are now £64.6m and £47.1m for the respective years. Details are contained within Appendix 1 of this report.

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

- 30 The budget proposals for 2024/25 and the provisional budgets for 2025/26 and 2026/27 need to be seen in the context of significant inherent uncertainty for the Council in terms of future funding and spending assumptions.
- 31 The Council's current and future financial position is subject to a number of risk management processes. Not addressing the financial pressures in a sustainable way, in that the Council cannot balance its Revenue Budget, is identified as one of the Council's corporate risks, as is the Council's financial position going into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the Council's risk-based reserves policy. Both these risks are subject to regular review and reporting.
- 32 Failure to address these issues will ultimately require the Council to consider even more difficult decisions that will have a far greater impact on front-line services including those that support the most vulnerable and thus on our strategic ambitions to tackle poverty and reduce inequalities.
- 33 Financial management and monitoring continue to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This risk-based approach will continue to be included in the in-year financial reports brought to Executive Board.
- 34 In addition, risks identified in relation to specific proposals and their management will be reported to relevant members and officers as required.
- 35 Specific risks relating to some of the assumptions contained within these budget proposals are identified at Appendix 1 to this report.

## **What are the legal implications?**

- 36 This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the proposed Budget, following approval by this Board in December 2023, was submitted to all Scrutiny Boards for their review and consideration. As noted above, the outcome of their review is included at Appendix 3 to this report for consideration prior to submission of these proposals to Full Council on 21<sup>st</sup> February 2024.
- 37 These budget proposals, if implemented, will have implications for Council policy and governance and these are explained within Appendix 1 to this report. The budget is a key element of the Council's budget and policy framework, but, where required, proposals will also be subject to separate consultation and decision-making processes, which will operate within their own defined timetables and be managed by individual directorates.
- 38 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Full Council. As such, the recommendations are not subject to call in, as the budget is a matter that will ultimately be determined by Full Council.

## **Options, timescales and measuring success**

### **What other options were considered?**

39 Not applicable

### **How will success be measured?**

40 Not applicable

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

41 Not applicable

### **Appendices**

Appendix 1: 2024/25 Revenue Budget and Council Tax

Annexe 1: Movement in Net Managed Budget by Directorate 2023/24 to 2024/25

Annexe 2: Statement of 2023/24 and 2024/25 Budgets by Service: will be circulated to Board members in the coming days.

Appendix 2: Proposed Budget 2024/25: Public Consultation Report

Appendix 3: Proposed Budget 2024/25: Summary of Scrutiny Board Consultation

Appendix 4: 2024/25 Proposals by Directorate Requiring Decision

Appendix 5: Proposed Council Tax Support Payments for Parish/Town Councils

Appendix 6: Equality Impact Assessment: Council Budget 2024/25

Appendix 7: Virement Decisions to Amend Approved Budgets

Appendix 8: Directorate Budget Reports 2024/25

Appendix 9: Strategy for the Flexible Use of Capital Receipts

Appendix 10: Budgeted movements in Earmarked Reserves 2024/25

Appendix 11: Revenue and Capital Budget Principles

Appendix 12: Housing Leeds Tenant Consultation

### **Background papers**

- None



# Appendix 1: 2024/25 Revenue Budget and Council Tax



# Appendix 1:

## Introduction

This report details the Council's Budget for 2024/25. This Budget is set within the context of the Proposed Budget for 2024/25 approved by Executive Board in December 2023, the provisional Local Government Finance Settlement, the Written Statement on 24<sup>th</sup> January 2024 and in accordance with the Council's budget and policy framework. As agreed by Executive Board, the Proposed Budget was submitted to Scrutiny for review and has also been used as a basis for wider consultation.

Following recommendation by Executive Board this report seeks approval from Council that the revenue budget for 2024/25 be approved at £622.0m. This results in an increase of 2.99% in the Leeds element of core Council Tax and a 1.99% increase in Adult Social Care precept. For a Band D property this is an increase of £81.91 to £1,726.84 for 2024/25.

Detailed budget proposals for each directorate are set out in the budget reports attached in Appendix 8. This information will be consolidated into the Budget Book which will be provided to Full Council and will also be published on Data Mill North. The Budget Book will contain detailed budgets for each directorate at both service level and by type of expenditure/income.

This report also provides an update on the provisional budgets for 2025/26 and 2026/27 and the Executive Board are asked to note these revised positions.

The budget proposals contained in this report have, where appropriate, been the subject of the Council's equality impact assessment process and mitigating measures have been put in place or are planned.

These budget proposals are set in the context of the Best City Ambition, the Council's strategic plan which sets out the ambitions, outcomes and priorities for the city of Leeds and for the local authority.

### **Part 1: The Context for 2024/25 Budget and Provisional Budgets for 2025/26 and 2026/27**

### **Part 2: Summary of Changes Since the Proposed Budget**

### **Part 3: Changes in Resources and Funding since 2023/24**

### **Part 4: Cost Pressures, Budget Growth and Adjustments**

### **Part 5: Addressing the Budget Gap – Savings Options**

### **Part 6: Summary Budget 2024/25**

### **Part 7: Robustness of the Budget and Adequacy of Reserves**



**Part 8: Provisional Revenue Budgets for 2025/26 and 2026/27**

**Part 9: Ringfenced Accounts**

**Part 10: Management of Key Risks**





## Part 1: The Context for Leeds City Council's 2024/25 Budget and Provisional Budgets for 2025/26 and 2026/27

1.1 This report brings before Executive Board the Budget for 2024/25, which is set within the context of the Council's Proposed Budget for 2024/25 agreed by Executive Board in December 2023 and further builds on the Council's 5 year Medium Term Financial Strategy 2024/25 to 2028/29 agreed by Executive Board in September 2023. These budget proposals are also prepared using the detail of the provisional Local Government Finance Settlement announced in December 2023 and the Written Statement on 24th January 2024. The Council's budget is developed in accordance with the Council's Budget and Policy Framework. As agreed by Executive Board, the Proposed Budget has been submitted to Scrutiny for review and has also been used as a basis for wider consultation.

### Influences affecting the 2024/25 Budget

1.2 The funding available to local authorities, and the way this is used, is influenced by factors at a regional, national and international level. This Budget is produced at a time when Leeds is facing significant change and challenges, some of which come as a result of developments far beyond the City's borders.

1.3 The Council's Medium Term Financial Strategy (MTFS) notes that we are in a period of political and economic volatility, with Section 1.4 of that report describing a range of influences and factors that impact on its development. Paragraphs 1.5-1.9 discuss these influences where the situation has progressed since publication of the MTFS and the subsequent Proposed Budget Report, and linking to those reports where the Council's position remains the same.

1.4 The predominant influences affecting this Budget and the Medium Term Financial Strategy include: the global and national Economy including the impact of Cost of Living; Annual Government Announcements; National Policy; Regional Working; a changing operating context post COVID; and Health and Social Care funding.

### 1.5 The Economy

- **Office of Budget Responsibility forecasts** – At the time of the Autumn Statement in November 2023, the Office for Budget Responsibility (OBR) published its updated independent economic and fiscal forecasts. The OBR forecasts a significant slowing of the economy in the short to medium term compared to the forecasts in March 2023, as set out below:
  - the OBR's forecast for GDP growth for 2024/25 is down from 1.8% in March to 0.7% in November. Similarly, in 2025/26 growth forecasts are down from 2.5% to 1.4%.
  - The OBR estimates that inflation (CPI) will average 7.5% in 2023/24 before falling to 3.6% in 2024/25, 1.8% in 2025/26 and 1.4% in 2026/27.





Rates of unemployment are expected to increase to 4.6% in 2024, remaining at that level until falling back slightly in 2026 to 4.4% and 4.2% in 2027.

- Average earnings are forecast to peak in 2023 with growth of 6.8% before falling back to 3.7% in 2024, 2.2% in 2025 and 2.0% in 2026. Earnings growth recovers slightly to 2.5% in 2027 and 2.8% in 2028.

## Annual Government Announcements

### 1.6 Provisional Local Government Finance Settlement 2024/25

- Following the Autumn Statement on 22<sup>nd</sup> November 2023 and the resultant Local Government Finance Policy Statement 2024/25 on 12<sup>th</sup> December 2023, neither of which indicated any further funding for local government, the Secretary of State for Levelling Up, Housing and Communities presented a written statement to the House of Commons on 18<sup>th</sup> December 2023 detailing the Provisional Local Government Finance Settlement 2024/25.
- The headline announcements in the Provisional Settlement were as follows:
  - Core Spending Power (CSP) – Core Spending Power for local authorities in England will rise by 6.5% nationally compared to 2023/24. Leeds City Council's provisional CSP will increase by 6.2%, an increase of £45.9m. It should be noted that increases in CSP include the Government's estimates of increases in local taxation including Council Tax (an increase of £24.6m in Leeds) and Business Rates (an increase of £7.7m in Baseline Funding Level in Leeds).
  - Revenue Support Grant is to increase by £2.2m for Leeds between 2023/24 and 2024/25, or 6.1% (the rate of CPI in September 2023). As mentioned, the Baseline Funding Level is to increase by £7.7m, making the total Settlement Funding Assessment increase £9.9m.
  - Because the Chancellor announced at the time of the Autumn Statement 2023 that the higher Standard Multiplier for Business Rates would increase by CPI and only the Small Business Rates Multiplier would be frozen in 2024/25, the Government indicated that this would mean Leeds would only receive £32.7m in compensation, £8.2m lower than that assumed at the time of the Proposed Budget. The loss is netted off by the increase in the Baseline Funding Level.
  - The funding available through the Services Grant is to be greatly reduced from £483m nationally to only £77m, meaning that Leeds' allocation reduces from £6.4m to only £1.0m. The scale of this reduction was not expected by the sector, although Government has assured local government that this funding had been used to uprate other funding streams in the Settlement.
  - The Business Rates tariff for Leeds will be £0.8m lower than expected in 2024/25 after the calculations for an adjustment required following the 2023 Revaluation.



- All other grants, principally for Adult Social Care, were as announced in the Autumn Statement 2022 and this meant that the overall loss to Leeds City Council from the Provisional Local Government Finance Settlement 2024/25 compared to the figures proposed in the Council's Proposed Budget to Executive Board in December was £0.8m.

### 1.7 Written Statement 24<sup>th</sup> January 2024

- Government published a Written Statement<sup>1</sup> on 24th January 2024 which announced £600m of additional funding for local authorities, with detailed allocations and further information to be provided in the Final Settlement in February 2024, including:
  - £500m added to Social Care Grant, which “where possible, councils should invest in helping place children’s social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision.”
  - Increase in the Funding Guarantee from 3% to 4%, ensuring that all authorities see a minimum increase in Core Spending Power of 4%, before local decisions on council tax.
  - Increase of £15m to the Rural Services Delivery Grant.
  - The requirement for all local authorities to produce productivity plans by the summer parliamentary recess, to be reviewed by an expert panel including the Department for Levelling Up, Housing and Communities (DLUHC), the Office for Local Government (Oflog) and the Local Government Association (LGA).

### 1.8 Previous Annual Government Announcements

- Further information on the impact of the Chancellor’s Autumn Statement is detailed in the [Proposed Budget for 2024/25](#) which was received at December’s Executive Board.
- Other Government statements, such as the Autumn Statement 2022 and Spring Budget 2023, that have impacted the Council’s [Medium-Term Financial Strategy 2024/25 to 2028/29](#) are discussed in the report presented to Executive Board in September 2023.

### 1.9 National Policy

In October 2023 two Acts came into force that directly impact the Council’s ability to raise funding locally. These two Acts are: -

- **The Levelling Up and Regeneration Act 2023** which introduces two important reforms to Council Tax; a new premium on second homes and reducing the period after which a premium can be applied to empty homes

<sup>1</sup> <https://questions-statements.parliament.uk/written-statements/detail/2024-01-24/hcws206>



from two years to one year. The Second Home Premium provision requires the Authority to give property owners twelve months' notice of the imposition of the additional charge. Therefore, Full Council will be asked in the Council Tax Report 2024/25 to determine that the charge be applied, but additional income will not be generated until 2025/26. The changes to the Long Term Empty Premium were approved by Full Council in January 2024 when the Council determined its Council Tax Base. The charge will generate an additional estimated income of £1.6m in 2024/25.

- **The Non-Domestic Rating Act 2023**, which introduces a number of reforms to business rates, has implications for the Business Rates Retention Scheme (BRRS). These reforms include giving ministers the power to increase the lower Small Business Rates Multiplier and higher National Multiplier at different rates up to a maximum of September's annual rate of increase in the CPI. Ministers decided at the Autumn Statement 2023 to decouple the multipliers, resulting in a significant increase in business rates income retained through the BRRS occurred because it had previously been assumed both multipliers would be frozen, although this came with a corresponding reduction in multiplier cap compensation. The increase in the multipliers drives many of the fundamental elements of the BRRS such as the baselines, the tariff and the levy calculations. The impact of decoupling the multipliers only became clear with the publication of the Provisional Settlement as detailed in paragraph 1.6. The impact was approximately revenue neutral.

### About Leeds: Socio-economic context

- 1.10 Leeds is a growing city with a population that continues to become more diverse in terms of age, countries of origin and ethnicity. Leeds has a large, urban core but, unlike many other cities, its administrative boundary includes a significant rural area, with villages and market towns.
- 1.11 During the two decades prior to the last global financial crisis, the city's economy experienced significant growth, driven in large part by financial and business services. Leeds established itself as a vibrant, diverse and dynamic city, with a strong knowledge-based economy and recovered from the economic impact of the COVID-19 pandemic faster than many of its neighbours. However, the pandemic increased pressures on low-income households and the most vulnerable in society, as well as pushing some households to experience financial uncertainty and hardship for the first time. This has been exacerbated by the cost-of-living crisis, which not only compounds the challenges being experienced by many individuals and households, but also applies further pressure to council services through increased demand and increased costs, as well as reduced income as Leeds' residents and visitors choose to spend less or differently.
- 1.12 Further information on Leeds' socio-economic context is available at Section 1.5



of the Medium Term Financial Strategy 2024/25 to 2028/29.

### Developing the 2024/25 Budget and Medium Term Financial Strategy and our Strategic Ambitions

- 1.13 Our overall vision for the city is set out in the Best City Ambition which can be read in full here: [Best City Ambition \(leeds.gov.uk\)](https://leeds.gov.uk/best-city-ambition). At its heart is our mission to tackle poverty and inequality and improve quality of life for everyone who calls Leeds home. The Ambition is focused on improving outcomes across three ‘pillars’: Health and Wellbeing, Inclusive Growth, and Zero Carbon. These pillars, and the areas of focus that cut across them all, capture the things that will make the biggest difference to improving people’s lives in Leeds. The Best City Ambition aims to help partner organisations and local communities in every part of Leeds to understand and support the valuable contribution everyone can offer – no matter how big or small – to making Leeds the best city in the UK. The Ambition can only be delivered through a sound understanding of the organisation’s longer-term financial sustainability, which enables decisions to be made that balance the resource implications of the Council’s policies against financial constraints. This is the primary purpose of the Medium Term Financial Strategy, which then provides the framework for the determination of the Council’s annual revenue budget for which the proposals for 2024/25 are contained in this report.
- 1.14 The financial climate for local government continues to present significant risks to the Council’s priorities and ambitions. Between 2010/11 and 2019/20, the Council faced severe reductions in Government funding and continues to face significant demand-led cost pressures, especially within Adult Social Care and Children’s Services. The financial challenge now facing the Council is to manage these pressures alongside the significant impact caused by the ongoing cost of living crisis and increased inflation, within a backdrop of global economic and geo-political issues, whilst still striving to deliver the council’s ambitions. The needs of the communities served by Leeds City Council have already increased and will continue to do so, and the various funding streams that support local government will undoubtedly be affected by the longer-term economic impact of the cost of living crisis. As disposable income remains stretched, the Council’s traded and commercial income is expected to suffer.
- 1.15 Reflecting these challenges, the Council is projecting a significant overspend in 2023/24, as reported in the monthly Financial Health report elsewhere on the Executive Board agenda. Whilst actions have been identified, and are being implemented to address this financial position, any overspend at year end will require to be funded from the Council’s reserves, with implications for the level of resources available in future years. Looking ahead, the Council is facing an updated estimated budget gap of £193.1m for the period up to and including 2028/29, £111.7m of which is in 2025/26 and 2026/27.
- 1.16 Unavoidably, managing the in-year and projected future year financial position means that the Council will have to make difficult decisions around the delivery of services, and it will remain difficult over the coming years to identify further





financial savings without significant changes in what the Council does and how it does it.

- 1.17 In recognition of this financial challenge the Council has again carried out a programme of service reviews which, when combined with business as usual savings, contribute towards closing the estimated revenue budget gap and enable the Authority to present a balanced budget position in 2024/25. However, the scale of the pressures on the Council's financial position this year, combined with the gap over the next three years and continued uncertainty concerning future central government funding, is unprecedented. In common with local authorities throughout the country, in order to balance the council's budget and to avoid issuing a Section 114 notice (in effect declaring that the council cannot achieve a balanced budget and preventing all new spending), difficult decisions will have to be made now, and in the future, that will impact across services, affecting service users, residents, businesses, partners and our workforce.
- 1.18 This can be seen in the scale and nature of the savings proposals put forward to Executive Board in October and December 2023 which included service and staffing reductions, fee increases and new charges, asset sales, building closures and reduced hours of operation. These proposals were informed by a review of all Council budgets within a consistent prioritisation framework, which aims to reduce the effect on key services and mitigate negative impacts as far as possible. However, it needs to be recognised that we are not funded to provide all the services we currently undertake, and so future service provision must be provided within the limited resources available. Alongside a continued focus on securing value-for-money and investing in transformation, services will continue to be reviewed as part of an overall resetting and reshaping of the authority to ensure it remains fit-for-purpose and sustainable in future years. Further information on this strategic approach is provided below within the 'Bridging the Revised Gap – the Corporate & Directorate Savings Programme' section at Part 5.
- 1.19 The proposals for an updated Best City Ambition for 2024 on this agenda emphasise that the 'Team Leeds' strategic intent shared between the Council and its partners remains focused on tackling poverty and inequality and improving the quality of life for everyone in Leeds. Prioritisation and clarity of direction around which partners in the city can convene to maximise the positive impact of increasingly limited resources remain key to navigating the financial constraints impacting on the council, organisations, communities and individuals in the city.



## Part 2: Summary of Changes since the Proposed Budget

2.1 Table 1 summarises the movements between the 2024/25 Proposed Budget and these final 2024/25 Budget proposals.

**Table 1 – Summary of Changes in Resources, Costs and Savings Proposals in the Council's Budget 2024/25 since the Proposed Budget**

	Proposed Budget 24/25 £m	Changes since Proposed Budget £m	Budget 2024/25 £m
Increase in Net Revenue Charge	(36.5)	(12.1)	(48.6)
Change in contribution to/(from) General Reserve	0.0	0.0	0.0
Change in contribution to/(from) Earmarked Reserves	3.2	7.8	10.9
Net Increases in Other Specific Grant	(17.7)	(4.3)	(22.1)
Other General Fund Business Rates Movements	(7.3)	2.6	(4.8)
Other Contributions	(1.0)	1.1	0.2
<b>Funding and Resources</b>	<b>(59.3)</b>	<b>(5.0)</b>	<b>(64.3)</b>
Pay Inflation	24.9	0.1	25.1
Commissioned Services	17.5	0.0	17.5
Energy Inflation	(2.0)	(0.9)	(2.8)
General Inflation	21.0	0.7	21.7
Demand and Demography	28.6	6.3	34.9
Other incl. Debt	35.2	(3.2)	32.0
<b>Pressures</b>	<b>125.2</b>	<b>3.1</b>	<b>128.3</b>
<b>Total Funding, Resources and Cost Pressures</b>	<b>65.8</b>	<b>(1.9)</b>	<b>63.9</b>
<b>Total Existing Savings Prior to September MTFS</b>	<b>1.7</b>	<b>(4.6)</b>	<b>(2.9)</b>
<b>Routine Efficiencies identified 2023</b>			
<b>Total Routine Savings Identified at MTFS</b>	<b>(9.1)</b>	<b>0.0</b>	<b>(9.1)</b>
<b>Gap Remaining After Existing Savings</b>	<b>58.4</b>	<b>(6.5)</b>	<b>51.9</b>
<b>Directorate Savings</b>			
October 2023	(13.4)	3.4	(10.0)
December 2023	(45.0)	3.8	(41.1)
Post December 2023	0.0	(0.7)	(0.7)
<b>Total Additional Directorate Savings 2023</b>	<b>(58.4)</b>	<b>6.5</b>	<b>(51.9)</b>
<b>Gap Remaining After Additional Savings</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

2.2 The Council's Proposed Budget for 2024/25 was presented to Executive Board in December 2023 and presented a balanced position. Table 1 summarises the movements in the 2024/25 position since the Proposed Budget, including changes in resources available to the Council, changes in cost assumptions and changes in savings proposals.

2.3 Table 1 also shows the value of savings proposals that have been identified and which contribute towards balancing the 2024/25 budget within the estimated available resources. These are detailed in Part 5: Addressing the Budget Gap.



Overall, this report presents a balanced position for 2024/25.

- 2.4 The resources available to the Council have increased by (£5.0m). This includes the Net Revenue Charge, which has increased by £12.1m, comprised of £11.9m additional Settlement Funding Assessment, £2.3m additional local funding from Business Rates and Council Tax, and offset by Business Rates and Council Tax deficits of £2.1m. The change in contribution to Earmarked Reserves has increased by £7.8m since the Proposed Budget due to a net additional contribution to reserves. This is described in more detail at Section 3.11. The net change in Specific Grants is an increase of £4.3m due to new grants of £9.7m, offset by a reduction in Services Grant of £5.4m. All of the additional grant funding has been fully utilised to fund new cost pressures. Of these new grants £2.7m are savings plans that have been reclassified or moved since the Proposed Budget. The General Fund impact of Business Rates reflected in Section 31 grants has reduced by a further £2.6m. Other contributions have also reduced by a net £1.1m due to savings plans that are now reclassified within funding. Further detail on the movement in funding and resources is at Part 3 and in Appendix 8 for individual directorates.
- 2.5 Cost pressures have increased by £3.1m since the Proposed Budget. These final Budget proposals include a net increase of £0.1m for reassessed pay award pressures. This net pay increase includes £0.8m of mitigations to reduce pay pressures, £0.6m of which have been reclassified from Savings. Energy price inflation has been reassessed and the pressure reduced (£0.9m). General inflation has increased by £0.7m net of £0.3m of reclassified Savings. Demand and Demography pressures have increased by £6.3m - additional demand and demographic pressures in Children's Social Care of £6.8m are partly netted off by a reduced pressure of (£0.5m) in Communities Housing and Environment reflecting reallocation of this pressures within the service to "Other cost pressures".
- 2.6 Other cost pressures have reduced by (£3.2m) including reduction in financial sustainability provision in 2024/25 (£6.9m), reflecting reprofiling of the requirement to unwind capitalisation. The remaining increases in pressures are due to: Fallout of 2023/24 Business Rates Reduction in City Development £1.5m (a reclassified saving); increased costs pressures of £2.0m due to pressures in Waste, including hire of refuse vehicles; a reduction in income due to Housing Benefit Subsidy of £2.0m; a (£1.6m) fallout of car parking pressures; an increase in the WYCA levy £0.4m; and other adjustments and reclassified savings of (£0.5m). Further detail on the movement in cost pressures is at Part 4 and in Appendix 8 for individual directorates.
- 2.7 Since the Proposed Budget, a net (£1.3m) of savings been reclassified to other areas of the General Fund budget; (£1.7m) reclassified as funding income and £0.4m reclassified as cost pressures. Within the savings classification itself, £0.8m of savings previously identified have now been noted as not achievable, however, £0.7m of alternative savings have been identified since the Proposed Budget. In addition, a savings target of £0.6m relating to the Net Revenue Charge has been removed from the General Fund and reallocated to the Net Revenue Charge.



2.8 As noted above, savings have been reclassified to the most appropriate area of the budget, to better reflect how they are to be achieved. Further detail on savings is at Part 5 and in Appendix 8 for individual directorates.





**Part 3: Changes in Resources and Funding since 2023/24****3.1. Summary of Changes in Resources and Funding****Table 2 – Changes in Resources and Funding 2024/25**

	<b>2024/25 £m</b>
Change in Resources due to Settlement Funding Assessment and Local Funding Table 12, Paragraphs 3.2-3.9	<b>(48.597)</b>
Movement on use of Reserves Paragraphs 3.10.3-3.10.12	10.927
Specific Grant Funding Changes Paragraphs 3.10.12-3.10.29	<b>(26.859)</b>
Other Changes in Resources Paragraph 3.10.30-3.10.33	0.180
<b>Total Funding and Resources Changes</b>	<b>(64.349)</b>

3.1.1. Table 2 summarises the changes in resources and funding between the 2023/24 approved budget position and these 2024/25 budget proposals, detailed in Paragraphs 3.2-3.11. These include changes in resources in respect of local funding (such as Council Tax and Business Rates), specific grant funding changes, other changes in resources and movement on reserves showing use of or contribution to the Council's reserves.

**3.2. Estimating the Net Revenue Budget****Settlement Funding Assessment – increase of £9.9m**

3.2.1. Settlement Funding Assessment is essentially the aggregate of core government grant and business rate baseline funding for a local authority.

3.2.2. In the last four financial years, local government has received single-year settlements, making financial planning more difficult. The forthcoming financial year (2024/25) is the final year of the period covered by the Spending Review 2021 and, as expected, the provisional Local Government Finance Settlement 2024/25 was a further single year settlement.

3.2.3. Table 3 sets out the Council's Settlement Funding Assessment as per the provisional Settlement for 2024/25 announced on 18<sup>th</sup> December 2023. The Government set out figures for Revenue Support Grant, which increased by September 2023 CPI (6.1%) generating an additional £2.2m and increased the Business Rates Baseline in line with the multipliers. The Government announced at the Autumn Statement 2023 that the Small Business Rates Multiplier and the



higher Standard Multiplier would increase at different rates for the first time in 2024/25 in accordance with the new Non-Domestic Rating Act 2023. The Small Business Rates Multiplier was frozen, and the higher multiplier was increased in line with CPI as at September 2023 (6.1%). The increase in baselines for individual authorities depends on how much of their taxbase is subject to each multiplier. In Leeds, the increase to the baseline was confirmed as 5.1% using a weighted average of the increases in the two multipliers.

**Table 3 – Settlement Funding Assessment**

	2023/24	2024/25	Change	
	£m	£m	£m	%
Revenue Support Grant	33.389	35.601	2.2	
Business Rates Baseline Funding	164.4	172.0	7.7	
<b>Settlement Funding Assessment</b>	<b>197.8</b>	<b>207.6</b>	<b>9.9</b>	<b>5.0</b>

- 3.2.4. The Business Rates Baseline is then reduced by the tariff the Authority has to pay to Government because it is assessed as collecting more business rates than it requires for its spending needs - its baseline funding level. The tariff would ordinarily increase in line with any increase in the Small Business Rates Multiplier from its 2023/24 amount. However, as a revaluation of all business properties in England took effect from 1<sup>st</sup> April 2023 and Government assured local authorities that this would not lead to any changes in revenue for them, the Government provisionally adjusted tariffs to take out any impact of the 2023 Revaluation for 2023/24. The adjustment was made using the data that was available at the time of the Local Government Finance Settlement 2023/24, but subsequently this data has been updated and the Government has recalculated the adjustment in line with accurate information for 2024/25. It was confirmed in the provisional Settlement 2024/25 that Leeds' tariff will therefore increase in line with this final calculation, thereby reducing the Baseline Funding Level from the 5.1% increase due to the weighted average of the multipliers, to an overall 4.7% increase. The Government confirmed that the Leeds Baseline Funding Level would therefore increase by £7.7m, which, combined with an increase in Revenue Support Grant, means Settlement Funding Assessment in total increases by £9.9m in 2024/25.
- 3.2.5. Prior to 2013/14, when the Business Rates Retention Scheme was introduced, business rates were paid to Government and redistributed as general grant according to relative needs and resources. In 2013/14, in addition to general grant, a number of other funding streams were rolled into the Settlement Funding Assessment. However, since 2014/15 Settlement Funding Assessment has been adjusted without reference to these individual grants and therefore it is not possible to identify how much of the total funding received relates to each constituent part.
- 3.2.6. A list of these individual funding streams is provided in Table 4.



Table 4 – Grants Rolled into the Settlement Funding Assessment

	2023/24 £m	2024/25 £m	Change £m
<b>Settlement Funding Assessment</b>	<b>197.75</b>	<b>207.65</b>	<b>9.90</b>
<b>Which includes:</b>			
Council tax freeze grant 2011/12			
Council tax freeze grant 2013/14			
Early intervention grant			
Preventing homelessness			
Lead local flood authority grant			
Learning disability & health reform grant			
Local welfare provision			
Care act funding			
Sustainable drainage systems			
Carbon monoxide & fire alarm grant			
Local Council Tax Support admin subsidy grant			
Family Annexe Council Tax Discount grant			
Food safety and standards enforcement grant			

### 3.3. Business Rate Retention

Table 5 – Rateable Value in Leeds and Business Rates Income Generated

	Small Business Rates Multiplier £m	Standard Multiplier £m	Total
<b>Rateable Value in Leeds projected to 1st April 2024</b>	<b>286.34</b>	<b>661.40</b>	<b>947.75</b>
multiplied by business rates multiplier	0.499	0.546	1.05
<b>Gross business rates based on projected rateable value</b>	<b>142.89</b>	<b>361.13</b>	<b>504.01</b>
Estimated Growth	0.50	3.24	3.74
<b>equals gross business rates from each multiplier</b>	<b>143.39</b>	<b>364.37</b>	<b>507.75</b>
less: -			
Mandatory Reliefs			-82.55
Transitional Relief			-6.31
Discretionary Reliefs			-1.02
Government mandated reliefs			-27.35
<b>equals net business rates paid by ratepayers</b>			<b>390.53</b>
less adjustments for: -			
Bad debts and appeals			-16.34
Transitional Protection Payments from Central Government			6.31
Cost of collection			-1.23
Projected Enterprise Zone and renewable energy projects yield			-5.50
<b>equals non-domestic rating income in Leeds</b>			<b>373.77</b>
Split into shares: -			
<b>Leeds City Council (49%)</b>			<b>183.15</b>
<i>West Yorkshire Fire Authority (1%)</i>			<i>3.74</i>
<i>Central Government (50%)</i>			<i>186.88</i>
less deductions from operation of business rates retention scheme: -			
Leeds City Council's tariff from Local Government Finance Settlement			-10.60
Leeds City Council's share of surplus from 2023/24			-3.18
<b>Leeds City Council 's 2024/25 income from business rates</b>			<b>169.37</b>



- 3.3.1. Leeds is the most diverse of all the UK's main employment centres and has seen the fastest rate of private sector jobs growth of any UK city in recent years. Yet this apparent growth in the economy has not translated into business rate growth. In fact, the business rates income available to the Council declined from 2015/16 to 2017/18, only returning to 2014/15 levels in 2018/19 with the introduction of the 100% Business Rates Retention (BRR) pilot. The effect of the Coronavirus crisis reversed this growth again, with in-year income levels from the BRR Scheme (i.e., excluding the exceptional effects of the Collection Fund deficits from 2020/21 and 2021/22) declining below 2015/16 levels in 2021/22 and not projected to recover to budgeted 2020/21 levels, set before the COVID-19 crisis, until 2024/25.
- 3.3.2. The projected total rateable value of businesses in Leeds on the 2023 ratings list as at 1<sup>st</sup> April 2024 will be £947.75m, which would generate gross business rates income of £504.01m. It is projected that there will be some modest growth in gross business rates of £3.74m in 2024/25 which is approximately three quarters of the growth trend prior to the COVID-19 pandemic. As shown in Table 5, the impact of a range of business rate reliefs (see paragraph 3.4) and statutory adjustments reduces this to a net income figure of £373.77m.
- 3.3.3. Under the 50% BRR scheme, Leeds City Council's share of this income is £183.15m (49%). The Authority then pays a tariff of £10.60m to Government because Leeds is assessed to generate more business rates income than it needs.
- 3.3.4. Leeds must also meet its share of the business rates deficit created in 2023/24, which totals £3.18m. This is comprised of a deficit carried forward from 2022/23 of £1.93m, which occurred after that year's deficit was declared due to an influx of appeals at the close of the 2017 ratings list and an in year deficit of £1.25m, mainly due to an increase in the cost of Valuation Officer Reports reducing Rateable Values in Leeds as a reaction to appeals decision in other billing authority areas. Although these were partially offset by a reduction in the demand for Empty Rate Relief as the commercial property market appears to be recovering post-pandemic, Valuation Officer Reports have been a significant cost to Leeds in 2023/24 and Leeds City Council gets no prior notification of these reductions.
- 3.3.5. As shown above, business rates income is shared between local and central government. Under the 50% BRR scheme local authorities experiencing business rates growth are able to retain 49% of that growth locally, but also bear 49% of the risk if business rates fall or fail to keep pace with inflation, although a safety net mechanism is in place to limit losses in-year.
- 3.3.6. In particular, BRR exposes local authorities to risk from reductions in rateable values. The system allows appeals if ratepayers think their rateable values have been wrongly assessed or that local circumstances have changed. One major issue is that reductions are usually backdated to the beginning of the relevant ratings list. There are now no appeals outstanding against the 2010 ratings list in





## Appendix 1: 2024/25 Revenue Budget and Council Tax

Leeds. However, there are over 420 appeals outstanding against the 2017 ratings list and 244 appeals outstanding against the 2023 ratings list. The appeals against the 2017 list can be backdated for six years, which means that for every £1 reduction in rateable value against that list as a result of an appeal, there has to be £6 in rateable value growth against the 2023 list to replace the income lost. The Council currently holds £24.7m in provisions against the future cost of appeals against the 2017 and 2023 ratings lists and for some specific issues such as an expected reduction in rateable values in respect of GP surgeries, certain ATMs and ambulance stations.

- 3.3.7. Since 2013/14 the total amount repaid by way of business rate appeals is £224.4m, at a cost to the Council's General Fund of £115.6m. The provision for business rate appeals within the Collection Fund has been reviewed and recalculated to recognise new appeals and the settlement of existing appeals. This 2024/25 Budget provides for an additional £3.2m contribution from the General Fund to fund this provision.

### 3.4. Small Business Rates Relief and other mandatory reliefs

- 3.4.1. Before the pandemic almost 12,600 (about 30%) of business properties in Leeds paid no business rates, of which just over 9,700 received 100% Small Business Rates Relief. From April 2017, Government increased the rateable value threshold for small businesses from £6,000 to £12,000 and the threshold above which businesses pay the higher national business rates multiplier from £18,000 to £51,000. As a result, an additional 3,300 small businesses in Leeds immediately paid no business rates at all. Whilst Small Business Rates Relief and other threshold changes reduce the business rates income available to Leeds, the Authority recovers 69.1% of the cost of the relief through Government grant. A fixed grant of £0.8m is paid by Government for the changes to the multiplier threshold and a further £8.9m is recovered through the ratepayers in more valuable properties who pay rates based on the higher business rates multiplier. The overall proportion an individual authority recovers depends on the mix of large and small businesses in that area.
- 3.4.2. Unlike Small Business Rates Relief, in 2024/25 Leeds will bear 49% of the cost of other mandatory business rate reliefs such as mandatory charity relief and empty rate relief but has no control over entitlement and no powers to deal with their use in business rates avoidance. Costs of mandatory reliefs have increased significantly since the introduction of BRR, further reducing Leeds's retained business rates income: in real terms mandatory charity relief alone has increased by over 45%, from approximately £22.6m in 2012/13 to a projected £32.9m in 2024/25, costing the Council an estimated £5.0m more in 2024/25 in lost income under 49% retention compared to 2012/13.
- 3.4.3. In the Spending Review 2021 Government announced a further relief scheme for 2022/23, in which retail, hospitality and leisure businesses received a 50% relief against their 2022/23 business rates liability up to a maximum of £110,000 per business. At the Autumn Statement 2022 the Government confirmed that this



relief would be continued into 2023/24 and increased to 75% relief up to a maximum of £110,000 per business nationally. It was confirmed at the Autumn Statement 2023 that the Government will continue this scheme into 2024/25 and the forecast for this expanded relief in the light of the Council's experience in 2023/24 is detailed in section 3.5. Extensive relief schemes such as this, which are fully funded by Government, do not directly impact the net resources the Council has available. However, they do reduce the amount of funding to be collected from businesses and therefore also reduce the risk of non-collection and the cost of provisions for bad debts.

### 3.5. Business Rate Retention and the Budget Proposals

3.5.1. In terms of these Budget proposals, it is estimated that the local share of business rates funding in 2024/25 will be £183.1m. As per Table 6, the Budget recognises business rate growth above the baseline of £0.5m, a return to growth after the years below the baseline during the pandemic. This is still a significant reduction in the City's locally generated revenue above the baseline (0.4%) compared to the budgeted 2020/21 level (£10.9m or 6.9%), largely caused by the expected increased cost of extended Retail Relief since 2022/23. The elements of the improvement since 2023/24 are set out below.

**Table 6 – Business Rates, Estimated Growth/(Decline) to the Baseline**

	2023/24	2024/25	Change
	£m	£m	£m
Business rates local share	170.24	183.15	12.91
Less: business rates baseline	173.75	182.65	8.90
Growth above baseline	(3.51)	0.50	4.01

3.5.2. Table 7 sets out the main changes in business rates income that result in this £4.0m improvement in growth above the baseline since 2023/24. The two largest elements at £1.9m each are the reduction in demand for Empty Rate Relief as the commercial property market appears to be recovering after the pandemic and the improvement in the requirement to make bad debt provisions, with collection rates in Leeds having significantly improved in 2023/24 to only 0.1% below pre-pandemic levels. The forecast in-year growth forecast in the city in 2024/25 is £1.8m, although this remains at only 75% of the level forecast prior to the pandemic. Finally, demand for expanded Retail Relief has not been as high as expected in 2023/24 and a reduced forecast of £0.8m is included in the growth figures for 2024/25.

3.5.3. These gains, however, are partially offset by an increase in demand for Mandatory Charity Relief (-£1.1m), an increase in the requirement for appeals provisions (-£0.4m), Small Business Rates Relief (-£0.3) and some other smaller changes in the tax base (-£0.7m). There has also recently been a reduction in the city's taxbase due to the resolution of many historic appeals from the 2017 ratings list which have had a continuing effect into 2023/24.



**Table 7 – Changes in Growth above the baseline between the 2023/24 and 2024/25 Budgets and later years**

	2024/25 Indicative	2025/26 Indicative	2026/27 Indicative
Leeds share of growth above the baseline	49%	49%	49%
<b>Growth above baseline assumed previous year (£m)</b>	<b>-3.5</b>	<b>0.5</b>	<b>0.4</b>
Change in cost of bad debt provisions (£m)	1.9	0.0	0.0
Change in cost of provisions for appeals (£m)	-0.4	-2.0	2.0
Change in cost of empty rate relief (£m)	1.9	0.0	0.0
Change in cost of Small Business Rates Relief (£m)	-0.3	0.0	0.0
Change in Mandatory Charity relief (£m)	-1.1	0.0	0.0
Expanded Retail Relief (£m)	0.8	0.0	0.0
In-year growth of business rates yield (£m)	1.8	1.9	2.0
Other smaller changes in the tax base (£m)	-0.7	0.0	0.0
<b>Growth above baseline assumed current year (£m)</b>	<b>0.5</b>	<b>0.4</b>	<b>4.4</b>

3.5.4. In conclusion, although the economic environment in Leeds remains buoyant, and construction in the city is strong, the additional Retail Relief mandated by Government (and fully funded by section 31 grant) acts to reduce the amount of business rates to be collected in the city. Furthermore, the construction of new properties often replaces pre-existing buildings which have to be taken off the ratings list. New buildings do not become liable to business rates until they are occupied and the ongoing impact of reduced Rateable Values due to appeals also counteracts the growth seen from many construction projects.

3.5.5. The £183.1m local share of business rates funding is then reduced by a £10.6m tariff payment and a £3.2m deficit on the collection fund to reduce the funding available to the Council to £169.4m.

**Table 8 – Business Rates Retention 2023/24 to 2024/25**

	2023/24 £m	2024/25 £m
<b>Business rates baseline (including tariff)</b>	<b>164.4</b>	<b>172.0</b>
Projected growth above the baseline to March	(4.7)	(1.3)
Estimated growth in the year	1.2	1.8
<b>Total estimated growth</b>	<b>(3.5)</b>	<b>0.5</b>
Estimated provision for appeals	(6.1)	(3.2)
Additional income from provision for bad debts	8.3	(1.9)
Impact of change in Empty Rate Relief on income	(9.4)	2.0
<b>Estimated total year-end Collection Fund deficit (Leeds Share)</b>	<b>(7.2)</b>	<b>(3.2)</b>
<b>Estimated Business Rates Funding</b>	<b>153.7</b>	<b>169.4</b>
<b>Increase/(reduction) against the Business Rates baseline</b>	<b>(10.7)</b>	<b>(2.7)</b>
<b>Business Rates Retention - Impact on General Fund Income</b>		<b>8.0</b>

3.5.6. When compared to the £172.0m Business Rates Baseline (Government's assessment of what it expects an authority to collect before any local growth is



taken into account), the funding available of £169.4m represents a deficit of £2.7m, as shown in Table 8. Compared to the budgeted deficit in 2023/24 of £10.7m this is a net improvement to the Net Revenue Charge of £8.0m.

### Leeds City Region application to pool 50% Business Rate Retention

- 3.5.7. In 2023/24 the Council is a member of the Leeds City Region Business Rates Pool, with 50% business rates retention alongside the other West Yorkshire authorities and York. Under the 50% scheme the advantage of forming a business rate pool is the retention of levy payments within the region that would otherwise have to be made to Government.
- 3.5.8. In early October 2023, the Government invited authorities to apply to continue their pooling arrangements into 2024/25. The Leeds City Region Pool applied, and the Provisional Local Government Settlement in December 2023 confirmed that the application had been successful. Executive Board, at their meeting on 13th December 2023, approved that Leeds City Council should continue in the Pool and remain its lead authority. The 2024/25 Pool will be legally formed on 1st April 2024, as no member authority withdrew within the statutory 28 day period after the publication of the Provisional Local Government Finance Settlement and will continue until 31st March 2025.
- 3.5.9. We estimate gains to the region of around £3.7 million if income from the Business Rates Retention Scheme remains at current projections. Leeds City Council's financial commitment would be in the region of £1.5m, whether as a levy to the Pool or to Government. These Budget proposals recognise that Leeds City Council will be required to make a levy payment in 2024/25.

### 3.6. Council Tax

*Table 9 – 2023/24 Council Tax Levels (Figures include Police and Fire Precepts)*

Core Cities	Band D £:p	West Yorkshire Districts	Band D £:p
Nottingham	2,411.65	Kirklees	2,095.57
Bristol	2,345.24	Calderdale	2,071.20
Liverpool	2,307.55	<b>Leeds</b>	<b>1,958.39</b>
Newcastle	2,180.51	Wakefield	1,947.99
Sheffield	2,161.31	Bradford	1,934.44
Manchester	1,969.50		
<b>Leeds</b>	<b>1,958.39</b>		
Birmingham	1,905.73		





- 3.6.1. The 2023/24 budget was supported by a 4.99% increase in the level of council tax, 1.99% of which was attributable to the Adult Social Care precept. Leeds City Council's council tax remains the 2<sup>nd</sup> lowest of the English core cities and mid-point of the West Yorkshire districts, as detailed in Table 9.
- 3.6.2. The 2024/25 Budget proposals recognise a gain of £5.4m (3,253.6 band D equivalent properties) due to a projected increase in tax-base growth during the 2024/25 financial year. They also recognise a £1.9m projected deficit, which represents a £5.5m improvement on the previous year. The most significant reason for this reduction in the deficit is the dropping out of the final one-third instalment of the deficit from 2020/21, which Government mandated had to be spread over three years following the exceptional impact of the pandemic. The deficit generated in 2023/24 is also lower than in the previous year as collection in the city is forecast to return to 99% in the fullness of time in 2023/24, whereas it was forecast to only be 98.5% in 2022/23.
- 3.6.3. It should be noted that these proposals include an adjustment for the first provision in the Levelling Up and Regeneration Act 2023, namely the reduction in time from 2 to 1 years for the imposition of a 100% Long Term Empty Premium from 2024/25 as approved by Full Council at their meeting on 17<sup>th</sup> January 2024. The adjustment for this measure is estimated to realise approximately £1.6m in additional revenue. The second provision, the introduction of a 100% premium for Second Homes, which cannot be introduced until 2025/26 and is subject to the decision of Full Council in the 'Council Tax Report 2024/25', has not been included in these proposals.
- 3.6.4. In 2023/24 Government allowed local authorities to increase their core council tax charge by up to, but not including, 3% before having to submit their proposed increase to a local referendum. The Provisional Local Government Finance Settlement 2024/25 confirmed that authorities would again be permitted to increase their core council tax charge up to the same limit for 2024/25.
- 3.6.5. The impact of the proposed core increase (2.99%) and ASC precept increase (1.99%), as explained in paragraph 3.8, on the Leeds share of the council tax charge by band is shown at Table 10. The Leeds council tax charge will be presented to Full Council for approval in the Council Tax Report 2024/25.

**Table 10 – Proposed 2024/25 Leeds Council Tax**

BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
A	B	C	D	E	F	G	H
£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
1151.23	1343.10	1534.97	1726.84	2110.58	2494.32	2878.07	3453.68

- 3.6.6. As shown in Table 11, in total the level of Council Tax receivable by the Council in 2024/25 is projected to increase by £30.7m when compared to that receivable in 2023/24.



Table 11 – Estimated Council Tax Income in 2024/25

	2023/24 Baseline £m	2024/25 Forecast £m
Previous year council tax funding	369.4	393.7
Change in tax base - increase / (decrease)	5.6	5.4
Increase in council tax level	11.2	11.9
Adult Social Care precept	7.5	7.9
<b>Council Tax Funding before surplus/(deficit)</b>	<b>393.7</b>	<b>418.9</b>
Surplus/(Deficit) 2020/21	(4.5)	
Surplus/(Deficit) 2022/23	(2.9)	
Surplus/(Deficit) 2023/24		(1.9)
<b>Contribution (to)/from Collection Fund</b>	<b>(7.4)</b>	<b>(1.9)</b>
<b>Total - Council Tax Funding</b>	<b>386.3</b>	<b>417.0</b>
Increase from previous year		30.7

3.6.7. The Settlement Funding Assessment includes an element to compensate parish and town councils for losses to their council tax bases arising as a result of Local Council Tax Support (LCTS). As this amount is not separately identifiable it is proposed, as in previous years, that LCTS grant should be pro-rated in line with the assumptions for Leeds's overall change in the Settlement Funding Assessment of 5%, as detailed in Appendix 5.

### 3.7. Adult Social Care Precept

3.7.1. At Spending Review 2021, the Chancellor stated that the Government had the expectation that the Adult Social Care precept would increase by 1% in each year of the current Spending Review period, 2022/23 to 2024/25. However, at the Autumn Statement 2022 the Government announced that this precept could be increased by 2% in respect of 2023/24, and the Provisional Finance Settlement 2024/25 confirmed that this 2% limit would continue for 2024/25.

3.7.2. As such, these Budget proposals include a 1.99% increase in the Adult Social Care precept. After 2024/25 the current Financial Strategy does not assume any increase in the Adult Social Care precept. The final decision remains that of Full Council when considering The Council Tax Report 2024/25.



### 3.8. The Net Revenue Budget 2024/25

3.8.1. After taking into account the anticipated changes to the Settlement Funding Assessment, business rates and council tax, the Council's overall net revenue budget is anticipated to increase by £48.6m or 8.5% from £573.4m to £622.0m, as detailed in Table 12 and at **Annexe 1**. This includes a significant reduction in the business rates deficit of £4.0m with the deficit that will not be spread decreasing from a surplus of £5.1m in 2022/23 to a deficit of £3.2m in 2023/24, a £8.3m deterioration, but also the final one-third of the exceptional balance from 2020/21, a £12.2m deficit that had to be paid in 2023/24, dropping out.

**Table 12 – Estimated Net Revenue Budget 2024/25 compared to the 2023/24 Net Revenue Budget**

	2023/24 £m	2024/25 £m	Change £m
Revenue Support Grant	33.4	35.6	2.2
Business Rates Baseline	164.4	172.0	7.7
<b>Settlement Funding Assessment</b>	<b>197.8</b>	<b>207.6</b>	<b>9.9</b>
Business Rates Growth	(3.5)	0.5	4.0
Business Rates Deficit that will not be spread	5.1	(3.2)	(8.3)
Business Rates Deficit: One-third of 'exceptional balance'	(12.2)	0.0	12.2
Council Tax (incl. Adult Social Care Precept)	393.7	418.9	25.2
Council Tax Deficit that will not be spread	(2.9)	(1.9)	1.0
Council Tax Adjustment: One-third of 'exceptional balance'	(4.5)	0.0	4.5
<b>Net Revenue Budget</b>	<b>573.4</b>	<b>622.0</b>	<b>48.6</b>

3.8.2. Table 13 analyses this £48.6m estimated increase in the net revenue budget between the Settlement Funding Assessment and locally determined funding sources.

**Table 13 – Increase in the Funding Envelope**

Funding Envelope	2024/25 £m
Government Funding	
Settlement Funding Assessment	9.89
<b>Sub-total Government Funding</b>	<b>9.89</b>
Locally Determined Funding	
Council Tax (incl tax base growth)	30.72
Business Rates	7.99
<b>Sub-total Locally Determined Funding</b>	<b>38.70</b>
<b>Increase/(decrease) in the Net Revenue Budget</b>	<b>48.60</b>



3.8.3. The estimated increase in the 2024/25 net revenue budget compared to 2023/24 cannot be properly understood without considering changes in general fund income streams associated with the Collection Fund. The reserves built up over the period of the pandemic from excess section 31 grant funding accumulated as a result of the Government introducing emergency reliefs for sectors such as the retail, leisure and childcare sectors have now all been applied in full to partially meet the resultant business rates deficits generated by those reliefs. However, Government has once again frozen the Small Business Rates Multiplier determining ratepayers' liabilities for the tax in smaller business properties in the city instead of increasing this multiplier by CPI, although they have increased the higher Standard Multiplier by CPI for larger buildings as would normally be the case. Government provides local authorities with full compensation for capping the lower multiplier in this way and therefore, following the forecast that the Council has made to Government of Business Rates income for 2024/25, the Government has quantified these losses and will be making payment of this grant throughout 2024/25. Total compensation for capping the Small Business Rates Multiplier and historic capping of both multipliers now totals £40.0m, a significant support to the Net Revenue Budget.

3.8.4. Council tax is projected to increase by £30.7m as detailed in Table 11. Demand for Council Tax Support has reduced during 2023/24 allowing the provision made for this cost to the taxbase to be reduced in 2024/25, however, due to the continuing impact of the cost-of-living crisis, it is expected to return to normal levels in future years. Growth in the taxbase from new housebuilding in the city of 2,191.4 band D equivalent properties has been assumed in the forecast approved by Full Council in January 2024. Finally, Government stated in a policy statement in early December 2022 that core council tax could rise by up to 3% and the Adult Social Care precept by up to 2% in 2024/25, as in 2023/24. These Budget proposals assume this subject to the approval of Full Council of the Council Tax Report 2024/25.

### 3.9. **Anticipated changes to Council Tax and Business Rates in response to recent Acts of Parliament**

3.9.1. As explained in **paragraph 1.8**, two pieces of legislation have been enacted in October 2023 that impact the council tax and business rates that may be generated in the city of Leeds.

3.9.2. The **Levelling Up and Regeneration Act 2023** contained two provisions that impact the level of council tax in the city. The first provision, the changes made to the Long-Term Empty Premium, will raise £1.6m in 2024/25. Full Council approved the change to the premium at the time of approving the Council Tax Base in January 2024. The second provision of the Act, the introduction of a 100% premium on Second Homes, could raise up to an additional £3.5 million from 2025/26 if Full Council were to approve its application before 31<sup>st</sup> March 2024. The Council Tax Report 2024/25, to be submitted to Full Council, seeks approval of this proposal.





3.9.3. The **Non-Domestic Rating Act 2023** implements the Government's proposals put forward in the Fundamental Review of Business Rates consultation process carried out from 2020 onwards. The most significant change from the perspective of a billing authority such as Leeds City Council is the provision that gives ministers the power to increase the Small Business Rates Multiplier and higher National Multiplier by different amounts, and at the Autumn Statement 2023, the Government announced that this would happen from 2024/25. This has important implications for the Business Rates Retention Scheme, as explained at paragraph 3.9.3, and for the compensation local authorities receive for the capping of the Multipliers in 2024/25 and previous years, as explained in paragraph 3.11.30.

### 3.10. **Decreases/(Increases) in General Fund Resources**

3.10.1. The changes in local funding, detailed in paragraphs 3.2 – 3.9, change the Council's Net Revenue Budget and form part of the funding envelope available to the Council.

3.10.2. Other movement in the Council's available resources are shown in paragraphs 3.10.3 – 3.10.33.

#### **Movement on the use of Reserves £10.9m**

3.10.3. **Changes in contributions to/(from) the General Reserve £0.0m** – The opening General Reserve position in 2023/24 stood at £33.2m with the opening position for 2024/25 estimated to be £36.2m, reflecting a budgeted contribution of £3m to this reserve in 2023/24. These Budget proposals reflect no change to the base in 2024/25, resulting in a further increase of £3m and an estimated closing balance of £39.2m on the General Reserve in 2024/25 and a £3m increase in every subsequent year of the Medium Term Financial Strategy.

#### **Changes in contributions to/(from) Earmarked Reserves £10.9m**

3.10.4. Opening General Fund earmarked reserves for 2023/24 stood at £154.4m. A net in year use of reserves in 2023/24 of £51.8m is currently forecast which would result in earmarked reserves of £102.6m being carried forward into 2024/25.

3.10.5. Overall, the measures in this Budget apply a net contribution from the revenue position of £7.7m to Earmarked Reserves.

3.10.6. These Budget proposals include a £3.0m contribution into a new Strategic Resilience Reserve in order to increase the Authority's financial sustainability.

3.10.7. Given the significant risks facing the Council in regard to demand and cost pressures in both Adult and Children's Social Care, these Budget proposals create a new Social Care Contingency Reserve, to be funded using £1.36m of resources from the Strategic Contingency Reserve and a further £4.8m made



available due to the reprofiling of resources required to unwind capitalisation. As such, total funds available in this new reserve would be £6.1m.

- 3.10.8. The Proposed Budget provided £2m and £1m respectively to increase provisions for insurance and any Municipal Mutual Insurance (MMI) is required, among other measures to improve financial sustainability. This Budget proposes to provide the £3m instead as a contribution to the **Strategic Contingency reserve**, established in 2020/21 to fund future unforeseen budget pressures and to ensure the Council becoming more financially resilient.
- 3.10.9. It is intended that the previous plans to build financial sustainability through contributions to the Insurance and MMI reserves are reinstated for 2025/26, subject to Full Council's approval.
- 3.10.10. These costs to the General Fund are netted of by a (£6m) net contribution from the Strategic Contingency reserve – fallout of £14m of contributions in 2023/24 offset by a (£20m) contribution in 2024/25, as discussed in paragraph 3.11.6.
- 3.10.11. A net reduction in the contribution to the Investment and Innovation Reserve totals (£1.1m). Net fallout of use of Adults and Health reserves in 2023/24 totals £3.3m and net fallout of other reserves totals £0.6m.
- 3.10.12. During the pandemic, the Government compensated local authorities for 75% of their unfunded losses of Council Tax and retained Business Rates. Leeds City Council received £11.8m of this compensation which it placed into a reserve to part fund the deficit from 2020/21 in the following three years. In 2021/22 £8.6m was applied to the deficit to be repaid in that year and none of the remaining funding was applied in 2022/23. Finally, in 2023/24 the last £3.2m of this reserve was applied to the final instalment of the remaining 2020/21 deficit. This reserve is therefore no longer available to support the General Fund position, which is reflected in a £3.2m fallout of reserve.

### Changes in Grant Funding (£26.9m)

- 3.10.13. **Specific Grant Funding Changes – Adults and Health (£12.8m).** In September 2022 Government announced the ASC Discharge Fund, from which grants would be allocated to local authorities and integrated care boards (ICBs). Government set out that these organisations should work together to plan how to spend this money locally. The additional Leeds share of this in 2024/25 is estimated to be £3.0m, however it is assumed in the MTFs that this funding does not continue in 2025/26.
- 3.10.14. As a part of the 2022/23 final Local Government Finance Settlement the Government introduced a new grant, Market Sustainability and Fair Cost of Care Fund (subsequently renamed the Market Sustainability and Improvement Fund-MSIF) the new duties it was to fund were delayed but the funding was honoured to help the social care system deal with inflationary pressures), with a national allocation of £162m in 2022/23 and further allocations in 2023/24 and 2024/25.



Leeds received £7.7m in 2023/24 and it is assumed that the 2023/24 level of funding will continue in 2024/25 as the Government continues to support the reform of social care. Additional funding has subsequently been announced for 2024/25 with Leeds receiving £3.9m. MSIF funding is part of the Council's Core Spending Power and relates to the Government's planned reforms of the social care system. It is therefore expected that it will fund new burdens arising from the new duties the Council will have to undertake. As such it is expected to be largely neutral to the Council overall, and expenditure matching the £7.7m ongoing element is included in the base pressures in this Budget.

- 3.10.15. The Budget proposals include inflationary increases of £1.1m for the improved Better Care Fund.
- 3.10.16. The Autumn Statement 2023 confirmed £19.3m of additional Social Care Grant for adult and children's social care. This Budget reflects £4.8m of this additional grant in Adult Social Care in 2024/25.
- 3.10.17. The Budget proposals assume Councils will continue to be able to raise an Adult Social Care Precept in 2024/25, and this is reflected in the Council Tax sections 3.7 and 3.8.
- 3.10.18. **Specific Grant Funding Changes – Children and Families (£17.7m).** Leeds is one of three authorities to receive funding through the Department for Education (DfE) Strengthening Families Protecting Children (SFPC) Programme to support the spread of innovation programmes across 20 local authorities over five years. Annual grant of £1.6m continues to be assumed in 2024/25, with no change reflected in the Budget position.
- 3.10.19. The Autumn Statement 2023 confirmed additional Social Care Grant for adult and children's social care. This Budget reflects £6.1m of this additional grant in Children's Social Care in 2024/25. The Written Statement on 24<sup>th</sup> January 2024 announced an additional £500m of Social Care Grant nationally with individual local authority allocations to be confirmed at the Final Local Government Settlement. These Budget Proposals estimate receipt of an additional £6.8m of grant funding, reflecting the Leeds share of overall Social Care Grant allocated at the Provisional Local Government Settlement in December 2023. Social Care Grant is ringfenced for adult and children's social care. The Written Statement made clear that Government expects authorities to use this additional grant to "help place children's social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision." Whilst the Council recognises demand and cost pressures in both adult and children's social care, these pressures are most pressing in children's social care in respect of the numbers of children requiring placement in external provision and delays in the delivery of savings plans. It should be noted that any variation between the estimated £6.8m additional grant and the final allocation will be a contribution from or to the new Social Care Contingency Reserve, discussed at paragraph 3.10.7.



- 3.10.20. An additional contribution of £1.3m from the Dedicated Schools Grant is assumed in 2024/25 to reflect the increase in the number of and complexities of looked after children.
- 3.10.21. The numbers of Unaccompanied Asylum Seeking Children supported by the Council has increased and as such the Budget assumes an additional £2.0m of Home Office Funding to continue to support and care for UASC from 2024/25.
- 3.10.22. The Budget proposals also reflect a £1.5m contribution from the Integrated Care Board (ICB) towards the costs of Children Looked After (CLA) external placements, based on the existing cost sharing agreement.
- 3.10.23. **Specific Grant Funding Changes – Communities, Housing and Environment £0.4m.** The Waste PFI grant is expected to reduce by £0.1m in 2024/25 due to the impact of DEFRA penalties on recycling performance. These penalties were suspended during COVID-19 but are now reinstated. The Budget also reflects a £0.3m fallout of ESIF grant.
- 3.10.24. **Specific Grant Funding Changes – Strategy and Resources £0.04m.** Public Health funding of £40k was previously provided as a contribution to the Resilience and Emergency Team (RET). This funding has now stopped; however, the work of the RET team continues to be required, leading to a financial pressure for the Strategy and Improvement division.
- 3.10.25. **Specific Grant Funding Changes – Strategic and Central Accounts £5.7m.** Local authorities pay a levy on Business Rates growth, either to the Government or to a local Pooling arrangement where one exists, as discussed in paragraph 3.6. It is estimated that levy payments will increase from £1.1m in 2023/24 to £1.4m in 2024/25, an additional £0.3m. At the Provisional Settlement it was announced that funding available through the Services Grant would reduce significantly, with Leeds' allocation falling by £5.4m to only £1.0m.
- 3.10.26. **Specific Grant Funding Changes – New Homes Bonus £2.2m.** Since 2011/12, the Council has received New Homes Bonus (NHB), an incentive grant based on housing growth. In 2018/19, the Government announced their intention to review the operation of the Bonus to better align the scheme with local authorities' performance in meeting local housing demand beyond 2019/20. No further detail has been provided and the existing scheme was simply rolled forward between 2020/21 and 2023/24. In December 2023, the Government published a Local Government Finance Policy Statement 2024/25 and confirmed that it intended to provide a further round of NHB and allocations were detailed alongside the provisional Local Government Finance Settlement 2024/25. However, Leeds City Council accounts for these funds in the year in which it is earned (2023/24) and not the year in which it is paid by Government (2024/25). It is assumed here that there will be no further payment of New Homes Bonus to be accounted for beyond 2023/24 and therefore the income budget drops out of these proposals for 2024/25. The position beyond that accounted for by the





Council, 2023/24, will not be clarified by Government until the 2025/26 Provisional Settlement in late December 2024.

**Other Non-Collection Fund Business Rates and Council Tax Movements (increase of £4.8m).**

- 3.10.27. Local authorities are allocated Section 31 grants to compensate for changes made by Government to the business rates system. An authority's allocation depends on the level of business rates yield in that authority's area, the extent to which it awards certain reliefs mandated by Government and its share of any losses resulting from these.
- 3.10.28. At the Autumn Statement 2022 Government announced that it would award relief to retail and leisure businesses in recognition of continuing challenges for these sectors during the cost of living crisis. These businesses were to receive 75% relief against their business rates liabilities up to a maximum of £110,000 per business. It was confirmed at the Autumn Statement 2023 that this relief will continue at 75% for 2024/25. This forecast is that Leeds City Council will receive compensation of £12.2m. It is also assumed that funding will continue for the doubling of Small Business Rates Relief that occurred since 2012/13, and Support for Small Businesses after the 2023 Revaluation will also continue alongside a number of smaller reliefs, including the special relief for local newspapers, for which local authorities receive compensation. In total, compensation received for all these schemes, including extended Retail Relief, is assumed to be £24.1m.
- 3.10.29. At the Autumn Statement 2023 the Chancellor announced that the Small Business Rates Multiplier would be frozen again in 2024/25, but that the higher Standard Multiplier would increase by CPI (6.1%) as at September 2023. Local authorities receive compensation from Government for the loss of income entailed by the freezing of the lower multiplier, however confirmation of how this would be calculated did not become clear until the NNDR1 return was published on 23<sup>rd</sup> December 2023. Authorities are now required to disaggregate their Business Rates forecasts between those properties subject to each of the two multipliers and apply different compensation factors to them. In total, for both the 2024/25 freezing of the Small Business Rates Multiplier and the historic freezing of both multipliers, Leeds forecasts are that it will receive £37.9m in compensation. In total Section 31 compensation for business rates reliefs and the freeze on the multiplier is expected to increase by £4.8m.

**Other Changes in Resources £0.2m**

- 3.10.30. £1.633m of Business Rates Pool balances were utilised to substitute for the Council's core budget contribution to Leeds 2023 in 2023/24 and falls out in 2024/25.
- 3.10.31. In previous years, the Council has legitimately charged relevant staffing costs to Disabled Facilities Grant. However, due to increased demand and costs of works



the available grant is insufficient to meet these staffing costs which need to revert to revenue creating a pressure of £0.2m in 2024/25.

3.10.32. A £0.2m pressure arises as a consequence of the fallout of use of Flexible Capital Receipts.

3.10.33. The Children and Families budget assumes that various accounting measures including capitalisation and cash limiting inflation will provide additional budget resources of £1.3m. In addition, the budget reflects an additional £0.5m of grant income and associated funding substitution opportunities.

### Capital Receipts Flexibilities

3.10.34. In February 2021, the Secretary of State announced, alongside the Local Government Finance Settlement, the continuation of the capital receipts flexibility programme for a further three years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. In 2024/25 this Budget reflects the part-fallout of £0.16m of this resource.

3.10.35. In December 2023, the Government extended the programme further, to March 2030. Government has also committed to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government. A Government consultation closed on 31st of January 2024 and we await publication of the outcomes.

3.10.36. Appendix 9 to this report provides information with regards to the statutory guidance on the Flexible Use of Capital Receipts and its application within this authority. The appendix notes planned expenditure of £18.9m in 2024/25 which will be funded by these capital receipt flexibilities.



**Part 4: Cost Pressures, Budget Growth and Adjustments**

4.1. Table 14 summarises the projected cost increases in the 2024/25 Budget.

*Table 14 – Cost Increases 2024/25*

	2024/25 £m
Pay - Leeds City Council	25.3
Employer's LGPS contribution (Actuarial Review)	0.3
Capitalised Pension Costs	(0.5)
Wage costs - commissioned services	17.5
Inflation: Electricity and Gas Tariffs	(2.8)
Inflation: Fuel	(1.0)
Inflation: General	22.7
Demand and demography - Adult Social Care	9.6
Demand and demography - Children Looked After	25.0
Demand and demography - Other	0.2
Financial Sustainability: unwinding internal charging	4.0
Financial Sustainability: unwinding capitalisation	3.6
Fleet maintenance and hire	4.9
Waste Management	2.9
CBT Pressures	2.5
Fallout of Business Rates Reductions	1.5
Leeds 2023	(3.3)
Income pressures	5.0
Debt - external interest / Minimum Revenue Provision	3.0
Other Pressures/Savings	7.9
<b>Cost Increases</b>	<b>128.3</b>

4.2. **Pay Award and Leeds Living Wage** – The Council's Budget allows for £25.3m of pay inflation in 2024/25. This increase includes £28.2m for the following elements: the agreed pay awards for 2023/24 and the provision for 3.5% annual pay awards for both NJC and JNC staff in 2024/25. This Budget provides for the recently announced Real Living Wage increase to £12.00, with an hourly rate of £12.00 at pay scale point 2 in 2024/25. £0.8m is provided for the additional cost of Enhancements, £0.6m regarding LBS pay standardisation and £0.08m for Member's Pay, offset by mitigation plans of (£4.5m). Further detail is discussed at paragraphs 2.5.2-2.5.4 of the [Medium-Term Financial Strategy 2024/25 to 2028/29](#).

4.3. **Employers Local Government Pensions Contributions** – The most recent actuarial valuation showed that the West Yorkshire Pension Fund is in a surplus position. The position assumes an employer's contribution of 15.8%, resulting in an estimated additional pressure of £0.3m 2024/25, which will fall out in 2025/26.



However, we will continue to review this position in discussion with the actuaries as current inflationary pressures do present a risk to equity markets.

- 4.4. The Council's Budget reflects the fall out of **capitalised pension costs** associated with staff who have left the Council under the Early Leaver's Initiative (ELI) which will save an estimated (£0.5m) in 2024/25.
- 4.5. **National Living Wage for commissioned services and the Ethical Care Charter** – in respect of services commissioned from external providers by both Adults and Health and Children and Families directorates, provision has been made for £17.5m in 2024/25 for increased demand and demographic growth, together with inflationary pressures reflecting the increase in the National Living Wage. The majority of this increase sits in the Adults and Health Directorate, with £0.6m per annum provided for in the Children and Families Directorate. The increased costs in the Adults and Health Directorate reflect the announced Real Living Wage rate of £12.00/hour and a further 40p/hour for Homecare in 2024/25. This is further discussed at paragraph 2.5.5 of the [MTFS 2024/25 to 2028/29](#).
- 4.6. **Energy Inflation** – since the declaration of the climate emergency in 2019, the Council has made substantial reductions in its energy consumption through a broad range of measures including optimisation of the corporate estate, delivery of capital schemes to deliver energy efficiencies and decarbonisation, a wholesale LED roll-out across the City's street lighting, delivery and expansion of the district heating network, and installation of heat pumps, solar PV and other energy efficiency measures. However, increases in global energy prices have resulted in significant budgetary pressures, with energy commodity prices currently appearing to have settled (after the extremes seen in the last two years) at over twice the historical levels. The Council's forward purchasing of energy continues to hedge the Council significantly against the impacts of further volatility in the global markets.
- 4.7. The Council's Budget assumes a (£2.8m) reduction in costs - a reduction of 18.6% is assumed on gas and 10.6% on electricity in 2024/25 compared to the base budget in 2023/24, which provided for a significant increase in energy costs by 118.5% for gas and 64.0% for electricity at an additional cost of £10.7m. As energy costs are still higher than precedent times, the Council continues to address these costs through an ongoing programme of work to reduce energy consumption including: further LED installations; enhanced building management controls; further permanent or temporary building closures and partial building shutdowns; focused action at high energy consuming sites; delivery of further energy efficiency and decarbonisation capital schemes; progressing the delivery of major local renewables generation schemes.
- 4.8. **Fuel** prices have fallen significantly during 2023/24 and based on recent forecasts this Strategy assumes a saving of (£1.0m) on fuel costs in 2024/25 when compared to the base position for 2023/24.
- 4.9. **General inflation** – in budget proposals for previous years inflation has only





been provided where there is a contractual commitment. Whilst this can vary from contract to contract, it is often index linked to CPI or RPI which are both exceptionally high in 2023 (September 2023 CPI was 6.7% and RPI 8.9%). The Council will need to provide for the increase accordingly, however for some contracts the reference month's inflation figures are not yet available. Any changes will be included in the Final Budget proposals.

- 4.10. As such the 2024/25 Budget makes allowance for net **general price inflation** of £22.7m as follows: Adults and Health £3.5m, Children and Families £13.4m, City Development £2.8m, Communities, Housing and Environment £0.8m, and Strategy and Resources £2.2m. The OBR expects inflation to reduce to 1.8% by 2025/26.
- 4.11. The Budget assumes an inflationary uplift on fees and charges where it is considered they can be borne by the market. Given the severe financial pressures faced by the Council, proposed levels of fees and charges continue to be reviewed to identify potential to increase income.
- 4.12. The Council's Budget recognises the increasing **demography** and consequential **demand pressures** for services in **Adults and Health, Children and Families and Communities, Housing and Environment**.
- 4.13. Within **Adults and Health**, the population growth forecast assumes a steady increase from 2023 in the number of people aged 65+ between 2023 and 2029. These increases of 2.05%, 2.17%, 2.08%, 2.00% and 1.92% respectively result in additional costs for domiciliary care and care home placements. In addition, the Medium Term Financial Strategy reflects the anticipated impact of increasing cash personal budgets through to 2029. The Learning Disability demography is expected to grow by 1.6% (based on ONS and transitions data) over the period. It should be noted that the high cost increase in this area of service is primarily a combination of increasingly complex (and costly) packages for those entering adult care, as well as meeting the increasing costs for existing clients whose packages may last a lifetime. Consequently, the budget provides £9.6m for demand and demography in Adults and Health in 2024/25. This is made up of £8.1m to deal with demand and demographic growth for 2024/25 (in addition to provision of £20.4m to cover inflationary pressures and National Living Wage/Real Living Wage increases and £1.5m to meet demand and demographic pressures for Transitions, costs relating to service users moving from Childrens to Adult social care).
- 4.14. **Children and Families** continues to face demographic and demand pressures due to several different factors. Birth rates were relatively high in previous years, particularly within the most deprived clusters in the city. Although the birth rate has now reduced, the population peak is now moving through to adolescents, who can require more complex and therefore costly placements.
- 4.15. The main drivers of demand pressures are well documented nationally and locally. The demand for Children and Families services are significantly



influenced by the Covid-19 pandemic. The pandemic has had a huge impact on the communities of Leeds with those most vulnerable significantly affected in terms of their health and well-being as well as their economic circumstances. This has also led to an increased need for children's social care. Other specific drivers of demand pressures include an increasing population of children and young people with special and very complex needs, greater awareness of the risks of child sexual exploitation, grooming by criminal gangs, levels of domestic abuse, misuse of drugs and alcohol, levels of poverty and a children's home sector that requires rebuilding from the perspective of children's needs rather than financial incentive.

- 4.16. In addition, expectations of families and carers in terms of services offered by the Council and partners continue to evolve alongside the impact of Government legislation, including 'staying put' arrangements that enable young people to remain with their carers up to the age of 21.
- 4.17. As a result of these trends, Children Looked After (CLA) numbers nationally and in Leeds continue to increase. This trend is expected to continue and has been built into the Council's Medium Term Financial Strategy. The Budget for 2024/25 includes £22.9m for the forecast demand in the CLA and financially supported non-CLA budgets, excluding inflation. A further £2.1m has been provided for increased demand on Children's Transport Services.
- 4.18. In the **Communities Housing and Environment** directorate, provision of £0.2m has been made for the increased disposal costs of waste to the Recycling and Energy Recovery Facility (RERF) based on continuing **demand pressures** due to assumed household growth.
- 4.19. The Council's Budget includes further measures to improve **financial sustainability**, allowing for an additional £4.0m to reduce internal charging and £3.6m to reduce reliance on capitalisation.
- 4.20. The Budget includes additional costs of £4.9m for **Fleet Maintenance and Hire**. This includes £2.9m relating to external hire for refuse vehicles due to delays in procuring new vehicles and resulting increased hire costs. There is also provision for estimated additional costs of £1.3m in respect of the base savings target in the 2023/24 Fleet Services budget, where delivery has been overshadowed by a combination of increased demand for vehicles, the financial impact of inflation and maintaining an ageing fleet, impacting on the capacity for directorates to absorb this saving. £0.7m is provided for Occasional Hire due to the impact of the ageing fleet.
- 4.21. **Waste Management** – the Budget provides for £2.9m of additional costs. £1.3m relates to the disposal of Persistent Organic Pollutants (POPs) where new guidance has been received that the Environment Agency (EA) will regulate the disposal of upholstered furniture that contain POPs. These materials are now required to be separated and disposed of in accordance with the new EA regulations, resulting in significantly higher disposal costs. Higher disposal



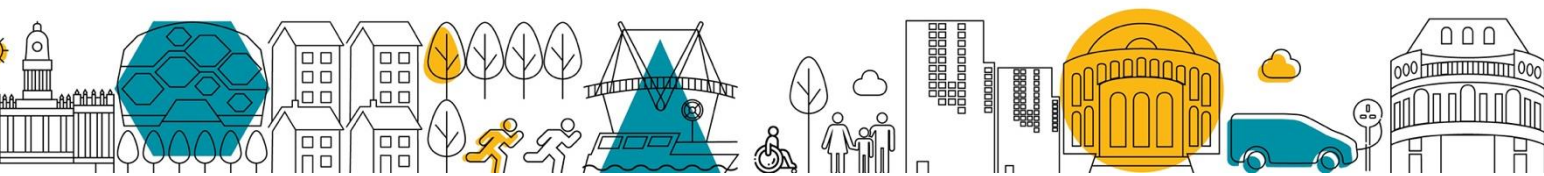


charges are now being incurred for all collections (typically collections of bulky waste and the general waste skips at Household Waste sites) that contain any POPs materials. £1.6m is provided for Waste SORT disposal costs reflecting forecast loss of income as a consequence of a fall in the price per tonne and £0.3m reflects increased waste volumes.

- 4.22. **Core Business Transformation** – the Budget allows for additional costs of £2.5m for the Council's Core Business Transformation project. The project includes the procurement and implementation of new HR and Finance systems, which will ultimately result in efficiencies for the Council and significant elements of the project are funded through Flexible Use of Capital Receipts. However, in 2024/25 a proportion of these costs, such as annual licences, cannot be funded through this source and as such these are a pressure to the Council's General Fund Revenue account. A small saving in 2024/25 in relation to this project is included in Part 5 of this report.
- 4.23. **Fallout of Business Rates Reductions** – The 2023/24 budget provided for anticipated one-off business rates refunds of £1.5m in respect of recent tribunal decisions on business rates payable for heritage properties. These refunds have now been received and therefore the reversal of this budgeted one-off saving results in a revenue pressure of £1.5m for 2024/25
- 4.24. **Leeds 2023** – the Budget assumes a reduction in costs of (£3.3m) in 2024/25, reflecting the fallout of all costs associated with the Leeds 2023 year of culture.
- 4.25. **Income variations** of £5.0m reflect the following: a shortfall in Housing Benefit income including Subsidy and Overpayment income of £4.6m; Little Owls income pressure of £1.2m mainly due to the impact of cost of living on service users; and a pressure on Bereavement income of £0.6m. This is offset by: LBS pay pressure charged out (£0.9m); a reduction on the assumed loss of the Council's car parking income (£0.6m); and other net variations of £0.2m reflect a reduction in other income streams.
- 4.26. This Budget provides for a £3.0m increase in the costs associated with the **Council's debt**. Of this, £1.2m relates to the net requirement to increase the level of budgetary provision for MRP. In 2024/25 PFI related provision required reduces by £2.2m, this covers the use of capital receipts to fund PFI liabilities including MRP on these arrangements, together with a provision for the impact of the capitalisation of PFI lifecycle costs. Core treasury provision increases by £4.0m in 2024/25, this covers several elements including external interest payable, offset by costs rechargeable to Departments for departmentally determined schemes. This provision also includes a number of other distinct headings such as interest payable to or receivable from the HRA for its debt costs and use of its revenue balances, brokerage and external interest receivable.
- 4.27. **Other Pressures and Savings** – other net budget pressures of £7.9m have been identified for 2024/25. These include:



- £0.7m for CEL charges comprising of Passenger Transport, Catering, Cleaning and Security.
- £0.7m for BAS staffing to support Children & Families.
- £0.7m net to further support the Children and Families directorate, including Education Psychology and Kinship Care Extensions.
- £0.6m for increase in LBS Charges.
- £0.6m for Adults and Health staffing costs due to revised capitalisation terms of reference and impact on Care Record Team.
- £0.6m this includes Microsoft licences £0.4m and new devices £0.2m required to support the cloud-based system.
- £0.4m for the additional cost of the WYCA Levy.
- In addition to the pressures noted above, directorates are budgeting as follows:
  - £1.4m to further support activities within the **Strategy & Resources** directorate, including £0.4m increase in Meals at Home and Day Centres, £0.4m for internship and graduate schemes, and £0.4m for withdrawn action plans following a review of the achievability of implementing the proposal.
  - £0.9m net to further support **Adults and Health** directorate, including the Reablement service and Wellbeing Workers retention payments.
  - £0.7m net to support activities in the **Communities Housing and Environment** directorate, including Car parking upgrades and maintenance costs, and Travellers Sites, Carnival, and Legal costs for illegal encampments.
  - £0.4m to further support activities in the **Children and Families** directorate, including additional transport costs and the Mindmates programme.
  - £0.3m net to support activities in the **City Development** directorate, including Highways Street lighting financed by prudential borrowing.



## Part 5: Addressing the Budget Gap – Savings Options

### Bridging the Revised Gap – the Corporate & Directorate Savings Programme

- 5.1. Building on the Financial Challenge savings programmes previously carried out (and which last year identified £58.6m of budgeted savings, contributing to the setting of a balanced budget for 2023/24), the Council again established a Financial Challenge savings programme focused on identifying robust and sustainable savings not just to help close the gap for 2024/25 but for the following years: 2025/26 and 2026/27. This approach enables the authority to take a longer-term view of its savings options, recognising that major change often requires one to two years' lead time to implement. As such, the savings proposals set out in the 'Revenue Savings Proposals for 2024/25 to 2026/27' reports for Executive Board's consideration at its October and December 2023 meetings span the next three financial years.
- 5.2. Proposals are categorised as either 'Business as Usual' (BAU) which can be implemented within the council's delegated decision-making framework and without consultation, or 'Service Reviews' which require meaningful consultation with relevant stakeholders prior to any decisions being taken. The results of any such consultation with staff, trade unions, service users and the public are used to inform the final decision.
- 5.3. With regard to 2024/25, in October 2023 the Executive Board received savings proposals of £13.4m. A further £45.0m were presented for the Executive Board's consideration in December 2023 which, when combined with the October savings, totalled £58.4m and enabled the authority to present a balanced Proposed Budget for 2024/25. With the addition of £7.4m savings for 2024/25 already built into the MTFs, the total level of savings the council needed to deliver at the time of preparing the Proposed Budget was £65.8m.
- 5.4. This level of savings is similar to the level of savings required for each of the following two years to enable balanced budgets to be achieved. Without a fundamental change to the way the council operates and the services it provides it will not be possible to ensure we can continue to deliver our strategic priorities and safeguard critical services within the much-reduced resources available to us.
- 5.5. Informing the latest set of savings proposals and those that will be required in future, a review of all council budgets within a prioritisation framework has been carried out, considering whether a service is, for example, statutory, preventative (preventing additional costs and demand to the authority), traded (services provided and (re)charged to an internal and/or external market), or priority (services that we are important to the council but are not statutory or preventative). These services were then – and will continue to be - further assessed to realign resources within the strategic priorities set out in the Best



City Ambition to maximise outcomes and efficiencies. In some cases, this will require reducing or stopping services on a planned basis over the coming years; others may be brought together to minimise duplication and management overheads; traded services will be required to recover their full costs where it makes sense to do so; all services must provide value for money.

- 5.6. This strategic approach is helping us reset the role of Leeds City Council to fit the financial envelope available. Complementing, and inextricably linked, a strategic approach to reshape the organisation to be fit for the future has also begun, recognising that the council will be smaller in size in the future but remains one of the city's largest employers, social landlords and landowners, with an important continuing role in place-shaping and in delivering and commissioning service.

### Impact of Savings in 2024/25

- 5.7. The Medium Term Financial Strategy 2024/25 to 2028/29, approved at September's Executive Board, reported an estimated budget gap of £66.2m less existing savings of £7.5m, leaving a gap of 59.2m in 2024/25. A subsequent review of assumptions reduced this 2024/25 projected gap to £58.4m net of existing savings (around 10% of the council's net revenue budget for 2023/24) at the time of the Proposed Budget.
- 5.8. In these final Budget proposals, after allowing for changes to funding and identified pressures, there remains an estimated budget gap of £63.9m. This estimated gap is reduced to a balanced position through a range of savings proposals. The balanced position for the 2024/25 budget is achieved through savings identified through previous years' Financial Challenge programme, routine efficiencies identified during 2023, and the culmination of the recent Financial Challenge programme in 2023 for 2024/25 and beyond. Further detail on each of these is shown at paragraphs 5.9-5.13, with more information given about the Financial Challenge programme itself at paragraph 5.1-5.6.
- 5.9. The identified level of gross savings identified at the Proposed Budget was £65.8m. This included measures to mitigate funding changes and reduce cost pressures. Since the Proposed Budget a net £1.3m of savings have been reclassified to other areas of the General Fund; £1.7m of grant and other funding sources has been moved to increase Funding; and £0.4m of Cost Pressures have been moved out of Savings, increasing pressures. In addition to this, £0.8m of savings previously identified have now been noted as not achievable, this is balanced by £0.7m of alternative savings identified. Further to this, a savings target of £0.6m relate to the Net Revenue Charge has been removed from the General Fund and reallocated to the Net Revenue Charge. Table 15 shows this movement.





**Table 15 – Reclassification of Savings**

	£m
Savings identified at Proposed Budget	<b>(65.8)</b>
Savings reclassified to:	
Funding	1.7
Pressures	<b>(0.4)</b>
Savings withdrawn	<b>0.8</b>
Saving identified as Net Revenue Charge	<b>0.6</b>
Savings identified Post December Executive Board	<b>(0.7)</b>
Savings identified at Budget	<b>(63.9)</b>

- 5.10. Previous savings programmes included a number of savings which impacted in the later years of the period covered by the Council's Medium Term Financial Strategy, including 2024/25. These savings were approved at Executive Boards in previous years and subject to scrutiny and consultation at the time. Each year the in-year target is monitored and presented to Executive Board as part of the Authority's Financial Health monitoring timetable. Following reclassification of £4.6m savings to funding or pressures (primarily due to fall out of one-off savings plans), in 2024/25 the impact of these previous year savings is to reduce the budget gap by £2.9m.
- 5.11. A number of efficiencies were identified during 2023 that have an impact on 2024/25 and later years. These efficiencies formed part of the Council's Medium Term Financial Strategy, approved by Executive Board in September 2023. The impact of these savings is to reduce the budget gap by a further £9.1m.
- 5.12. Savings proposals for 2024/25 totalling £13.4m were approved by this Board in October. A further £45.0m of directorate savings proposals for 2024/25 were included in the 'Revenue Savings Proposals for 2024/25 to 2026/27' report approved by Executive Board in December 2023. These reports included £7.2m of savings that have since been reclassified or removed.
- 5.13. In addition to the above, £0.7m of additional BAU savings have been identified following the Proposed Budget.
- 5.14. As Table 16 shows, the effect of the prior year savings plans and efficiencies identified during the MTFs process in 2023 is to reduce the budget gap down to 51.9m. This is further reduced by additional directorate savings of (£51.9m), resulting in a balanced position for the 2024/25 Budget.





Table 16 – Budget Gap and Savings Options at Final Budget 2024/25

	£m	£m
<b>Total Resources and Cost Pressures</b>		<b>63.9</b>
<b>Existing Actions to Reduce the Budget Gap</b>		
Business As Usual		(2.9)
<b>Additional Savings identified for MTFs</b>		
Business As Usual		(5.5)
Service Reviews		(3.6)
<b>Total Savings</b>		<b>(12.0)</b>
<b>Gap Remaining After Existing Savings</b>		<b>51.9</b>
<b>Additional Savings at Proposed Budget</b>		
<b>Savings(October Executive Board)</b>		
Business As Usual		(10.0)
<b>Savings(December Executive Board)</b>		
Business As Usual		(20.5)
Service Reviews		(20.6)
		<b>(51.1)</b>
<b>Additional Savings at Post December Executive Board</b>		
Business As Usual		(0.7)
<b>Total Additional Directorate Savings</b>		<b>(51.9)</b>
<b>Gap Remaining After Additional Savings</b>		<b>0.0</b>



## Part 6: Summary Budget 2024/25

6.1. Table 17 summarises the changes identified above by Directorate.

**Table 17 – Council Budget by Directorate**

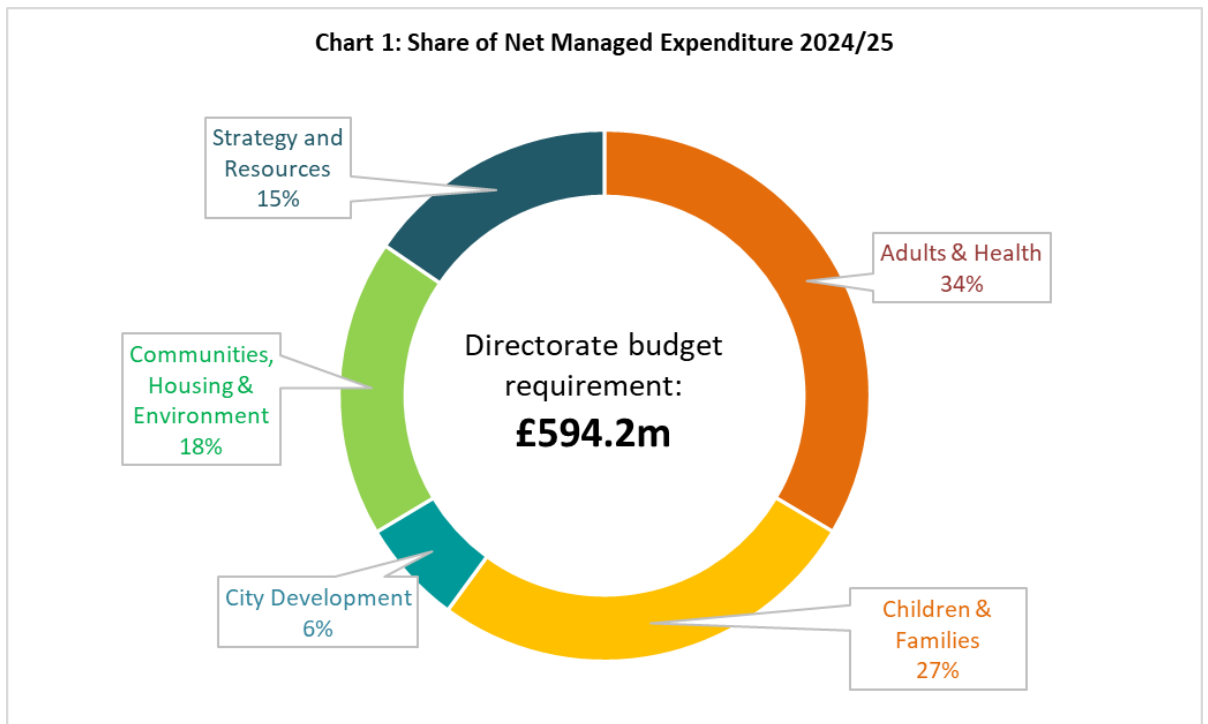
DIRECTORATE	2023/24 (£m)	2024/25 (£m)
Adults & Health	198.72	199.37
Children & Families	142.84	157.42
City Development	41.92	37.90
Communities Housing & Environment	92.03	107.73
Strategy and Resources	84.73	91.80
<b>DIRECTORATE BUDGET REQUIREMENT</b>	<b>560.24</b>	<b>594.22</b>
Strategic Accounts	13.12	27.74
<b>TOTAL BUDGET REQUIREMENT</b>	<b>573.36</b>	<b>621.96</b>
<b>RESOURCES</b>		
<b>Settlement Funding Assessment</b>	<b>(197.75)</b>	<b>(207.65)</b>
<b>Locally Generated Funding</b>		
Council Tax	(386.27)	(416.99)
Business Rates Growth	10.66	2.68
<b>TOTAL LOCALLY GENERATED FUNDING</b>	<b>(573.36)</b>	<b>(621.96)</b>
<b>TOTAL RESOURCES</b>	<b>(573.36)</b>	<b>(621.96)</b>
<b>UNFUNDED ONGOING REQUIREMENT</b>	<b>(0.00)</b>	<b>(0.00)</b>

6.2. Table 17 shows the net managed budget for each directorate for both the 2023/24 Budget and the 2024/25 Budget proposals. This position reflects funding receivable, including from additional social care grant, which reduces the amounts of the Adult Social Care and Children and Families Net Managed Budgets in both years shown, since the position is shown net of funding from specific grants.

6.3. Chart 1 shows the proposed share of net managed expenditure between directorates for 2024/25 based on the Budget proposals, again showing the position net of specific grants. Net managed expenditure represents the budgets under the control of individual directorates and excludes items such as capital charges, pensions adjustments and allocation of support costs in directorate budgets.



**Chart 1: Share of Net Managed Expenditure 2024/25 (Council Budget)**



**Impact of proposals on employees**

- 6.4. The Council has operated a voluntary retirement and severance scheme since 2010/11 which has already contributed significantly to the reduction in the workforce since this time. Whilst there are other elements that will impact on the fluctuation of the workforce numbers such as natural attrition and turnover there has been an overall reduction of around 2,526 full time equivalents (FTEs) or 3,432 headcount up to 31<sup>st</sup> December 2023.
- 6.5. However, in the context of the financial challenge faced by the Council, and the estimated budget gaps that were reported in the Medium Term Financial Strategy that was received at Executive Board in September 2023, the Council issued a S188 notice on 10<sup>th</sup> October 2023 in which the Council stated that it would need to reduce its workforce by up to 750 full time equivalent posts.
- 6.6. In order to support the requirement to deliver budget savings so that a balanced budget for 2024/25 can be presented and to limit compulsory redundancies the Council has promoted a number of workforce measures such as additional unpaid leave and flexible retirements. In addition, in November 2023 the Council launched its targeted Voluntary Leavers scheme which complements the work being undertaken to reset and reshape the organisational design of the Council. It is intended that the costs of this scheme will be funded by the use of Capital Receipts Flexibilities, where Government allows local authorities to use capital receipts from the sale of their own assets to help fund the revenue costs of transformation projects and release savings.



- 6.7. The Council's 2024/25 Budget proposals include a net reduction of 323.1 FTEs compared to the approved 2023/24 budget. This is comprised of a proposed increase of 63.4 FTEs (including 18.4 FTEs for the HRA) and a proposed reduction of 386.5 FTEs (including 13.6 FTEs for the HRA). This reduction includes the impact of the budget savings proposals received at both October's and December's Executive Boards.
- 6.8. Details of the movement in full time equivalents for the 2024/25 Budget are shown by Directorate in Table 18 and detailed in Appendix 8:

**Table 18 – Movements in Full Time Equivalents 2024/25 Budget**

Directorate	Increase in FTE	Reduction in FTE	Net Movement in FTE
Adult & Health	0.0	(23.7)	(23.7)
Children & Families	14.0	(56.7)	(42.7)
City Development	19.5	(39.8)	(20.3)
Communities, Housing & Environment	11.5	(76.3)	(64.8)
Strategy & Resources	0.0	(176.4)	(176.4)
	45.0	(372.9)	(327.9)
Housing Revenue Account	18.4	(13.6)	4.8
<b>Grand Total</b>	<b>63.4</b>	<b>(386.5)</b>	<b>(323.1)</b>

- 6.9. However, given the context of the estimated budget gaps for 2025/26 and 2026/27, £64.6m and £47.1m respectively, future budget savings proposals to bridge these gaps will be required which, if approved, could result in a further reduction in the number of budgeted FTE posts.
- 6.10. The Council remains committed to doing everything it can to try to avoid compulsory redundancies through natural turnover, application of the targeted voluntary leavers scheme, promoting flexible retirements, staff flexibility, reviewing and reducing both agency and overtime spend and continuing the positive consultation and joint working with the trade unions.

### **Breakdown of the 2024/25 budget**

- 6.11. Annexe 1 to this report provides a summary of the budget changes by directorate and in total.
- 6.12. Annexe 2 provides a detailed analysis of the 2024/25 revenue budget at directorate level and will be circulate to Board members in the coming days.

### **Reserves Strategy and General Reserve**

- 6.13. Under the 2003 Local Government Act (Part II) Section 25, the Council's



Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves as a part of the annual budget setting process. It is also good practice for the Authority to have a policy on the level of its general reserve and to ensure that it is monitored and maintained.

- 6.14. In addition, the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code of Practice requires that each local authority's annual budget report includes a statement by the Chief Finance Officer (Statutory Finance Officer) on the adequacy of the proposed level of financial reserves. The Financial Management Code of practice recognises that a well-managed authority, with a prudent approach to budgeting, should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. Compliance with the Financial Management code will give important reassurance that the authority's financial management processes and procedures are able to manage those risks.
- 6.15. The purposes of the general reserve policy are to help longer-term financial stability and mitigate the potential impact of future events or developments which may cause financial difficulty. General and useable reserves are a key measure of the financial resilience of the Council, allowing the Authority to address unexpected and unplanned pressures.
- 6.16. The general reserve policy encompasses an assessment of financial risks both within the Medium Term Financial Strategy and also the annual budget. These risks should include corporate/organisation wide risks and also specific risks within individual directorate and service budgets. This analysis of risks should identify areas of the budget which may be uncertain and a quantification of each "at risk" element. This will represent the scale of any potential overspend or income shortfall and will not necessarily represent the whole of a particular budget heading. Each assessed risk will then be rated and scored in terms of impact and probability.
- 6.17. The Budget proposals for 2024/25 assume a general reserve balance of £36.2m will be brought forward from 2023/24. These proposals for 2024/25 continue the base budget contribution of £3m to the General Reserve.
- 6.18. Whilst the Council maintains a robust approach towards its management of risk and especially in the determination of the level of reserves that it maintains, it is recognised that our reserves are lower than those of other comparable local authorities of a similar size. However, the Council has made provision over the life of the Medium Term Financial Strategy to address this position while having minimum impact on front line services.
- 6.19. The Medium Term Financial Strategy recognises the requirement to keep the level of the Council's reserves under review to ensure that they are adequate to meet the identified risks. Grant Thornton's Auditor's Annual Report 2021/22, received at Corporate Governance and Audit Committee on 20th March 2023 noted that "the Council should continue to consider the adequacy of its current





level of General Fund Reserves and Balances to ensure that these remain adequate for its needs and potential unforeseen events.”

- 6.20. The requirement that the Council remains financially sustainable was incorporated into Grant Thornton’s 2022/23 annual report on the Council’s VFM arrangements, which was received at Corporate Governance and Audit Committee on 27<sup>th</sup> November 2023, where a key recommendation was that “The Council should set out in detail how its proposed transformation plans will enable it to deliver a sustainable and balanced budget year on year.”
- 6.21. This Budget report provides for a £3m annual contribution to the General Reserve and as a result, the balance on the General Reserve is projected to be £51.2m by 31<sup>st</sup> March 2029 as shown in Table 19.

**Table 19 – General Reserve**

General Reserve	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m	£m
Brought Forward 1st April	(33.2)	(36.2)	(39.2)	(42.2)	(45.2)	(48.2)
Planned Contributions	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Planned Use	0.0	0.0	0.0	0.0	0.0	0.0
<b>Carried Forward 31st March</b>	<b>(36.2)</b>	<b>(39.2)</b>	<b>(42.2)</b>	<b>(45.2)</b>	<b>(48.2)</b>	<b>(51.2)</b>

- 6.22. As stated above and detailed in this report, whilst the pressures faced by the Authority continue to make the current financial climate challenging, we will continue to keep the level of the Council’s reserves under review to ensure that they are adequate to meet identified risks.
- 6.23. CIPFA’s Financial Management Code of Practice, which all local authorities are required to comply with, requires that the annual budget report should include details of the earmarked reserves held. This required analysis is contained in Appendix 10. Reserves relating to Schools and the HRA are detailed in the respective reports within Appendix 8.



## Part 7: Robustness of the Budget and Adequacy of Reserves

- 7.1. Section 25 of the Local Government Act (Part II) 2003 places a requirement upon the Council’s statutory officer (the Chief Officer – Financial Services in Leeds) to report to members on the robustness of the budget estimates and the adequacy of the proposed financial reserves.
- 7.2. CIPFA’s Financial Management Code of Practice also requires that the annual budget report includes a statement by the Chief Officer – Financial Services on the robustness of the budget estimates.
- 7.3. In considering the robustness of any estimates, the following criteria need to be considered:
- The underlying budget assumptions such as:
    - The reasonableness of provisions for inflationary pressures.
    - The extent to which known trends and pressures have been provided for.
    - The achievability of savings proposals built into the budget.
    - The realism of income targets.
    - The alignment of resources with the Council’s service and organisational priorities;
  - A review of the major risks associated with the budget;
  - The availability of reserves to meet unforeseen cost pressures;
  - The strength of the financial management function and reporting arrangements.
- 7.4. In coming to a view as to the robustness of the 2024/25 budget the Chief Officer – Financial Services has taken account of the following issues:
- Detailed estimates are prepared by directorates in accordance with principles laid down by the Chief Officer – Financial Services based on the current agreed level of service. Service changes are separately identified, and plans are in place for them to be managed.
  - As detailed elsewhere in this report the Council established a “Financial Challenge” programme of service reviews. This cross council senior officer group approach provides a high support, co-ordinated and consistent approach to the identification of robust, realistic and deliverable budget savings proposals.
  - The same cross council group has had oversight over the 2024/25 budget savings programme. Through this robust and accountable approach any variations to budgeted assumptions can be readily identified and addressed. Where appropriate, and in accordance with the Council’s Budget Principles, alternative proposals will be identified to ensure that a balanced budget position can be delivered in 2024/25. Progress against the delivery of these targeted savings will be incorporated into the monthly Financial Health reporting to this Board.
  - The estimate submission has been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process



takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council.

- Financial pressures experienced in 2023/24, and as reported in the monthly Financial Health reports to Executive Board, have been recognised in preparing the 2024/25 budget.
- As part of the budget process, directorates have undertaken a risk assessment of their key budgets and provided a summary of major risks within the directorate budget documents. All directorate budgets contain efficiencies, income generation and service reviews which will require actions to deliver and any delay in taking decisions may have significant financial implications. Whilst the level of risk within the 2024/25 budget is considered manageable, it must be on the understanding that key decisions are taken and that where identified savings are not delivered alternative savings options will be needed. This is all the more important given that the Council will face further financial challenges over the years beyond 2024/25.
- The Council will continue to build on its current approach to the determination of the budget by fully implementing the financial planning recommendations of the recent Local Government Association (LGA) Corporate Peer Challenge which took place in November 2022. Specifically, that the Council needs to consider a more outcomes focused and evidence-based approach to medium-term financial planning.
- In accordance with Grant Thornton's Key Recommendation in the 2022/23 VFM review, received at Corporate Governance and Audit Committee on 27<sup>th</sup> November 2023, the Council will focus on its "transformational plans" which "will enable it to deliver a sustainable balanced budget year on year."
- In recognition of the financial challenge that the Council continues to face, the Council established a Strategic Contingency Reserve in 2020/21 which is used to fund future unforeseen budget pressures and to ensure the Council becoming more financially resilient.
- This budget continues the journey that commenced in 2019 whereby the Council's revenue budget becomes more financially robust, resilient and sustainable by both moving away from the use of one-off sources to fund recurring expenditure and the inclusion of ongoing planned, budgeted contributions to the general reserve.
- In addition to specific directorate/service risks, the collection of council tax and the generation of business rate yields are two key risks which are closely monitored.
- In April 2013, a scheme of Council Tax discounts was introduced, enabling the Council to manage the risk of non-collection in given circumstances. Also, the overall assumed collection rate for council tax in 2024/25 is budgeted at 99% which is consistent with pre-COVID-19 collection rates.
- Where the budget assumes the generation of capital receipts from property and land sales which are utilised to resource transformation projects and fund redundancy payments, the timing of the delivery of these receipts needs to be



closely monitored and contingency actions identified should there be any slippage to budgeted assumptions.

- Under the business rates retention scheme the Council's local share of business rates is exposed to risks from both collection and reductions in rateable values. The latter is particularly the case with the recent closure of the 2017 ratings to new appeals which saw a significant increase in the number of Challenges to Rateable Value. In addition, and as detailed in paragraph 3.3.1 in this report, the continuing impact of the cost of living crisis on collection rates and new development has been factored into the Council's assumptions in respect of the overall level of business rates that are receivable.
- Business rates income continues to be a significant risk. As in the case of council tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the Budget year, although this will be an issue in future financial years.
- The Council's financial controls are set out in the Authority's financial regulations. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council.
- Budget management and monitoring is a continuous process which operates at a number of levels throughout the Council. The Council's budget accountability framework clearly articulates roles and responsibilities and aligns financial accountability within service decision making. This contributes towards providing a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council.
- In advance of the financial year, and after the revenue budget for the forthcoming year has been approved, Directorates are requested to produce budget action plans for their services which detail what action is required to deliver the approved budget (for example a staffing restructure or a delegated decision to implement price increases); when the action is required to be completed by and who is responsible for delivering the action required.
- In addition, through taking a risk-based approach to their respective budgets, Directorates are requested to identify contingency arrangements that could be implemented to address any variations from budgeted assumptions that will result in an overspend. The outcome of this exercise informs how much is required in the Council's general reserve to provide for risks.
- The Council has a well-established framework for financial reporting at directorate and corporate levels. Each month Executive Board receives a risk-based financial health report from each directorate and action plans are utilised to manage and minimise any significant variations to approved budgets.
- In July 2019, and subsequently updated in February 2023, Executive Board agreed the adoption of principles which were developed to support the determination and management of both the revenue and capital budgets, provided at Appendix 11. Adoption of these principles results in a more robust and accountable approach to budget management which closely aligns itself with the principles set out in CIPFA's Financial Management Code which all





local authorities were required to fully implement by 31st March 2021. The Council's Revenue and Capital Principles have been updated and are presented to Executive Board at Appendix 11 of this report.

- Adherence to these principles and the requirement to adhere to CIPFA's Financial Management Code will continue to be reinforced for 2024/25 with formal budget sign off arrangements for Chief Officers. These arrangements, combined with the standardisation of budget roll out packs, will complement the current budget management framework. Budget roll-out meetings are held with services within Directorates to ensure that accountable budget holders are both aware of the key aspects of their budgets and what key budget actions are required to be completed to deliver a balanced budget position.
- Each year Corporate Governance and Audit Committee receive the annual assurance report from the Chief Officer – Financial Services which provides assurance that the Council has established an effective financial control environment including robust arrangements for strategic financial planning combined with effective financial management and control. It also provides assurance that the Council has a sound framework for reviewing and challenging financial performance, has realistic plans in place to make the necessary savings in the 2024/25 financial year, that it will take the appropriate steps to deliver them, and that the Authority has contingency plans in place to help manage unforeseen variations against the budget.
- On 4 July 2023, DLUHC Secretary of State Michael Gove formally announced the launch of the Office for Local Government (Oflog). The launch outlined the Government's vision for Oflog, to provide authoritative and accessible data and analysis about the performance of local government and to support its improvement. As part of this vision, Oflog identified four key areas of performance on which initial focus will be placed: adult social care, adult skills, waste and finance. Further areas of focus have been subsequently announced as Oflog becomes more established.

7.5. In the context of the above, the Chief Officer – Financial Services considers the budget proposals for 2024/25 to be robust and the level of reserves to be appropriate, given a clear understanding by members and senior management of the following:

- That Directors and other budget holders accept their budget responsibilities and subsequent accountability.
- The level of reserves is in line with the risk based reserves strategy, but their enhancement will be a prime consideration for the use of any fortuitous in-year savings and that the Medium Term Financial Strategy provides for further contributions to the Council's reserves.
- Risk based budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action.
- The budget contains a number of challenging budget savings proposals and other actions. These are clearly identified and are at this time considered reasonable and achievable.



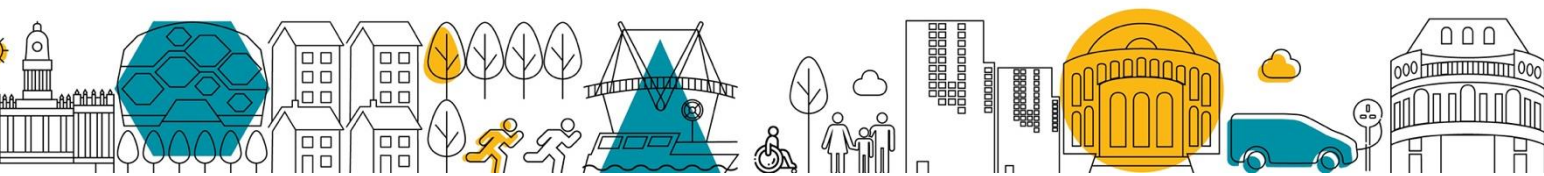


- That a separate robust process is in place to monitor and report on the delivery of the £63.9m of savings contained in the 2024/25 budget.
- Risk based budget reporting to members will continue in 2024/25.
- Budget risks are identified and regularly reviewed and will be subject to focused control and management.
- As part of the Council's reserves strategy directorates are required to have in place budget action plans which set out how they will deal with variations during the year.
- Risks associated with council tax and business rates, although potentially significant, will feed into the Medium Term Financial Strategy via the Collection Fund and will therefore not impact on the 2024/25 budget.
- There is a clear understanding of the duties of the Council's statutory financial officer and that the service implications of these being exercised are fully understood by members and senior management alike.

- 7.6. Any ongoing impact of COVID-19 has not been factored into the 2024/25 Revenue Budget. It is assumed that the Council will not be required to incur specific additional expenditure relating to COVID-19. In addition, it is assumed that income realisable from sales, fees and charges returns to pre-COVID levels.
- 7.7. As well as the direct impact of inflation upon the Council there is likely to be a continuation of the wider inflationary impact to the Council due to the impact of the increased cost of living on our residents and businesses. This will be seen in increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently as a consequence of higher inflation. The position will continue to be closely monitored.
- 7.8. The impact of the inflation (pay and price) key assumptions are detailed within this report. However, this is only an estimate of the likely impact of inflation and the impact of events and changes in policy at both national and international levels will have implications for these assumptions.
- 7.9. Grant Thornton's Auditor's Annual Report 2021/22, received at Corporate Governance and Audit Committee on 20th March 2023 noted that "the Council should continue to consider the adequacy of its current level of General Fund Reserves and Balances to ensure that these remain adequate for its needs and potential unforeseen events."
- 7.10. In response, and as detailed in the Medium Term Financial Strategy and this annual budget report, provision has been established for an annual contribution to the Council's general reserve and this will contribute towards the Council's financial position being more robust, resilient and sustainable. Adjustment and changes to the Council's approved budget are governed by virement limits and rules that are set annually by the Council as a part of the budget approval process. Any movement of budgetary provision within the Council's approved budget are only permitted in accordance with the schedule contained in Appendix 7 of this report.



- 7.11. Currently there is a de-minimis level of £10k below which any variations to net managed budgets will be deemed 'other budget adjustments' and do not require a virement. Any adjustment above the £10k current de-minimis level triggers a formal virement.
- 7.12. In the context of taking a risk based approach to managing the Council's budget it is proposed that the de-minimis limit is lifted from £10k to £50k. This increase is supported by the fact that there has been only one virement in the £10k to £25k range in 2023/24 and no virements in the £25k to £50k range in either 2022/23 or 2023/24.



**Part 8: Provisional Revenue Budgets 2025/26 and 2026/27**

- 8.1. At its meeting in September 2023 Executive Board received the updated Medium Term Financial Strategy and agreed the revisions to the Council's forecast budget gap for 2024/25 to 2028/29. The reported forecast gap was £251.0m, of which £56.6m and £47.0m related to 2025/26 and 2026/27 respectively. The report received in September recognised that savings would be required in order that a balanced budget position could be delivered in 2025/26 and 2026/27.
- 8.2. In the context of the variations identified during the determination of the Proposed Budget for 2024/25 (and later year impact of 2023/24 savings), the financial projections for 2025/26 and 2026/27 were refreshed to reflect the assumptions at that point. Table 20 shows the budget gaps at the Proposed budget for 2025/26 and 2026/27 which were £60.6m and £46.1m respectively.
- 8.3. The budget gaps for 2025/26 and 2026/27 have been further updated to reflect the latest assumptions and movements on these years as identified during the final budget processes.
- 8.4. However, it should be stressed that under the Council's Constitution the decision to set the annual council tax base and rate of council tax can only be taken by Full Council each year and therefore the provisional budgets for 2025/26 and 2026/27 are for information and planning purposes only and decisions will continue to be made as part of the Council's annual budget setting process.
- 8.5. In the determination of the revised financial projections for both 2025/26 and 2026/27 significant areas of uncertainty remain as to the Council's financial position in respect of both funding and spending assumptions, compounded by the cost of living crisis and inflationary pressures. The Provisional Local Government Settlement was published on 18<sup>th</sup> December 2023. This Provisional Settlement is effectively the second year of proposals set out in a Local Government Finance Policy Statement 2023/24 and 2024/25 published back in December 2022 and confirmed in a second Policy Statement released prior to the 2024/25 Settlement (in early December 2023). No settlement for 2025/26 or later years has been presented. Commentary provided by our financial consultants on later years' Departmental Expenditure Limits, outlined in the Chancellor's Autumn Statement 2023, suggests there is no additional funding available for Local Government in 2025/26 and beyond.
- 8.6. After taking account of the funding assumptions outlined in 8.2 and 8.3, and the variation in pressures and savings that have been identified in the determination of the 2024/25 Budget proposals, the updated provisional positions for 2025/26 and 2026/27 are detailed in Table 20.
- 8.7. The estimated budget gap has been revised to £64.6m in 2025/26 and to £47.1m in 2026/27. The main changes since the Proposed Budget are as follows:



- **Revised Funding and Resources:** In 2025/26 the Strategy assumes that the net revenue charge will increase. There are changes in the level of contributions to/from earmarked reserves including the profile of unwinding of financial sustainability measures. The Strategy also reflects the expectation that there will be grant fall out in 2025/26, including the remaining Services Grant and the Household Support Fund, as well as movement on net revenue charge related general fund income streams. 2026/27 further reflects these assumptions;
- **Revised Pressures:**
  - **Income Pressures** increase by £1.m in 25/26 and a further £0.3m in 2026/27
  - **Other pressures** increase by £4.3m in 2025/26 and a further £0.6m in 2026/27, the majority of the 2025/26 movement being the impact of reprofiling unwinding financial sustainability measures (and so net neutral overall taken alongside the associated changes in resources);
- **Revised Savings:** these changes are due to the later year impacts of 2024/25 savings proposals, noted at Part 5 and set out in the 'Revenue Savings Proposals for 2024/25 to 2026/27' reports for Executive Board's consideration at its October and December 2023 meetings. In particular, the movements shown on Table 20 reflect reclassification of later year savings to reflect the fall out of one off sources of funding utilised in 2024/25.

Table 20 – Provisional Revenue Budget 2025/26 and 2026/27

	2025/26	2026/27
	£m	£m
<b>Proposed Budget December 2023</b>	<b>60.6</b>	<b>46.1</b>
<b>Changes to Funding and Resources</b>		
Net Revenue Charge Assumptions	(1.5)	(0.8)
Contribution to General Reserve	0.0	0.0
Changes in Earmarked Reserves	(1.4)	2.6
Grants	2.7	0.2
Other Funding Changes	0.0	0.0
	<b>(0.1)</b>	<b>1.9</b>
<b>Revised Pressures</b>		
Pay and Pensions	0.0	0.0
Income pressures	1.0	0.3
Other	4.3	0.6
	<b>5.3</b>	<b>0.9</b>
<b>Revised Savings</b>		
Business as Usual	0.3	(1.8)
Service Review	(1.6)	0.0
	<b>(1.2)</b>	<b>(1.8)</b>
<b>Revised Gap at 2024/25 Budget</b>	<b>64.6</b>	<b>47.1</b>



8.8. The position set out above contains a number of assumptions, as set out in paragraphs 8.2 to 8.5 for which updated information would alter the projected financial position and any such changes in these assumptions will be incorporated into an updated Medium Term Financial Strategy that will be presented to a future meeting of this Board.





## Part 9: Ring Fenced Accounts

9.1. Every council has a general fund from which most services are funded. However, there are restrictions where the council must ensure that certain income is only spent in specific service areas. This is known as 'ring-fenced' funding. There are three main activities that are ring-fenced through legislation and/or government funding rules. These are:

- Housing Revenue Account
- Dedicated Schools Grant
- Public Health

9.2. More information on the 2024/25 Budget for each of these is shown at Appendix 8.

### 9.3. Housing Revenue Account

The Housing Revenue Account (HRA) includes all expenditure and income incurred in managing the Council's housing stock and, in accordance with Government legislation, operates as a ring fenced account.

The determination of the 2024/25 budget proposals for the Housing Revenue Account needs to be seen in the context of reductions in the Council's housing stock as tenants exercise their right to buy their own home. The 2024/25 budget has been prepared at outturn prices. This means that allowances for inflation have been included in the budget submission. An increase of 7.7%, in accordance with the Government's rent formula of CPI (6.7% as at September 2023) +1%, is proposed. In addition to this the Housing Revenue Account budget includes proposals to increase service charges to cover rising costs due to price inflation.

The Council remains committed to directing more of the annual HRA budget towards investment and maintenance as well as a commitment to replacing homes lost through Right To Buy (RTB) by planned investment in new Council homes. To this end, of the total additional income of £14.7m expected in 2024/25, £11.5m will be specifically allocated to repairs budgets and an increase in the revenue contribution to the capital programme.

Details of the 2024/25 Housing Revenue Account can be found in Appendix 8.

### 9.4. Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is funded in four blocks: Early Years, High Needs, Schools, Central School Services. At the end of 2023/24 it is projected that there will be a surplus balance of £4.386m on the DSG compared to a surplus balance of £9.010m at the end of 2022/23. The projected surplus equates to 0.1% of total DSG funding 2023/24. The position will be monitored and the balance will be carried forward into 2024/25, where £3.5m will be used to



contribute towards additional High Needs budget requirements.

The 2024/25 expected schools funding for Leeds is £1,042.36m representing a net increase of £45.75m (4.59%) when compared to the adjusted funding for 2023/24.

The ESFA guidance for 2024/25 allows for funding to be moved within the DSG blocks. Schools Forum have previously agreed a transfer of £3.54m from the schools block to the high needs block.

Details of the 2024/25 Dedicated Schools Grant (Schools Budget) can be found in Appendix 8.

### 9.5. **Public Health**

The public health grant is paid to local authorities from the Department for Health and Social Care (DHSC) budget. It is used to provide vital preventative services that help to support health, as well as broader public health support across local authorities and the NHS.

Public Health commissions a wide range of providers to deliver Public Health services. These include 3rd sector providers, GPs, Pharmacists and Leeds Community Healthcare. Though in recent years Government has announced that Public Health grant will be maintained in real terms, this does not reverse the significant real terms cut to the grant since 2015/16; nor, at the announced 1.3% increase, will it meet inflationary costs going into 2024/25. After several years of cuts and new burdens the service is still operating on a smaller grant than in previous years.

Details of the Public Health Grant can be found within the Adults and Health directorate budget at Appendix 8.





would need to identify budget savings options to mitigate the directorate from going into an overspend position.

### Risks to Funding

- 10.1.7. The 2024/25 budget submission contains a number of assumptions about the level of resources receivable through some specific grants. Where the Government has yet to announce or finalise how much grant will be receivable in 2024/25 then assumptions have been made in the determination of the budgeted figures receivable. Where the grant received is less than assumed in the Budget then, as per the Revenue Budget Principles approved at Executive Board in June 2019 and February 2023, the directorate concerned will need to manage the reduction in both expenditure and income through the identification and implementation of an exit.
- 10.1.8. Under the Business Rates Retention Scheme the Council's local share of business rates is exposed to risks both from collection and from reductions in rateable values. Since 2013 two trends have become clear: firstly, that there is a lag between gradual economic recovery and significant volumes of business new-builds in Leeds, with little growth in aggregate Rateable Value in Leeds seen until 2018/19, and secondly, that business rates growth that does occur has been offset by successful appeals and other reductions to the rating list – either through closure or Valuation Office reviews.
- 10.1.9. The level of business rates appeals continues to be a risk. The 2010 ratings list is now closed and appeals against that list are no longer possible. There are no appeals remaining outstanding against the 2010 list. The 2017 list remains open only to those ratepayers who have already lodged a Check (the first stage of the appeals process) against that list. They may subsequently present a Challenge (the second stage of the process) to their Rateable Value on that list. As the 2017 list has not been applicable since 31<sup>st</sup> March 2023, towards the end of the list a higher than normal number of appeals were submitted by ratings agents on behalf of their clients. Provision has been made for these appeals but if they result in higher than anticipated reductions in Rateable Value this could add to the business rates deficit. The 2023 Ratings List came into effect on 1<sup>st</sup> April 2023 and is subject to the full appeals procedure. As future revaluations are due to take place every 3 years instead of the previous 5 years, the expectation is that this and future ratings lists will more accurately reflect the property market and be less vulnerable to appeals. This requires the usual robust monitoring in order to allocate sufficient provisions but remains a risk to business rates income.
- 10.1.10. With the approval of the application of Leeds City Region Business Rates Pool being successful, in 2024/25 Leeds will again be part of the Leeds City Region Business Rates Pool. As with previous years' Pools, there remains a risk that if a member authority becomes entitled to a safety net payment, because its retained income has fallen dramatically, then that safety net payment will no longer be





received from the Government but will have to be met by other members of the Pool. This will represent a loss of income to the region.

- 10.1.11. The level of council tax collected could be affected by the increase in the council tax base being less than assumed, collection rates being below budgeted assumptions, Council Tax Support claimant requirements being greater than budgeted or a mixture of the above.
- 10.1.12. Business rates and Council Tax income continue to be significant risks, however any losses greater than those assumed in setting the budget will materialise through a Collection Fund and will not impact in the current year, although this will be an issue in future financial years.

### Key risks to cost and income assumptions

- 10.1.13. This Budget for 2024/25 contains a number of inherent risks which include the requirement to implement budget plans, budgets which are subject to both fluctuating demand and demographic pressures, inflation being higher than forecast and key income budgets that rely upon the number of users of a service.
- 10.1.14. In particular the war in Ukraine has already had a significant impact upon the global price of fuel, energy and commodities and this has been realised as significant inflationary pressures in the economy. The uncertain nature and length of this conflict and the conflict in the Middle East may yet have further implications for inflation and the pay and price assumptions contained in these Budget proposals for the forthcoming financial year.
- 10.1.15. Cost of living pressures have a wider inflationary impact on the Council due to the impact of the increased cost of living on our residents and businesses. In addition to the risks associated with increases in costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently as a consequence of rising inflation. This position will continue to be closely monitored throughout the financial year and any variation to budgeted assumptions will be required to be managed within the approved budget.
- 10.1.16. There are risks that demographic and demand pressures in Adult Social Care and Children's Services could be greater than anticipated in these Budget proposals, that inflation is higher than that assumed and that the costs associated with managing the Council's debt is higher than budgeted assumptions. There is also significant reform on the horizon across social care. For Adults, there will be the impact of the care reforms, for which there will be additional costs however the level of Government funding for this is uncertain. For Children, the Independent Review of Children's Social Care was published earlier in February 2022 and recommended a radical reset of the Children's Social Care system. Government published its implementation strategy in response to the review in February 2023.





- 10.1.17. The implementation of proposed savings and additional income realisation could be delayed. Equally, the level of savings generated and/or the level of additional income realised could be less than that assumed in these Budget proposals for 2024/25.
- 10.1.18. Inflation including the pay award and inflationary pressures in respect of contracts and energy costs could be higher than that assumed in this report.
- 10.1.19. In addition, these Budget proposals make a number of assumptions about the costs associated with managing the Council's debt. As set out in the Treasury Management Strategy 2024/25 report, which can be found elsewhere on this agenda, all new Council borrowing activity will be funded through short-term variable rates which means that it is exposed to any upward movement in rates which would result in an increase in costs to the Council. This policy will be subject to constant review, to lock in long-term borrowing as favourable opportunities arise. It should be noted that due to the previously employed policy of locking in long term borrowing need at historically low rates the Council had no short term borrowing on its books at 31/03/2022 and this places the Council in a good position to manage current interest rates.
- 10.1.20. Key risks for the Dedicated Schools Grant (DSG) projections relate mainly to the high needs block of the DSG, which provide funding in relation to pupils with special educational needs. Future demand has been estimated based on trends and forecasts, both for population growth and increases in complexity of need, however actual demand may vary from these assumptions and the availability of places may also affect costs. In particular, the long-term impact of COVID-19 on these trends is not yet known. In addition, funding allocations are confirmed on an annual basis and there is a risk that actual funding increases will differ from the amounts assumed in the MTFs. Specifically, funding increases are currently capped, and it is not yet known how this cap will operate in future years. Lastly, a number of DSG funding decisions are made by the Leeds Schools Forum, a statutory body of education representatives from across the city, and there is a risk these decisions may impact on future DSG pressures.
- 10.1.21. There is a risk within the HRA and within the General Fund Capital Programme that continued inflationary pressures may impact on the timing of the delivery of capital schemes given the overall funding available, with an impact on related debt assumptions in the revenue budget.
- 10.1.22. A full analysis of all budget risks will continue to be maintained and will be subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks and budget variations are contained in the in-year financial health reports submitted to the Executive Board.



2024/25

	Adults & Health	Children & Families	City Development	Communities, Housing & Environment	Strategy & Resources	Strategic & Central	Total Net Revenue Budget
	£m	£m	£m	£m	£m	£m	£m
<b>Net managed budget (2023/24) - RESTATED</b>	<b>199.27</b>	<b>141.71</b>	<b>41.03</b>	<b>94.21</b>	<b>84.02</b>	<b>13.12</b>	<b>573.36</b>
Pay - Leeds City Council	3.00	5.04	2.50	5.96	8.77	0.00	25.26
Employer's LGPS contribution	0.00	0.00	0.00	0.00	0.00	0.30	0.30
Capitalised pension costs	0.01	(0.01)	(0.04)	(0.10)	(0.37)	0.00	(0.51)
Wage costs - commissioned services	16.86	0.59	0.00	0.00	0.00	0.00	17.45
Inflation: Electricity and Gas Tariffs	(0.11)	(0.45)	(1.50)	(0.37)	(0.41)	(0.00)	(2.83)
Inflation: Fuel	(0.00)	(0.01)	(0.09)	(0.68)	(0.21)	0.00	(0.99)
Inflation: General	3.53	13.37	2.76	0.82	2.21	0.00	22.68
Demand and demography - Adult Social Care	9.64	0.00	0.00	0.00	0.00	0.00	9.64
Demand and demography - Childrens Social Care	0.00	24.98	0.00	0.00	0.00	0.00	24.98
Demand and demography - Other	0.00	0.00	0.00	0.23	0.00	0.00	0.23
Financial Sustainability	0.00	0.00	0.90	3.58	1.22	1.90	7.60
Fleet maintenance and hire	0.00	0.00	0.00	2.89	2.00	0.00	4.89
Waste Management	0.00	0.00	0.00	2.92	0.00	0.00	2.92
CBT Pressures	0.00	0.00	0.00	0.00	2.46	0.00	2.46
Fallout of Business Rates Reductions	0.00	0.00	1.50	0.00	0.00	0.00	1.50
Leeds 2023	0.00	0.00	(3.29)	0.00	0.00	0.00	(3.29)
Income pressures	0.15	1.20	0.00	4.31	(0.64)	0.00	5.01
Debt - external interest /Minimum Revenue	0.00	0.00	0.00	0.00	0.00	3.01	3.01
Other Pressures/Savings	2.12	1.10	0.26	0.78	3.23	0.47	7.95
Contribution to / (from) General Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Use of Earmarked Reserves	3.30	0.00	0.00	0.62	0.00	7.01	10.93
Changes in Section 31 Grants	0.00	0.00	0.00	0.00	0.00	(4.78)	(4.78)
Business Rates Levy	0.00	0.00	0.00	0.00	0.00	0.34	0.34
New Homes Bonus	0.00	0.00	0.00	0.00	0.00	2.22	2.22
Social Care Grant	(4.80)	(12.89)	0.00	0.00	0.00	0.00	(17.69)
DHSC: ASC Discharge/Market Sustainability & Improvement Fund	(6.86)	0.00	0.00	0.00	0.00	0.00	(6.86)
iBCF Inflationary Increase	(1.10)	0.00	0.00	0.00	0.00	0.00	(1.10)
Children and Families ICB/DSG/UASC	0.00	(4.85)	0.00	0.00	0.00	0.00	(4.85)
Other Changes in Specific Grants	0.00	0.00	0.00	0.43	0.04	0.00	0.47
Services Grant	0.00	0.00	0.00	0.00	0.00	5.40	5.40
Other Changes in Resources	0.00	(1.82)	1.63	0.21	0.16	0.00	0.18
<b>Total - Cost and funding changes</b>	<b>25.74</b>	<b>26.24</b>	<b>4.64</b>	<b>21.58</b>	<b>18.45</b>	<b>15.86</b>	<b>112.50</b>
<b>Savings proposals</b>							
Savings identified prior to 2023/24 savings strategy	(10.21)	1.98	(0.12)	(1.16)	(1.30)	(1.24)	(12.05)
Savings identified for the 2023/24 savings strategy	(15.42)	(12.51)	(7.65)	(6.90)	(9.37)	0.00	(51.86)
<b>Total - Savings proposals</b>	<b>(25.64)</b>	<b>(10.53)</b>	<b>(7.77)</b>	<b>(8.06)</b>	<b>(10.67)</b>	<b>(1.24)</b>	<b>(63.91)</b>
<b>2024/25 Submission</b>	<b>199.37</b>	<b>157.42</b>	<b>37.90</b>	<b>107.73</b>	<b>91.80</b>	<b>27.74</b>	<b>621.96</b>
<b>Increase/(decrease) from 2023/24 £m</b>	<b>0.10</b>	<b>15.71</b>	<b>(3.13)</b>	<b>13.52</b>	<b>7.78</b>	<b>14.62</b>	<b>48.60</b>
<b>Increase/(decrease) from 2023/24 %</b>	<b>0.05%</b>	<b>11.09%</b>	<b>(7.63%)</b>	<b>14.35%</b>	<b>9.26%</b>	<b>111.39%</b>	<b>0.08</b>

TOTAL FUNDING AVAILABLE (Forecast Net Revenue Charge)

621.96

GAP

(0.00)

# Proposed Budget 2024/25 - Consultation Report

Consultation held December 2023 to January 2024

## Contents

1. Introduction and approach .....	2
2. Executive summary .....	3
3. Analysis of respondents .....	8
4. Dealing with the challenges of reduced funding and prioritising service provision .....	10
5. Council Tax .....	12
5.1 Comments on proposed changes to council tax .....	13
6. How we spend the money we receive .....	16
6.1 Savings proposals .....	16
6.2 Overall proposed budget .....	18
6.3 Comments about the overall proposed budget and savings proposals .....	20
7. Looking ahead .....	22
7.1 Potential future service changes.....	22
7.2 Comments about how the council could bring in extra money or make savings.....	25
7. Our Best City Ambition.....	29
7.1 Team Leeds – understanding community engagement. ....	29
7.2 The 3 Pillars – our key priorities.....	31
7.3 Comments about other priorities for the Best City Ambition .....	33
8. Perceptions of Leeds City Council .....	36
Appendix 1: Survey questionnaire .....	38

## 1. Introduction and approach

Public consultation on the Proposed Budget for 2024/25 took place between 13<sup>th</sup> December 2023 and 10<sup>th</sup> January 2024, via an online survey. A short animation provided additional context on the significant financial challenges that we face, the reasons for this and that we will need to make difficult decisions - stopping, changing or charging for services. The full Proposed Budget and Revenue Savings Proposals can be viewed in the public reports pack for the council's 13th December 2023 Executive Board meeting (available [here](#) at item 11), where the proposals were considered by elected members.

The survey explored a range of themes relevant to the proposed budget including: principles of how we should be funded, our savings proposals, changes to council tax, and how we plan to allocate the revenue budget by directorate. Other questions explored: satisfaction with how we run things, ideas for bringing in extra money or making savings, future service reductions, community engagement, and our Best City Ambition key priorities.

The survey was carried out using online methods only. In previous years, when paper surveys have been offered, they have had low take-up and those were predominantly from groups of respondents that are already over-represented.

The consultation was circulated primarily through Leeds City Council social media channels and online community groups, and as a news item on the council's website. The Citizens' Panel, which has around 2,500 members, received an email with a link to the survey. Staff and elected members were invited to take part through emails and a news item on the council's intranet (InSite). Invitations were also emailed to partner organisations, requesting that they share through their networks.

Where results have been considered by different groups of respondents, the following abbreviations have been used in charts and the narrative within this report:

- Ethnicity – where respondents selected an ethnicity of White: English / Welsh / Scottish / Northern Irish / British, this has been categorised as White: British. Ethnically diverse has been used where any other ethnicity was selected.
- Sexuality – where respondents selected a sexuality of Lesbian, Gay, Bisexual or Other, or told us their gender identity is not the same as the sex registered at birth this has been categorised as LGBT+.
- Religion – where respondents selected an option other than Christian, No religion or No belief, these were categorised as Other religion or belief.

Some groups were represented by a smaller number of respondents and consequently have generally not been highlighted in the narrative unless differences are statistically significant:

- Age 18-29 (90, +/-10%),
- Other religion (101, +/-10%),
- LGBT+ (125, +/-9%),
- Study in Leeds (29, +/-18%).
- Non White: British ethnicities: Asian or Asian British (59, +/-13%), Black or Black British (29, +/-18%), Mixed (29, +/-18%), Other ethnicity (78, +/-11%).

Throughout this report, percentages and percentage point changes have been rounded to remove decimal places, and therefore may not sum exactly.

## 2. Executive summary

Public consultation on Leeds City Council's Proposed Budget for 2024/25 took place between 13th December 2023 and 10th January 2024, via an online survey. A short animation provided additional context on the significant financial challenges that we face, the reasons for this and that we will need to make difficult decisions: stopping, changing or charging for services.

- 1,722 participants completed the survey. This response is in line with responses from when the same online survey method was carried out in previous years (1,742 for 2023/24, 2,495 for 2021/22 and 1,537 for 2020/21). It is highly statistically accurate, representing the population of Leeds to a confidence interval of +/-2.4% (with 95% confidence).
- Survey participants were from a range of different demographic groups, which in general represented the population of Leeds residents (compared with the 2021 Census). Ethnically diverse communities and younger people were underrepresented, however there were enough of each group for their views to be reported.
- Most respondents (90%) said that they live in Leeds, over half (58%) work in Leeds, and a smaller group (2%) said they study in Leeds. In total, 3 in 10 (30%) said they work for the council, much higher than the previous year (18%), making this group highly overrepresented in the results. However, analysis of non-council staff responses for each key question confirmed the significance of findings. It should also be noted that a large number of council staff are also Leeds residents.

### **Balancing council tax and charges with protecting services**

In response to the financial challenges that Leeds City Council faces:

- 4 out of 5 respondents (80%) agreed with the statement that we should raise money through increasing council tax and charges, which comprised of:
  - 30% of all respondents felt we should raise enough money by increasing council tax and charges to avoid having to cut services.
  - 50% of all respondents said that council tax and charges should be slightly increased whilst balanced with cuts and reduction of some services.
- 1 in 5 (20%) of all respondents said we should not increase council tax or charges, even if this has a large impact on the services we provide. This is lower than previous years (27% in 2023/24, and ranging between 22% and 24% from 2019/20 to 2022/23).

When asked how much participants agree or disagree with our proposals to increase the 'core' element of council tax in Leeds by 2.99%, and to levy an adult social care precept of 1.99%:

- 3 quarters of respondents (75% rounded) agreed with our approach for increasing the core rate of council tax (41% strongly agreed and 33% tended to agree). 1,692 of all 1,722 respondents completed this question.
- Slightly fewer (72%) agreed with our approach of applying an additional levy to support adult social care services (39% strongly agreed and 33% tended to agree).
- In previous years the question was presented differently, asking about the proposed increase in the combined figure for the 'core' and adult social care elements. Comparing these with a mean average of the two results from this year (to create a proxy for this), agreement with the proposed increase in council tax can be seen to have increased greatly by 13 percentage points (from 60%). However, this is likely to have been affected by the change in approach.
- The largest number of themes from comments about council tax agreed with the approach or acknowledged that tough decisions need to be made (110), followed by themes referring to reducing waste and making efficiencies (58).
  - The largest of the further themes included: that we should lobby the government for more funding or blaming government funding decisions (44), frustration with money being spent on cycle lanes and city centre improvements (40), and the need to support people with the rising cost of living (36).



## The proposed budget

Participants were presented with a chart of the proposed net revenue budget per directorate and details of how this has changed from the previous year, alongside a summary of the services that each directorate provides, and links to the Revenue Savings Proposals and Proposed Budget reports considered by the Executive Board in December 2023.

- When asked how much they agreed with the savings proposals for 2024/25, two thirds of respondents (66%) agreed (9% strongly agreed and 57% tended to agree), an increase of 7 percentage points from the previous year (59%). 1,503 of all 1,722 respondents completed this question.
- In terms of the overall proposed budget, over two thirds of respondents (68% rounded) agreed (9% strongly agreed and 58% tended to agree). 1,492 of all 1,722 respondents completed this question.
- Levels of agreement with our proposed revenue budget increased greatly since last year by 9 percentage points (from 59%), appearing to break the decreasing trend in agreement in recent years.
- Respondents were invited to comment on the proposed approach to how we spend our revenue budget. In total, 475 (28%) respondents completed this open text field, providing comments that often contained multiple themes. These have been individually analysed, resulting in 640 themes:
  - The largest number of themes from comments stated that the council needs to reduce waste and create efficiencies (71), followed by comments about reducing city roadworks and cycle lanes (58), and increasing/sustaining Adults and Health funding (45).
  - Other key themes suggested reducing staff numbers/wages (38), reducing the budget in Strategy & Resources (35), and that they disagree with financial challenge proposals (34).

## Looking ahead

Participants were informed that we will need to find further significant savings over the next two years, and were asked whether they would be prepared to accept changes relating to a range of services we offer.

- The highest levels of agreement, with those saying yes or maybe (where this service was applicable to them), were for: having fewer cultural events (76% rounded), taking on responsibilities to help the local community (75%), and paying more to access services that boost physical activity such as gyms, pools, bowling greens (69%).
- The highest levels of disagreement (where this service was applicable to them), were for paying for a parking permit to park where they live (71%), followed by having fewer museums and attractions (51%).
- The remaining options performed more closely with agreement ranging from 52% to 60%: travel further to access a household waste recycling centre (60%), wait longer to speak to someone in a council building or when telephoning (56%), travel further to access a community hub or library (54%), and pay to have garden waste collected (52%).

## Suggestions for how the council could bring in extra money or make savings

657 people (38%) provided comments or suggestions on how the council could do things differently to bring in extra money or make savings, with many giving multiple comments or suggestions, resulting in 965 themes. These were gathered into subgroups of linked themes:

- The group of themes with the most comments listed ideas and suggestions, with 57% of respondents. This group included the themes: selling or renting out council buildings (49), cancelling events such as Leeds 2023 and Light Night (43), charging for events and museums (36), and increasing enforcement/fines (34).
- The second largest group related to the council's ways of working, with 17% of respondents, with the most common theme being improving services and efficiencies (67).
- Overall, the most common single themes were: reduce the number of staff/pay or staff benefits (74), improve services and efficiencies (67), and stop city roadworks or cycle lanes (51).

## Our Best City Ambition

Participants were informed about this document, which sets out the council's vision for the future of Leeds. They were then offered a link to the draft report proposing updates to the Best City Ambition.

- To help understand how we can work together in a 'Team Leeds' approach, respondents were asked how much they agree or disagree with statements about their local community:
  - Over two thirds (68%) of respondents agreed that people in their neighbourhood pull together to improve the local area.
  - Just over half (52%) of respondents agreed that they feel able to share ideas and solutions to local problems.
  - Almost all respondents (91%) agreed that it is important for them to be involved in shaping decisions that impact their local area. However, of these almost half (47%) disagreed that they feel able to share ideas and solutions to local problems.
- Respondents were presented with some of the key priorities within the '3 pillars' of the Best City Ambition and asked to rate how important they are to them:
  - Almost all respondents said that ensuring children and young people can enjoy a healthy and happy childhood (95%) and supporting people to age well (94%), were either very or fairly important to them.
  - Slightly fewer, with around 9 in 10 respondents, said that enabling the growth of the economy (91%) and improving health & wellbeing outcomes fastest for those most likely to experience poverty (88%), were either very or fairly important to them.
  - The lowest priority for respondents, with just under two thirds (65%) saying this was very or fairly important to them, was rapidly reducing carbon emissions. More than a third (35%) said this was either not so important to them or not important at all.
- Respondents were asked if there were any other priorities they would like to see in the Best City Ambition, or if there was anything else they would like to add about our key priorities. In total, 361 (21%) of respondents filled in this open text field, with many providing comments that contained multiple themes, resulting in 549 themes:
  - The theme mentioned by the most respondents was Improving public transport and infrastructure (55).
  - Improving air quality, increasing biodiversity and reducing carbon emissions was also a common theme (48).
  - This was closely followed by improving community engagement (45), supporting health and wellbeing (42) and supporting children and young people (38).

## Perceptions of Leeds City Council

Participants were asked how satisfied they were with the way Leeds City Council runs things:

- 3 in 5 (60%) were satisfied with how the council runs things (13% very satisfied, 47% fairly satisfied). Slightly more than 1 in 5 (21% rounded) said they were dissatisfied (13% very dissatisfied, 9% fairly dissatisfied).
  - Comparison with last year's consultation shows a strong increase in satisfaction of 11 percentage points, from 49%. This reverses the downward trend in recent years, returning to levels seen in the 2021/22 Budget consultation.

## Responses by different groups

Comparing the findings from different groups with one another:

- Respondents living in Leeds were less likely to agree with paying to have garden waste collected.
- Leeds City Council staff were more likely to agree with the proposal to increase council tax, our savings proposals, and the overall budget proposal proposals. They were more likely to rate improving health and wellbeing outcomes fastest for those in poverty and rapidly reducing carbon emissions as important, and were more likely to be satisfied with the way we run things.
  - They were less likely to say we should not increase council tax and charges even if it impacts services.
- Those who study in Leeds were less likely to agree that people pull together to improve the local area.
- Younger people aged 18-29 were more likely to say we should raise enough money through increasing tax and charges to avoid cutting services, to agree with the adult social care precept, and more likely to rate rapidly reducing carbon emissions as important.
  - They were less likely to agree with our savings proposals, having fewer museums and attractions, fewer cultural events, and paying more to access physical activities. They were less likely to agree that it is important to be involved in shaping decisions for the local area, and to rate supporting people to age well as important to them.
- People aged 45-64 were less likely to agree with the proposal to increase 'core' council tax.
- Older people aged over 65 were more likely to agree with the proposal to increase council tax.
  - They were much less likely to say we should not increase council tax and charges even if it impacts services, and less likely to agree with the adult social care precept, waiting longer to speak to someone, travelling further for a household waste recycling centre, and paying for garden waste to be collected.
- Female respondents were more likely to say we should apply a balanced approach - raising money by slightly increasing council tax and charges, whilst reducing or cutting some services. They were more likely to agree with the proposal to increase council tax, our savings proposals, the overall budget proposal proposals, and more likely to agree with helping out in the local community, and paying to have garden waste collected. They were more likely to agree that people pull together to improve the local area and that they feel able to share ideas and solutions to local problems, and to be satisfied with the way we run things.
  - They were less likely to agree to travelling further for a hub/library.
- White: British respondents were more likely to agree with the proposal to increase 'core' council tax, and were more likely to agree with the overall budget proposals.
- Asian or Asian British respondents were much more likely to say we should not increase council tax and charges even if impacts services, more likely to agree with having fewer museums and attractions, and travelling further for a hub/library.
  - They were much less likely to agree with the proposal to increase 'core' council tax, our savings proposals, paying to have garden waste collected, and less likely to be satisfied with how we run things.
- Black or Black British respondents were less likely to agree to having fewer cultural events, paying more to access physical activities, and waiting longer to speak to someone at the council.
- Disabled people were slightly more likely to say we should increase council tax and charges to avoid having to cut services.
  - They were less likely to agree with our savings proposals, overall budget proposals, to agree with travelling further for a household waste recycling centre, and waiting longer to speak to someone at the council. They were less likely to agree that people pull together to improve the local area, to rate each of the key priorities from the Best City Ambition as important, and to be satisfied with how we run things.

- LGBT+ respondents were less likely to agree to having fewer cultural events, to agree that people pull together to improve the local area, and that they feel able to share ideas and solutions to local problems. They were less likely to rate ensuring children and young people have a happy and healthy childhood and supporting people to age well as important, and less likely to be satisfied with how we run things.
- People who practice religions other than Christianity were much more likely to say we should not increase council tax and charges even if impacts services.
  - They were much less likely to agree with the proposal to increase 'core' council tax, less likely to agree with our savings proposals, and our overall budget proposals. They were less likely to rate improving health and wellbeing outcomes for those most likely to experience poverty as important, and less likely to be satisfied with how we run things.

### 3. Analysis of respondents

In total, 1,722 participants completed the survey. This response is in line with responses from when the same online survey method was carried out in previous years (1,742 for 2023/24, 2,495 for 2021/22 and 1,537 for 2020/21). It is highly statistically accurate, representing the population of Leeds to a confidence interval of +/-2.4% (with 95% confidence).

Survey participants were from a range of different demographic groups, which in general broadly represented the population of Leeds residents as compared with the 2021 Census. Ethnically diverse communities and younger people were underrepresented, however there were enough of each group for their views to be reported.

Proportions of respondents are shown in Table 1. Note that the fields ‘% Valid’ and ‘% Leeds Residents’ include only those who answered and exclude those who preferred not to say.

Table 1: Comparison of respondents to Census 2021.

		Survey Respondents	% Valid Respondents	% Leeds Residents - Census 2021	
Age / years	Under 18	0	<b>0%</b>	-	Residents of Leeds, aged 18 and over only
	18 - 29	90	<b>6%</b>	24%	
	30 - 44	422	<b>26%</b>	26%	
	45 - 64	784	<b>48%</b>	29%	
	65+	330	<b>20%</b>	20%	
	<i>Prefer not to say/Blank</i>	96	-	-	
Sex	Female	804	<b>52%</b>	52%	
	Male	744	<b>48%</b>	48%	
	Non-binary/Other	8	<b>1%</b>	-	
	<i>Prefer not to say/Blank</i>	166	-	-	
Ethnicity	White: British	185	<b>88%</b>	76%	Residents of Leeds, aged 18 and over only
	Asian or Asian British	59	<b>4%</b>	9%	
	Black or Black British	29	<b>2%</b>	5%	
	Mixed Ethnicity	29	<b>2%</b>	2%	
	Other	78	<b>5%</b>	8%	
	<i>Prefer not to say/Blank</i>	137	-	-	
Religion	No religion or belief	638	<b>44%</b>	43%	Residents of Leeds, all age groups
	Christian	723	<b>49%</b>	45%	
	Other religion or belief	101	<b>7%</b>	12%	
	<i>Prefer not to say/Blank</i>	260	-	-	
Disability	Yes	240	<b>15%</b>	17%	All Leeds Residents - day to day activities limited a lot or a little
	No	1317	<b>85%</b>	92%	
	<i>Prefer not to say/Blank</i>	165	-	-	
Sexuality	Heterosexual / Straight	1321	<b>91%</b>	95%	Residents of Leeds, aged 16 and over only
	LGBT+*	125	<b>9%</b>	5%	
	<i>Prefer not to say/Blank</i>	276	-	-	

\* This group refers to those who said they are either Lesbian, Gay, Bisexual or Other or who told us their gender identity is not the same as the sex registered at birth

Most respondents (90%) said that they live in Leeds, over half (58%) work in Leeds, and a smaller group (2%) said they study in Leeds. In total, 3 in 10 (30%) said they work for Leeds City Council, much higher than previous year (18%), making this group highly overrepresented in the results (although many will live, work, visit and/or study in Leeds).



### Counts per postal outward code:

Respondents live in a variety of different post code areas across the region, including Bradford, Huddersfield, Harrogate, Halifax, Leeds, Wakefield and York. There were also respondents from Darlington, Derby, Doncaster, Oldham, Sheffield and Todmorden. In total, 1,438 (92%) of the 1,722 respondents provided a postcode, 92% (1,320) of whom live in an area with a Leeds 'LS' postcode, supporting the finding that 90% of respondents said that they live in Leeds.

Figure 1: Count of postal outward code, grouped by postal district.

Postcode	Count
BD3	2
BD4	1
BD9	1
BD10	1
BD11	7
BD13	2
BD16	3
BD17	6
BD18	2
BD19	2
BD20	2
BD22	1
BD23	1
DE23	1
DL8	1
DN11	1
DN15	1
HD2	1
HD5	1
HD9	1
HG1	1
HG2	1
HG5	4
HX3	3
HX7	1

Postcode	Count
LS1	6
LS2	8
LS3	1
LS4	13
LS5	28
LS6	85
LS7	68
LS8	117
LS9	27
LS10	51
LS11	42
LS12	65
LS13	70
LS14	51
LS15	99
LS16	75
LS17	83
LS18	38
LS19	35
LS20	23
LS21	25
LS22	35
LS23	12
LS24	3
LS25	60
LS26	64
LS27	54
LS28	74
LS29	8

Postcode	Count
OL14	1
S75	1
WF1	4
WF2	1
WF3	27
WF4	5
WF5	3
WF9	1
WF10	11
WF12	2
WF15	2
WF16	2
WF17	2
YO24	2
YO25	1
YO31	1
YO32	1
YO41	1
YO8	2

## 4. Dealing with the challenges of reduced funding and prioritising service provision

### Dealing with the challenges of reduced funding

Respondents were presented with information and a short animation providing the context of the significant financial challenges that we face, the reasons for this and that we will need to make difficult decisions - stopping, changing or charging for services. They were then asked which of 3 options they agreed with most, balancing raising income against maintaining services. Responses are shown in Table 2 below and these are then compared with results of previous budget consultations in Figure 2.

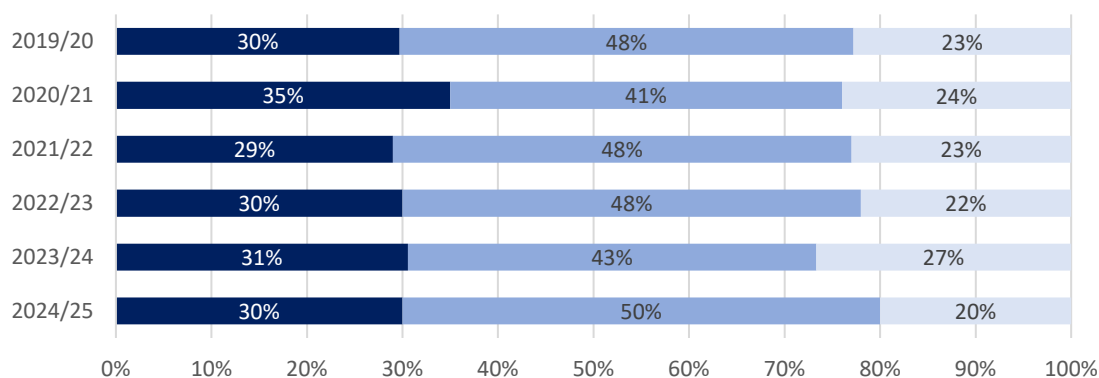
Table 2: How should we deal with the challenges of reduced funding?

Which option do you agree with most?	Valid %	Count
We should raise enough money by increasing council tax and charges, to avoid having to cut services	30%	508
We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services	50%	853
We should not increase council tax or charges, even if this has a large impact on the services we can provide	20%	345
Did not respond to this question	-	16
<b>Grand Total</b>	<b>100%</b>	<b>1,722</b>

In total, 4 out of 5 respondents (80%) agreed we should raise money through increasing council tax and charges, with almost two thirds of these (63%) saying this should be balanced with cuts and reduction of services, representing half (50%) of all respondents.

The remaining 1 in 5 respondents (20%) agreed with the statement that we should not raise council tax or charges, even if this has a large impact on the services we can provide.

Figure 2. How we should deal with financial challenge, by year.

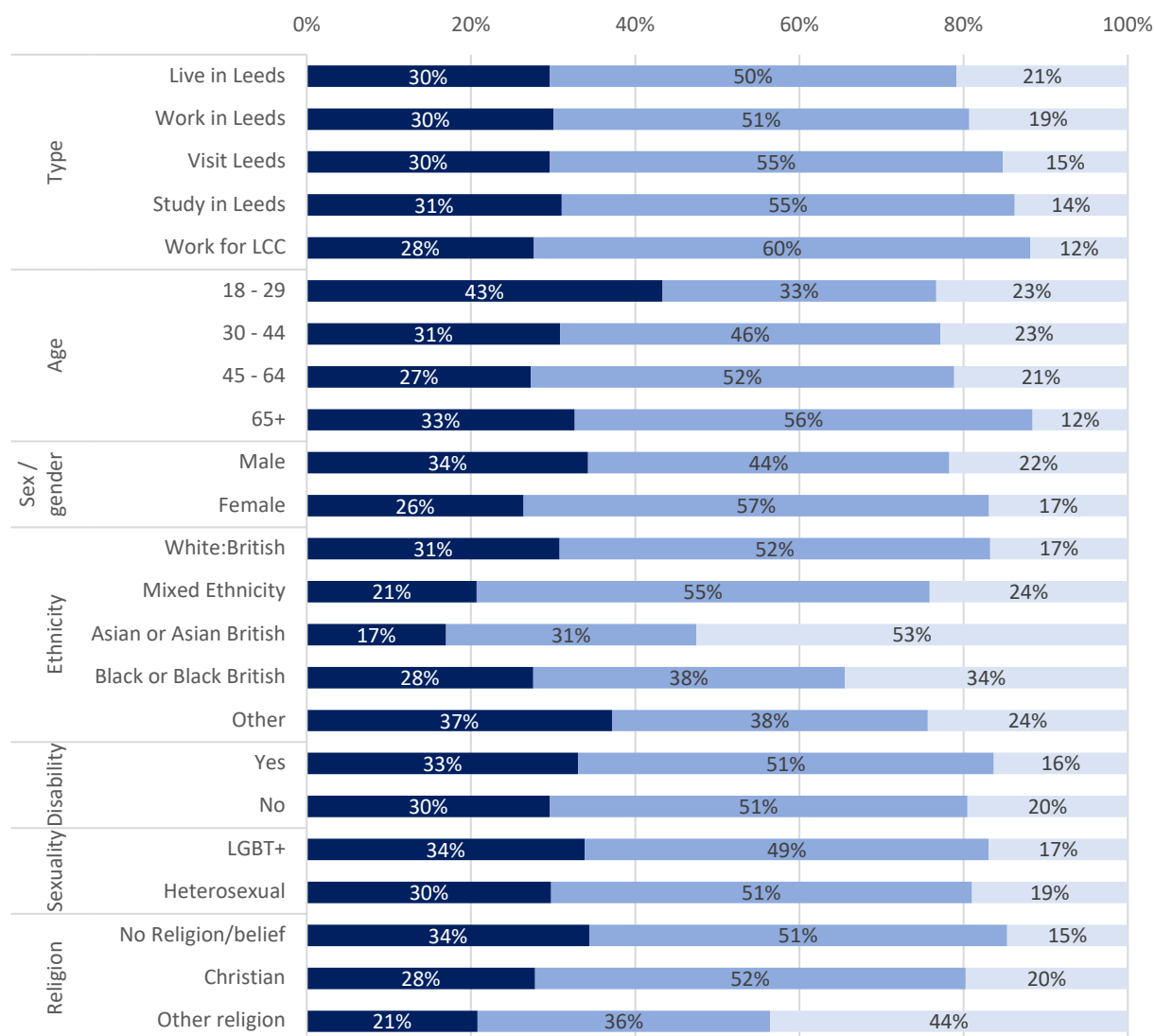


We should raise enough money by increasing council tax and charges, to avoid having to cut services	We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services	We should not raise council tax or charges, even if this has a large impact on the services we can provide
---	--	--

Comparing responses, it can be seen that fewer respondents agreed that we should not raise council tax or charges even if this has a large impact on services, than the previous year (when the cost of living was a focus). Analysing non-council staff responses from each period, to take account of the higher proportion of staff that took part this year, confirms this significant decrease.

## Responses by different groups

Figure 3: How we should deal with the challenges of reduced funding, by different groups.



We should raise enough money by increasing council tax and charges, to avoid having to cut services	We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services	We should not raise council tax or charges, even if this has a large impact on the services we can provide
---	--	--

Figure 3 shows the responses made by different groups.

- Those that work for Leeds City Council were less likely to say we should not increase council tax and charges even if it impacts services than other respondents (12%).
- Older people aged 65+ were much less likely to say we should not increase council tax and charges even if it impacts services (12%).
- Younger people aged 18-29 were more likely to say we should raise enough money through increasing tax and charges to avoid cutting services (43%).
- Female respondents were much more likely to say we should apply a balanced approach - raising money by slightly increasing council tax and charges, whilst reducing or cutting some services (57% compared to 44%).
- Asian or Asian British respondents were much more likely to say we should not increase council tax and charges even if impacts services (53% compared to 17% White: British respondents).
- Disabled people were slightly more likely to say we should increase council tax and charges to avoid having to cut services (33% compared to 30% of non-disabled respondents).

## 5. Council Tax

Participants were asked how much they agree or disagree with our proposals to increase the ‘core’ element of council tax in Leeds by 2.99%, and to levy an adult social care precept of 1.99%. Responses are shown in Table 3 below.

Table 3: To what extent do you agree with our approach to increase council tax?

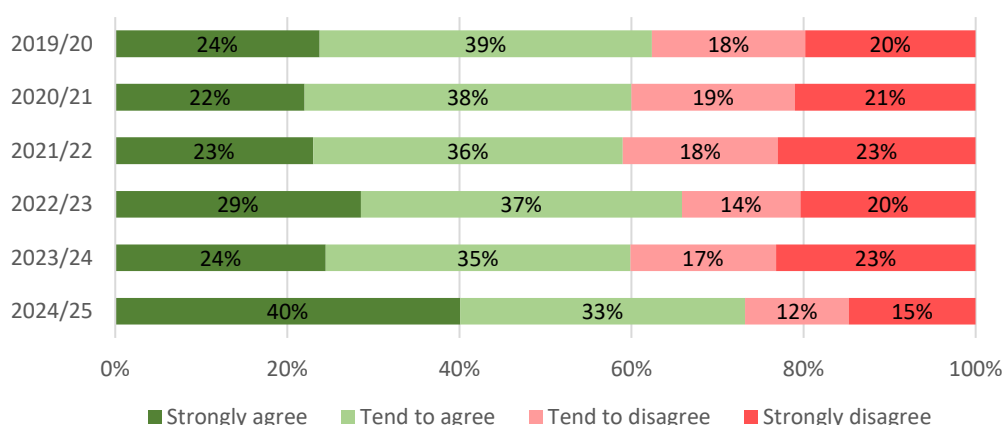
To what extent do you agree?	To increase ‘core’ council tax by 2.99%		To levy an adult social care precept of 1.99%	
	Valid %	Count	Valid %	Count
Strongly agree	41%	699	39%	650
Tend to agree	33%	563	33%	550
Tend to disagree	11%	185	13%	221
Strongly disagree	14%	245	15%	251
No response	-	30	-	50
<b>Total</b>	<b>100%</b>	<b>1,722</b>	<b>100%</b>	<b>1,722</b>

In total, 3 quarters of respondents (75% rounded) agreed with our approach for increasing the core rate of council tax. Slightly fewer (72%) agreed with our approach of applying an additional level to support adult social care services.

In previous years the question was presented differently, asking about the proposed increase in the combined figure for the ‘core’ and adult social care elements. Figure 4 compares a mean average of the two results for this year (to create a proxy for this) with those of previous budget consultations, where council tax was proposed to increase as follows:

- 2019/20, 3.99%: 2.99% for the core Leeds element, plus 1% to fund adult social care
- 2020/21, 3.99%: 1.99% for the core Leeds element, plus 2% to fund adult social care
- 2021/22, 4.99%: 1.99% for the core Leeds element, plus 3% to fund adult social care
- 2022/23, 2.99%: 1.99% for the core Leeds element, plus 1% to fund adult social care
- 2023/24, 4.99%: 2.99% for the core Leeds element, plus 1.99% to fund adult social care
- 2024/25, Average of: 2.99% for the core Leeds element and 1.99% to fund adult social care

Figure 4: Agreement with our approach to increase council tax, by year.



The proportion of those agreeing with the proposed raise in council tax has increased greatly since last year by 14 percentage points (from 60%). However, it should be noted that this is likely to be affected by the change of approach; asking about the two elements separately as smaller increases.

## 5.1 Comments on proposed changes to council tax

Respondents were invited to tell us more about their responses on council tax. Altogether 25% of respondents (432) left a comment, which have been individually analysed and grouped into larger themes. In total, 532 comments against these themes were provided.

- One in four respondents (25%) either stated they are happy to pay the increase or are not happy with the increase but understand the budget pressures the council is facing.
- That the council should reduce wastage and create efficiencies was referred to by 1 in 8 (13%) of respondents.

Other key themes included: that we should lobby the government for more funding or blaming government funding decisions (10%), frustration with money being spent on cycle lanes and city centre improvements (9%), the need to support people with the rising cost of living (8%), and those asking for review of the banding or criteria of council tax (8%).

Themes of comments are included in Table 4 with example comments for the most popular themes included in Table 5.

Table 4: Tell us more about your responses on council tax.

Theme	Comments	As %
Happy to pay/tough decision needed	110	25%
Reduce waste/create efficiencies	58	13%
Lobby government	44	10%
Stop cycle lanes/city-works/vanity projects	40	9%
Miscellaneous/General	38	9%
Struggling with cost of living	36	8%
Review council tax banding/criteria	32	7%
Can't afford it	30	7%
Reduce staff/pay	25	6%
Poor services	17	4%
Charge for services	13	3%
Already too high	13	3%
Charge businesses/generate income	12	3%
Concerns with benefits' claimants/Immigration	11	3%
Concern for others	11	3%
More enforcement of non-payers	10	2%
Need to protect the vulnerable	8	2%
Manage your budget better	8	2%
Unhappy with cost saving proposals	6	1%
Wages/income don't keep up	6	1%
Generally disagree	4	1%



Table 5: Example comments on the proposed change to council tax.

Theme	Example
Happy to pay/tough decision needed	Given the recent rates of inflation I think you will absolutely need to increase the council tax as much as government are allowing.
Reduce waste/create efficiencies	Instead of increasing council tax, less money should be wasted across the service – be clever, reduce money spent on lighting, heating etc. Reduce the opening hours of non-essential services.
Lobby government	Lobbying central government critical to ensure sufficient funding given to local authorities - by not openly challenging, government remain blameless.
Stop cycle lanes/city-works/vanity projects	Stop spending on silly projects like cycle lanes and changing road layouts and focus on the important things for a change. Use the money wisely.
Miscellaneous/General	I don't mind increases in tax however I want to feel confident it is used on essential services and not side lined for other things that are not essential.
Struggling with cost of living	Everything else is going up so putting council tax up will hit a lot of people who are on a limited budget hard.
Review council tax banding/criteria	It should be weighted so that those in the higher bands pay an increased amount as a % compared to the lower bands. Increase on the charge for empty properties.
Can't afford it	I am a pensioner and just cannot pay any more money. I am just over the limit so cannot claim pension credit which is a big disadvantage.
Reduce staff/pay	Reduce back office staff, remove middle and upper management and flatten the structures.
Poor services	My only problem with increasing our council tax I do not feel we are getting value for money on some of our services like bin collections, street cleaning. You seem to concentrate on the city centre more than anywhere else.
Charge for services	Charge for access to services but leave council tax as is.
Already too high	Council tax is too high to start with, needs to be reduced to help working families.
Charge businesses/generate income	We should be able to raise other local taxes, e.g. business taxes to invest in the city. It is clear we need to increase local revenue to maintain services.
Concerns with benefits' claimants/Immigration	You're raising council tax for the people that can pay, what about people who are on benefits or in council houses who don't pay council tax but use all the services?
Concern for others	Whilst I could afford this myself at a squeeze, I know that an increase would impact hugely on some families.
More enforcement of non-payers	The council should dedicate some staff to recouping money that is owed to them rather than just get people who do pay to increase their payments.

## Responses by different groups

Figure 5: Agreement with the proposed increase in 'core' council tax of 2.99%, by different groups.

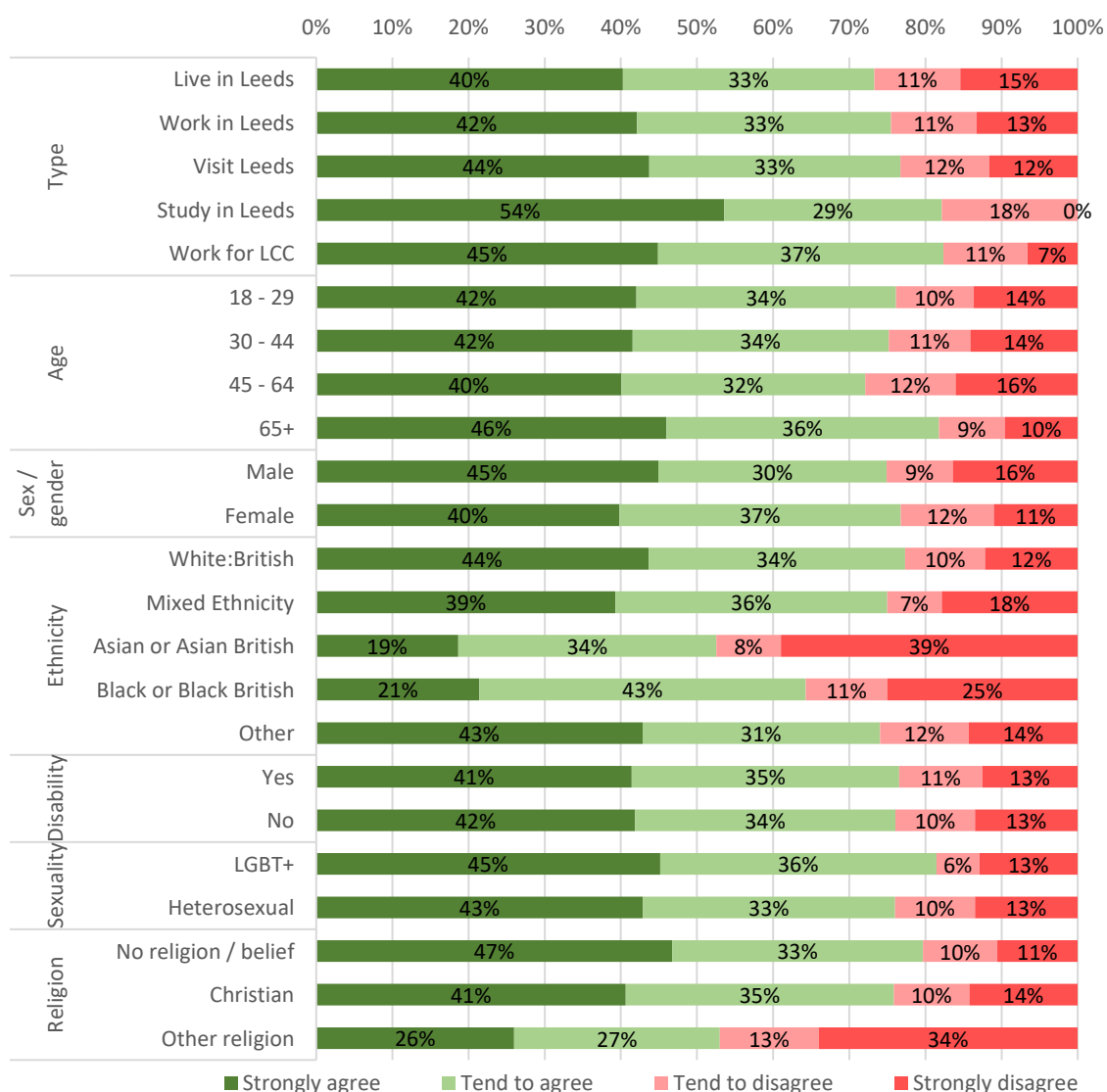


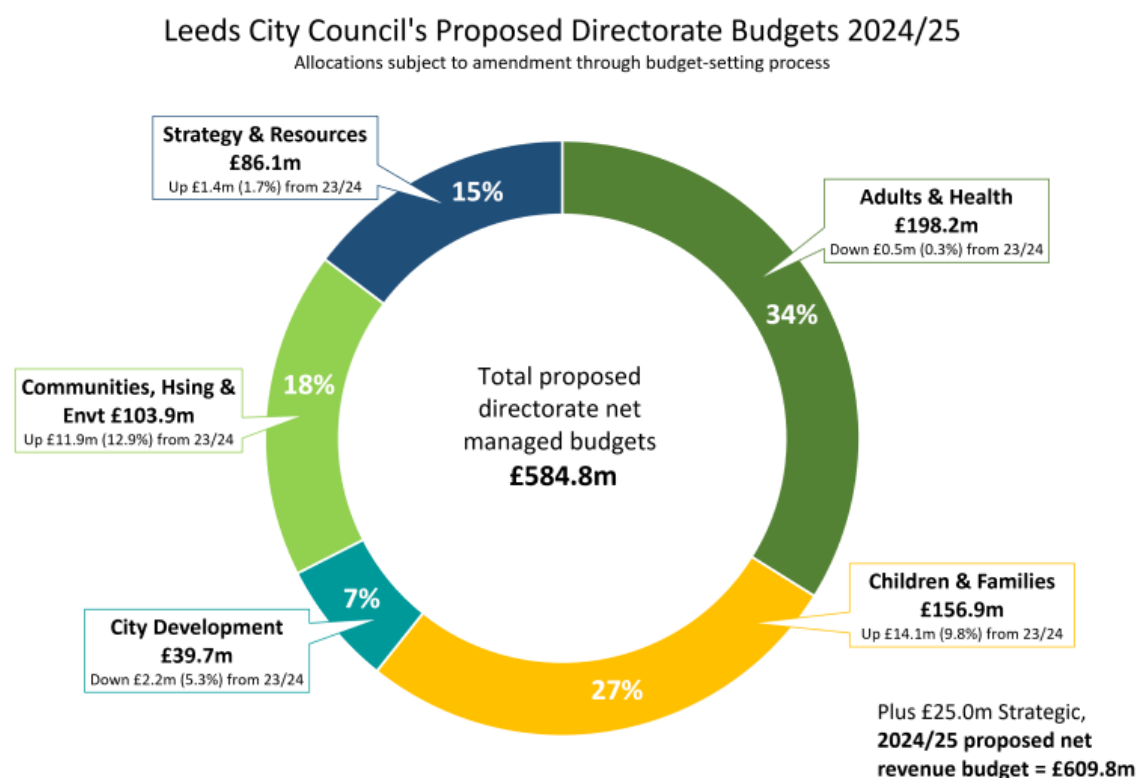
Figure 5 shows the responses made by different groups. It can be seen that:

- Those that work for Leeds City Council were more likely to agree with the proposal to increase council tax (82%).
- People aged 45-64 were less likely to agree with the proposal to increase 'core' council tax (72%), and people aged 65+ were more likely to agree with it (82%).
- Female respondents were slightly more likely to agree with the proposal to increase 'core' council tax (77%, compared to 75% Male) but less likely to strongly agree.
- White: British respondents were more likely to agree with the proposal to increase 'core' council tax (78%), and Asian or Asian British least likely to agree (53%).
- People that practice other religions than Christianity were much less likely to agree with the proposal to increase 'core' council tax (53%).
- Responses to the separate question about the adult social care precept of 1.99% showed near identical trends. However, younger people aged 18-29 were more likely to agree (78%) and agreement from older people aged 65+ was lower (72%).

## 6. How we spend the money we receive

Participants were presented with the following chart of the proposed net revenue budget per directorate and how this differs from last year (Figure 6), along with a summary of the services that each directorate provide and links to the [‘Proposed Budget for 2024/25 and Provisional Budgets for 2025/26 and 2026/27’](#) and [‘Revenue Savings Proposals for 2024/25 to 2026/27’](#) reports.

Figure 6: Proposed revenue budget summary 2024/25



### 6.1 Savings Proposals

Participants were asked how much they agreed with the savings outlined in the Revenue Savings Proposals for 2024/25 to 2026/27.

Two thirds of respondents (66%) agreed to our savings proposals, an increase of 7 percentage points from the previous year (59%). Analysing non-council staff responses from each period, to take account of the higher proportion of staff that took part this year, confirms this significant increase.

Table 6: To what extent do you agree or disagree with our savings proposals?

To what extent do you agree?	Valid %	Count
Strongly agree	9%	142
Tend to agree	57%	851
Tend to disagree	21%	319
Strongly disagree	13%	191
Don't know / no response	-	219
<b>Total</b>	<b>100%</b>	<b>1,722</b>

## Responses by different groups

Figure 7: Level of agreement with our savings proposals, by different groups.

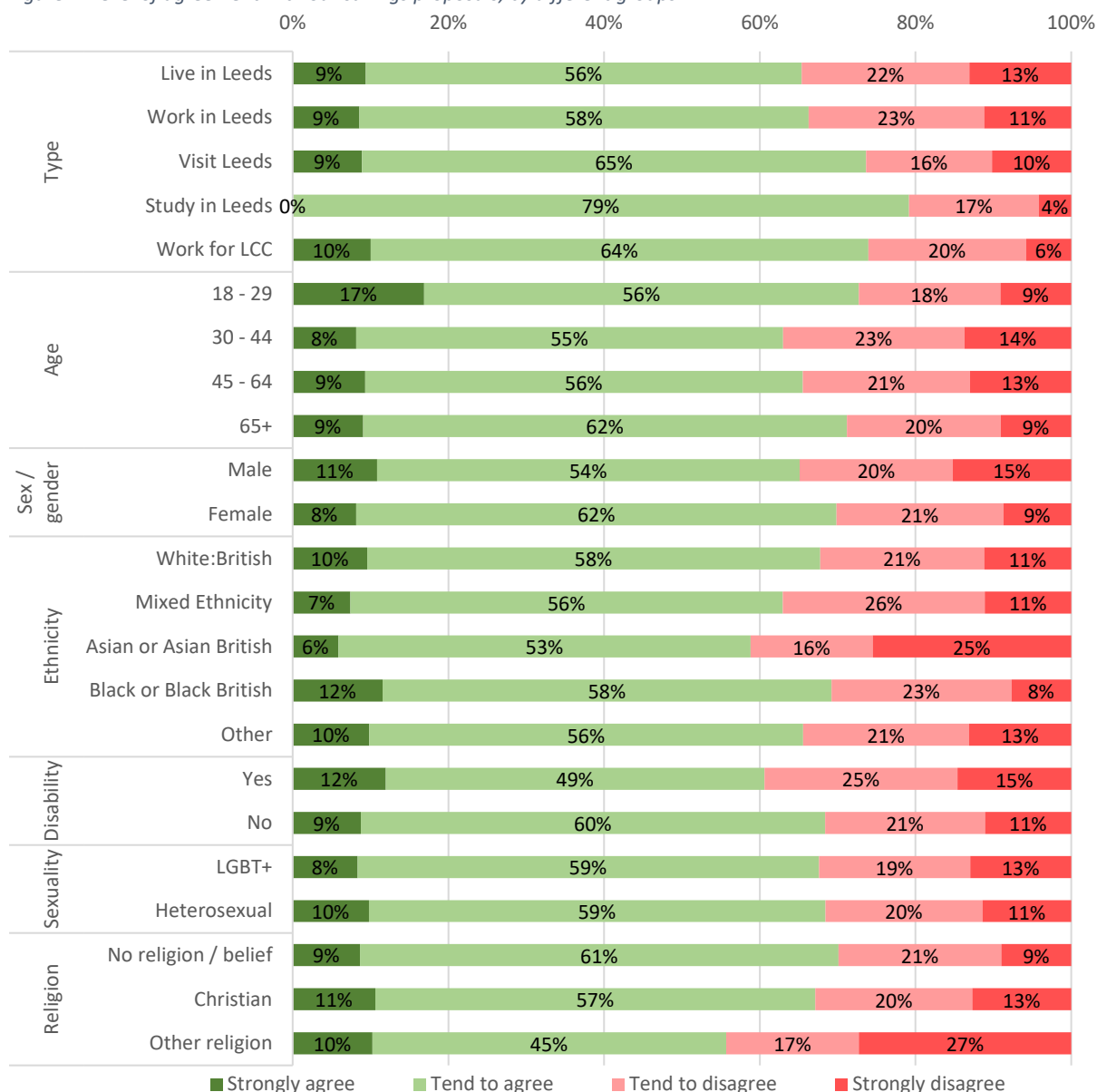


Figure 7 above shows the responses made by different groups.

- Those that work for LCC were much more likely to agree with our savings proposals (74%), compared to 65% for those that live in Leeds – although it should be noted that a large number of council staff are also Leeds residents.
- Respondents aged 30-44 were less likely to agree with our savings proposals (63%) than those aged 65 and over (71%).
- Female respondents were more likely to agree with our savings proposals (70%, compared to males 65%).
- Asian or Asian British respondents were less likely to agree with our savings proposals (59%, compared to 68% White: British).
- Disabled respondents were less likely to agree with our savings proposals (61%, compared to 69% of people without a disability).

## 6.2 Overall proposed budget

After considering the proposed net revenue budget for each of the directorates for 2024/25, respondents were asked how much they agreed or disagreed with the overall proposed approach to the revenue budget. Results are shown in Table 7 below, with a comparison with previous years included in Figure 8.

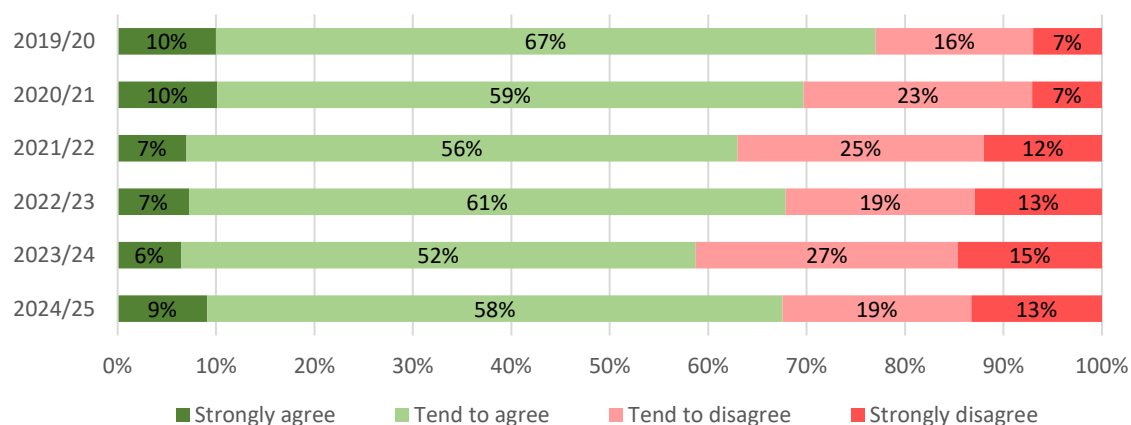
Table 7: To what extent do you agree or disagree with how we propose to spend the revenue budget?

To what extent do you agree?	Valid %	Count
Strongly agree	9%	136
Tend to agree	58%	872
Tend to disagree	19%	286
Strongly disagree	13%	198
Don't know / no response	-	230
<b>Total</b>	<b>100%</b>	<b>1,722</b>

Over two thirds of respondents (68%) agreed to our proposed revenue budget allocation at a directorate level.

Providing a summary of the services provided by each of the council's directorates as in the previous two years, continues to show some benefit in helping participants answer this question with 87% giving a valid response (one that is other than 'don't know'). Before this was introduced the level of valid responses was 79% in 2021/22, whereas it has increased to 89% in 2023/24 and 90% in 2022/23. Also, looking at the comments made, 7% of respondents said the consultation was too long or complex, compared with 10% in 2021/22, before this was introduced.

Figure 8: Agreement with proposed revenue budget, by year.



Levels of agreement with our proposed revenue budget have increased greatly since last year by 9 percentage points rounded (from 59% to 68%), returning to 2022/23 levels and not continuing the decreasing trend in agreement. Analysing non-council staff responses from each period, to take account of the higher proportion of staff that took part this year, confirms this significant increase.



## Responses by different groups

Figure 9: Level of agreement with overall proposed budget, by different groups.

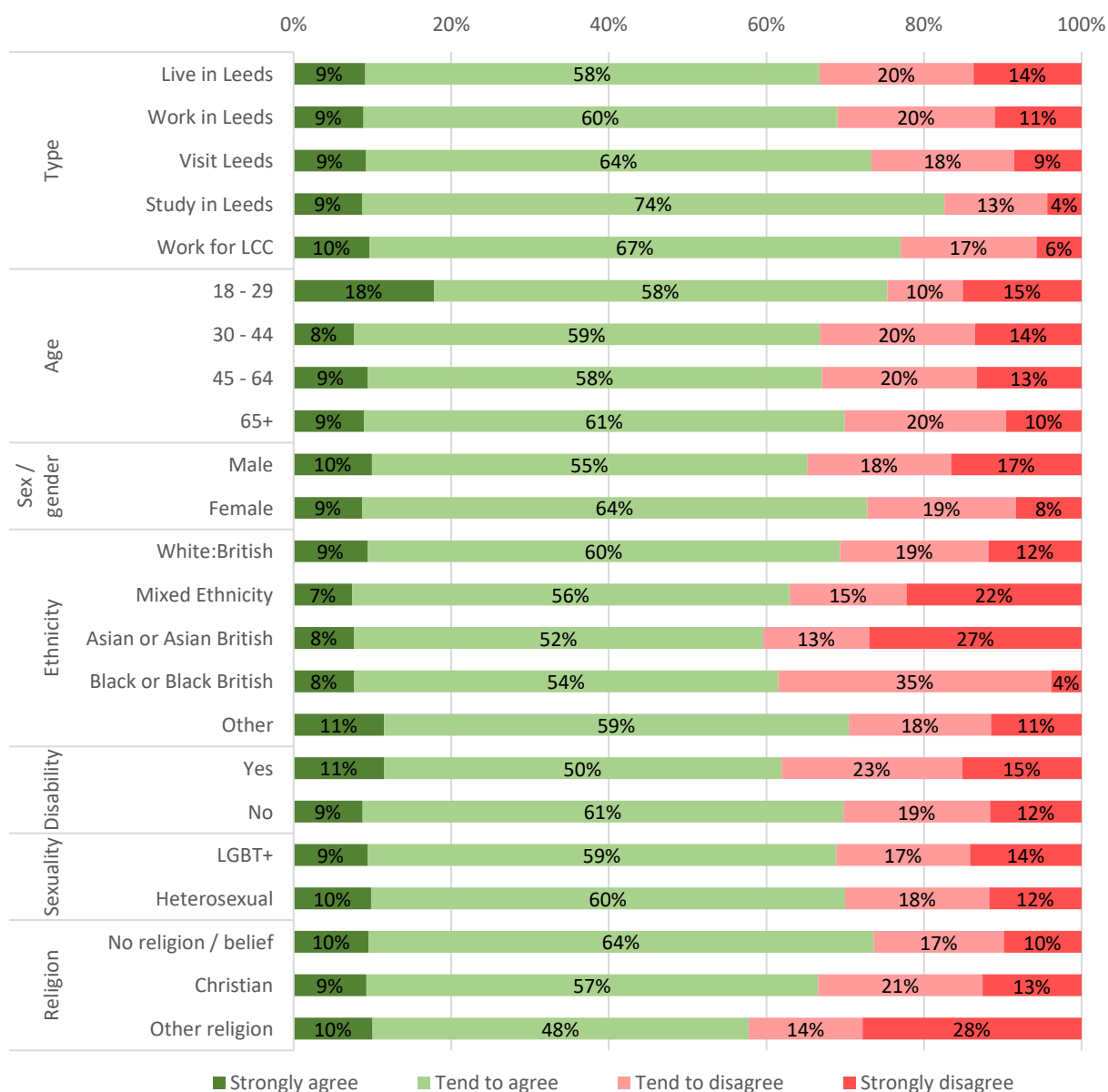


Figure 9 above shows the responses made by different groups. It can be seen that:

- Those that work for LCC were much more likely more likely to agree with the overall budget proposal proposals (77%), compare to those that live (67%) or work (69%) in Leeds. However, a significant number of council staff will also fall into these latter categories.
- Female respondents were more likely to agree with the overall budget proposal proposals (73%), compared to males (65%).
- White British respondents were more likely (69%) than ethnically diverse communities to agree with the overall budget proposals.
- Disabled respondents were less likely to agree with the overall budget proposals (61% compared to 70% of people without a disability).
- Those of religions other than Christianity were less likely to agree with the overall budget proposals (58%).

### 6.3 Comments about the overall proposed budget and savings proposals

Respondents were invited to comment on the proposed approach to how we spend our revenue budget. In total, 475 (28%) respondents completed this open text field, providing comments that often contained multiple themes. These have been individually analysed, resulting in 640 themes.

Table 8 below lists the themes in descending order of the count and percentage of comments received. Example comments of the major themes emerging are provided in Table 9.

- The theme with the highest number of comments stated that the council needed to reduce waste and create efficiencies. This was referred to by 71 respondents (15%).
- Fewer road works, cycle lanes and vanity projects were referred to by 58 respondents (12%).
- Almost 1 in 10 respondents (9%) wanted to increase or sustain the Adults & Health budget.

Other key themes suggested reducing staff numbers and/or wages (8%), reducing the budget in Strategy & Resources (7%), and that they disagree with the financial challenge savings proposals (7%).

Table 8: Comments about the overall proposed budget and savings proposals.

Theme	Comments	As %
Reduce waste/create efficiencies	71	15%
Fewer roadworks/cycle lanes	58	12%
Increase/sustain Adults & Health budget	45	9%
Fewer staff/reduce wages	38	8%
Reduce Strategy & Resources budget	35	7%
Disagree with existing proposals	34	7%
Too complex/long	31	7%
Reduce City Development budget	30	6%
Increase/sustain City Development budget	29	6%
Increase Children & Families budget	28	6%
Savings/Income suggestion	28	6%
Miscellaneous/General	24	5%
Generally agree	23	5%
Reduce Children & Families budget	19	4%
Lobby government	19	4%
Generally disagree	14	3%
Reduce non-essential services	14	3%
Reduce Adults & Health budget	13	3%
Increase/sustain Communities, Housing & Environment budget	13	3%
Reduce benefits/claimants	12	3%
Tackle crime/ASB (anti-social behaviour)/begging	11	2%
Reduce expenditure	10	2%
Reduce Communities, Housing & Environment budget	9	2%
Lack of/improve social housing	9	2%
Poor roads/potholes	8	2%
Improve public transport	5	1%
Service accountable for budgeting	4	1%
Increase council tax	3	1%
Protect the vulnerable	3	1%

Table 9: Example comments about the overall proposed budget and savings proposals.

Theme	Example
Reduce waste/create efficiencies	In these difficult times we should be looking at value for money. I still believe LCC does not procure good deals for services and allows outside services to overcharge.
Fewer roadworks/cycle lanes	If we are running out of money stop spending on Leeds city centre on changing roads and infrastructure it is a waste of money.
Increase/sustain Adults & Health budget	As usual adult social care is having a reduction even with the increase on council tax specifically for adult social care.
Fewer staff/reduce wages	Reduce the back office staff costs; these are where the inefficiency and waste are. Lots of high paid staff and no measured outcomes.
Reduce Strategy & Resources budget	Think some of increase in Strategy & Resources should be shifted to maintain Adults and Health.
Disagree with existing proposals	I do not agree with car parking charges at town and district sites - this will have a significant negative impact on surrounding areas.
Too complex/long	I'm not sure how you expect people to read two documents of 188 pages and 72 pages respectively and then answer as above! There should be a proper summary with the pros and cons of each.
Reduce City Development budget	I think in the short term, the City Development budget could reduce a little, with something put on hold until the situation improves (if it ever does).
Increase/sustain City Development budget	City Development needs more funding not less and seems wholly unfair that it has been dealt the heaviest drop in funding in comparison to other areas despite being provided just 7% of budget.
Increase Children & Families budget	Revenue savings reduction on Children and Families proposals are unfortunate. Targeting the most at risk people who need it.
Savings/Income suggestion	Why can't the crews that empty the black bins also empty the street litter bins whilst out on their rounds, that would save a load of money, less staff to pay, fewer vehicles to maintain.
Miscellaneous/General	I think there is a lack of understanding with regards to need in some areas of the service.
Generally agree	I trust the officers and members of the council to make the best judgements as to where savings should be made

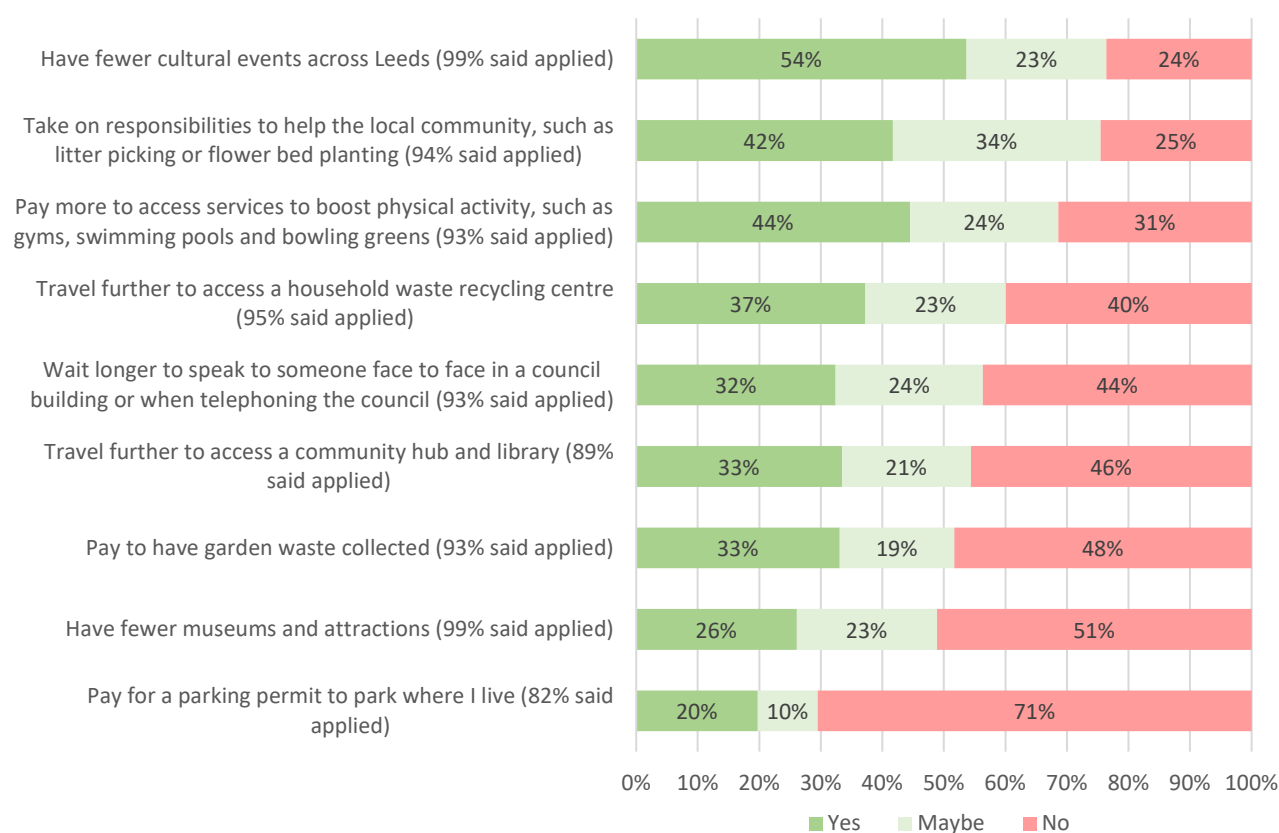
## 7. Looking ahead

### 7.1 Potential future service changes

Participants were informed that we estimate that we will need to find more than £100m of further savings over the next two years, and they were asked whether they would be prepared to accept changes relating to a range of services we offer, responding yes, maybe, no or to tick if this service was not applicable to them.

Levels of agreement are presented below in Figure 10 using the percentage of respondents that said either yes or maybe (where this service applied to them), with those with higher levels of agreement listed first. The figures in brackets highlight the proportion of respondents who said this service was applicable to them.

Figure 10: Levels of agreement with possible future service changes.



The highest levels of agreement, with those saying yes or maybe (where this service applied), were for: having fewer cultural events (76% rounded), taking on responsibilities to help the local community (75% rounded), and paying more to access services that boost physical activity such as gyms, pools, bowling greens (69% rounded).

The highest levels of disagreement (where this service applied), were for paying for a parking permit to park where they live, with over 7 in 10 disagreeing (71%), which also had the lowest number of respondents that said this applied to them (82%), followed by having fewer museums and attractions, with just over half disagreeing (51%).

The remaining options performed more closely, with agreement ranging from 52% to 60%: travel further to access a household waste recycling centre (60%), wait longer to speak to someone in a council building or when telephoning (56%), travel further to access a community hub or library (54%) and pay to have garden waste collected (52%).

## Responses by different groups:

Levels of acceptance with possible changes relating to a range of services are considered by different groups in Figure 11 below, showing the proportion of those who said either yes or maybe (where this service applies to them). Conditional formatting has been applied to the full table, to highlight areas of high or low agreement by service and group.

Figure 11. Changes that participants would be prepared to accept by different groups.

		Have fewer museums and attractions	Have fewer cultural events	Travel further to community hub/library	Pay more for services that boost physical activity, such as gyms...	Help the local community, such as litter picking...	Pay to have garden waste collected	Travel further to access a household waste recycling centre	Pay for a parking permit to park where I live	Wait longer to speak to someone building or on phone
Type	Live in Leeds	49%	77%	54%	68%	76%	50%	60%	29%	57%
	Work in Leeds	49%	76%	53%	68%	76%	57%	64%	32%	59%
	Visit Leeds	45%	75%	57%	69%	75%	60%	66%	30%	63%
	Study in Leeds	46%	68%	42%	54%	71%	67%	63%	45%	73%
	Work for Leeds City Cou	53%	80%	56%	71%	79%	64%	65%	31%	59%
Age	18 - 29	36%	53%	50%	61%	77%	62%	63%	32%	58%
	30 - 44	51%	75%	56%	67%	77%	53%	68%	33%	65%
	45 - 64	52%	78%	53%	70%	76%	52%	59%	29%	55%
	65+	42%	78%	53%	72%	76%	47%	53%	27%	48%
Sex / gender	Male	48%	75%	58%	68%	70%	48%	57%	34%	58%
	Female	50%	77%	52%	71%	82%	57%	64%	28%	56%
Ethnicity	White:British	48%	77%	54%	71%	77%	53%	61%	31%	57%
	Mixed Ethnicity	41%	71%	36%	52%	86%	61%	67%	50%	48%
	Asian or Asian British	74%	82%	72%	60%	72%	35%	59%	23%	60%
	Black or Black British	45%	46%	56%	50%	79%	52%	56%	15%	38%
	Other	45%	70%	47%	65%	74%	49%	56%	24%	48%
Disability	Disabled	54%	77%	50%	71%	80%	46%	49%	33%	47%
	Not disabled	48%	76%	55%	69%	76%	53%	62%	30%	58%
Sexuality	LGBT+	45%	67%	57%	70%	74%	54%	64%	30%	58%
	Heterosexual	50%	77%	55%	70%	77%	53%	61%	30%	57%
Religion	No Religion/belief	45%	71%	53%	70%	76%	59%	63%	35%	59%
	Christian	52%	82%	55%	70%	78%	49%	60%	26%	56%
	Other religion	52%	76%	57%	62%	77%	40%	56%	28%	49%



Figure 11 shows the responses made by different groups. It can be seen that:

- Respondents living in Leeds were less likely to agree with paying to have garden waste collected (50%) than other respondents.
- Younger respondents aged 18-29 were less likely to agree with having fewer museums and attractions (36%), fewer cultural events (53%), and to paying more for services that boost physical activity (61%).
- Older respondents aged 65+ were less likely to agree to wait longer to speak to someone at the council (48%), travel further to a household waste recycling centre (53%), and pay for garden waste to be collected (47%).
- Male respondents were less likely than females to agree with helping the local community (70% compared to 82%) and paying to have garden waste collected (48% compared to 57%); however they were more likely to agree to travelling further to a hub/library (58% compared to 52%).
- Asian or Asian British respondents were more likely to agree with having fewer museums and attractions (74% compared to 48% for White: British), travelling further to a hub/library (72% compared to 54%), but less likely to agree with paying to have garden waste collected (35% compared to 53%).
- Black or Black British respondents were less likely to agree to having fewer cultural events (46% compared to 77% for White: British), paying more for services that boost physical activity (50% compared to 71%), and waiting longer to speak to someone at the council (38% compared to 57%).
- Disabled respondents were less likely to agree to travelling further to a household waste recycling centre (49% compared to 62%), waiting longer to speak to someone at the council (47% compared to 58%), and paying for garden waste to be collected (46% compared to 53%).
- LGBT+ respondents were less likely to agree to having fewer cultural events (67% compared to 77%).

## 7.2 Comments about how the council could bring in extra money or make savings.

Respondents were asked to share any suggestions they might have on how the council could do things differently to bring in extra money or make savings.

In total, 657 people (38%) responded with comments and suggestions. These were read and assigned with a 'code' to identify the dominant themes, then gathered into groups of themes. Responses were often found to include more than one idea or statement, resulting in 965 themes in total. Groups of themes are included in Table 10 overleaf, with example comments for the major themes included as Table 11.

- The group of themes with the most comments listed ideas and suggestions, with 57% of respondents. Within this group, the most common themes related to:
  - Selling or renting out council buildings (7%).
  - Cancelling events, such as Leeds 2023 and Light Night (7%).
- The second largest group related to the council's ways of working, with 17% of respondents. Within this group, the most common theme was:
  - Improving services and efficiencies (10%).
- Overall, the most common single themes were:
  - Reduce the number of staff, or staff pay or staff benefits (11%).
  - This was closely followed by comments related to improving services and efficiencies (10%).
  - In total, 8% of respondents referred to stopping city roadworks or cycle lanes.

Table 10: Count of comments relating to how to bring in extra money or make savings.

Group	Theme	Group %	Count	% of comments
Ideas and Suggestions	Sell/rent out buildings	39%	49	7%
	Cancel events e.g. Leeds 2023, Light Night		43	7%
	Charge for cultural events and museums		36	5%
	More enforcement/ fines		34	5%
	Different ways of working		30	5%
	Increase/introduce parking charges		30	5%
	Possible income sources		29	4%
	Close/reduce hours of non-essential services		28	4%
	Use volunteers		22	3%
	Sponsorship/private funding/collaboration		19	3%
	Be more energy efficient		19	3%
	Taxi/Congestion Charge /ULEZ zone		14	2%
	Increase charges/fees for services		10	2%
	Review council tax banding/criteria		7	1%
	Dim streetlights		7	1%
Ways of Working	Improve services/efficiency	17%	67	10%
	Reduce waste		30	5%
	Procurements & Contract Management		23	4%
	Use of LCC buildings		19	3%
	Digitalisation of services		11	2%
	Listen to the public/keep informed		8	1%
	Improved IT/website		7	1%
Staffing, Members & Pay	Reduce staff/pay/benefits	14%	74	11%
	Staff accountability/performance issues		33	5%
	Reduce elected members/wards/pay/benefits		22	3%
	Increase staff/fair pay		7	1%
LCC Services	Refuse collection efficiencies/improvements	11%	28	4%
	Environmental issues		20	3%
	More community work		20	3%
	Condition of roads/congestion		10	2%
	Poor customer service		10	2%
	Support for children		9	1%
	Improve housing/repairs service		7	1%
Other	Miscellaneous	7%	33	5%
	Nothing suggested / sympathetic to LCC		31	5%
Transport	Stop city roadworks/cycle lanes	6%	51	8%
	Improve public transport		10	2%
Views on Policies	Lobby government	6%	15	2%
	Cut EDI (Equality, Diversity & Inclusion)		10	2%
	Reduce grass cutting		9	1%
	Opposed to parking charges/free parking		9	1%
	Pay more council tax		8	1%
	Stop vanity projects		7	1%

Table 11: Example comments around how to bring in extra money or make savings.

Theme	Comments	Example
Reduce staff/pay/benefits	74	Have a few less high paid ineffective decision makers; there are too many layers of ineffective senior leadership with the council hierarchy.
Improve services/efficiency	67	Focus on core functions of a local authority - caring for vulnerable people, waste collection and transport. Work to ensure these services work efficiently before spending money on cultural events, leisure etc.
Stop city roadworks/ cycle lanes	51	Too much money being spent on the city centre road development - i.e. pedestrian walkways around the city; it's completely shambolic.
Sell/rent out buildings	49	Consolidate offices buildings used by non-customer facing staff. Energy costs are high and staff levels already too low so fewer buildings could be shared during quieter periods (like Mondays and Fridays).
Cancel events e.g. Leeds 2023, Light Night	43	I feel culture events benefit the smallest cohort of residents and therefore should be cut. It's the nice to have not the need to have.
Charge for cultural events and museums	36	Charge a nominal amount to enter museums/art galleries. Say £5 for a family or £3 for an adult and £2 for a child. Those on benefits could be exempt if they bring proof.
More enforcement/ fines	34	I would support issuing more (and increasing the level of) fines for motoring offences (e.g., speeding, illegal parking) and other anti-social behaviour (e.g. littering, dog waste, fly-tipping).
Miscellaneous	33	Each electoral ward should be allocated a set amount of money on a yearly basis, the ward should have the say on what their area requires in terms of children and elderly needs, after all they are the people who know and are struggling.
Staff accountability/ performance issues	33	Start surveying the amount and quality of work, from manual to office based, and ensure the ratepayers get value for the money it costs them.
Nothing suggested / sympathetic to LCC	31	I recognise the awful position you have been put in by the government, and I would like to thank you for all the work you are doing to proactively manage the situation.
Reduce waste	30	My rent is paid directly to Leeds Council by Universal Credit. Every month, I receive a letter saying I am in arrears and must bring my rent up to date. This has been going on for 3 years. I have called numerous times and have repeatedly been told that this is something that is automatically generated by the system and they can't stop it.
Different ways of working	30	Partner with other local authorities to deliver services/ administrative functions and realise economies of scale.
Increase/introduce parking charges	30	Introduce new car parking charges at parks etc. and increase car parking charges elsewhere. Make those who have the most impact on the environment pay more.
Possible income sources	29	If other councils introduce a "Tourist tax" Leeds should follow. It is widely accepted in Europe.
Refuse collection efficiencies/ improvements	28	Make sure that refuse collection is properly done by monitoring what happens on the round. Currently streets are missed so requiring a separate waste collection later on.

Theme	Comments	Example
Close/reduce hours of non-essential services	28	Community hubs and libraries that are not very busy should not be open every day. They would then be busier when they were open.
Procurements & contract management	23	All public services should be in-house and there should be no dependency on private sector who can name their price when there is little competition.
Use volunteers	22	You do seem to use a wealth of volunteers such as in the film festival. Many of us would be willing to volunteer in many ways if we knew how (I am very recently retired).
Reduce elected members/pay/benefits	22	Regarding an over the top number of Councillors. Reducing the current number per ward would show that the council were really trying to contribute to lessening the expenditure.
Environmental issues	20	Challenges with the additional payments could mean knock on effects of fly tipping.
More community work	20	Work with communities to help instil civic pride e.g. community libraries, gardening and litter picking.
Use of LCC buildings	19	Better use of council buildings. They are everywhere and often empty. Council staff from different areas of council should share buildings better.
Sponsorship/private funding/collaboration	19	Get commercial companies to sponsor community events and Xmas lights.
Be more energy efficient	19	Ensure all lights are turned off in buildings when they are closed and more use of alternative energy such as solar panels.
Lobby government	15	We should also join all councils in putting pressure on the government to improve how councils are funded or our ability to raise funds.
Taxi/Congestion Charge /ULEZ zone	14	Implement the ULEZ that was started but never finished.



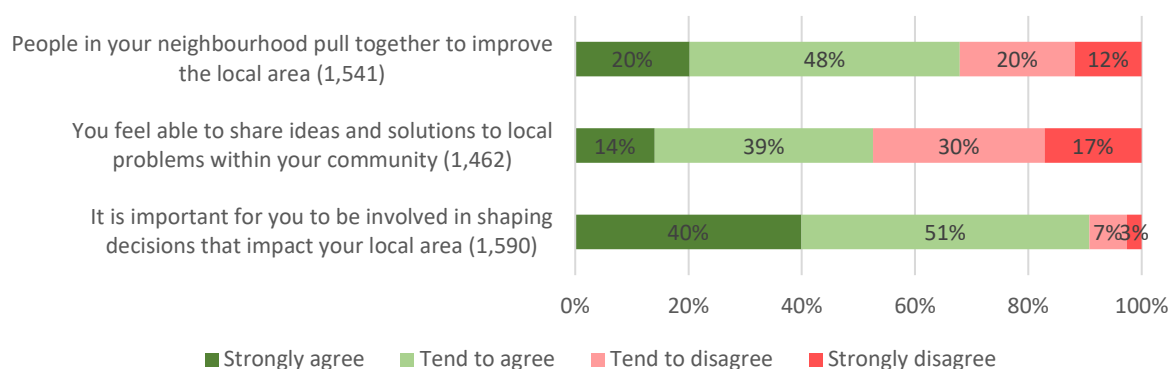
## 7. Our Best City Ambition

Participants were informed about the Best City Ambition, which sets out the council’s shared vision for the future of Leeds and that, despite the challenging financial climate, it is more important than ever that we are clear on our priorities and work together to tackle poverty and inequality across the city. They were then offered a link to the draft report, which proposes updates to the Best City Ambition.

### 7.1 Team Leeds – understanding community engagement.

To help understand how we can work together in a ‘Team Leeds’ approach, respondents were asked how much they agree or disagree with statements about their local community. A chart of the results for each statement is shown in Figure 12 below.

Figure 12: Levels of agreement with statements about the local community.



Over two thirds (68%) of respondents agreed that people in their neighbourhood pull together to improve the local area.

Just over half (52%) of respondents agreed that they feel able to share ideas and solutions to local problems.

Almost all respondents (91%) agreed that it is important for them to be involved in shaping decisions that impact their local area. However, of these almost half (44%) disagreed that they feel able to share ideas and solutions to local problems - suggesting that, although important to most respondents, many don't feel able to be involved in local decision making.

## Responses by different groups

Levels of agreement with statements about the local community by different groups are presented in Figure 13 below, showing the proportion of those who either said they strongly agree or tend to agree. To highlight differences in levels of agreement by group rather than by statement, conditional formatting has been applied to each statement separately.

Figure 13: Levels of agreement with statements about the local community by different groups.

		People in your neighbourhood pull together to improve the local area	You feel able to share ideas and solutions to local problems within your community	It is important for you to be involved in shaping decisions that impact your local area
Type	Live in Leeds	68%	52%	91%
	Work in Leeds	67%	52%	90%
	Visit Leeds	73%	57%	90%
	Study in Leeds	54%	45%	84%
	Work for Leeds City Council	73%	56%	90%
Age	18 - 29	73%	58%	84%
	30 - 44	64%	49%	87%
	45 - 64	70%	54%	92%
	65+	67%	57%	94%
Sex / gender	Male	65%	51%	90%
	Female	71%	55%	91%
Ethnicity	White:British	68%	53%	92%
	Mixed Ethnicity	62%	48%	86%
	Asian or Asian British	66%	59%	87%
	Black or Black British	73%	50%	83%
	Other	65%	45%	89%
Disability	Disabled	63%	53%	94%
	Not disabled	69%	54%	91%
Sexuality	LGBT+	52%	37%	92%
	Heterosexual	70%	54%	91%
Religion	No Religion/belief	67%	51%	91%
	Christian	70%	55%	92%
	Other religion	62%	52%	91%

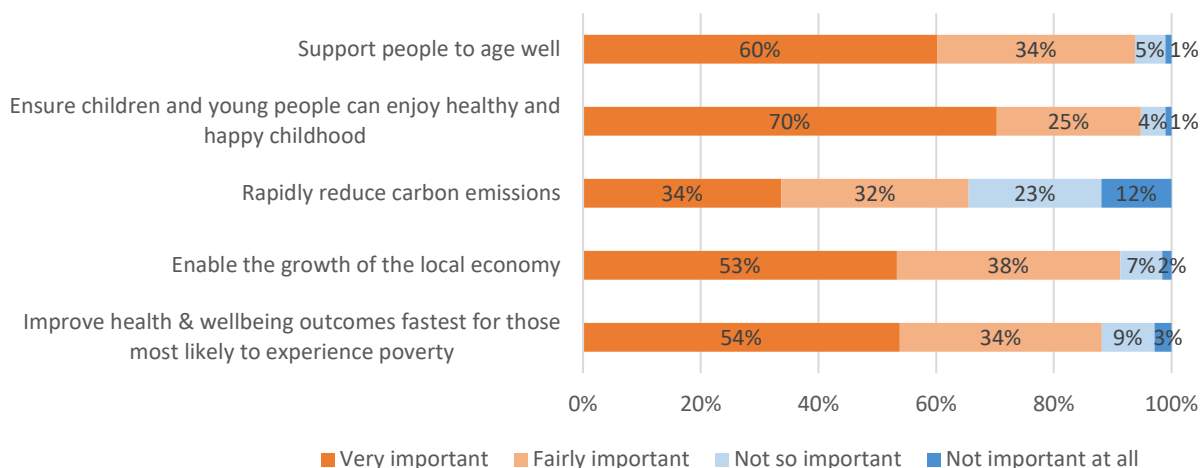
Figure 13 above shows the responses made by different groups. It can be seen that:

- Respondents that study in Leeds were less likely to agree that people pull together to improve the local area (54%).
- Younger respondents aged 18-29 were less likely than older respondents aged 65+ to agree that it is important for them to be involved in shaping decisions for the local area (84% compared to 94%).
- Male respondents were less likely than females to agree that people pull together to improve the local area (65% compared to 71%), and that they feel able to share ideas and solutions to local problems (51% compared to 55%).
- Disabled respondents were less likely to agree that people pull together to improve the local area (63% compared to 69%).
- LGBT+ respondents were less likely to agree that people pull together to improve the local area (52% compared to 70%), and that they feel able to share ideas and solutions to local problems (37% compared to 54%).

## 7.2 The 3 Pillars – our key priorities

Respondents were presented with some of the key priorities within the '3 pillars' of the Best City Ambition and asked to rate how important they are to them. A chart of the results to each statement is shown in Figure 14 below.

Figure 14: How important are some of our key priorities to respondents.



Almost all respondents said that ensuring children and young people can enjoy a healthy and happy childhood (95%) and supporting people to age well (94%), were either very or fairly important to them.

Slightly fewer, with around 9 in 10 respondents, said that enabling the growth of the economy (91%) and improving health & wellbeing outcomes fastest for those most likely to experience poverty (88%), were either very or fairly important.

The lowest priority for respondents, with less than two thirds (65%) saying this was very or fairly important to them, was rapidly reducing carbon emissions. More than a third (35%) said this was either not so important to them or not important at all.

## Responses by different group

Levels of how important some of our key priorities are to respondents have been considered by different groups in Figure 15 below, showing the proportion of those who either said these were very or fairly important to them. Conditional formatting has been applied to the full table, to highlight areas of high or low agreement by service and group.

Figure 15: How important are some of our key priorities to respondents by different groups.

		Improve health & wellbeing outcomes fastest for those most likely to experience poverty	Enable the growth of the local economy	Rapidly reduce carbon emissions	Ensure children and young people can enjoy healthy and happy childhood	Support people to age well
Type	Live in Leeds	88%	91%	65%	95%	94%
	Work in Leeds	90%	91%	67%	95%	93%
	Visit Leeds	88%	93%	66%	96%	94%
	Study in Leeds	89%	82%	68%	96%	89%
	Work for Leeds City Council	93%	92%	73%	97%	95%
Age	18 - 29	95%	89%	69%	99%	83%
	30 - 44	90%	90%	67%	95%	92%
	45 - 64	88%	93%	65%	95%	95%
	65+	88%	89%	68%	95%	96%
Sex / gender	Male	85%	91%	61%	92%	91%
	Female	93%	92%	72%	97%	97%
Ethnicity	White:British	89%	91%	66%	95%	95%
	Mixed Ethnicity	93%	97%	76%	97%	97%
	Asian or Asian British	81%	92%	57%	90%	86%
	Black or Black British	100%	93%	86%	100%	97%
	Other	90%	90%	68%	93%	87%
Disability	Disabled	86%	87%	60%	92%	92%
	Not disabled	89%	92%	68%	96%	94%
Sexuality	LGBT+	89%	93%	72%	88%	88%
	Heterosexual	89%	91%	66%	96%	95%
Religion	No Religion/belief	91%	90%	72%	96%	94%
	Christian	88%	92%	62%	95%	95%
	Other religion	77%	93%	61%	90%	87%

Figure 15 above shows the responses made by different groups. It can be seen that:

- Leeds City Council employees were more likely to rate improving health and wellbeing outcomes fastest for those most likely to experience poverty (93%) and rapidly reducing carbon emissions as important (73%), compared to other respondents (although as noted previously, many council staff will also fall into the categories of living, working, visiting and/or studying in Leeds).
- Younger respondents aged 18-29 were less likely than older people aged 65+ to rate supporting people to age well as important (83% compared to 96%), but more likely to rate rapidly reducing carbon emissions as important (95% compared to 88%).
- Females were more likely to rate all priorities as important than males and in particular rapidly reducing carbon emissions (72% compared to 61%).
- Disabled respondents were less likely to rate each of the key priorities as important compared to non-disabled respondents.
- LGBT+ respondents were less likely to rate ensuring children and young people have a happy and healthy childhood (88% compared to 96%) and supporting people to age well (88% compared to 95%) as important, compared to heterosexual respondents.
- Those who practice a religion other than Christianity were less likely to rate improving health and wellbeing outcomes for those most likely to experience poverty as important (77% compared to 91% for respondents with no religion/belief and 88% for Christian respondents).

### 7.3 Comments about other priorities for the Best City Ambition

Respondents were asked if there were any other priorities they would like to see in the Best City Ambition, or if there was anything else they would like to add about our key priorities. In total, 361 (21%) respondents filled in this open text field, with many providing comments that contained multiple themes. These have been individually analysed and grouped into 549 themes.

Due to the nature of the question many comments did not fall into a particular theme. These have been categorised as 'miscellaneous/general'.

Table 12 below lists the themes in descending order of the count and percentage of comments received. Example comments of the major themes emerging are provided in Table 13 overleaf.

Excluding the 'miscellaneous/general' comments, the themes mentioned by the most respondents were:

- Improving public transport and infrastructure – this was the most common theme and was mentioned by 16% of respondents.
- Improving air quality, increasing biodiversity and reducing carbon emissions was also a common theme, referred to by 14% of respondents.
- This was closely followed by improving community engagement (13%), supporting health and wellbeing (12%) and supporting children and young people (11%).



Table 12: Comments around other priorities for the Best City Ambition.

Theme	Comments	As %
Miscellaneous/general	65	19%
Improve public transport / infrastructure	55	16%
Air quality/biodiversity/reduce emissions	48	14%
Improve community engagement / empowerment	45	13%
Health & wellbeing	42	12%
Support for children/youth	38	11%
Tackle poverty/cost of living	27	8%
Tackle crime/ASB (anti-social behaviour)/safer streets	26	7%
Affordable/more/better quality housing	25	7%
Economic growth	24	7%
Support for elderly/disabled	23	7%
LCC facility management	19	5%
Reduce net zero efforts	18	5%
More culture/events	15	4%
Service delivery / accessibility	15	4%
City Development	12	3%
Tackle inequality and improve health & wellbeing for everyone	11	3%
Skills / people development	10	3%
Support mental health	10	3%
Littering/clean streets	8	2%
Improve roads/potholes	7	2%
Reduce homelessness	6	2%

Table 13: Example comments around other priorities for the Best City Ambition.

Theme	Example
Miscellaneous/general	Sometimes I think we spend money and don't take into account that people have to want to improve their own health and wellbeing.
Improve public transport / infrastructure	Getting people out of their cars and onto public transport (also walking and cycling) is key to most of these priorities. This would help people to live healthier lives at all ages, lower pollution and carbon emissions, reduce road accidents and make the city safer to live in.
Air quality/biodiversity/reduce emissions	Closer to net zero, help for businesses to reduce emissions, food waste collections for flats with no composting options, more intelligent city centre hardscaping to deal with water run off (rain gardens and natural soak aways) / pollution / more trees, planting and green spaces, more investment in renewables
Improve community engagement / empowerment	Hand some of the responsibilities over to local communities, set up focus groups in communities to help each other. Community Watch groups over the elderly, to reduce the reliance on council services. Fund raising or crowd funding in communities for some essentials. Can communities adopt leisure centres, so this lessens the council contributions, again local communities need to pitch in.

Theme	Example
Health & wellbeing	I think health and wellbeing and happiness is far more important than growth. Green spaces (good, green spaces - not large fields of grass, but woodlands and streams and wildflower meadows and community gardens with orchards and other edibles) do infinite good when it comes to people's mental health and their physical health.
Support for children/youth	Ensure young people in deprived areas have greater access to activities and opportunities that will help them make better decisions when faced with pressures and desperation that leads them towards anti-social behaviour and a spiral into crime and violence.
Tackle poverty/cost of living	Looking after the young and those in poverty while relatively young is the best way to boost positive outcomes when coupled with economic growth, it's self-perpetuating. This society rewards and protects the elderly at the expense of the young, with Covid lockdowns and resulting schools and leisure centres closures etc., the triple lock pension guarantee, barriers to property ownership i.e. mostly elderly own from a timing perspective, generous inheritance protection for properties, and overwhelming voting for Brexit reducing economic opportunities for the young. We're seeing the damage to the young with the additional mental health cases, and crime rising. This is just the start.
Tackle crime/ASB/safer streets	Invest more in infrastructure and reduce crime to try and improve people's general appreciation for the area they live in.
Affordable/more/better quality housing	Ensuring everyone has access to affordable, warm and suitable housing - which can in turn help address all 5 of those key priorities listed above.
Economic growth	Enable the growth of the local economy - I would rather this was 'revive the ability of businesses to be localised within neighbourhoods'. The concern I have is that too much effort will be put into the city centre, when the pandemic accelerated the already accelerating trend that city centres are a dead 20th century concept in terms of what people actually *want*, and what we all need now are more services and amenities locally to us, and better transport links *around* the city, not into it or through it.
Support for elderly/disabled	Give support to local community groups that support the elderly community
LCC facility management	I really don't think parking charges around parks should be introduced. Parks are important for people's physical and mental health and finances shouldn't be a barrier to accessing green spaces.
Reduce net zero efforts	There needs to be a sense of perspective about the road to zero carbon. What can Leeds realistically achieve that will have a meaningful impact. Trying to shoehorn every single decision and activity through the lens of a climate emergency just seems to layer on more bureaucracy for little benefit.

## 8. Perceptions of Leeds City Council

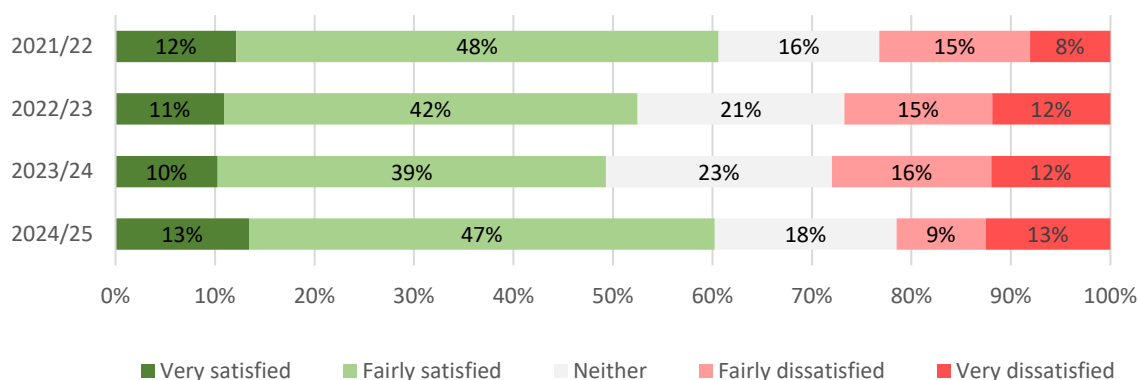
Finally, participants were asked how satisfied they were with the way Leeds City Council runs things. Results are shown in Table 14 below, and a comparison with the previous years is included as Figure 16.

Table 14: Satisfaction with how Leeds City Council runs things.

Satisfaction with how Leeds City Council runs things	Valid %	Count
Very satisfied	13%	226
Fairly satisfied	47%	788
Neither satisfied nor dissatisfied	18%	308
Fairly dissatisfied	9%	151
Very dissatisfied	13%	211
Don't know / no response	-	38
<b>Total</b>	<b>100%</b>	<b>1,722</b>

In total, 3 in 5 (60%) were satisfied with the way Leeds City Council runs things, with slightly more than 1 in 5 dissatisfied (21%).

Figure 16: Satisfaction with the way Leeds City Council runs things, by year.



Comparison with last year's consultation shows a strong increase in satisfaction of 11 percentage points, from 49%. This reverses the downward trend, returning to levels seen in the 2021/22 Budget consultation three years ago. Analysing non-council staff responses from each period, to take account of the higher proportion of staff that took part this year, confirms this significant increase.

## Responses by different groups

The question for overall satisfaction with how the Leeds City Council runs things has been considered by different groups in Figure 17 below.

Figure 17: Satisfaction with how Leeds City Council runs things, by different groups.

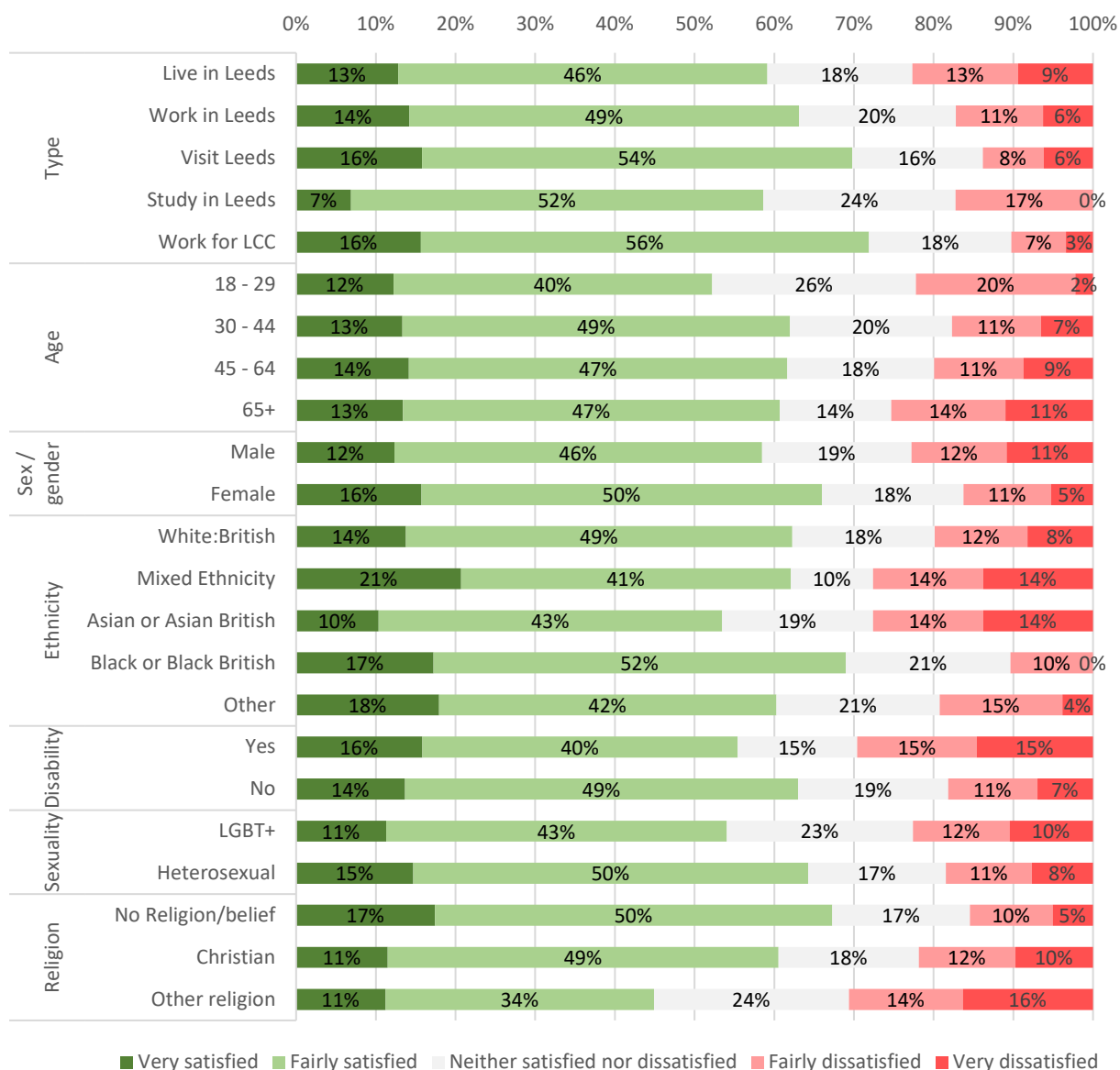


Figure 17 shows the responses made by different groups. It can be seen that:

- Those who visit Leeds were more likely to be satisfied with the way we run things than those that live in Leeds (70%, compared to 59%). Those who work for the council were the most likely to be satisfied (72%) – noting as before that many of these also live in Leeds.
- Male respondents were less likely to be satisfied with how we run things than females (58%, compared to 66%).
- Asian or Asian British respondents were less likely to be satisfied with how we run things (53%, compared to White: British 63%).
- Disabled people were less likely to be satisfied (56%, compared to 63%).
- LGBT+ respondents were less likely to be satisfied (54%, compared to 65%).
- Those who practise another religion than Christianity were less likely to be satisfied with how we run things (45%, compared to 67% for no religion/belief and 60% for Christian respondents).

# Leeds City Council Budget Consultation 2024-25

## 1. Leeds City Council Budget Consultation 2024-25

**Take part in our online consultation to help inform the council's 2024/25 budget.**

Tell us what matters to you before the council agrees the budget for next year. We want to hear what you think our priorities should be and your ideas for how we can make savings so that we can keep delivering critical services and meet our legal requirement to set a balanced budget. Your views will help make sure that the final decision is in the best interests of the city and the people who live, work, visit and study in Leeds.

The survey should take about 10 minutes to complete and closes at the end of Wednesday 10th January 2024. We'll review every response we get with the results feeding into a report that you'll be able to read in February as part of the budget papers that will go to the council's Executive Board and then on to Full Council for member approval.

To help you consider your responses, we've provided a summary of the key points about the budget and our savings proposals throughout the survey. If you'd prefer to look at the proposals in full, you can read them in the two reports on the council's 13th December Executive Board agenda, '[Proposed Budget for 2024/25 and Provisional Budgets for 2025/26 and 2026/27](#)' and '[Revenue Savings Proposals for 2024/25 to 2026/27](#)'.

**Please share this with your friends, family and colleagues and thank you for taking part.**

### Privacy Notice

Your response to this public consultation is being collected by Leeds City Council (as data controller) and will be used to help us make decisions about our budget proposals.

By submitting your response, you are giving your consent for us to use the information you have provided. When results of the consultation are shared publicly or with other organisations, your information is anonymised so you cannot be identified.

We will keep your information safe and secure in line with UK data protection law. Your data will be processed by the relevant services (departments) within Leeds City Council. Our software supplier, SmartSurvey Ltd, will also process your data on our behalf but will never use these for its own purposes. We will store your responses for up to 2 years.

You have rights under UK data protection law including withdrawing your consent for us to use your information. Visit the [ICO website](#) (data protection regulator) to learn more. General information about how Leeds City Council uses your data can be found [here](#).

We use cookies to help improve your experience of using our website. See our [cookies page](#) for more information. If you continue without changing your cookie settings we assume that you are happy with our use of cookies.



## 2. Meeting our financial challenge

Like all councils up and down the country, and many of you, we are facing significant financial challenges. Inflation and the cost-of-living crisis have driven up our costs, and we're continuing to experience huge increases in demand for our services, especially those that support some of the city's most vulnerable adults and children. We have continued to protect frontline services as much as possible but the scale of the pressures on our financial position is unprecedented. Please click below to watch a short video that tells you more.

Our budget and savings proposals set out how we intend to close the 2024/25 budget gap through £7.4m of savings previously agreed, and a further £58.4m of new savings proposals. This adds up to £65.8m of savings we estimate we'll need to deliver to balance next year's budget (that's more than 10% of our proposed budget for 2024/25).

We've already cut costs where we can – for example, through a freeze where possible on recruitment and non-essential spend – but this isn't enough. The budget proposals we're presenting therefore include service and staffing reductions, fee increases and new charges, building closures and sales, and reduced hours of operation. None of these proposals have been put forward lightly but we are no longer funded to provide everything we currently do. We will therefore need to make difficult decisions to stop, change or charge for services so that we can stay within our resources.

### Which one of these options do you agree with most?

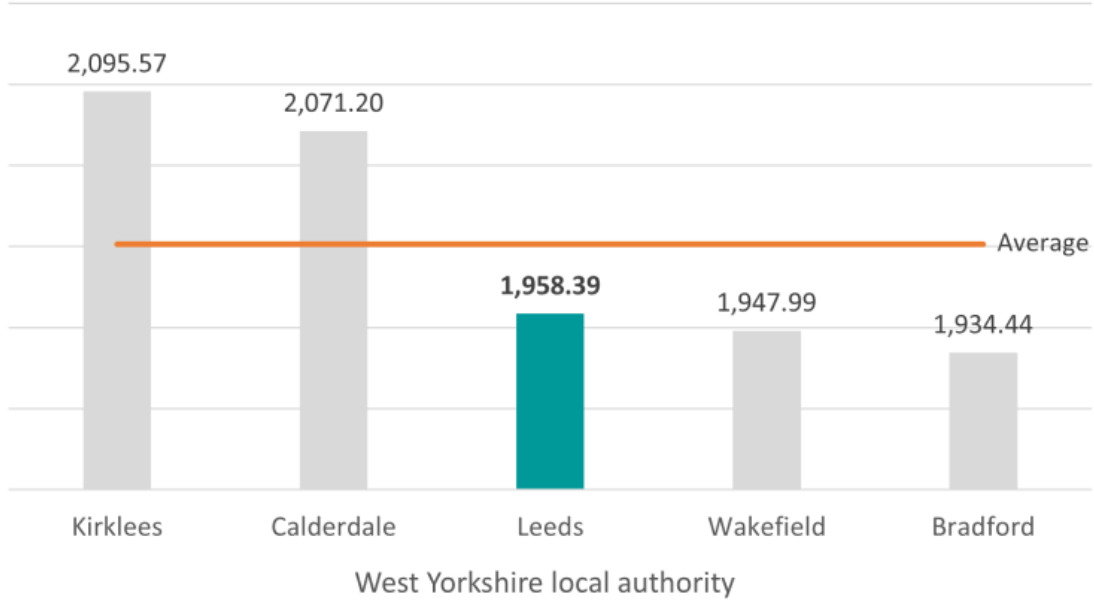
- We should raise enough money by increasing council tax and charges, to avoid having to cut services
- We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services
- We should not increase council tax or charges, even if this has a large impact on the services we can provide

## 3. Council Tax

Since 2010, the council's core funding from government has reduced significantly. Over the last ten years, we've also seen a shift in the balance of how local authorities are funded. In 2013, about a third of our budget came from government funding (the 'Revenue Support Grant'), a quarter from business rates and the remaining 40% from council tax. While business rates still provide around a quarter of our annual budget, only 5% comes from government funding and the rest, 68%, now comes from council tax. Local taxes now underpin the funding of local services.

Leeds currently has the second lowest rate of council tax compared to England's eight 'core city' (the largest cities outside London) local authorities, and remains below the average across the West Yorkshire districts.

West Yorkshire Band D Council Tax 2023/24 / £



Every year the government decides the maximum that local authorities can raise council taxes without holding a local referendum. In 2023/24, the maximum was 2.99% for the ‘core’ element of council tax, and another 1.99% for the adult social care precept. This is an additional amount that government allows local authorities to apply specifically to help pay for the rising costs and demand in adult social care services.

Given the financial pressures we’re under and how reliant we are on local taxes to fund services, we’re going to have to consider increasing council tax. For 2024/25, we’re proposing to increase the ‘core’ council tax in Leeds by 2.99%, plus 1.99% to support adult social care services.

**How much do you agree or disagree with the following proposals?**

	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree
To increase ‘core’ council tax by 2.99% to help deliver critical services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To levy an adult social care precept of 1.99% to help fund the demand for these services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please use this box if you would like to tell us more about your responses on council tax.

## 4. Our net revenue budget for 2024/25

The day-to-day costs of running the council are managed through a revenue budget, and we make long-term investments to look after assets Leeds already has or create new ones through capital spend. Our net revenue budget is funded through the main government support grant, business rates, and the council tax you pay. It represents what we need to cover our day-to-day spending for all our services: the total costs we anticipate paying minus the total income we expect to get.

Leeds City Council's proposed net revenue budget for 2024/25 is £609.8m, up by £36.5m (6.4%) from 2023/24. This increase is less than the pay, price and demand pressures we're forecasting and so we still need to deliver nearly £70m of savings in order to balance next year's budget.

Of the council's proposed revenue budget of £609.8m, £25.0m needs to be allocated to a range of 'Strategic' costs (for example, non-specific grants, regional contributions and funding for local projects), leaving £584.8m to be shared across our five directorates (how we group council services together in our organisational structure). The following page tells you more about the different services provided by the directorates, before we then explain how we propose to share the net revenue budget across them in 2024/25.

## 5. About our council directorates and services

### Adults and Health

This directorate includes Adult Social Care services, providing and commissioning support to adults with sensory impairments, physical disabilities, learning disabilities, a mental health condition or other needs, to help them live independent and fulfilling lives at home, in care homes or elsewhere in the community. The council also has a statutory responsibility to protect vulnerable adults from abuse and neglect.

The Health Partnerships team is responsible for the Health and Wellbeing Board and Strategy, citywide health and care governance, supporting the NHS and third sector integration agenda and working on a number of projects including health and housing/employment and key aspects of inclusive growth, climate change and partnerships with academia.

Public Health is part of this directorate with a role to protect the overall health of the communities we live in through education, promotion of healthy lifestyles, research on disease and injury prevention and responding to outbreaks of infectious diseases such as COVID-19.

### Children and Families

This directorate includes Children's Social Work services, supporting children and young people with the greatest need: those who are disabled, or who need to be adopted or placed in foster care or residential care. The directorate also provides a range of 'early help' services focussed on prevention activity including Children's Centres and Early Start services, where facilities, activities and support are offered for people expecting a new baby or with young children. The directorate operates a number of locality-based nurseries across the city. As with adults, the council has a statutory responsibility to protect vulnerable children and young people from harm.

Learning Services are provided by this directorate too, supporting schools and other settings to provide a good education to children and young people and help them make a successful transition to adult life. A particular element of this area of the directorate, working in partnership, seeks to support children with additional needs or who may require additional support to achieve learning outcomes. This part of the directorate helps meet the council's legal duty to ensure every child in Leeds has a school place and coordinates transport and information for families across the city.

### City Development

This directorate provides a range of services that shape the future of Leeds. It develops and implements major projects that aim to improve, grow and transform the city, regenerating the physical environment and boosting the economy through Inclusive Growth. It supports

businesses and growing economic sectors, co-ordinating work aimed at creating new jobs and supporting local people into work, training or education opportunities.

Two significant services are Highways and Transportation – which delivers complex engineering projects including bridges and new road infrastructure, maintains the city's roads, street lighting, road sign installation and carries out winter gritting – and Planning, through which it adopts the Leeds Local Plan, and deals with planning and building regulations applications and enforcement.

The directorate also manages Leeds' museums and galleries and supports arts, cultural activities and events across the city. It manages and oversees retail markets, street trading and the city centre, and its Active Leeds service runs the council's leisure centres and provides programmes to support people to be more active more often. The directorate also manages the council's land and property portfolio.

### **Communities, Housing and Environment**

This directorate delivers a range of front-line services. Some affect everyone, whereas others are more targeted to certain communities or people.

It supports our community committees and locality working arrangements, including work in our priority neighbourhoods, to ensure that services meet the needs of local communities, especially those impacted most by poverty and inequality. Working with the police and other partners, the directorate delivers community safety services, helping to reduce crime, tackle anti-social behaviour, domestic violence and abuse and safeguard communities against extremism and radicalisation. Its community hubs and libraries provide face-to-face customer services, access to books, resources, events and computers. It provides advice and support about welfare and benefits, administers housing benefit, council tax support, free school meals and runs initiatives and schemes that reduce the impacts of poverty and low income.

It manages and maintains the council's social housing stock consisting of approximately 55,000 properties, provides homelessness support and housing advice, and regulates private sector housing. It runs the city's waste and recycling services, cleans the city's streets and manages and maintains over 4,000 hectares of green space including the city's parks and cemeteries and crematoria and leads the council's response to the climate emergency and air quality strategy. The directorate also delivers elections services, manages car parking, provides licensing functions including entertainment licensing and taxi and private hire licensing, and delivers a registrars service and the provision of a local land charges service.

### **Strategy and Resources**

This directorate supports the whole organisation and all its services by providing a wide range of functions including Finance, Procurement, HR, IT, Legal, Business Administration, Communications and the Contact Centre. Its Business Support Centre manages the council's supplier payments and employee administration, such as payroll services which it delivers to other organisations too.

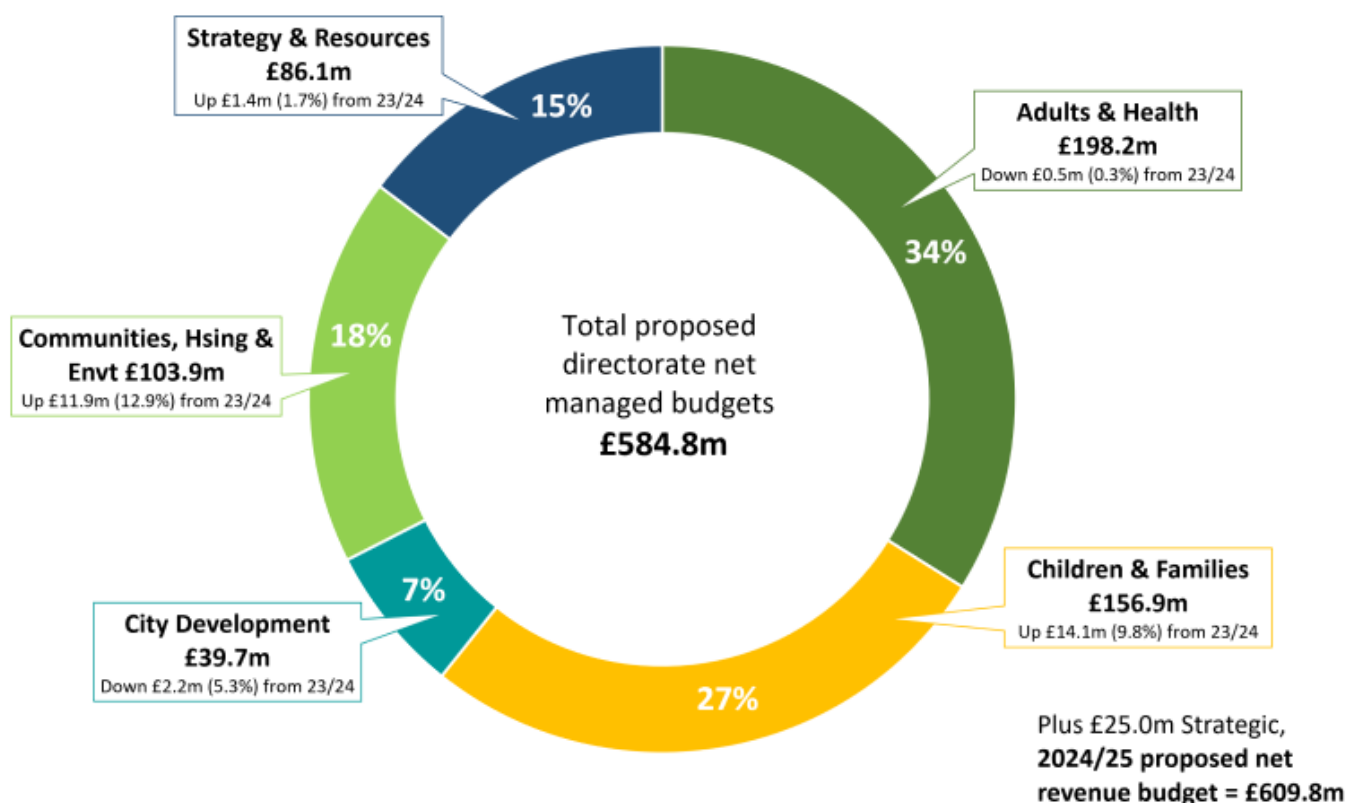
Civic Enterprise Leeds (CEL) is part of this directorate, providing a range of direct and indirect services across the council and trading externally. These include property maintenance and management, facility management, cleaning, guarding and patrolling, fleet management and maintenance. CEL provides both commercial and welfare catering and a Passenger Transport service which specialises in transporting children and adults who would otherwise find it difficult to travel from home to various settings. It also offers a range of support to Leeds' residents through the Presto service, such as meals at home, gardening, cleaning, companionship and window cleaning services.

## 6. How we propose to spend the money we receive

As we explained earlier, the council's proposed net revenue budget for 2024/25 is £609.8m. After allocating £25.0m to cover our Strategic costs, this leaves £584.8m to be shared across the five directorates, as shown in the chart below (all figures rounded).

### Leeds City Council's Proposed Directorate Budgets 2024/25

Allocations subject to amendment through budget-setting process



The '[Revenue Savings Proposals for 2024/25 to 2026/27](#)' report, considered at the council's Executive Board on 13th December, explains the specific savings proposals for each directorate. Please click on the link to read the report and find out more.

**Overall, to what extent do you agree or disagree with our savings proposals for 2024/25?**

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree
- Don't know

The '[Proposed Budget for 2023/24 and Provisional Budgets for 2025/26 and 2026/27](#)' report, considered at the council's Executive Board on 13th December, explains the budget in more detail. Please click on the link to read the report and find out more.

**Overall, to what extent do you agree or disagree with how we propose to spend our net revenue budget for 2024/25?**

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree
- Don't know

**If you'd like to tell us more about your answers or make any further comments about our proposed budget and savings, please use the space below.**

## 7. Looking ahead

Looking ahead, the council's financial challenge is not going away. On top of the £65.8m of savings we need to deliver in 2024/25, we estimate we'll need to find more than £100m of further savings over the following two years: £60.6m in 2025/26 and another £46.1m in 2026/27. So as well as asking for your views on our budget proposals for next year, we'd like to hear your ideas for how we can save money or bring in extra income to help us balance the budget in the longer term too. This will involve making choices and we need your views to help us do that.

**Please consider each of the following options and if it isn't relevant to you, please select 'Not applicable'.**

**I would be prepared to:**

	Yes	No	Maybe	Not applicable
Pay for a parking permit to park where I live	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wait longer to speak to someone face to face in a council building or when telephoning the council	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel further to access a community hub and library	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have fewer museums and attractions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Take on responsibilities to help the local community, such as litter picking or flower bed planting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pay to have garden waste collected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have fewer cultural events across Leeds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pay more to access services that help boost physical activity, such as using gyms, swimming pools and bowling greens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel further to access a household waste recycling centre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Do you have any other ideas for how your council could do things differently to bring in extra money or make savings?**



## 8. Our Best City Ambition



Although the ongoing cost-of-living crisis is exacerbating pressures on public services, impacting everyone in the city one way or another, Leeds has remained resilient. Despite the challenging financial climate affecting the council and city, Leeds continues to be ambitious, placing its residents needs at the heart of its efforts. It is key that we are clear on what our priorities are, and more important than ever that we all work together to tackle poverty and inequality across the city.

The Best City Ambition sets out our vision for the future of Leeds – one which recognises the strengths and opportunities we have within these difficult times. We aim to be a place that promotes people, the public and third sector, and our businesses working together. Our three pillars of Inclusive Growth, Health and Wellbeing, and Zero Carbon help to set out our priorities as a city. Given the increased challenges across the city, we should ensure that our priorities work for everyone and reflect our key strategies across the city, whilst considering the increasing pressures that the public and council are facing.

**Our Best City Ambition is by and for us all, and everyone should have the opportunity to contribute their strengths to the city, to work towards Leeds being the best city in the UK. We are updating our Best City Ambition and would like to hear your views. If you'd like to read the draft document you can find this here: [Best City Ambition Initial Proposal Report](#).**

'Team Leeds' is our approach to achieving our ambition, it is about supporting one another to make Leeds the best it can be.

Every person in Leeds counts and should have the opportunity to contribute their strengths to Team Leeds. There are many key partnerships, organisations and forums across the city that contribute to delivering our ambitions. At the heart of Team Leeds are our citizens, and we want to ensure that Leeds can learn from the life experiences and voices of everyone across all our communities.

**We want to find out more about how you feel about your local community; the local area and the people that live here. To what extent would you agree or disagree with the following?:**

	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know
People in your neighbourhood pull together to improve the local area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You feel able to share ideas and solutions to local problems within your community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is important for you to be involved in shaping decisions that impact your local area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Our Best City Ambition is centred on "3 pillars" of Inclusive Growth, Health and Wellbeing, and Zero Carbon, which bring together the key priorities that we are working together towards.**

**Listed below are some of the key priorities within these pillars. Please rate each of them by how important they are to you:**

	Very important	Fairly important	Not so important	Not important at all	Don't know
Improve health & wellbeing outcomes the fastest for those most likely to experience poverty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enable the growth of the local economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rapidly reduce carbon emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure children and young people can enjoy a healthy and happy childhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support people to age well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Are there any other priorities you'd like to see in the Best City Ambition or anything else you'd like to add about your responses above?**

## 9. Finally

As you've seen in the previous pages, Leeds City Council is responsible for running a range of services in your local area and across the city. Overall, how satisfied or dissatisfied are you with the way Leeds City Council runs things?

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know

## 10. About you

We would like to know a little more about you so we can be sure we are hearing from a wide range of people from different backgrounds.

Answering these questions will also help us consider how our policies affect people from different backgrounds; we have a legal duty to do this under the Equality Act 2010. All questions are voluntary.

Do you? (please tick all that apply)

- Live in Leeds
- Work in Leeds
- Visit Leeds
- Study in Leeds
- Work for Leeds City Council

Please tell us the first part of your post code, for example 'LS8' or 'WF3'.

How old are you?

- Under 18
- 18 - 29
- 30 - 44
- 45 - 64
- 65+
- Prefer not to say

**Sex and Gender identity:**

- Male
- Female
- Non-Binary
- Prefer not to say
- Other (please specify):

**Is your gender identity the same as the sex you were registered at birth?**

- Yes
- No
- Prefer not to say

**Please indicate which best describes your ethnic origin:**

**White**

- English
- Welsh
- Scottish
- Northern Irish
- British
- Irish
- Gypsy, Roma or Traveller
- Any other White

**Mixed / Multiple ethnic groups**

- White and Asian
- White and Black African
- White and Black Caribbean
- Any other mixed or multiple ethnic group

**Asian or Asian British**

- Bangladeshi
- Chinese
- Indian
- Kashmiri
- Pakistani
- Any other Asian background

**Black / Black British**

- African
- Caribbean
- Any other Black background

**Other ethnic group**

- Arab
- Any other background

**Prefer not to say**

- Prefer not to say

If you selected an 'Any other' option please describe your ethnic group:

**Do you consider yourself to be disabled?**

- Yes
- No
- Prefer not to say

**Please indicate which best describes your sexual orientation:**

- Heterosexual/straight
- Lesbian
- Gay
- Bisexual
- Prefer not to say
- Other (please specify):

**Please indicate which best describes your religion or belief:**

- Buddhist
- Christian
- Hindu
- Jewish
- Muslim
- Sikh
- No religion/belief
- Prefer not to say
- Any other religion (please describe):

**Please now click the Submit button below to save and send your responses to us. Thank you.**

## 2024/25 Budget Proposals

# Summary of Scrutiny Board Consultation

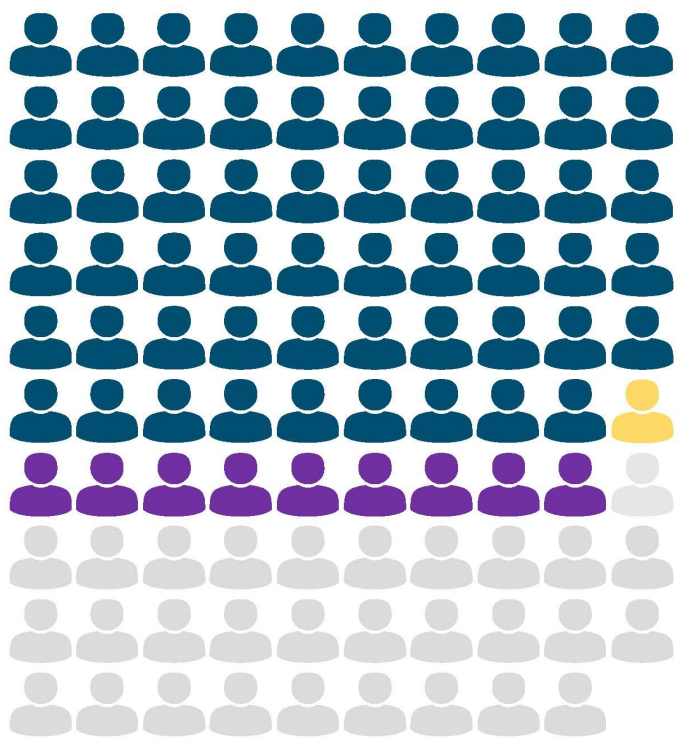
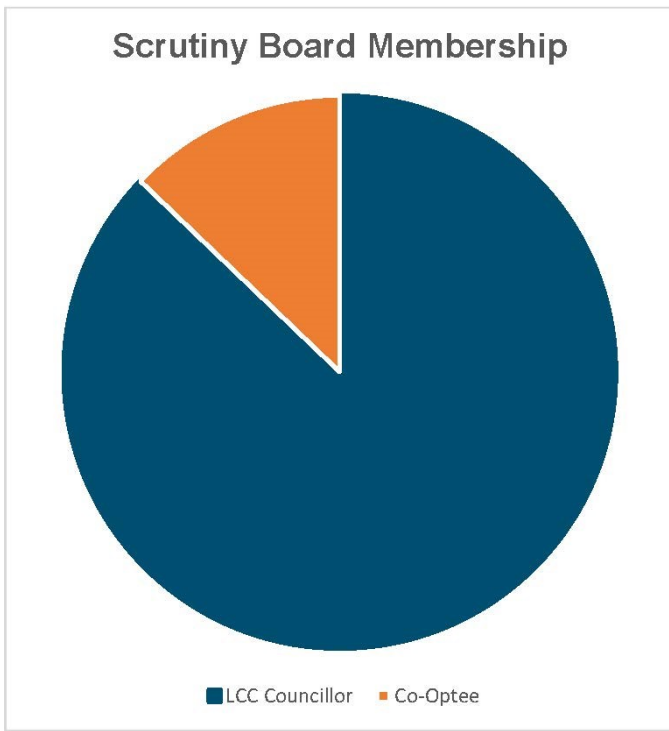
Leeds City Council's five Scrutiny Boards have considered the detail of the Proposed Budget 2024/25 and Provisional Budgets for 2025/26 and 2026/27, as published in December 2023.

This document provides a summary of the comments, conclusions and recommendations of the Scrutiny Boards and it will be presented to the Council's Executive Board for consideration in line with the requirements of the Budget and Policy Framework.





# Scrutiny Board Membership 2023/24



Councillors who are Scrutiny Board members



Chair

Cllr Andrew Scopes



Chair

Cllr Dan Cohen



Chair

Cllr Stewart Golton



Chair

Cllr Abigail Marshall-Katung

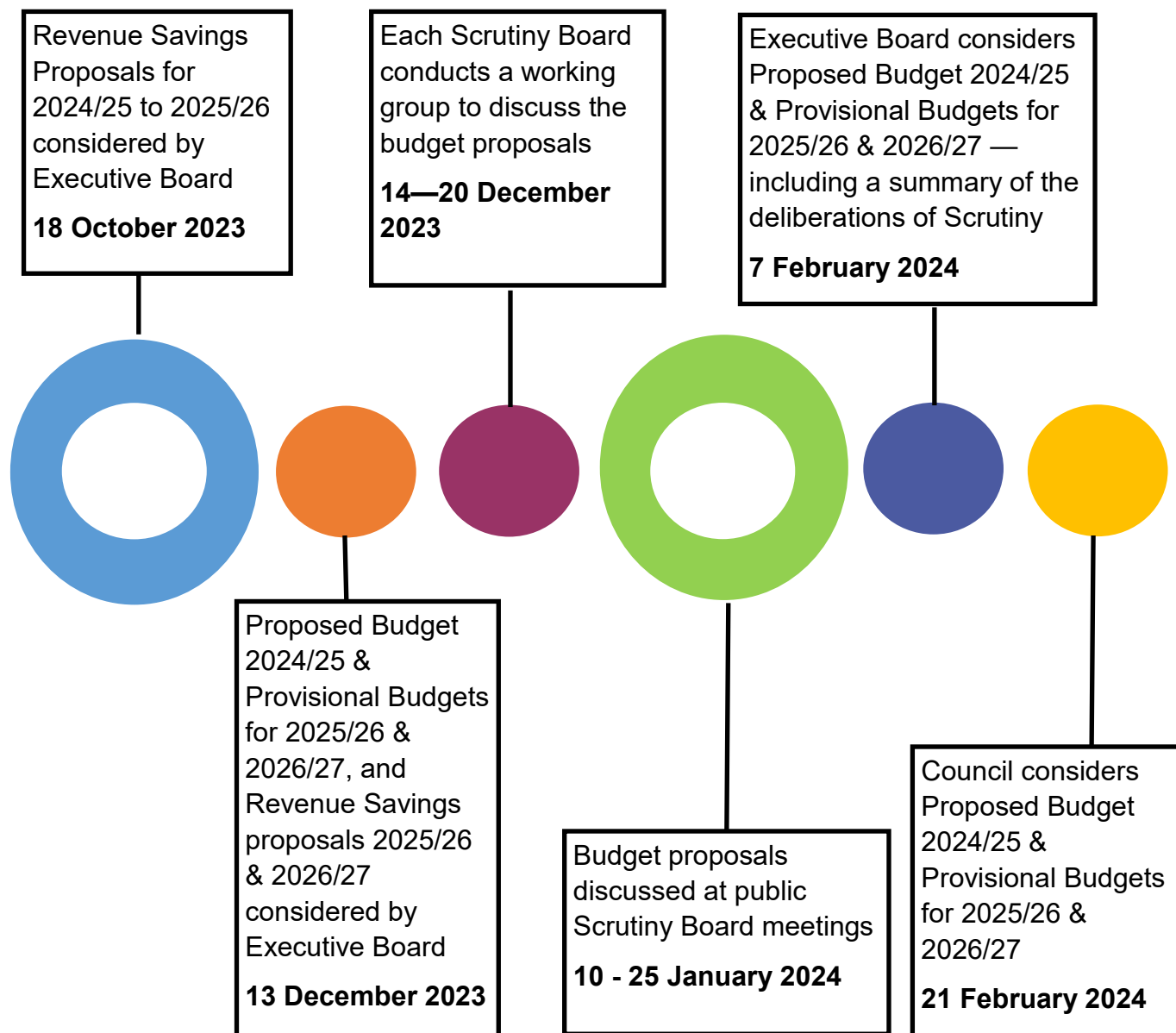


Chair

Cllr Asghar Khan

**Vision for Scrutiny:** “To promote democratic engagement through the provision of an influential scrutiny function, which is held in high regard by its many stakeholders, and which achieves measurable service improvements, adding value for the people of Leeds through a member led process of examination and review.”

# Consultation with Scrutiny Boards



## Proposals Under Consideration

On 13 December 2023 the Executive Board considered the Proposed Budget 2024/5 and Provisional Budgets for 2025/26 and 2026/27. In accordance with the Council’s Budget and Policy Framework, the Executive Board referred the proposals to Scrutiny for consideration.

## Revenue Savings Proposals

The Revenue Savings Proposals for 2024/25 to 2026/27 report sets out a range of proposals that have been submitted to Executive Board for consideration. These reflect the “scale of the pressures on the Council’s financial position” and have been informed by a review of all council budgets within a prioritisation framework, which aims to “reduce the effect on key services”.

The savings proposals presented to the Executive Board in both October and December are once again categorised as either ‘Business As Usual’ (BAU) savings or ‘Service Reviews.’

Business as Usual proposals can be implemented within the council’s delegated decision-making framework and without consultation. In contrast, Service Reviews require meaningful consultation with relevant stakeholders prior to any decisions being taken.

# KEY CONSIDERATIONS FOR ALL SCRUTINY BOARDS

1

Scrutiny Boards sought and received assurance around the assumptions reflected in the Proposed Budget 2024/25, including the progress in delivering savings targets for 2023/24. Those assurances were provided by the relevant Leeds City Council officers and Executive Board members.

2

Reflecting on the scale of the Council's financial challenge, the Scrutiny Boards sought assurances regarding the potential risk to the authority of retaining levels of reserves that are lower than those of other comparable authorities.

3

Scrutiny Boards received assurances from officers and Executive Members that Trade Unions are being, or will be, engaged where service redesign and/or proposals to reduce staffing numbers are agreed.

4

Scrutiny Members sought reassurance that where planned service redesign relies upon digital transformation, there is sufficient capacity within IDS to ensure those projects can be delivered within the required timeframe.

5

Members reiterated the importance of considering the impact of increasing fees and charges in the context of wider economic pressures on Leeds citizens.

6

Members welcomed the continued publication of Business As Usual savings to ensure transparency and to enable scrutiny members to understand how all savings proposals will contribute to reducing the budget gap. It is recommended that BAU savings continue to be published as part of the budget consultation process.



# Adults, Health & Active Lifestyles Scrutiny Board

## KEY FINDINGS



Cllr Caroline Anderson



Cllr Luke Farley



Cllr Paul Alderson



Cllr Mahalia France-Mir



Cllr James Gibson



Cllr Conrad Hart-Brooke



Cllr Mohammed Iqbal



Cllr Wyn Kidger



Cllr Kevin Ritchie



Cllr Andrew Scopes



Cllr Eileen Taylor



Dr John Beal (co-opted)

# 1

With regard to reviewing the charges applied to adult social care activities, Members sought and received assurances that people would not be charged more than it is reasonably practicable for them to pay based on their individual financial assessment.

# 2

Members praised and further encouraged the proactive approach of Active Leeds and partners in exploring external funding sources to promote and support active lifestyles, particularly for areas of need.

# 3

Having noted that Public Health will again be making an active contribution to the financial challenge through the Public Health Grant in 2024/25, Members were assured that this would not result in any reduction of its services.

**Fees and charges:** Members considered the proposal to review the charges applied to adult social care activities and sought and received assurances that people would not be charged more than it is reasonably practicable for them to pay based on their individual financial assessment. Importance was also placed on ensuring that individuals are safe in making any decision to no longer receive a service in terms of this being based on need rather than being financially driven.

**Staffing reductions:** With staffing reductions being explored across the City Development directorate, Members were reassured that the Active Leeds Service is primarily looking at minimising the use of casual staff and overtime as it aims to achieve a more structured and reflective service for the city.

### **Promoting and supporting active lifestyles:**

With the latest performance data showing that 40.7% of adults in the most deprived areas of the city are physically inactive, Members praised the proactive approach of Active Leeds and partners in exploring external funding sources, particularly for key areas of need, and further encouraged this approach. Supporting healthy weight and active lifestyles will also be a key feature of the Board's March meeting.

**Public Health:** Members were assured that the active contribution to the financial challenge being made through the Public Health Grant in 2024/25 would not result in any reduction of its services.

**Review of in-house care homes:** As a Service Review proposal warranting further consultation, importance was also placed on proactive communication with Ward Members.





# Children & Families Scrutiny

## KEY FINDINGS



1

In light of the in year budget pressures the Board sought reassurances around sufficiency of budget for the Directorate in 2024/25. The concern being that despite additional resource the same budget pressures emerge within children looked after budgets which place pressure on the overall council budget in 2024/25. The Board noted the increase in costs of CLA external placements and welcomed plans to care for more children in Leeds through in house small group

2

Noting the service review of Children's Centre provision in the city and the value that is placed in the services that are delivered from them, the Board sought reassurance around the scope of the review and how integration and co-location might look and impact communities in the city. The Board acknowledged that services do not need to be building centric but remained keen to hear more about the proposals when fully developed.

3

The Board were concerned about service review proposals to cease the Caring Dads and Multi-Systemic Therapy for Child Abuse (MST-CAN) services given the valuable assistance they provide to children and families in the city. On MST-CAN the Board were concerned about the future financial costs of the proposal given that the service is aimed at preventing children and young people entering care and the increased costs of providing care if the review led to more take up of care provision in

**Commissioned Services** - The Board wanted to hear more about the planned review of commissioned services to understand which services would be most affected and what impact, if any, this would have on services to Leeds residents. The board felt that any savings delivered through commissioned services should be risk based with a focus on the impact of ceasing or reducing services.

**Life Coaches** - The Board sought and received assurances around the life coaching staffing resource which will be integrated into family support and early help services. Members welcomed the focus these staff will have on teenagers who are at high risk of going into care.

**Youth Activity Fund** - Members noted the proposed reduction to the Youth Activity Fund and the potential for this to impact vulnerable children and families in Leeds.

**Staffing** - In light of the possibility that staff will leave the authority through voluntary redundancy or other measures, the board expressed some concern that valuable skills and experience could be lost through those processes, particularly in service areas with recruitment and retention difficulties or in key service areas such as social care.

**Financial Challenge** - A key discussion theme when considering the budget proposals was the need for additional funding to meet demand pressures and the higher costs of providing foster care. The Board noted the ongoing lobbying of Government to provide additional resources, allied to the service transformation work being undertaken in services for Children Looked After and across the directorate.



# Environment, Housing & Communities Scrutiny Board

## KEY FINDINGS



Cllr Barry Anderson



Cllr Javaid Akhtar



Cllr Stewart Golton



Cllr Pauleen Grahame



Cllr Abdul Hannan



Cllr Norma Harrington



Cllr Asghar Khan



Cllr Annie Maloney



Cllr Adrian McCluskey



Cllr Andy Rontree



Cllr Simon Seary



Cllr Penny Stables



Cllr John Tudor

# 1

The Scrutiny Board requested that members be engaged in early consultation about a future waste strategy for Leeds, including plans for glass recycling.

# 2

Members recommended that the Council works with partners to review the distribution of Welcome Spaces for winter 2024, to ensure there is sufficient provision across all areas of the city.

# 3

It was recommended that opportunities are explored to deliver further efficiency savings through a reduction in the temperatures to which community buildings are heated.

**Reductions in 3rd Sector Funding:** Members were reassured about the anticipated impact of this specific reduction in the context of wider funding pressures for the sector.

**Improved energy efficiency:** Members sought and received reassurance that opportunities to improve insulation in community buildings are being explored.

**Community Centres:** The Scrutiny Board sought assurance that officers are exploring ways in which to attract new users to community centres to increase income.

**Community hubs and libraires:** Concern was expressed about the potential impact on community groups of reduced opening hours.

**HAP Budgets:** Members considered this proposal in the context of the wider overall risk to the Housing Revenue Account. Members welcomed the retention of the environmental works budgets held by local housing offices.

### **Expansion of district Car parking charges & introduction of new charges at parks:**

Members sought clarity about the assumptions informing the decision to introduce new car parking charges—including usage, potential charges, maintenance costs, required investment, proximity to public transport routes, the impact on volunteers working in district centres and the potential displacement of cars. Members also acknowledged comments from the Adults, Health & Active Lifestyles Scrutiny Board linked to promoting active lifestyles.

**Bulky waste charges:** Members received assurances about the assessed risk of new charges leading to increased fly tipping.

### **Cleaner neighbourhoods team reductions:**

Members requested that Community Committees receive information about the 'person hours' and costs associated with different services to inform decisions about future service prioritisation.





# Infrastructure, Investment & Inclusive Growth Scrutiny Board

## KEY FINDINGS



Cllr Neil Buckley

Cllr Billy Flynn

Cllr Mike Foster



Cllr John Garvani

Cllr Sharon Hamilton

Cllr Arif Hussain



Cllr Sandy Lay

Cllr Abigail Marshall-Katung

Cllr Michael Millar



Cllr Mohammed Shahzad

Cllr Nicole Sharpe

Cllr Izaak Wilson

# 1

In light of national increases in planning fees, members were supportive in principle of bringing forward proposals for future investment in the planning service - delivered through increased fee income - so as to ensure the Council is best placed to meet new deadlines for accelerated decision making.

# 2

Assurance was sought and received from officers about the due diligence being carried out in relation to contracts linked to buildings that are identified for disposal.

# 3

Members welcome the innovative approach being taken within the directorate to securing external finance to enable the ongoing delivery of services such as business support.

### Risk profile of the City Development

**directorate:** Members sought assurances about the level of risk within the directorate's proposals, given the proportion of income directly linked to the performance of the local economy and therefore factors beyond the control of the Council.

**Staffing reductions:** Members reiterated concern about delivering savings through staffing reductions whilst also ensuring sufficient capacity is retained in areas where demand pressures are high, especially in income generating services. Members supported a targeted approach to facilitating any early leavers scheme to protect service delivery and the well being of the wider staff.

Retaining resilience in planning services remains a specific priority for Scrutiny Board members.

**Locality Buildings Review:** Further information was sought about the risk to this project if funds cannot be identified to invest in the retained estate.

**Asset disposal:** Assurance was sought and received from officers about the due diligence being carried out in relation to contracts linked to buildings that are identified for disposal. Members queried how learning from prior experience was informing the current approach.

**Prioritisation framework:** It was requested that the detailed outcome of the review of all services within a prioritisation framework is shared with members so they can understand the classification of different services.

**Street Lighting:** Members explored progress with the delivery of a centralised management system to enable more flexibility in the city's approach to street lighting.



# Strategy & Resources Scrutiny Board

## KEY FINDINGS



Cllr Gohar Almass



Cllr Hannah Bithell



Cllr Sharon Burke



Cllr Andrew Carter



Cllr Dianne Chapman



Cllr Sam Firth



Cllr Tom Hinchcliffe



Cllr Asghar Khan



Cllr Wyn Kidger



Cllr Andy Parnham



Cllr Eleanor Thomson

# 1

Whilst accepting the challenging budgetary position the Council is facing for 2024/25, the Board was keen to ensure that all opportunities to keep Pudsey Civic Hall and Thwaite Mills open were explored before finalising the closure proposals for the two buildings. This would specifically include a focus on marketing and promotion to maximise income and also encouraging joint working between the Canal and Rivers Trust and the Council if that might develop possible alternatives that would keep the Thwaite Mills site open to the public and retain the heritage asset for the city.

# 2

Board members welcomed the annual consultation that the Council undertakes with Leeds residents on the budget proposals and noted that in the past that this consultation had led to changes in the proposals being made. However, the Board did feel that it was important to emphasise the need for full, transparent consultation so that residents feel that their views are being heard and taken account of as policy approaches are being developed.

# 3

Noting that the ongoing financial challenge has meant there are plans for a reduction of up to 361.52 FTEs through the 2024/25 budget proposals, the Board sought reassurance around retaining essential skills and experience in the Council's workforce and that there are appropriate checks in place to prevent essential skills leaving the authority. In addition, the Board wanted to make sure that Equality Impact Assessments were part of the process to reduce staffing to ensure that the reductions do not disproportionately impact on minority groups.

**Financial Challenge** - Members understood the scale of the challenging financial context faced by the Council both in year and as set out in the proposed and provisional budget papers. The Board were also mindful of the balance between budget savings and workload pressures that could arise from the proposals. Board members noted that that financial challenge had led to proposals in the budget that in different circumstances would not be under consideration and with additional funding the Council would not want to do.

**New Homes Bonus** - Members heard that the New Homes Bonus will continue in 2024/25 following confirmation from the Government. This funding mechanism tends to benefit more affluent areas as they generate more new homes bonus. This funding was originally part of the Revenue Support Grant (RSG) and from a Leeds perspective it would

be beneficial if this funding was returned to the RSG and distributed on the needs based formula.

**Reserves and Financial Sustainability** - Through the Working Group held in December, elected members supported plans to enhance the Council's reserve position in future budget rounds and the priority that the Council has placed on protecting frontline services which had led to a lower reserve than other comparable authorities.

**Consultation Fatigue** - The Board highlighted that consultation on introducing/increasing car parking charges in parks had taken place twice in a 12 month period and that there could be a risk of reduced responses as a result. It was noted that the overall response to the proposed budget for 2024/25 consultation is in line with previous years' budget consultations in terms of responses.

**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 (formerly Twitter)**



Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
Review of Commissioned & Leeds City Council-Provided Day Service & Opportunities	Review of both internally provided and externally commissioned day opportunities to inform the delivery of savings and efficiencies jointly with care and support providers, with the aim of delivering 10% savings in 2024-25.	There is a risk that services provided will be reduced.	Consultation in progress.	To be undertaken at the same time as the decision.	There will be a series of decisions underlying this proposal, the first of which was taken December 2023	£13,500k	Director of Adults & Health
Review of In-House Care Homes	Review in-house service provision alongside the Better Lives transformation agenda with an outcome of decommissioning one care home and move towards a recovery model of care and support to enable people	There is a risk whenever a home is closed to a client's immediate well-being	Consultation in progress.	To be undertaken at the same time as the decision.	June 2024	£2,377k	Director of Adults & Health

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
	to live healthy and happy lives within their own homes for longer in another.						
Review of existing charges and introduction of new charges for adult social care activities.	Review the charges applied to adult social care activities: both those already in place, and the potential to introduce new charges.	Though charging is still to be means-tested there is a risk that clients do not take up services	Consultation in progress.	To be undertaken at the same time as the decision.	There will be a series of decisions underlying this proposal, the first of which is expected to be taken in March 2024	£61,418k	Director of Adults & Health

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality Impact assessment</b>	<b>Expected decision date</b>	<b>2023/24 Budget Amount £</b>	<b>Decision Maker</b>
Staffing Reductions	Proposal reflects savings requirement of the Council	Any staffing reduction will give rise to implications for service delivery and the potential for certain activity to cease is a key consideration alongside the impact upon retained staff.	Consultation with Trade Unions has commenced. Engagement with staff will follow after sufficient time for Trade Union consultation.	To be undertaken as a part of the decision process	February /March 2024	£2,250k Savings	Director of Childrens and Families
Review of Commissioned Activity	Proposal reflects savings requirement of the Council.	There is a potential negative impact upon current and future service users as a result of ceasing or reducing activity.	Consultation with the commissioned providers and service users to be undertaken.	To be undertaken as a part of the decision process	February/ March 2024	£1,200k Savings	Director of Childrens & Families/Chief Officer Transformation and Partnerships
Review of Little Owls Nursery Provision	Proposal reflects savings	Reputational damage to the	Consultation and engagement to	To be undertaken as a	March/April 2024	£900k Savings	Director of Childrens &



<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality Impact assessment</b>	<b>Expected decision date</b>	<b>2023/24 Budget Amount £</b>	<b>Decision Maker</b>
	requirement of the Council.	Council by ceasing to provide direct provision to parents. There is a financial risk that the full anticipated saving will not be delivered in full.	be undertaken with a range of stakeholders including staff, parents and other providers (including schools).	part of the decision process			Families/Chief Officer Childrens Social Work
Adolescent Support Service invest to save proposal	Proposal reflects savings requirement of the Council.	There is a risk with potential challenges in recruiting to the posts within this new service given the issues with recruitment of social care staff. There is a risk that the target reduction of adolescents avoiding care	Engagement to be held with key stakeholders including statutory partners, third sector partners and Service Users. In addition, consultation will be undertaken with recognised Trades Unions around the staffing implications of	To be undertaken as a part of the decision process	March 2024	£1,250k Net saving	Director of Childrens & Families/Chief Officer Childrens Social Work

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2023/24 Budget Amount £	Decision Maker
		will not be realised	creating the team and engagement will be held with staff more generally around the new service offering.				
Ceasing of Multi-Systemic Therapy for Child Abuse & Neglect (MST-CAN) Service	Proposal reflects savings requirement of the Council.	There is a potential negative impact upon current and future service users. There would be an impact upon existing staff supporting this service.	Trades Unions within the Directorate will be advised of this proposal and further consultation with them will be undertaken. This will be followed by direct engagement with staff on the proposal. Service Users views on the proposal will also be captured.	To be undertaken as a part of the decision process	March 2024	£330k	Director of Childrens & Families/Chief Officer Childrens Social Work
Ceasing of Caring Dads Service	Proposal reflects savings requirement of the Council.	There is a potential negative impact upon current and	Trades Unions within the Directorate will be advised of this proposal and	To be undertaken as a part of the decision process	March 2024	£230k	Director of Childrens & Families/Chief Officer

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2023/24 Budget Amount £	Decision Maker
		future service users. There would be an impact upon existing staff supporting this service.	further consultation with them will be undertaken. This will be followed by direct engagement with staff on the proposal. Service Users views on the proposal will also be captured.				Childrens Social Work
Review of Childrens Centres	Proposal reflects savings requirement of the Council.	Reputational damage to the Council by ceasing to provide direct provision. HR risks around change to employment. There is a financial risk that the full anticipated	There will be a significant degree of consultation and engagement with stakeholders as part of the review process.	To be undertaken as a part of the decision process	March/April/ May 2024	£1,000k	Director of Childrens and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2023/24 Budget Amount £	Decision Maker
		saving will not be delivered in full.					
Review of Transport Services	Proposal reflects savings requirement of the Council.	There is a potential negative impact upon current and future service users. There would be an impact upon existing staff supporting this service.	There will be a significant degree of consultation and engagement with stakeholders as part of the review process.	To be undertaken as a part of the decision process	March 2024	£500k	Director of Childrens and Families
Unaccompanied Asylum Seeker Children Housing invest to save Proposal	Proposal reflects savings requirement of the Council.	There is a risk that internal resources will not be available to take this work There is a risk that the external market does	There will be a significant degree of consultation and engagement with stakeholders as part of the review process.	To be undertaken as a part of the decision process	February /March 2024	£1,820k Net savings	Director of Childrens & Families/Chief Officer Childrens Social Work

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2023/24 Budget Amount £	Decision Maker
		<p>not respond to the opportunity and that policy development and operational arrangements take more time than anticipated to be concluded which results in any changes not being able to be implemented so as to achieve a full year financial effect</p>					

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
Staffing reductions across the City Development directorate, via voluntary measures where possible	Staffing reductions necessary to meet directorate savings target for 2024/25 budget. Proposal will be in accordance with Council's Managing Staff Reductions policies.	Staffing reductions identified don't deliver required level of savings	Internal staffing and JCC consultation commenced January 2024	To be undertaken as a part of the decision process	February 2024	£1,225k	Director of City Development
Surrender of lease at Thwaite Mills and phased closure of site.	Phased closure ensures existing bookings for functions/events can be honoured	Decision delayed following consultation, impacting on savings assumptions. Lease has a 12 month notice period.	Public consultation completed – will be taken into account as part of the decision process	To be undertaken as a part of the decision process	March 2024	£54k – 24/25 £220k – 25/26 onwards	Chief Officer – Culture and Economy
Closure of Pudsey Civic Hall and potential sale of site	Alleviates in-year income shortfalls and potentially	Decision delayed following consultation,	Public consultation completed – will be taken into	To be undertaken as a part of the	March 2024	£0k (but alleviates in-year pressure)	Chief Officer – Culture and Economy



Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
	generates capital receipt	impacting on in-year position	account as part of the decision process	decision process			
Review of fees and charges	Annual review to reflect inflationary costs of providing specific services	Increase in charges reduces demand more than anticipated impacting on income assumptions	Undertaken as a part of the decision process as required	To be undertaken as a part of the decision process	By March 2024	£720k	Chief Officer - Operations and Active Leeds, Chief Officer - Highways & Transportation
Creation of core Mass Transit team	To support the development and delivery work, led by WYCA, of this major infrastructure scheme. Costs will be met from charging full costs to WYCA.	Funding to the level anticipated not agreed by WYCA and risks to level of long term funding	Consultation with Trades Unions, and Exec Members taken place	To be undertaken as a part of the decision process	March 2024	£400k	Chief Officer – Highways and Transportation

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality Impact assessment</b>	<b>Expected decision date</b>	<b>2024/25 Budget Amount £</b>	<b>Decision Maker</b>
Utilisation of Business Rates Pool Balances as substitution for Arts & Heritage expenditure	Reduces net cost of LMG and Cultural Programmes in 2024/25	None – sufficient balances anticipated to be available	n/a	None	March 2024	£500k	Chief Officer – Culture and Economy

## Communities, Housing and Environment

## Appendix 4

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality Impact assessment</b>	<b>Expected decision date</b>	<b>2024/25 Budget Amount £</b>	<b>Decision Maker</b>
Increase in weighbridge charges	Proposed price increase reflects savings requirement of the Council and will ensure there continues to be no subsidy for this service.	Fall in demand impacting upon income.	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	April 2024	£0.075m additional income	Chief Officer – Environmental Services
Introduction of charges for repeat collections of Bulky Household Waste	Proposal reflects savings requirement of the Council	Number of repeat collections are insufficient to meet income budget assumed	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	April 2024	£0.169m additional income	Chief Officer – Environmental Services
Cleaner Neighbourhoods Team – Review of Service provision	Proposal reflects savings requirement of the Council	Failure to achieve targeted savings as service may fall below acceptable standards	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.6m Expenditure savings (FYE £1.2m)	Chief Officer – Environmental Services
Environmental Services Mini Restructure	Proposal reflects savings requirement of the Council	None	Completed - with affected staff and Trades Unions	Completed – no issues	Completed 5th Jan 2024	£0.165m Expenditure savings	Chief Officer – Environmental Services

## Communities, Housing and Environment

## Appendix 4

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality impact assessment</b>	<b>Expected decision date</b>	<b>2024/25 Budget Amount £</b>	<b>Decision Maker</b>
Savings to be made in disposal costs from contract reviews	Proposal reflects savings requirement of the Council	Delay in implementation	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.690m Expenditure savings	Chief Officer – Environmental Services
15% Reduction Well Being and Youth Activity Fund	Proposal reflects savings requirement of the Council		To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	April 2024	£0.21m Expenditure savings	Chief Officer – Safer Stronger Communities
Review of charges at Community Centres	Proposal reflects savings requirement of the Council	Level of usage is lower resulting in lower income than budgeted	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	April 2024	£0.083m Additional income	Chief Officer – Safer Stronger Communities
Introduction of Car Parking Charges at Roundhay, Temple Newsam and Middleton Park	Proposal reflects savings requirement of the Council	Level of usage is lower resulting in lower income than budgeted	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.163m net additional income	tbc
Introduction of Car Parking Charges at Golden Acre & Otley Chevin	Proposal reflects savings requirement of the Council	Level of usage is lower resulting in lower income than budgeted	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Spring 2024	£0.126m net additional income	tbc
Review of Climate Energy Greenspaces Management structures	Proposal reflects savings	Delay in review outcome	To be undertaken as a part of the decision process	To be undertaken as a part of the	Spring 2024	£0.071m expenditure reductions	Chief Officer – Climate, Energy

## Communities, Housing and Environment

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
	requirement of the Council			decision process			and Greensapces
Extension of District Car Parking Charges at four sites (Garforth, Guisley, Horsforth and Rothwell)	Proposal reflects savings requirement of the Council	Level of usage is lower resulting in lower income than budgeted	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.133m net additional income	tbc
Introduction of Car Parking Charges at Wetherby Car parks	Proposal reflects savings requirement of the Council	Level of usage is lower resulting in lower income than budgeted	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Spring 2024	£0.1m net additional income	tbc
Change of Opening Hours at Community Hubs and Libraries	Proposal reflects savings requirement of the Council.	Delays in the implementation of the decision could affect in year position	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.1m Expenditure savings	Chief Officer – Community Hubs, Welfare and Business Support
Management Restructure within Customer Access	Proposal reflects savings requirement of the Council.	Delays in the implementation of the decision could affect in year position	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.225m Expenditure savings	Chief Officer – Community Hubs, Welfare and Business Support
Review of Professional Library Services	Proposal reflects savings requirement of the Council.	Actual savings delivered are less than assumed	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	Summer 2024	£0.162m Expenditure savings	Chief Officer – Community Hubs, Welfare and Business Support

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
<p><b>Support Services</b> a range of savings proposals to achieve staffing reductions and efficiencies totalling £4.509m across the Support Services within the Directorate.</p>	<p>As the overall council reduces in size in line with the reset and prioritisation agenda to meet our financial envelope and the broader reshape and organisational design work is progressed, this context provides opportunities to reshape and redesign the Support Services functions across the Directorate.</p>	<p>Any changes to ways of working, service delivery models, structures and processes etc may impact on the way in which services are currently delivered</p>	<p>Consultation has commenced with Trade Unions to explore potential options to deliver the required savings.</p>	<p>As proposals are developed the workforce impacts by equality characteristics will be considered.</p>	<p>March 2024</p>	<p>4509k (savings)</p>	<p>Director of Strategy and Resources</p>
<p><b>Shared Services</b> a range of savings proposals to achieve staffing reductions and efficiencies totalling £1.515m</p>	<p>As the overall council reduces in size in line with the reset and prioritisation agenda to meet our financial envelope and the broader reshape</p>	<p>Any changes to ways of working, service delivery models, structures and processes etc</p>	<p>Consultation has commenced with Trade Unions to explore potential options to deliver the required savings.</p>	<p>As proposals are developed the workforce impacts by equality characteristics will be considered.</p>	<p>March 2024</p>	<p>1515k (savings)</p>	<p>Director of Strategy and Resources</p>



Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
	and organisational design work is progressed, this context provides opportunities to reshape the Shared Services offer across all 3 areas: Business Administration Service, BSC and the Contact Centre	may impact on the way in which services are currently delivered					
£1.6m. This will be delivered by a review of the business planning functions within <b>Civic Enterprise Leeds</b> (CEL) particularly within Catering, School Cleaning and the Presto Service.	As the Council reduces in size in line with the reset and prioritisation of services and broader reshape and organisational design work being progressed as part of the Financial Challenge programme, this context also	Any changes to ways of working, service delivery models, structures and processes etc may impact on the way in which services are currently delivered	Consultation has commenced with Trade Unions to explore potential options to deliver the required savings.	As proposals are developed the workforce impacts by equality characteristics will be considered.	March 2024	1615k (savings)	Director of Strategy and Resources

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2024/25 Budget Amount £	Decision Maker
	provides opportunities to reshape and redesign the CEL functional areas of the Directorate.						

**PROPOSED COUNCIL TAX SUPPORT PAYMENTS FOR  
PARISH/TOWN COUNCILS**

<b>Parish</b>	<b>Proposed 2024/25 Payment £</b>
Aberford and District	378
Allerton Bywater	2,272
Alwoodley	879
Arthington	40
Bardsey cum Rigton	713
Barwick in Elmet and Scholes	1,419
Boston Spa	1,632
Bramham cum Oglethorpe	686
Bramhope and Carlton	890
Clifford	622
Collingham with Linton	842
Drighlington	1,257
East Keswick	318
Gildersome	1,528
Great and Little Preston	638
Harewood	21
Horsforth	5,174
Kippax	2,933
Ledsham	102
Ledston	141
Micklefield	3,938
Morley	14,064
Otley	17,134
Pool in Wharfedale	882
Rawdon	1,677
Scarcroft	158
Shadwell	358
Swillington	2,274
Thorner	888
Thorp Arch	255
Walton	85
Wetherby	8,880
<b>TOTAL</b>	<b>73,078</b>

## **Equality Impact Assessment 2024/25 Council Budget**

### **Scope**

The Equality Act 2010 requires public bodies to give ‘due regard’ to equality. The council is committed to ending unlawful discrimination, harassment and victimisation and to advancing equal opportunities and fostering good relations. In order to achieve this, we need to ensure that equality and diversity are given proper consideration when we develop policies and make decisions. The council has an agreed process in place to do this through the use of equality impact assessments.

This paper outlines the equality analysis and strategic equality assessment of the Leeds Budget and Council Tax for 2024/25 (as detailed in the accompanying reports to the Executive Board meeting on 7<sup>th</sup> February 2024 recommending proposals to Full Council at its meeting on 21<sup>st</sup> February 2024).

The lead person for this equality impact assessment was Victoria Bradshaw, Chief Officer Financial Services. Members of the assessment team were:

- Coral Main - Head of Financial Strategic Change
- Claire Matson – Head of Human Resources
- Sophia Ditta – Senior Policy Development Officer
- Richard Haslett – Intelligence and Policy Officer
- Samantha Powell – Third Sector and Migration Partnerships Manager
- Geoff Turnbull – Equality, Diversity and Inclusion Manager

### **Introduction**

The Best City Ambition sets out a strategic intent between the council and its partners to work together around a shared vision focused on tackling poverty and inequality and improving the quality of life for everyone across the city. Given the significant financial challenges being faced by the council and some of our key partners, it is more important than ever to maximise the positive impact of limited resources as we seek to deliver our shared goals and priorities. The Best City Ambition has therefore been updated to provide a renewed framework for partners and communities across the whole city to work together as Team Leeds, within the priorities of the three interrelated pillars of Health and Wellbeing, Inclusive Growth and Zero Carbon. The updated ambition draws on renewed key strategies and plans within the context of the challenging financial climate. (For further information on the Best City Ambition 2024 update, please refer to the report to Executive Board in February 2024 recommending its adoption through Full Council alongside the 2024/25 Budget.)

It is important the Best City Ambition remains rooted in activity on the ground and supports delivery of real progress in this city. For the council’s part, that means alignment is required behind the ambition and goals outlined in the Best City Ambition, and the financial and wider resources invested to deliver. As such, these strategic ambitions can only be delivered through a sound understanding of the organisation’s longer-term financial sustainability which enables decisions to be made that balance the resource implications of the council’s policies against financial constraints. This is the primary purpose of the Medium-Term Financial Strategy which then provides the framework for the determination of the council’s annual revenue budget for which the proposals for 2024/25 are contained in the ‘2024/25 Revenue Budget and Council Tax’ report for consideration by the Executive Board in February 2024 and subsequent recommendation later in the month to Full Council.

The 2024/25 Revenue Budget was developed in the context of the approach agreed by the Executive Board at its meeting on 13<sup>th</sup> December 2023 through the ‘Proposed Budget for 2024/25 and Provisional Budgets for 2025/26 and 2026/27’ report available [here](#) and accompanying ‘Revenue Savings Proposals for 2024/25 to 2026/27’ report available [here](#). In accordance with the council’s budget and policy framework and as agreed by Executive Board in December, these proposals were

subsequently submitted to all Scrutiny Boards for review and consideration and have also been used as the basis for wider public consultation.

The Budget proposals are set within the wider strategic context of the council's Medium-Term Financial Strategy 2024/25 to 2028/29 (available [here](#)) which was approved by the Executive Board on 20<sup>th</sup> September 2023, the Government's Spending Review 2021 (announced by the Chancellor of the Exchequer on 27<sup>th</sup> October 2021) which covers the three-year period of this current Parliament 2022/23 to 2024/25, the Chancellor's Autumn Statement 2023 (announced on 22<sup>nd</sup> November), the 'Local government finance policy statement 2024 to 2025' (published by the Department for Levelling Up, Housing and Communities (DLUHC) on 5<sup>th</sup> December, available [here](#)), the 'Provisional local government finance settlement: England, 2024 to 2025' - the annual determination of funding at a national level to local government – (published by DLUHC on 18<sup>th</sup> December 2023 and available [here](#)), a one-year settlement for 2024/25, and the Local Government Finance Update Written Statement made by the Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations on 24<sup>th</sup> January 2024 (available [here](#)). The final local government finance settlement, expected in early February 2024, will be subject to debate in the House of Commons. As such, the implications of all known relevant government announcements on local funding are included in the Budget proposals.

After considering the impact of the anticipated changes in funding and cost pressures it is forecast that we will need to generate significant revenue savings, efficiencies and additional income during 2024/25 to balance to the anticipated level of resources available. Whilst resources receivable from the Settlement Funding Assessment and estimated from Council Tax and Business Rates have increased, these are outweighed by pay, price, cost of living and demand pressures. This means the authority will need to deliver £63.9m of savings by March 2025 to achieve a balanced budget position.

The council remains committed to protecting frontline services as far as possible, especially those that provide support to the most vulnerable, and is planning to meet the challenge of the estimated budget gap for 2024/25 through a combination of efficiencies, changes to services and increased income. However, the financial climate for local government continues to present significant risks to the council's priorities and ambitions. The council continues to make every effort possible to protect frontline service delivery, and whilst we have been able to balance the budget each year since 2010, have continued to deliver a broad range of services despite declining income, and have avoided large scale compulsory redundancies, it is clear that the position is ever more challenging. The level of pressures on the council's financial position this year, combined with the gap over the next three years and continued uncertainty concerning future central government funding, is unprecedented. In common with local authorities throughout the country, in order to balance the council's budget and to avoid issuing a Section 114 notice (in effect declaring that the council cannot achieve a balanced budget and preventing all new spending), difficult decisions will have to be taken that will impact across services, affecting service users, residents, businesses, partners and our workforce.

This can be seen in the scale and nature of the savings proposals put forward to Executive Board at the end of 2023 which include service and staffing reductions, fee increases and new charges, asset sales, building closures and reduced hours of operation. (Details of proposals can be found in the directorate reports at Appendix 8 of the February 2023 Executive Board and Full Council '2024/25 Revenue Budget and Council Tax' report.) Equality impact screenings have been carried out on all 'service review' savings proposals approved by the Executive Board at its December 2023 meeting for implementation or consultation where required. Where appropriate, further equality impact assessments have been, or will be, carried out as part of the council's decision-making process.

These proposals have been informed by a review of all council budgets within a consistent prioritisation framework which aims to reduce the effect on key services and mitigate negative impacts as far as possible. However, it needs to be recognised that we are not funded to provide all the functions we currently do, and so future service provision must be provided within the limited resources available. Alongside a continued focus on securing value-for-money and investing in

transformation, services will continue to be reviewed as part of an overall resetting and reshaping of the authority to ensure it remains fit-for-purpose and sustainable in future years.

Resource implications will impact on all communities but those who have been identified at being at the greatest potential risk of negative impact include:

- Disabled people – including all impairment groups;
- Ethnically diverse communities;
- People from new and emerging communities;
- Women;
- Older and younger people; and
- Low socio-economic groups (within this group, there is over-representation by disabled people and ethnically diverse communities).

### **Budget consultation and engagement**

The 2024/25 Budget proposals were developed through consultation with a range of stakeholders, notably with the Executive Board, all Scrutiny Boards, the council's Corporate Leadership Team and other senior officers, and through wider staff engagement. They also draw on insights from the priorities set out in council and partnership plans and strategies which have themselves been subject to extensive consultation and engagement.

Following agreement by December's Executive Board, public consultation on the council's Proposed Budget for 2024/25 took place during the four weeks between 13<sup>th</sup> December 2023 and 10<sup>th</sup> January 2024. The survey explored a range of themes including: the principles on how we should be funded, proposed changes to Council Tax, and how we plan to spend the revenue budget. Further questions explored satisfaction with how the council run things, ideas for bringing in extra money or making savings, future service reductions, community engagement, and our Best City Ambition key priorities.

The public consultation results are included in full at Appendix 2 to the February 2024 '2023/24 Revenue Budget and Council Tax' report with the results of the consultation with Scrutiny Boards at Appendix 3 to that report.

### **Impact of budget proposals on employees**

The Medium-Term Financial Strategy (MTFS) 2024/25 to 2028/29 brought to September's Executive Board reported an estimated revenue budget gap of £162.8m over the next three years, of which £59.2m – around 10% of the council's net revenue budget for 2023/24 - related to 2024/25, with similar gaps in the following two years. Due to the size and scale of the financial challenge and that a notable proportion of our expenditure is spent on the wage bill, it is highly likely that we will only be able to achieve financial sustainability through a reduction in staffing numbers. Against this backdrop, on 10th October 2023 the authority served notice under Section 188 (S188) of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULR(C)A) to collectively consult with our recognised Trade Unions to avoid, reduce and mitigate the potential risk and consequences of compulsory redundancies. The S188 notice stated that the council would need to reduce its workforce by up to 750 full-time equivalent (FTE) posts.

The September 2023 MTFS position included a number of assumptions around external factors that continue to significantly impact on the council's income and expenditure – both in-year and into future years - and remain subject to considerable uncertainty and volatility. In particular, the cost of living crisis and high inflation continue to impact on our citizens and also our own costs; and demand in social care and the cost of commissioned services continues to grow.

The estimated budget gap has therefore continued to be revised over the year, with the Proposed Budget for 2024/25 report considered at December 2023's Executive Board highlighting the need for the council to deliver nearly £60m of savings in 2024/25 in order for a balanced budget position to be achieved, and that further budget savings proposals would be required in future years to bridge



the significant gaps in 2025/26 and 2026/27 of £60.6m and £46.1m respectively. At the same December 2023 meeting, the 2023/24 overspend was estimated to be £35.3m, 6.2% of the approved 2023/24 net revenue budget (as set out in the 'Financial Health Monitoring 2023/24 – Month 7 (October)' report, available [here](#)). (Since the December 2023 meeting, the in-year and future-year positions have been revised, the latest position being reported to the Executive Board in February 2024: the 2023/24 overspend as at the end of Month 9 – December 2023 - is now estimated to be £39.0m, while looking ahead, the refreshed estimated budget gaps are £64.6m in 2025/26 and £47.1m in 2026/27.)

Throughout the 2023/24 financial year, the council has held ongoing discussions with Trade Unions regarding this financial position and our mitigating actions, including, with certain exceptions, a staff recruitment freeze, a restriction on the use of agency staff and overtime, and a freeze on non-essential spend (e.g., business travel, subscriptions etc.) - new controls and additional challenge have been introduced to these processes. Discussions have also highlighted the savings proposals (as considered by the Executive Board at its meetings in October and December 2023) that, subject to consultation where appropriate, will be taken forward during 2024/25 and beyond. In previous years this has been constructive and has collectively worked to avoid, reduce and mitigate the need for compulsory redundancies in the authority.

To support the delivery of these savings proposals, the council has continued to promote a number of workforce measures such as the purchase of additional annual leave, voluntary reductions in hours (e.g., career breaks and reducing the working week) and flexible retirements. It also continues to review its senior staffing levels and provide specific support to service areas to improve attendance and performance. In addition, in October 2023 the authority launched a targeted Voluntary Leavers' Scheme (VLS), a voluntary redundancy package that, along with the other workforce measures described, aims to help directorates and services reduce staffing costs on a recurrent basis to address the financial challenge, and provide opportunities for future operational efficiency and effectiveness in support of the service review activity. The VLS scheme is targeted to those services undergoing a service review or business change and required to make staffing reductions. Approval of requests is subject to business need.

One of the key points that will be taken into account when making decisions for VLS, is the impact on employees that remain in post; in particular the workload and how it will be managed differently. The 2023 Staff Survey highlight that 18% of colleagues disagreed that their workload was manageable (this position varied across different services and teams). In response to this we have asked all managers to ensure that they provide support and guidance to teams to help manage workloads, ensuring clear direction is provided on what work needs to be prioritised and also ensure they look at ways to alleviate pressures and improve efficiencies through improving attendance, looking at new ways of working and taking advantage of any digital efficiencies. Our health and wellbeing offer is also being pivoted to help support wellbeing through change, particularly due to the financial challenge and workload pressures. Drawing on materials already available to facilitate an overall wellbeing assessment, this will ensure proactive support and provide personal action plans.

The council has operated a voluntary retirement and severance scheme since 2010/11 though which we have so far managed to reduce staffing with relatively few compulsory redundancies. Reducing agency staff costs, overtime, managing sickness and introducing working from different locations has also brought costs down significantly. Reskilling and redeploying people whose roles are at risk helps continue to create a more flexible and responsive workforce and to minimise redundancies. Whilst there are other elements that will impact on the fluctuation of the workforce numbers, such as natural attrition and turnover, these measures have contributed to an overall reduction of around 2,526 full time equivalents (FTEs) or 3,432 headcount between 1st April 2010 and 31st December 2023. However, as noted above, in order to set and deliver a balanced budget for 2024/25 the council must deliver significant savings. The council's 2024/25 budget proposals include a net reduction of 323.1 FTEs compared to the approved 2023/24 budget. This is comprised of a proposed increase of 63.4 FTEs (including 18.4 FTEs for the Housing Revenue Account (HRA)) and a proposed

reduction of 386.5 FTEs (including 13.6 FTEs for the HRA). This reduction includes the budget savings proposals received at both October's and December's Executive Boards. Details of the movement in FTEs for the 2024/25 Budget for each directorate are provided in Appendix 8.

Further savings proposals will be required to close the latest estimated gap in the council's budgets in 2025/26 and 2026/27, which could result in additional reductions in the number of budgeted FTE posts. Any service reviews that arise as part of the further budget savings proposals that may impact upon council staffing will undergo consultation on a service level with the appropriate Trade Union representatives.

In response to the significant change that the council has undergone and will continue to go through, additional support is in place to assist individuals and managers through any change and challenges they experience, as well as looking to support people with the opportunities that the changes may present to progress their career and personal development. This forms part of our [#TeamLeedsBeWell](#) wellbeing offer, available for all council staff.

### The council's workforce profile

In-work poverty and low pay remain issues of national concern. In Leeds, work continues to tackle this, reflecting the commitments in the Low Pay Charter adopted by Council in April 2015.

- From 1st April 2023, the council's minimum hourly rate increased to £10.90 which mirrored the Living Wage Foundation's recommended minimum rate of pay.
- Subject to affordability, we remain committed to further increases in the future, as Living Wage Foundation recommendations are made.

These changes will continue to have a positive impact on in-work poverty, particularly for women, those under 25 years of age and part-time workers.

National employers are keen to ensure that appropriate pay awards are agreed to ensure that a headroom is maintained above the National Living Wage, and, as this is predicted to increase, there could be a significant cost to the council. Leeds delivers a number of frontline services itself, and therefore has a higher proportion of lower paid workers than some other local authorities that have outsourced frontline service delivery.

The nationally negotiated 2023 NJC Pay Award resulted in a monetary award across all pay scales rather than a percentage increase across the board, leading to lower paid staff receiving comparatively higher percentage increases in their salaries. The council remains committed to the national collective bargaining process to annually reviewing pay and continues to engage with national employers regarding the local impact on budgets.

As at 31<sup>st</sup> December 2023 there were 14,400 people employed in the council (excluding schools and casual staff), equating to 12,426 FTEs. The workforce profile of all employees is shown below (all percentages are rounded).

Leeds City Council workforce profile – 31 <sup>st</sup> December 2023		
Profile area	Headcount	% of overall headcount
<b>Gender</b>		
Male (including Trans)	5,717	40%
Female (including Trans)	8,683	60%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Age / years</b>		
16 – 25	907	6%
26 – 40	4,150	29%
41 – 54	5,095	35%

Appendix 6: 2024/25 Revenue Budget & Council Tax

Leeds City Council workforce profile – 31 <sup>st</sup> December 2023		
Profile area	Headcount	% of overall headcount
55 – 64	3,729	26%
Over 65	519	4%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Ethnicity</b>		
Non-ethnically diverse	10,692	74%
Ethnically diverse	2,289	16%
Prefer not to say	38	0%
Not declared	1,381	10%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Disability</b>		
Disabled	867	6%
Not disabled	12,010	83%
Prefer not to say	156	1%
Not declared	1,367	10%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Carer</b>		
Carer	1,265	9%
Not a carer	8,336	58%
Prefer not to say	112	1%
Not declared	4,687	33%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Sexual orientation</b>		
Heterosexual	8,975	62%
Lesbian	141	1%
Gay man	166	1%
Bisexual	195	1%
Other	65	0%
Prefer not to say	199	1%
<b>Not declared</b>	<b>4,659</b>	<b>32%</b>
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Religion or belief</b>		
Religion stated	10,269	71%
Prefer not to say	185	1%
Not declared	3,946	27%
<b>Total</b>	<b>14,400</b>	<b>100%</b>
<b>Additional gender details</b>		
Same as assigned at birth	4,096	28%
Not same as assigned at birth	45	0%
Not declared	10,259	71%
<b>Total</b>	<b>14,400</b>	<b>100%</b>

## Fact finding – what we already know about the city

### ***Demographics: a changing population***

The population of Leeds was recorded as 811,953 people in the 2021 Census of Population (ONS) - an increase of 1.6% (13,000 people) since the ONS's 2020 mid-year estimate. The city's population has increased by 8.1% in the ten years since the previous 2011 Census, the third-largest percentage increase in Yorkshire and the Humber behind Selby (which increased by 10.2%) and Wakefield (8.4%). This compares to population increases across the whole of Yorkshire and Humber of 3.7% and 6.6% in England.

Based on the 2021 Census, there are estimated to be:

- 51.2% (415,579) female and 48.8% (396,374) male
- 153,482 children and young people aged 0 to 15 years
- 531,704 people of working age (16 to 64 years)
- 126,764 older people aged 65 and over
- Approximately 1 in 11 people (8.7%) in the 20 to 24 age band, reflecting the large student population
- The average median age in the population is 36 years of age.

Looking back at the changes over the ten years between the 2011 and 2021 Censuses:

- As noted, the Leeds population is recorded as increasing by 8.1%.
- The working age population had a smaller percentage increase (5.1%) than both the population of children and young people (10.4%) and the population aged 65 and over (13.5%).
- The population of older people aged 65 and above increased by 17,166 people. Although the 65 and above age group still has more women than men, there has been a bigger increase in the number of men, with 9,744 more men aged 65 and over resident in Leeds in 2021 than in 2011 (compared to 7,426 more women).
- There was an increase in the number of primary school age children in Leeds, with an additional 10,476 (10.9%) children in the 0 to 10 age group.

Looking ahead, the city's population is expected to continue to grow. Based on the latest 2018 data released in March 2020 (ONS Population projections for local authorities), the population was predicted to reach around 822,000 by 2031. However, with the more recent Census data recording a population size of nearly 812,000 in 2021 – a figure not forecast until 2027 in the ONS's 2018 data – the projected population in future could easily be in excess of previous forecasts.

The makeup of the city is outlined below:

- Leeds continues to become more ethnically diverse. The 2021 Census showed that 26.6% of the Leeds population was from an ethnically diverse background, an increase from 18.9% in 2011. Around 667,400 Leeds residents said they were born in England (82.2% of the city's population), compared with 647,800 in 2011 (86.2% of the city's population at the time).
- According to the January 2023 Leeds School Census:
  - The proportion of the school population from ethnically diverse backgrounds more than doubled since 2005, increasing from 17.4% in 2005 to 37.8% in 2023.
  - Ethnic diversity is slightly higher in younger age groups, with 39% ethnically diverse pupils in primary schools and 36% in secondary schools.
  - In 2023, 21.6% of Leeds school pupils spoke English as an additional language, with the top five main languages being Urdu, Polish, Romanian, Panjabi and Arabic (this excludes the category 'Other than English', which was the second most selected category).
  - 44% of Leeds pupils (57,329) live within the most deprived 20% localities. These areas have seen by far the greatest growth in the population of 0 to 17-year olds over the last

decade (two thirds of the growth). They are also our most diverse localities, accounting for nearly two-thirds of pupils from ethnically diverse backgrounds, and 70% of all EAL pupils (those who speak English as an Additional Language).

- The number of pupils with special educational needs and disabilities ((SEND) with either an Education and Health Care Plan or SEN Support)) has increased from 16,262 (13.8%) in 2016 to 22,899 (17.4%) in 2023.
- Over the last two decades, Leeds has seen a pattern of rising births to 2010, a plateau of eight years at roughly 10,000 per annum, and then falling births since 2017. That pattern of births is now feeding through our population of children and young people: with declining numbers of Early Years and Reception pupils, but continuing increases in Secondary-ages and post-16.
- The religious profile of the city is changing. Between the Censuses of 2001 and 2011 the number of people saying they are Christian decreased from 68.9% to 55.9%. At the time of the 2021 Census, this same figure was recorded as 42.3%. Compared to England and Wales, in 2021 Leeds had higher than average proportions of people stating their religion as Jewish (0.8% compared to 0.5%), as Muslim (7.8% compared to 6.5%) and as Sikh (1.2% compared to 0.9%). The proportion of persons stating they have no religion increased from 16.8% to 28.2% in 2001 and 2011 respectfully. In 2021 this had increased to 40.2% of the population.
- The 2011 Census collected information on civil partnerships for the first time, reflecting the Civil Partnership Act 2004 which came into effect in the UK in December 2005. The 2011 Census recorded 41.5% of adults in Leeds as married and 0.2% of adults in a registered same-sex civil partnership. In 2021 the Census reflected the Same-Sex Marriage Act of 2013 and recorded 39.4% of the city's population as married, of which 0.3% were the same sex. A further 0.1% of the population were in a same-sex civil partnership.
- According to the 2021 Census, 15.8% of adults in Leeds were separated, divorced or widowed (down from 17.5% in the 2011 Census), which is slightly lower than the England and Wales rate of 17.4%. The proportion of single people in Leeds who have never married or registered as living in a civil partnership has dropped from 40.8% in 2011 to 30.8% in 2021, remaining higher than the average for England and Wales which has shown a similarly large drop from 34.6% in 2011 to 26.7% in 2021.
- In the 2021 Census, residents were asked if they had any physical or mental health conditions or illnesses lasting or expected to last 12 months or more. If they answered yes, they were then asked if this reduced their ability to carry out day-to-day activities.<sup>1</sup>
  - The responses identified 7.6% of Leeds residents as being disabled and whose activities were limited a lot, down from 9.4% in 2011. The decrease in the proportion of residents who were identified as being disabled and limited a lot in Leeds (1.8 percentage points) was similar to the decrease across Yorkshire and The Humber (1.7 percentage points, from 9.9% to 8.2%). Across England, the proportion fell by 1.6 percentage points, from 9.1% to 7.5%.
  - In 2021, just over 1 in 10 people (10.4%) identified as being disabled and having their day-to-day activities limited a little, compared with 10.3% in 2011.
  - The proportion of Leeds residents who were not disabled increased from 80.3% in 2011 to 82.0% in 2021.

For more information, please visit [Leeds Observatory - Population](#) and [How life has changed in Leeds: Census 2021 \(ons.gov.uk\)](#)

---

<sup>1</sup> It should be noted that the wording of the questions in this area and response options were revised between the 2011 and 2021 Censuses, and so caution should be taken when making comparisons. Also, the Census 2021 was carried out during the COVID-19 pandemic, which may have influenced how people perceived their health and activity limitations and thus their responses.

## Poverty and inequality

At the heart of the Best City Ambition is our mission to tackle poverty and inequality and improve the quality of life for everyone who calls Leeds home. The council's approach to equality improvement recognises that people with a number of protected characteristics are disproportionately represented by poverty and financial exclusion.

### *Picture of Leeds*

Local authorities are often ranked on the proportion of neighbourhoods in the most deprived 10% nationally. Based on the latest Indices of Multiple Deprivation (IMD) 2019, Leeds has 114 neighbourhoods (24% of its 482) in the most deprived 10% nationally. Leeds is ranked at 33 out of 317 local authorities in England (1 is most deprived) on this measure.

There are two measures which identify local authority districts with large numbers of people experiencing deprivation: the income scale - which ranks local authorities on the number of people experiencing income deprivation -, and the employment scale - which ranks local authorities on the number of people experiencing employment deprivation. Based on the IMD 2019, Leeds had the fourth highest number on the income scale (with Birmingham ranked first, Manchester second and Liverpool third) and the third highest number on the employment scale (with Birmingham ranked first and Liverpool second) out of the 317 English local authorities.

Although the IMD is based on neighbourhoods and is designed to identify pockets of deprivation, the government also publish summary measures for larger areas like local authorities. There is no single 'best' local authority measure, and the ranking of Leeds varies depending on the measure used. For more information including a full set of IMD 2019 results for Leeds, please visit [Leeds Observatory – Deprivation](#).

### *Current context*

The latest data relating to poverty reveals:

- In 2021/22, 22% of the Leeds population (equating to 178,630 people) were living in relative poverty after housing costs are deducted from income<sup>2</sup>.
- 22% of children (32,933) were estimated to be living in relative low-income families before housing costs in 2021/22<sup>3</sup>.
- It is estimated that 14.3% of all Leeds working residents earned less than the Real Living Wage in 2023, affecting 44,968 FTE residents. It is also estimated that 13,535 workers are on zero-hour contracts.<sup>4</sup>
- On average, Leeds residents earned £572 per week in 2023, up almost £36/week on the previous year, however, when inflationary impacts are factored in, Leeds residents weekly wages are down almost £6 per week in real terms. In comparison, residents on the lowest incomes earned £190/week in 2023, up by £2/week on the previous year, but when inflation is applied, those on the lowest incomes are seeing a real term wage cut of £12/week.
- DWP data for October 2023 indicates there were 79,005 people claiming Universal Credit (UC) in Leeds. From that figure 48,825 were not in employment and 30,178 (almost 40%) were in work and claiming UC.
- There is further evidence of people trying to maximise incomes through the council's Welfare Rights Unit (WRU) which provides advice and support on benefit entitlements to check eligibility and help clients access and claim benefits to maximise their income. The number of

---

<sup>2</sup> Relative Poverty measures individuals who have household incomes 60% below the median average. Source: DWP households below average income 2021/22, published March 2023. Further details in the [Leeds Poverty Fact Book](#)

<sup>3</sup> Children in Low Income Households Local Area Statistics 2023 (Source: HMRC & DWP Combined data). This local measure provides a picture of children in low income families for both Relative and Absolute measures, but only Before Housing Costs (BHC). Further details in the [Leeds Poverty Fact Book](#)

<sup>4</sup> More information on Wages, Household Income and Employment in Leeds can be found in the [Leeds Poverty Factbook](#)



benefit checks carried out by this team has significantly increased year on year from 2020/21 reflecting the cost-of-living crisis. From April 2023 to November 2023, 2,029 benefit checks were made by the WRU, up 34% from 1,511 checks during the same period in 2022.<sup>5</sup>

- In January 2023, 34,169 (26.0%) of pupils in Leeds were eligible for and claiming a free school meal, up by 1.4% of pupils on the previous year. Nationally 22.3% of all pupils were eligible and claiming a free school meal; the national rate also increased by 1.4% from the previous year.
- Between 1st April 2022 and 31st March 2023, almost 68,000 food parcels in Leeds were given out informally without the need for a referral. Formal foodbank referrals supported 59,117 people, up 42% on the support level required in 2021/22.
- An estimated 55,274 (15.8%) Leeds households were in fuel poverty in 2021 according to the Low Income Low Energy Efficiency (LILEE) measure.<sup>6</sup> The LILEE definition also allows analysis of the depth of fuel poverty, known as the fuel poverty gap, which measures the reduction in fuel costs a household would need to no longer be in fuel poverty. In 2022 the mean average fuel poverty gap was £338 per fuel-poor household and is projected to increase to a high of £443 in 2023 (the previous highest gap was £354 in 2010). This means in 2022, households in fuel poverty needed £338 more income to pay their fuel bills and forecasts expect this figure to be around £443 during 2023. There is a two-year time lag for local fuel poverty data and the latest available data does not yet capture the impact of the energy crisis. The national fuel poverty rate for England has a one year time lag and was at 13.4% during 2022.

### ***Impact of the cost of living crisis***

Prior to the cost of living crisis and COVID-19 pandemic, the combined impact of austerity with sustained public sector funding reductions, welfare reform, and an increase in low paid and insecure employment all contributed to increasing and deepening levels of poverty in Leeds and across the UK. Research undertaken in Leeds<sup>7</sup> concluded that in 2018 residents were less resilient and worse prepared for an external shock or crisis than in 2004, with significantly lower propensity to save and higher likelihood of being in debt.

The onset of the COVID-19 pandemic in 2020 which moved swiftly into the cost-of-living crisis in July 2021, led to increased pressures on low income households and the most vulnerable in society, as well as pushing many additional households to experience financial uncertainty and hardship for the first time. Although inflation has been falling in recent months, and much lower than its 41 year peak of 11.1% in October 2022, it currently remains higher than the 2% target. While inflation is above 2%, there is an increase to the overall risk and rate of poverty and pulling those already below the poverty line into deeper, more severe forms of financial crisis.

Nationally, research is evidencing key groups and demographics impacted by the cost-of-living crisis:

- The Joseph Rowntree Foundation's Destitution in the UK survey report from October 2023<sup>8</sup> details how a growing number of people are struggling to afford the most basic human needs to stay warm, dry, clean and fed, with profound impacts on physical health, mental health and support services. The research reveals how destitution is experienced by a growing number of families with children, particularly lone-parent households. 62% of destitute survey respondents reported having a chronic health problem or disability, and the rate of destitution among black-led households was three times their population share.

---

<sup>5</sup> Further details on data relating to Employment, UC and Benefit Checks can be found on the [Leeds Cost of Living Dashboard](#)

<sup>6</sup> LILEE definition of fuel poverty states that a household is fuel poor if the property has an energy efficiency rating of band D, E, F or G and disposable income (income after housing costs and energy needs) is below the poverty line.

<sup>7</sup> Wivk, P., Dayson, K., Curtis, J., (2018) 'Research into financial inclusion in Leeds', Community Finance Solutions, Manchester: University of Salford available at: [Leeds-Financial-Exclusion-and-Poverty-Report-University-of-Salford.pdf](#)

<sup>8</sup> [Destitution in the UK 2023 | Joseph Rowntree Foundation \(jrf.org.uk\)](#)

- National data from the ONS's Opinions and Lifestyle Study (OPN) in the period 12 July to 1 October 2023<sup>9</sup> reveals that:
  - Around 4 in 10 (40%) adults reported that affording their rent or mortgage payments were very or somewhat difficult. Groups more likely to report this included Asian or Asian British adults (56%), Black, African, Caribbean or Black British adults (51%), and lone adults living in a household with at least one dependent child (61%).
  - Around 1 in 20 (5%) adults reported running out of food and not being able to afford more. This proportion was 8% among parents living with a dependent child and 13% among renters, and increased to 21% among renters who were parents living with a dependent child.

Local demographic data from clients seeking support from Citizens Advice in Leeds is also indicative of particular groups being disproportionately impacted in the current climate<sup>10</sup>:

- 58% of clients were women
- 51% had a long-term health condition or disability
- 42% of clients were from ethnically diverse communities
- 21% were single parents (compared to 8% of the Leeds population)

The University of Leeds published its Deep Poverty research<sup>11</sup> in October 2022, drawing on data collected via in-depth qualitative interviews with 40 people living on a very low income across Leeds. The research explored the distinctive experiences and support needs of those in deep poverty and highlighted the following areas of concern:

- The rising cost of gas and electric was changing the types of foods that participants bought and the decisions they made within the household, with considerable implications for their physical and mental health.
- Difficulties providing for children were particularly pronounced among large families, subject to the two-child limit cap on welfare benefits. A common practice among parents was to attempt to shield children from hardship through either parental sacrifice or accessing help.
- For the majority of participants, personal borrowing and household arrears were necessary to bridge the gap between needs and incomes but this made it much harder to escape their financial situation.
- More than three quarters of participants had some form of loan, credit card, debt or arrears with many trapped in a 'vicious cycle' of accumulating debts to cover living costs.
- Deductions and recoveries within the benefits system had a large knock-on effect on household finances, with many participants turning to informal lenders, high-interest providers or loan sharks to bridge the gap.
- Many participants were living in poor quality and insecure housing which presented a significant psychological burden, often negatively impacting participants' capacity to plan for their future. Key barriers to safe and stable housing included long waiting lists for social sector housing, discriminatory treatment from private landlords and unresolved complaints about damp and urgent repairs.
- Coping with severe hardship leaves many in a state of poor physical health.
- Stress, anxiety, and depression were also very widespread among participants, with many making references to extreme psychological distress and contemplation of suicide.

---

<sup>9</sup> [Impact of increased cost of living on adults across Great Britain - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

<sup>10</sup> Citizens Advice Client Demographic Data – April to November 2023

<sup>11</sup> Edmiston, D., Hyde, E., and Adnan-Smith, T. (2022), 'The cost of not living: everyday financial crisis in Leeds', Leeds: University of Leeds. Available at: [Deep Poverty Report FINAL \(deep-poverty.co.uk\)](https://deep-poverty.co.uk)

## **Third sector**

The council recognises and values the critical and significant role that the third sector plays in the life of the city and the importance of a diverse sector, as articulated in the Leeds Third Sector Ambition Statement. The council has a long tradition of working in collaboration with the third sector in order to deliver the best possible outcomes for the people of Leeds, demonstrating its commitment to the sector in many ways.

### ***Partnership and engagement relationships***

The council invests financial and staff resource in the development and maintenance of partnership and engagement relationships with the sector, including city-wide strategic bodies and a network of locality, service, thematic, community and equality-focused third sector forums. This facilitates strategic engagement with the sector, dialogue between the sector, council and a range of partnerships and forums and enables the council to have better reach into communities through the third sector, resulting in more effective co-production and collaboration on key city and locality agendas. For example, the council provides executive support and plays a leading role in the Third Sector Partnership. This is a key part of the city infrastructure through which the third sector, council, NHS, universities and other public sector partners work together to ensure that collectively the conditions are created for a thriving third sector, so organisations can deliver better outcomes for the people of Leeds.

### ***Investment in third sector infrastructure support***

The council invests in third sector-based infrastructure which provides a range of support to frontline third sector organisations, including: financial management, fundraising, training, legal, constitutional issues and governance, organisational development, volunteer management and brokerage. This investment has a particularly important role in ensuring that there is support for small and emerging groups and those groups from ethnically diverse and marginalised communities and priority neighbourhoods.

### ***Investment in the wider sector***

The council makes a significant financial investment in the sector each year. An annual analysis of the council's investment in the third sector is produced and presented to the Third Sector Partnership, allowing council colleagues and partners to track trends, scrutinise and build an overview of where investment is made.

Provisional analysis shows the council's overall investment in the third sector to have been £136.1m in 2021/22 with 1,158 individual third sector organisations and £149.6m in 2022/23 with 1,174 individual third sector organisations, up by 10% from 2021/22. This is likely to reflect the additional COVID-19 grants provided to support local communities and organisations. However, discounting any pandemic-related weighting, the scale and consistency of the council's payments to the third sector has been broadly maintained over recent years, despite the very significant and challenging public sector financial constraints. In 2022/23, Members Improvement in the Community and Environmental (MICE) allocation totalling £193,269.98 was invested in third sector-led, community-based initiatives. The council, along with third sector partners, continues to review the analysis of the council's financial relationship with the sector in order to understand whether the approach is supporting our shared ambitions for the sector and the city.

### ***Dialogue with the third sector around budget pressures, future direction of travel and investment in the sector***

There is ongoing dialogue with the third sector regarding the budget challenges and future plans, for example:

- Council directorates have well-established ongoing arrangements and dialogue with their third sector partners and other interested third sector stakeholders which shapes and informs their

approach to the budget challenges and their priorities. The Compact for Leeds (available [here](#)) sets out well-understood expectations for regular detailed discussions with organisations that will be impacted by any budget reductions or changes.

- In September 2022, Third Sector Leeds (TSL) published a *'Response to the Cost of Living Crisis'* position paper (available [here](#)), which explored the resilience of the third sector to continue supporting communities, and set out the significant pressures faced by the third sector in light of the cost of living crisis. The third sector held discussions with the council and health authorities, where it was noted that financial pressures are likely to be enduring, at least in the medium term. The agreed shared principles were documented in the *'TSL Position Statement: Cost of Living and Third Sector Resilience'* (available [here](#)).
- The *'State of the Third Sector report' 2022/23* (available [here](#)) evidences the sector's resilience and emphasises the stress it is under. Between 2020 and 2022 the third sector experienced a 10% reduction in the number of registered (charitable) organisations; a reduction in the number of small and medium sized organisations; a workforce decrease of 34%; a 25% decline in the number of volunteers; and the doubling of organisations reporting a zero income.
- A number of key actions were taken forward as part of securing the resilience of the third sector. This includes responding to the need to plan for the longer-term resilience of the sector through the development of a city owned Third Sector Strategy, in order to set out a path for more detailed and longer-term work around key areas such as social value and inward investment. The *'Third Sector Strategy 2023 – 2028'* (available [here](#)), developed by Third Sector Leeds in partnership with key stakeholders, was launched in October 2023. The strategy builds upon a decade of developing trust, understanding and teamworking approach within the broad framework of the Best City Ambition. This work recognises there are ongoing opportunities for the third sector to leverage inward investment from other areas and lessen the pressure on statutory partners; however, this needs to be further understood and quantified. It also brings together Leeds policy commitments such as the Compact for Leeds, Third Sector Ambition Statement and Characteristics of a Thriving Community. A series of Third Sector Goes Local events across the city identified strategy priorities for the third sector of commissioning/funding, social value and partnerships. A plan of action is currently being developed with key stakeholders to drive forward the agenda and key priorities.
- Voluntary Action Leeds and the council published the *'Volunteering and COVID-19 in Leeds'* report in October 2022, which brought together learning from the collective response to the pandemic (available [here](#)). The 'blueprint for future action' set out in the report included the development of the *'Leeds Volunteer Strategy'* which was launched by Voluntary Action Leeds in October 2023 (available [here](#)). The strategy sets out a vision for Leeds to be the best city for volunteering, whereby all partners work together to support an innovative and diverse volunteering environment. It is recognised locally and nationally the number of people volunteering has significantly reduced since the COVID-19 pandemic. The ambitions for change articulate a forward approach which celebrates volunteering in all its forms. The strategy sets out the steps partners can take to develop approaches to volunteering that will make it easy for people to find ways to get involved, build a more inclusive city and aid Leeds in adapting to future challenges.
- In light of the significant financial challenge currently faced by the council there has been ongoing dialogue with the third sector. Senior council leaders met with Third Sector Leeds (TSL) in November 2023 to provide early insights into the council's financial proposals to be presented to the December Executive Board. Later that month, the council's Deputy Chief Officer Financial Services provided the Third Sector Partnership with a more detailed overview of the council's financial position outlining the proposed budget, projected gap and the key risks, issues and uncertainties. TSL and infrastructure organisations acknowledged there are limitations to the council's engagement until the proposals are agreed at Executive Board and ultimately at Full Council in February 2024, however affirmed these early insights and detail of the timeline have been helpful to manage expectations and sector messaging. Further

discussion has, and continues to take place, including health third sector spending, alongside analysis from the National Lottery Community Fund and Leeds Community Foundation.

### **Ongoing commitments and developments**

The council continues to drive and support a range of initiatives to ensure that Leeds has a thriving third sector and strong civil society that can deliver for all of the people of Leeds. For example:

- The Third Sector Partnership continues to build on the following policy commitments (all available to download [here](#)):
  - Compact for Leeds
  - Third Sector Ambition Statement
  - Characteristics of a Thriving Community
  - Leeds Pledge to Strengthen Civil Society
  - Leeds Commissioning Code of Practice
  - Leeds Code of Practice for Working Together
  - Social Value Charter
- The Community Care Hubs agenda led to the development of the Community Anchor Model: a network of third sector organisations in each ward across the city acting as the ‘Anchor’. These anchors have established close relationships with organisations in their local area, while also having valuable links with organisations and networks from multiple sectors across Leeds. There are currently 28 anchor organisations with the number signed up steadily increasing.
- The council facilitates the cross-sector Funding Leeds Partnership, which has been leading on ambitions to maximise external investment into Leeds through the third sector by making funding information and support accessible. This includes a Funding Support Service delivered through third sector-based infrastructure Voluntary Action Leeds, and the Funding Leeds platform (available [here](#)). Funding Leeds provides a comprehensive database of funding opportunities which aids the third sector to find funds to achieve their vision. The platform includes information about local support that is available and free to access. The platform is a valuable contributor toward a thriving third sector and has recently been updated to enable improved access and usability. Since the launch of Funding Leeds in 2017, organisations and community groups have self-declared successfully obtaining funding to the value of £3,165,446.
- The Third Sector Commissioning, Collaboration and Partnership Group builds on the strong history in Leeds of collaboration and partnership working, to maintain and further develop the strength of collaborative working between the third and the public sector, particularly as it relates to commissioning and joined up service delivery. As such the group provides a vehicle to ensure that investment, including in the third sector, is coherent and coordinated, and provides important discussion space for undertaking joint work and to address emerging priorities. The partnership developed the Third Sector Consortium Working Toolkit in July 2023 (available [here](#)), which brings together the view of organisations and commissioners to provide clear and useful indicators of key factors that underpin consortium work and success.

Council colleagues and third sector partners will continue to broker further discussions as necessary on budget, global, national, local and other emerging challenges that impact on Leeds, in order to drive new ways of working and contribute to the delivery of the city ambitions; specifically, to ensure that there is a diverse and thriving sector that continues to involve, engage and meet the needs of all communities.

### **Equality impacts and improvement work**

#### **Introduction**

As described above, we know that some of our communities have poorer outcomes than others and this affects them individually as well as the city as a whole. We are committed to making equality a reality for all the citizens of Leeds. We want Leeds to be a city where people are able to recognise,

value and embrace diversity and difference. We will support people from different backgrounds and ages to feel comfortable living together. We will work with organisations across Leeds to promote a clear and consistent message that prejudicial views or behaviour that could result in hate incidents or crimes are not tolerated or condoned. We will work with communities to ensure people are treated with dignity and respect and the causes of unfairness are understood and addressed.

We value the contributions that all citizens in Leeds make to our city, and we want everyone to recognise and appreciate these. We will ensure that we show kindness, and empathise with the difficult situations people find themselves in. We will do what we can to work with them to help them alleviate these. We want to live in an equal society which recognises different people’s different needs, situations and goals and removes the barriers that limit what people can do and can be. We will consider all the protected characteristics covered in the Equality Act 2010, and we will also widen our considerations to others who are disadvantaged in other ways, for example, by poverty.

**Equality Improvement Priorities**

The council’s Equality Improvement Priorities were developed to ensure that the authority meets its legal duties under the Equality Act 2010 and to complement its long-standing strategic ‘Best City’ ambition to tackle poverty and reduce inequalities. Improving equality outcomes and tackling inequality are inextricably linked.

Equality analysis continues to be used to set the council Equality Improvement Priorities and has also been used to inform, and is an integral part of, the council’s Budget proposals. The Equality Improvement Priorities recognise that there are different outcomes and experiences for different groups and communities, highlighting the challenges the city has to address in order to tackle inequalities and help people out of poverty.

In July 2021 the council agreed a new approach to the council’s Equality Improvement Priorities for 2021 to 2025, developed to take into account the disproportionate and differential impact of COVID-19 on inequality. Three cross-council Equality Improvement Priorities were agreed with further Priorities aligned with the eight Best City priorities as set out in the council’s strategic plan at the time, the Best Council Plan 2020 to 2025, helping to hardwire the council’s approach to improving equality and tackling inequality into its strategic framework.

Equality Improvement Priorities 2021 to 2025		
Cross-council	Best City aligned	
<ul style="list-style-type: none"> <li>• Budget</li> <li>• Procurement</li> <li>• Employment and Organisational Culture</li> </ul>	<ul style="list-style-type: none"> <li>• Age-Friendly Leeds</li> <li>• Health and Wellbeing</li> <li>• Child-Friendly City</li> <li>• Culture</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Infrastructure</li> <li>• Inclusive Growth</li> <li>• Housing</li> <li>• Safe, Strong Communities</li> </ul>

The Strategic Equality Improvement Priorities 2021 to 2025 help ensure the council continues to meet its legal duties but, more importantly, continue to improve equality outcomes and help tackle the barriers to poverty and disadvantage for the citizens of Leeds. The priorities do not include all our work across all the protected characteristics but highlight those areas where there are significant differences in outcomes for people due to those characteristics. We believe that by addressing these areas we will make Leeds a better city for everyone. We welcome all communities in Leeds and value the contributions that our citizens make to our city.

In addition to delivering these Strategic Equality Improvement Priorities, the council has adopted an Equality Vision and Action Plan to assist the authority with ‘stepping up a gear’ (this was approved at Executive Board in February 2023). This reflects the significant national and local challenges which have arisen from the pandemic, cost of living crisis, austerity and Brexit, as well as the city’s changing demographics outlined in the Census 2021 and the increasing expectations of our citizens to make progress on addressing inequality.



### VIREMENT DECISIONS TO AMEND APPROVED BUDGETS

#### Supplementary Votes (releases from the General Fund Reserve)

Supplementary votes, i.e. the release of general fund reserves, will only be considered in exceptional circumstances. The following approvals are required:

Up to £100,000	Chief Finance Officer <sup>(1)</sup>
Up to £5m	Executive Board
No specific limit	Council

#### Delegated Virements

- 1 Virement between budget book service heads, within the appropriate budget document approved annually by council will only be permitted in accordance with the following rules and value limits, summarised in Table 1. The virement limits and rules are set annually by council as part of the budget approval process.

The value limits apply to individual virements and are not cumulative.

- 2 Decisions taken in respect of virements will be executive decisions and should be taken in accordance with the requirements for delegated decisions in the council's constitution. Since by definition decisions which require virements do not fall within an existing budget, they should be treated as significant operational decisions unless they meet the threshold to be treated as key decisions. It is expected that any virement decisions arising from substantive operational decisions will form part of an overall decision making report, rather than being treated as a separate decision.
- 3 It should be noted that, whilst directors have delegated authority to approve virements up to £5 million, as with all executive delegations these are made save where the Leader or relevant Portfolio holder has directed, or where the director believes it is appropriate, that the matter should be referred to Executive Board for consideration.
- 4 Proposals to vary budgets arising as a result of the need to address a potential overspend (including shortfalls in income), recycling of efficiency gains and changed spending plans should satisfy the following criteria prior to approval by the decision taker as outlined within the attached table.

In considering proposals to vary budgets, the decision taker will take account of:

- The reason for the request for virement
- The impact on the council as a whole, including employment, legal and financial implications
- The impact on the efficiency of the service as a whole
- The sustainability of the proposals i.e. long term effects

- Whether the proposals are consistent with the council's priorities outlined within the Corporate Plan
- Whether the proposals are consistent with the Budget & Policy Framework
- The cumulative impact of previous virements

In addition, where a virement request exceeds £125k in value the decision-taker must seek the advice of the Chief Finance Officer as to the council's overall financial position prior to approval of the request.

- 5 Where *fortuitous savings* have arisen in any budget head, these should be notified to the Chief Finance Officer immediately they are known. Fortuitous savings are defined as those savings where their achievement has not been actively managed and may include, for example, savings in business rates or lower than anticipated pay awards. Any fortuitous saving in excess of £100k will not be available for use as a source of virement without the prior approval of the Chief Finance Officer.
- 6 Where wholly self-financing virements are sought to inject both income and expenditure in respect of, for example, approved external funding bids, there is no specific limit to the amount which can be approved by directors.
- 7 All virement and other budget adjustment schedules together with a copy of the Delegated Decision Notice and any supporting documentation should be submitted to the Chief Finance Officer for information and action within the financial ledger.
- 8 The Chief Finance Officer reserves the right to refer any virement to members where there may be policy issues.

### **Other Budget Adjustments**

- 1 There is a de-minimus level for virements of £50k, below which any variations to net managed budgets will be deemed other budget adjustments. Budget movements that are not between budget headings within the approved net managed budget will also be other budget adjustments.
  - 2 The Chief Finance Officer may also approve budget adjustments of unlimited value where these are purely technical in nature. Technical adjustments to budgets are defined as those which have no impact upon the service provided or on income generated.
- (1) The role of the Chief Finance Officer (section 151 officer) is fulfilled by the Chief Officer Financial Services

**Table 1****Maximum delegated limits for revenue virements**

<b>Approval Type</b>	<b>Full Council</b>	<b>Executive Board</b>	<b>Chief Finance Officer</b>	<b>Directors*</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A) Supplementary Votes (i.e. release of general fund reserve)</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>100,000</b>	<b>None</b>
<b>B) Virements of the net managed budget into or out of budget book service headings:</b>				
<b>1. Within a directorate</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>None</b>	<b>5,000,000</b>
<b>2. Between directorates</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>None</b>	<b>5,000,000</b>
<b>C) Self-financing virements of the net managed budget (from External Funding)</b>	<b>No specific limit</b>	<b>No specific limit</b>	<b>None</b>	<b>No specific limit</b>

\* Any reference to a director within the constitution shall be deemed to include reference to all officers listed in article 12 of the constitution.

Decisions taken by directors would be subject to consultation with the Chief Finance Officer as required under delegated decision procedure rules.

# LEEDS CITY COUNCIL

## 2024/25 BUDGET REPORT

### Directorate: Adults & Health

#### 1. Introduction

- 1.1 This report has been produced to inform members of the main variations and factors influencing the Directorate's budget for the 2024/25 financial year.

#### 2. Service Context

- 2.1 The current context for Adult Social Care and Public Health continues to be influenced by the Covid pandemic and the resultant pressures this has put across the health and care system. It has necessarily changed significantly how, and which, services are commissioned and delivered. This, along with the economic situation, means the near future remains uncertain; in Public Health sizeable efforts will still need to be directed to managing the pandemic and its after-effects throughout next year and a possible reprioritisation of services funded by the Public Health grant. Adult Social Care will work within an uncertain environment of changes to its service offer mix and whether those changes are permanent or temporary, and a care market significantly affected by the pandemic, workforce, and inflationary pressures. With specificity to each service the following aims to add further context.
- 2.2 **Adult Social Care:** the national context for Adult Social Care continues to be one of increasing demographic pressures with; increased life expectancy, increasing complexity of need, increasing demand for mental health services, increasing acuity of need and people's expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services. These national trends, which are leading to increased cost pressures, have been evident for many years, but the economic climate is adding further pressure on public finances and the reductions in public spending have added to the financial challenges faced by Adult Social Care.
- 2.3 To partially mitigate the financial pressures, the Government has announced increases to existing grants and that local authorities will be permitted to levy a 2% adult social care precept increase for the 2024/25 financial year, detailed in 3.3.1 below.
- 2.4 There is concern that, given the scale of demand and cost pressures on adult social care, this additional funding will not fully address the financial challenges faced, particularly within the context of continuing funding pressures for the Council as a whole. In September 2021, the Government presented to Parliament proposals for future funding reforms for Health and Social Care, "Building Back Better: Our Plan for Health and Social Care". This programme has now slipped to October 2025. Most of the funding earmarked for implementation from October 2023 has now been allocated as additional Social Care Grant and new Better Care Fund grant requiring close working with the Leeds Integrated Care Board (Leeds-ICB); detailed in 3.3.1 below.
- 2.5 The pandemic had an impact on the mix of care provided, particularly a move from residential to community-based care. The last year has seen this flow reversing and the long-term effects of this may impact on the types and volumes of future provision. Whilst focus remains on supporting people to continue to live at home, increasing complexity and

acuity of need means there may be an increase in the number of people requiring nursing care home provision. At the same time, whilst the number of people supported to remain at home is not increasing substantially, there is already evidence of size of packages of care increasing, again due to increased acuity.

- 2.6 There continues to be an increase in the cost of care and support packages for working age adults and in particular for people with complex health and care needs relating to learning disabilities, autism and/or other neurodiverse needs. This includes young people transitioning from children's services into adults' services.
- 2.7 Adult Social Care will continue to develop and implement its approach to design care and support arrangements around the strengths of people who draw on care and support services and carers (strengths based social care), and the assets available within their communities empowering them to live the 'Better Life' that they want for themselves. In addition, it will continue to work with NHS partners to develop plans for meeting the needs of the NHS England-led Transforming Care programme and health and social care initiatives.
- 2.8 The Care Act, 2014, places a statutory duty on local authorities to ensure they have a stable and financially viable local market of care and support providers, not only for people who require state support but also for people who fund their own care. This places a requirement on the Council to set fees for externally commissioned care and support services at levels which meet providers' costs. A significant factor in this is the increase in wage rates of the wider social care workforce.
- 2.9 **Public Health:** Public Health commissions a wide range of providers to deliver Public Health services. These include 3rd sector providers, GPs, Pharmacists and Leeds Community Healthcare. Though in recent years the Government has announced that Public Health grant will be maintained in real terms, this does not reverse the significant real terms cut to the grant since 2015/16; nor at the announced 1.3% increase will it meet inflationary costs going into 2024/25. After several years of cuts and new burdens the service is still operating on a smaller grant than in previous years. Leeds receives significantly less per head of population than the other English core cities and neighbouring authorities (due to historic local NHS funding agreements).
- 2.10 Public Health have additional responsibilities and further ringfenced non-recurrent funding in 2024/25. These include responsibilities to support the Government's ambition to develop a world class substance misuse treatment, £8,445k, and recovery system and the recently announced plan to create a smoke free generation, £985k.

### 3 **Budget Proposals**

- 3.1 This 2024/25 budget has been set at £199,370k representing a net increase of £100k (0.1%) when compared to the adjusted budget for 2023/24. This net increase comprises several changes in resources totalling £9,457k and pressures totalling £35,193k, offset by savings of £25,636k which are explained below.

#### 3.2 **Budget Adjustments and Transfers**

- 3.2.1 There have been a number of service transfers and other budget adjustments which are reflected in the 2024/25 budget.

3.2.2 These include £421k inflation for Passenger Transport delivered in Resources and Housing, covering £501k funding for pay inflation offset by £80k saving for fuel.

3.2.3 £130k for the transfer of staffing budgets from Strategy & Resources Shared Services Business Admin service back into Adults & Health.

### 3.3 **Changes in Specific Grant Funding – increase of £12,757k**

3.3.1 New Social Care Grant announced in the autumn statement amounting to £11,657k has been included in the 2023/24 A&H budget. There are three adult social care grants that make up this budget provision reflected in the Adults & Health 2024/25 budget; Social Care grant £4,796k, Adult Social Care Discharge grant £2,957k and the Market Sustainability and Improvement grant £3,904k. The Discharge grant and the Market Sustainability and Improvement grant both come with specific conditions attached as to how they can be utilised. Primarily around increasing fee rates for providers in Leeds, increasing adult social care workforce capacity & retention and reducing adult social care waiting times.

3.3.2 Provision for additional Better Care Fund (BCF) grant, £1,100k, has been included in the 2024/25 budget. The funding will be required to be pooled as part of the BCF agreement with the Leeds -Integrated Care Board (Leeds-ICB).

### 3.4 **Changes in Use of Reserves and Balances – reduction of £3,300k**

3.4.1 A repayment of £3,300k for the 2023/24 use of reserves for supporting specific Adults & Health innovation programmes.

### 3.5 **Changes in Other Resources - £nil**

3.5.1 There have been no changes in Other Resources within Adults & Health directorate.

### 3.6 **Pay Inflation – pressure of £2,997k**

3.6.1 This budget provides £2,997k for the following elements of pay inflation: the Employers final pay award for 2023/24 and 3.5% for both NJC and JNC staff in 2024/25; the recently announced Real Living Wage increase to £12, with an hourly rate of £12.00 at pay scale point 2 in 2024/25.

### 3.7 **Price Inflation – pressure of £20,265k**

3.7.1 **Energy Inflation:** Prices within the energy market continue to fall and the Council notes further price improvements are considered achievable. Forecasts assume decreases against the 2023/24 base budget of 18.6% for gas and 10.6% for electricity. These reductions are reflected in the 2024/25 budget resulting in a total reduction in provision of £109k.

3.7.2 **Fuel Inflation:** This budget provides a £1k saving on the cost of fuel.

3.7.3 **NNDR Inflation:** This budget provides £36k for additional NNDR uplift in charges.

3.7.4 **Other Price Inflation:** No provision has been made for inflation on running cost budgets other than demand-based budgets and where there are specific contractual commitments. The main provision for price inflation is £20,738k for care packages and other commissioned demand led services. The modelling for the care packages assumes



providers delivering residential care pay staff the Real Living Wage (RLW) of £12.00 and for Homecare RLW + 40p. This continues the uplift to the RLW for residential settings and RLW + 40p for Homecare provision reflected in the 2023/24 budget.

- 3.7.5 **Income inflation:** This budget provides provision for £400k general income inflationary uplift. This is separate to the income proposals outlined below in the Business As Usual section, 3.13.
- 3.8 **Actuarial Review – £nil**
  - 3.8.1 The 2024/25 budget reflects no increase in the Employers Pension contribution to the West Yorkshire Pension Fund.
- 3.9 **Capitalised Pension Costs – pressure of £5k**
  - 3.9.1 Capitalised pension costs associated with staff who have left the Council under ELI to date will cost an estimated £5k.
- 3.10 **Demand and Demography – pressure of £9,643k**
  - 3.10.1 Additional provision of £9,643k has been made to reflect the demand and demographic pressures forecast for the 2024/25 for care packages. In recognition of the financial challenges facing the council the Directorate intends to put measures in place to carefully manage this demand and ensure the costs of care packages represent value for money. Whilst the additional provision has been allocated across placements, domiciliary care, direct payments and the learning disability pooled budget, the type of service will reflect client needs and choices so each element of the community care packages budget cannot be predicted with absolute accuracy.
- 3.11 **Other budget pressures – pressure of £2,284k**
  - 3.11.1 Several corporately managed areas have had a small impact on the Adults and Health 2023/24 budget: increase in insurance provision, £16k; increased Apprentice Levy provision, £16k. The increased insurance costs reflect changes in the number and value of insurance claims.
  - 3.11.2 Demand pressures of £650k for the transportation of adults within Leeds by the Passenger Transport in-house service is provided for in the 2024/25 budget.
  - 3.11.3 Following a review of charges into the Disabled Facilities Grant (DFG), a phased budget adjustment of £200k has been made to Adults & Health 2024/25 budget. A further and final budget adjustment for £200k in 2025/26 is planned to be actioned.
  - 3.11.4 £632k provision within the 2024/25 Adults & Health Strategy and Resources budget for removing staff costs that re charged into the capital programme. This is due to capital grants ceasing.
  - 3.11.5 Due to changes in Housing Benefit regulations the 2024/25 budget provides for a £150k reduction in income.
  - 3.11.6 £620k investment in Adults & Health staffing to support staff retention and increasing capacity. £150k for Wellbeing Workers, £120k for a Senior Delivery Manager and Administrative Support and £350k investment in the Care Recording Team in Resources &

Strategy to ensure client level data accuracy and timeliness in invoicing.

## **Savings**

### **3.12 Business As Usual – £22,866k**

- 3.12.1 Since February 2023, the Adults & Health Directorate has had 39 Business As Usual proposals approved at the February, September, November, and December 2023 Executive Board meetings. These can be grouped up into 5 themes as detailed below.
- 3.12.2 The 2024/25 budget for Adults & Health has provision for commissioning and contracts savings proposals of £8,326k: £6,622k for contract reviews across all areas of Adult Social Care commissioned services; £500k to reflect the increasing numbers of young adults transitioning into Adult Social Care; £600k for removal of quality premium rate from independent sector care home placements; £200k for reviews of Third Sector grants and contracts; £54k contract savings from Live Well Leeds; £150k from reviewing supported bank account contract for direct payments; £150k to reduce hospital stay cover for homecare to cover direct staffing costs only; £50k reduction in Asset Based Community Grants
- 3.12.3 Provision of demand management savings proposals of £500k have been reflected in the 2024/25 budget: £400k for direct payment efficiencies and £100k for the full year effect of the 'Ordinary Residence' ruling which was clarified in 2023.
- 3.12.4 Invest to Save proposals of £3,050k have been proposed: £3,000k for the Home First programme which is developing and implementing a new model of intermediate care services to achieve more independent and safe outcomes, helping more people to stay at home, whilst improving the experience for people, carers, and staff. Includes Health and Leeds City Council; £50k for an invest to save proposal for the Deputy & Appointeeship Team in Resources and Strategy for increased caseload.
- 3.12.5 Income proposals of £10,290k have been proposed: £3,920k for improved collection of financially assessed client income; £4,360k increase in client income resulting from the uplift in government benefits from April 2023; £1,500k from improved monitoring of temporary placements and ensuring financial assessments undertaken in a timely manner; additional £200k for year two delivery of the business plan for the in-house telecare service; £250k workforce development increased income target; £50k income target for Service Transformation Team and £10k from a pilot with government agencies to provide robustness to financial assessments.
- 3.12.6 Other proposals of £700k have been proposed from reviewing back office and non-demand led budgets.

### **3.13 Service Review £2,770k**

- 3.13.1 Year three for the savings programme for the review of Adult Social Work provision, where areas for consideration were (a) changes in Social Care at 'the front door,' to maximise capacity to meet growing demand for information, advice, and a social care assessment of needs, embedding an 'independence first' approach that uses Occupational Therapy staff; (b) Changes to Social Work reviewing functions to maximise capacity to meet statutory social care duties by piloting a new Community Reviewing Team. This will include Occupational Therapy and Social Work staff to enhance the capacity of the current Adult

Reviewing Team to deliver an increased reviewing schedule, will generate a further saving of £1,120k.

- 3.13.2 Year three for the savings programme from aligning in-house mental health provision with strategic commissioning work & reviews, leading to increased partner contributions, greater alignment to care pathway (i.e., provision supporting more individuals who would have otherwise needed another mental health care package elsewhere), reduction in void costs, better use of internal resources and increased move on, further saving £50k.
- 3.13.3 A fundamental review of day services covering both Leeds City Council provided day care services alongside commissioned day services, will generate savings of £1,350k. Provision within the 2024/25 budget for a 10% efficiency target. See Service Review report submitted to December 2023 Executive Board, Revenue Savings proposals 2024/25 to 2026/27.
- 3.13.4 It is proposed to review the charges applied to adult social care activities: both those already in place, and the potential to introduce new charges, will generate additional income of £150k.
- 3.13.5 A fundamental review of Leeds City Council run care homes, to continue with the Better Lives transformation agenda to move in-house provided services towards a recovery model of care and support to enable people to live healthy and happy lives within their own homes for longer, will generate savings of £100k.

## 4 Risk Assessment

- 4.1 In determining the 2024/25 budget, consideration has been given to all the risks, which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered as carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2024/25 budget for the Adult & Health Directorate are:
- 4.2 For Adult Social Care, a significant ongoing risk relates to the demand led nature of the services provided, together with the statutory responsibility to ensure that all assessed eligible needs are met, which means that the expenditure requirements to be met from the Adult Social Care budget cannot be predicted with absolute certainty.
- 4.3 The continuing impact of the pandemic and the change in the current mix of care provided only enhances this risk. The budget is based on realistic demographic information using trends experienced in Leeds and national and local indicators that are available to the Council. However, the nature of demand for these services can be volatile and subject to demand factors that Adults & Health cannot directly control. The numbers of people who require care and support and the complexity of their needs may exceed the provision made within the budget; a modest percentage variance in numbers can give rise to a substantial cash variance. In this context, delivering several of the savings included within the 2024/25 budget carries some risk. The overall budget for demand led commissioned services is over £305m, as such just a 1% variance equates to £3.1m.
- 4.4 Over the last three years significant increases in client income contributions has been reflected in the A&H Budget. 2024/25 reflects additional client income of nearly £8m, taking the overall client income for 24/25 up to £60m. Given the overall uplift in client income there is a risk that we do not achieve this level of income.

- 4.5 For Public Health, outside of the uncertainties that the Covid pandemic continues to provide, there is a continued risk of harm to health and an increase in health inequalities due to the impact of the reduced funding led cuts on commissioned services and programme budgets over the last few years. Though the grant was increased by 3.3% in 23/24 it is still lower than several years ago. Draft issuance of 2024/25 Public Health grant is for a 1.3% uplift to £49,305k. Final settlement will be confirmed later in the year.
- 4.6 A risk of newly endorsed NICE (National Institute for Clinical Excellence) treatments becoming a cost pressure due to the Council's Public Health responsibilities. The Office of the Director of Public Health is responsible for several contracts which are activity based. There is a financial risk, based on the possibility of fluctuation of demand, some of which is determined by NHS tariff.
- 4.7 In 2023/24 NHS England provided funding for the annual pay award for NHS providers who are contracted to deliver Public Health Services for Local Authorities. There is an on-going risk of a significant pressure to fund future Agenda for Change NHS pay awards in 2024/25 and beyond.
- 4.8 There is an overarching risk covering public health and social care relating to changes in national policy, practice, and legislation e.g., Agenda for Change, Transforming Care Programme.

Briefing note prepared by: Alun Ellis (Head of Finance)  
Telephone: 0113 378 3557

## Directorate - Adults & Health

	2024/25 £m	FTEs
<b>Net managed budget 2023/24</b>	198.719	
<b>Adjustments</b>		
Business Administration transfer staff into Adult Social Care	0.130	
CEL Passenger Transport inflation (pay, fuel & fleet)	0.421	
<b>Adjusted net managed budget</b>	199.270	
<b>CHANGES IN RESOURCES</b>		
<b>Grant Reductions/Fallout</b>		
<b>Grant Increases</b>		
Better Care Fund (BCF)	(1.100)	
Social Care Grant and new burdens	(11.657)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Remove 2023-24 Use of Reserves	3.300	
23-24 Use of A&H Reserves to pump prime future years savings		
<b>Changes in Other Resources</b>		
<b>Total Change in Resources</b>	<b>(9.457)</b>	<b>0.00</b>
<b>PRESSURES</b>		
<b>Inflation:</b>		
<b>Pay</b>	2.997	
<b>Energy</b>	(0.109)	
<b>Fuel</b>	(0.001)	
<b>Other</b>		
Commissioned Demand Led Budgets reflecting paying the Real Living Wage	20.738	
NNDR	0.036	
Income	(0.400)	
<b>Employers Pension</b>		
<b>Capitalised Pensions</b>	0.005	
<b>Demographic and demand pressures</b>		
Demand & Demography	9.643	
<b>Other</b>		
Insurance	0.016	
Apprentice Levy	0.016	
CEL charges - Passenger Transport, Catering, Cleaning & Security	0.650	
Housing Benefit income - ineligible claims	0.150	
Phase reduction in staff charges to DFG capital grant	0.200	
Wellbeing Workers retention payments scp 22 from scp 17. Cease August 24.	0.150	
SDM & Admin Reablement	0.120	
Resources & Strategy staffing costs no longer capitalised	0.632	
R&S - Care Record Team and impact client level data	0.350	
<b>Total Pressures</b>	<b>35.193</b>	<b>0.00</b>

	2024/25 £m	FTEs
<b>SAVINGS</b>		
<b>Business As Usual</b>		
<b><u>Commissioning and Contracts</u></b>		
Reduce rate paid for hospital / home care period to staffing costs only	(0.150)	
General management of market to include value for money and package prices outside framework price range	(2.000)	
Continued Value for Money work on high costs packages (working age adults)	(0.500)	
Continued review of CHC eligibility (older people and mental health)	(0.500)	
Demand / market management: reviewing fee setting, care package review, in-	(3.622)	
Widen transition process for children to adults (able to address and reduce high cost packages)	(0.500)	
Remove quality premium from independent sector care home placements	(0.600)	
Review of third sector grants and contracts	(0.200)	
Commissioning 5% contract saving for Live Well Leeds	(0.054)	
Review supported bank account contract (direct payments)	(0.150)	
Reduce level of new ABCD (Asset Based Community Development) grants	(0.050)	
<b><u>Demand Management</u></b>		
Full-year effect of 'ordinary residence' ruling	(0.100)	
Direct Payment efficiencies	(0.400)	
<b><u>Invest To Save proposals</u></b>		
Invest to save proposal for Deputy and appointeeship's team	(0.050)	
HomeFirst Programme - launched autumn'23	(3.000)	
<b><u>Income</u></b>		
Launch of new business plan for Telecare Service	(0.200)	
Workforce Development - additional traded income	(0.250)	
Improved monitoring of Temporary Placements	(1.500)	
Increase in client income - FN31 Homecare FYE of 23-4 in-year uplift.	(1.720)	
Increase in client income - impact of government benefits uplift	(4.360)	
Increase in client income -23-24 trend	(2.200)	
Service Transformation Team income target	(0.050)	
Pilot with Government Agency to provide robustness to financial assessments	(0.010)	
<b><u>Other</u></b>		
Review back-office/non-demand budget spend	(0.700)	
<b>Service Review</b>		
Year 3 further savings from the strategic review of Adult Social Work (front door & reassessment)	(1.120)	
Year 3 further savings from the in-house strategic mental health review opportunities	(0.050)	
Review of existing charges and introduction of new charges for adult social care activities	(1.350)	
Review of existing charges and introduction of new charges for adult social care activities	(0.150)	
Review of in-house care homes	(0.100)	(23.73)
<b>Total Savings</b>	<b>(25.636)</b>	<b>(23.73)</b>
<b>Net Managed Budget 2024/25</b>	<b>199.370</b>	<b>(23.73)</b>



# LEEDS CITY COUNCIL

## 2024/25 BUDGET REPORT

### Directorate: Childrens and Families

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2024/25 financial year.

#### 2 Service Context

- 2.1 The Children & Families directorate continues to strive to deliver high quality, child and family centric services which seek to put the welfare of children and families at the heart of our service delivery. The Directorate continues to seek to put practice over process and there is a firm recognition that making the correct practice decisions, especially focussed on early help, will deliver beneficial outcomes whilst also helping support the very serious cost pressures that exist nationally and are impacting our work here in Leeds. Within this context there are still significant challenges, with Leeds experiencing (in line with national trends) increased demand for services and an increased level of complexity of need at the same time as continuing to face recruitment and retention challenges across a number of critical professional fields, including social care and education psychology.
- 2.2 The current financial and cost of living crisis and the impact of Covid continue to have a disproportionate effect on our most in need families. The result is more families requiring support and increasing levels of complexity in need being presented. This is shown in the increase in number of children looked after (following a plateau in previous years) of around 76 over the last 12 months. Analysis shows this is due to increased numbers entering the care system, at the same time as a reduction in those who can be safely moved to a position of not being looked after. Every opportunity to prevent children entering the care system (where it is appropriate for them not to) is taken and practice-based decision making supports this approach along with the provision of appropriate, high quality early help and preventative services. A similar increase in demand has been seen within Learning, for instance the number of applications for Education Health & Care Plan assessment has risen rapidly, in the context of struggles to recruit and retain Educational Psychologists (a role critical to the completion of EHCP assessments). This increase in demand, coinciding with workforce challenges, has resulted in capacity issues within the directorate throughout 2023, including a number of senior leadership roles being vacant or subject to interim/temporary arrangements. A range of initiatives have been delivered and will continue to be taken forward to seek to address these issues, and the directorate is now moving forward with a programme of transformation activity, focused in some key areas of activity including diversification of our residential offer, improved commissioning outcomes, changes to our fostering offer, and end to end review of our EHCP processes, a sustained focus on delivering as effective as possible transport arrangements, review of LCC Childrens Centres, review of Little Owls Provision, creating a focused adolescent support service, closer working with health partners, etc., to further increase capacity, achieve efficiencies, deliver required financial savings and to seek to position services on a sustainable future footing.

### 3 **Budget Proposals**

3.1 This 2024/25 budget has been set at £157,421k representing a net increase of £15,714k (11.32%) when compared to the adjusted budget for 2023/24. This net increase comprises a number of changes in resources totalling £19,565k and pressures totalling £45,811k, offset by savings of £10,532k which are explained below.

#### 3.2 **Budget Adjustments and Transfers - (£1,131k)**

3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2024/25 budget.

3.2.2 Following a review the Localities Service has transferred from Childrens and Families to the Communities, Housing and Environment directorate. An in year adjustment of (£2,207k) has been made to reflect the cost of the service transferred.

3.2.3 There is an adjustment of £775k relating to the transfer of Business Admin posts and budgets from the Strategy and Resources directorate to Childrens and Families.

#### 3.3 **Changes in Specific Grant Funding – increase of £19,565k**

3.3.1 There is additional Social Care funding of £12,894k in relation to Children’s social care services.

3.3.2 To reflect the growth in the number of Children Looked After the budget provides for an additional contribution of £1,531k from the Integrated Care Board (ICB) and an additional £1,295k of Dedicated School Grant (DSG).

3.3.3 Additional Unaccompanied Asylum Seeking Children (UASC) funding is included of £2,025k to reflect the continued growth in UASC numbers.

#### 3.4 **Changes in Use of Reserves and Balances**

3.4.1 There are no changes in the use of reserves and balances for 2023/24.

#### 3.5 **Changes in Other Resources - increase of £1,820k**

3.5.1 The budget assumes that various accounting measures including capitalisation and cash limiting inflation will provide additional budget resources of £1,320m. In addition, the budget reflects an additional £500k of grant income and associated funding substitution opportunities.

#### 3.6 **Pay Inflation – pressure of £5,041k**

3.6.1 This budget provides £5,041k for the following elements of pay inflation: the Employers final pay award for 2023/24; 3.5% for both NJC and JNC staff in 2024/25; the recently announced Real Living Wage increase to £12.00, with an hourly rate of £12.00 at pay scale point 2 in 2024/25.

#### 3.7 **Price Inflation – pressure of £13,234k**

3.7.1 **Energy Inflation:** Prices within the energy market continue to fall and the Council notes further price improvements are considered achievable. Forecasts assume decreases

against the 2023/24 base of 18.6% for gas and 10.6% for electricity. These reductions are reflected in the 2024/25 Budget resulting in a total reduced provision of £445k.

- 3.7.2 **Fuel Inflation:** This budget also provides a decrease of £10k for the impact of inflationary decreases on the cost of fuel.
- 3.7.3 **Price Inflation:** £9,824k has been provided for increased demand on Children Looked After (CLA) and financially supported non-CLA budgets (which include arrangements that prevent children from becoming looked after, such as special guardianship orders). The increase is partly offset by savings proposals detailed later in this report. An additional £3,224k has been provided for increased inflation on Transport budgets, with a further £641k provided for other price inflation.
- 3.8 **NNDR - saving of £23k**
  - 3.8.1 The provisional 2024/25 Business Liability assessment has indicated an estimated saving of £23k.
- 3.9 **Insurance – saving of £300k**
  - 3.9.1 A saving of £300k has been included for insurance costs, which reflects changes in the number and value of insurance claims.
- 3.10 **Actuarial Review**
  - 3.10.1 The 2024/25 directorate budget reflects no increase in the Employers Pension contribution to the West Yorkshire Pension Fund.
- 3.11 **Capitalised Pension Costs – saving of 8k**
  - 3.11.1 The fall out of capitalised pension costs associated with staff who have left the Council under ELI to date will save an estimated £8k.
- 3.12 **National Living Wage - Commissioned Services – pressure of £590k**
  - 3.12.1 Provision of £590k has been included for the estimated cost of the increase in the national living wage for external placement costs.
- 3.13 **Demand and Demography – pressure of £24,979k**
  - 3.13.1 £22,903k has been provided for increased demand on Children Looked After (CLA) and financially supported non-CLA budgets (which include arrangements that prevent children from becoming looked after, such as special guardianship orders).
  - 3.13.2 £2,076k has been provided for increased demand on Children’s Transport Services.
- 3.14 **Other budget pressures – £2,298k**
  - 3.14.1 Provision has been included in the budget to remove a historic income action plan of £1,200k which will be offset from within the savings presented below.

- 3.14.2 A reduction of £500k has been included for repayment towards previous borrowing against school balances, which supported early intervention and preventative services in Children's Services.
- 3.14.3 A further £50k has also been included in the budget for direct payments reflecting increased demand. An additional £25k has also been included to reflect increased apprentice levy payments.
- 3.14.4 A pressure of £200k is included in the budget to reflect the increased costs associated with Kinship care provision.
- 3.14.5 An additional £75k has been included to offset the cost of additional security required at Kernal House.
- 3.14.6 Provision has been included in the budget for an additional £500k of passenger transport costs, reflecting increased demand for passenger transport services that support special educational needs and disabilities.
- 3.14.7 Due to a decrease in the funding of the Mindmates provision there is a pressure of £250k.

### **Savings**

- 3.15 **Business As Usual – £3,853k**
- 3.15.1 Savings of £1,000k have been included for a reduction in non-essential spend across the Directorate.
- 3.15.2 A saving of £40k will be made against staff transport budgets.
- 3.15.3 A review of traded services will ensure that they break even and as such a savings of £347k will be made against the general fund budget.
- 3.15.4 A review of grant funding shares will ensure that a further £250k of grant income can be generated to offset general fund expenditure.
- 3.15.5 Learning Improvement targeted staffing reductions will deliver a saving of £31k.
- 3.15.6 Developments will be delivered at Herd Farm to facilitate the provision short term internal residential provision saving £50k.
- 3.15.7 An additional £200k of savings will be delivered with the acceleration of the agreed Small Group Living development proposal.
- 3.15.8 A new agreement on transport cost and income sharing with WYCA will deliver savings of £500k.
- 3.15.9 Additional savings arising from review of transport costs (efficiencies, process changes and delivery opportunities) will deliver savings of £1,315k.
- 3.15.10 Other business as usual savings include a reduction in the local authority contribution to Leeds Safeguarding Childrens Partnership £16k, Workforce Development changes £50k and a reduction in the Learning systems miscellaneous property budget £50k.

### 3.16 **Service Review £6,677k**

- 3.16.1 The current Children and Families contract register will be reviewed to identify efficiencies of £1,200k within commissioned services which will then be agreed with providers in accordance with the Compact for Leeds regarding notice.
- 3.16.2 The budget 2023/24 assumed net savings from the delivery of plans to diversify residential provision. The implementation of this proposal has been delayed and as such savings assumed to be delivered within the base budget have been reprofiled resulting in a savings pressure of £2,297k in 2024/25.
- 3.16.3 A further review will commence consultation with our recognised Trade Unions and engagement with staff across the Directorate about ways in which savings of £2,250k can be delivered through workforce reductions.
- 3.16.4 A review of Children's Centres will consider possible means to generate service efficiencies by way of either savings, or the generation of new income. A savings target has been set of £1,000k.
- 3.16.5 A wider review of the Little Owls nursery provision will consider the local authority role in provision of day care, as well as the viability of the current business model with the aim of identifying further opportunities to achieve efficiencies across the Little Owls service. A savings target of £900k has been set for 2024/25.
- 3.16.6 A proposed investment in specific resource offering targeted support to adolescents who are at risk of entering care, will aim to reduce admissions to care thereby providing better outcomes for those adolescents whilst providing a net financial saving of £1,250k.
- 3.16.7 A saving of £330k will be delivered with the proposed ceasing of the current delivery of the Multi Systemic Therapy for Child Abuse and Neglect (MST-CAN) service. This cohort of service users will continue to be supported using other existing resources in the directorate.
- 3.16.8 Existing resources will be used to provide support to allow continued activity to support the cohort of service users currently supporting by the Caring Dads workstream. The cessation of this element of the service will deliver savings of £230k.
- 3.16.9 An invest to save proposal is anticipated to save £1,820k through the identification and securing of additional housing/accommodation provision which would enable individual Unaccompanied Asylum Seeking Children (UASC) to be accommodated in the most appropriate and cost-effective accommodation. This proposal would enable Children and Families to secure more cost effective accommodation for those children currently placed in accommodation or foster care arrangement which provide higher levels of support than needed.

## 4 **Risk Assessment**

- 4.1 In determining the 2024/25 budget, consideration has been given to all of the risks, which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered as carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2024/25 budget for the Childrens and Families Directorate are:

- 4.2 There is an increasing number of children with special and very complex needs. This impacts in particular on the Children and Families placements budget for Children Looked After and financially supported non-CLA, as well as budgets linked to EHCPs and transport. These budget proposals provide for increased demand and inflation, however there is a risk that both demand and inflation may increase beyond current projections. The Directorate continues to develop innovative approaches to the delivery of services to mitigate the demand pressures, including a focus on preventative Early Help services.
- 4.3 The Service reviews proposed by Childrens and Families will require significant work within the directorate to deliver the budgeted savings. There is a risk that if the service reviews are not delivered there would be additional budget pressures in 2024/25.
- 4.4 The Directorate's proposed budget assumes grant income based on previous trends; however a number of grant allocations will be announced after the budget has been prepared and there is a risk that the final allocations will be less than projected. There is also a risk there will be reductions in traded income as more schools become academies, resulting in reduced demand for services.

Briefing note prepared by: Lucie McAulay (Head of Finance)  
Telephone: 0113 378 8766



Directorate - Childrens and Families

	2024/25 £m	FTEs
<b>Net managed budget 2023/24</b>	142.84	
<b>Adjustments</b>	(1.13)	
<b>Adjusted net managed budget</b>	141.71	
<b>CHANGES IN RESOURCES</b>		
<b>Grant Reductions/Fallout</b>	0.00	
<b>Grant Increases</b>		
Funding for childrens social care	(12.90)	
CLA: ICB (Integrated Care Board) additional contribution to CLA external residential plac	(1.53)	
Unaccompanied Asylum Seeker Children Funding	(2.03)	
Additional DSG Grant Income	(1.30)	
<b>Changes in the use of Reserves &amp; Balances</b>	0.00	
<b>Changes in Other Resources</b>		
Additional Grant Income / substitution	(0.500)	
Accounting measures	(1.320)	
<b>Total Change in Resources</b>	<b>(19.57)</b>	<b>0.00</b>
<b>PRESSURES</b>		
<b>Inflation:</b>		
Pay	5.04	
Price	13.68	
Energy	(0.44)	
Fuel	(0.01)	
NNDR	(0.02)	
Insurance	(0.30)	
<b>Employers Pension</b>		
<b>Capitalised Pensions</b>	0.01	
<b>Demographic and demand pressures</b>		
Demand and demography	24.98	
<b>National Living Wage - commissioned services</b>		
National Living Wage/Ethical Care Charter	0.59	
<b>Income Pressures</b>		
Historic Income Action Plan	1.20	
<b>Other</b>		
Repayment of borrowing	(0.50)	
Education Psychology	0.50	
Apprenticeship Levy	0.03	
Kinship care	0.20	
Direct payments	0.05	
CLA Staffing: Kernal House	0.08	
Passenger Transport	0.50	
Mindmates	0.25	
<b>Total Pressures</b>	<b>45.82</b>	<b>0.00</b>

	2024/25 £m	FTEs
<b>SAVINGS</b>		
<b>Business As Usual</b>		
Non essential spend savings	(1.00)	
Passenger Transport	(0.12)	
Transport Review	(0.20)	
Staff transport costs	(0.04)	
Review of Childrens Traded Services to breakeven	(0.35)	
Review of Grant funding shares	(0.25)	
Learning Improvement targetted staffing reductions	(0.03)	(1.00)
CLA: Short Term Internal Residential Provision, Herd Farm	(0.05)	
CLA: Small Group Living - Bring forward timescales for delivery	(0.20)	
LSCP (Leeds Safeguarding Children's Partnership) - reduction in council's	(0.02)	
Workforce development changes (increased income and reduced costs)	(0.05)	
Learning Systems: reduction in miscellaneous property budget	(0.05)	
WYCA transport cost and income sharing	(0.50)	
Additional savings arising from review of transport costs (efficiencies, process changes and delivery opportunities)	(1.00)	
<b>Service Review</b>		
Staffing Reductions	(2.25)	(45.00)
Review of Commissioned Activity	(1.20)	
Review of Little Owls Service Provision	(0.90)	
Adolescent Support Service: Invest to save	(1.25)	11.00
Ceasing of Multi-Systemic Therapy for Child Abuse & Neglect (MST-CAN) service	(0.33)	(5.20)
Ceasing of Caring Dads Service	(0.23)	(5.50)
Review of Childrens Centre	(1.00)	
Diversifying Childrens residential provision	2.30	
UASC Invest to Save	(1.82)	3.00
<b>Total Savings</b>	<b>(10.53)</b>	<b>(42.70)</b>
<b>Net Managed Budget 2024/25</b>	<b>157.44</b>	<b>(42.70)</b>

# LEEDS CITY COUNCIL 2024/25 BUDGET REPORT

## Directorate: Childrens and Families

### The Schools Budget 2024/25

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Schools budget for the 2024/25 financial year.

#### 2 Context

- 2.1 The Schools budget is mainly funded by the Dedicated Schools Grant (DSG), the majority of which is passed on to schools, with a small proportion of the grant being retained to support the Council's education responsibilities. The DSG funding allocations for schools and the Council are agreed following consultation with schools and the Leeds Schools Forum, a statutory board with some decision making powers in relation to the use of DSG.
- 2.2 The Council makes two main decisions about the DSG budget, both of which are made following consultation with Schools Forum and all schools. One of these relates to the formula used to distribute the core funding for mainstream maintained schools and academies. This is taken as an annual Key decision by the Director of Children and Families. The other decision relates to the budget for High Needs, which provides funding for Special Educational Needs and Disabilities (SEND). This decision is taken by Full Council as part of this budget report.
- 2.3 As the decisions made in relation to DSG affect maintained schools, academies and some private providers, the details within this appendix provide information about the DSG funding available across the city as a whole. However, it should be noted that the Council does not administer payments for all of this funding, as some is paid directly to academies by the Education and Skills Funding Agency (ESFA).
- 2.4 In addition to DSG, schools are provided with a number of other specific grants from the ESFA, details of which are provided below. The Council receives this funding on behalf of maintained schools and distributes the funding to those schools in line with ESFA requirements. The Council does not receive this funding for academies, who are paid directly by the ESFA. However, the amounts for academies are included in the figures that follow, in order to provide consistency with the DSG funding figures and enable a meaningful year on year comparison of funding within Leeds, as maintained school figures on their own would reduce due to academy conversions.

#### 3 Budget

- 3.1 The 2024/25 expected schools funding for Leeds is £1,042.36m, representing a net increase of £45.75m (4.59%) when compared to the adjusted funding for 2023/24. This increase comprises a number of changes in grant funding which are explained below.

## 3.2 **Dedicated Schools Grant**

- 3.2.1 The Schools budget is mainly funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and can only be applied to meet costs that fall within the Schools budget.
- 3.2.2 With effect from the end of 2019/20, new provisions were added to the School and Early Years Finance Regulations which required local authorities to carry forward any DSG overspends or deficit balances to the following year. Such deficits were ringfenced to be dealt with from future DSG income, rather than being funded by the Council, unless otherwise authorised by the Secretary of State. This provision for ringfencing DSG deficits was originally due to be withdrawn at the end of 2022/23, however it has now been extended to the end of the 2025/26 financial year. If the provision is not extended further the council would require sufficient funding available in other reserves to offset any DSG deficit.
- 3.2.3 The Dedicated Schools Grant (DSG) for 2024/25 continues to be funded in four separate blocks for early years, high needs, schools and central school services.
- 3.2.4 A National Funding Formula (NFF) was implemented in April 2018 by the ESFA for high needs, schools and central schools services. However, local authorities will continue to set local formulae for schools as a transitional arrangement until full implementation of the NFF. Full implementation has been delayed until at least 2025/26.

## 3.3 **DSG Early Years Block**

- 3.3.1 The Early Years Block will expand significantly during 2024/25 with the introduction of working parent entitlements for 2 year olds from April 2024 and the introduction of working parent entitlements for 9 month to 2 year olds from September 2024 in addition to the existing entitlement of early education of eligible vulnerable 2 year olds, 15 hours per week of free early education for all 3 and 4 year olds, and a further 15 hours per week for working families of 3 and 4 years olds.
- 3.3.2 The funding hourly rates have been confirmed at £11.18 for under 2's, £8.21 for 2 year olds (increased from £5.87 at April 2023) and £5.62 for 3 and 4 year olds (increased from £5.28 at April 2023).
- 3.3.3 The early years pupil premium is also included in this block and is payable to providers for eligible pupil of all ages. The hourly rate for 2024/25 for this element is £0.68 per hour, an increase of £0.06 compared to April 2023. In addition, the Disability Access Fund rate will increase by £82 (compared to April 2023) to £910 per eligible child for 2023/24.
- 3.3.4 The grant received during 2024/25 will be based on the termly censuses throughout the year and is estimated at £80.88m.

## 3.4 **DSG High Needs Block**

- 3.4.1 The High Needs Block supports Special Educational Needs and Disabilities (SEND) in a number of ways. This includes places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEND support and hospital & home education. A grant allocation of £135.40m for 2024/25 has been estimated, an increase of £7.90m compared to the 2023/24 budget, although adjustments to this figure are expected up until July 2024.

- 3.4.2 In line with the national picture, Leeds has experienced an increase in SEND demand and complexity in recent years, with this trend expected to continue. Although funding has increased for Leeds, there is currently a gains limit factor which means that the Leeds allocation for 2023/24 will be £2.92m less than the full National Funding Formula. Between 2018/19 and 2024/25 this has resulted in Leeds receiving £24.56m less for High Needs than would have been due under the full National Funding Formula.
- 3.4.3 Despite the increase in funding for 2024/25, the anticipated increase in special school places and pupils eligible for additional top-up funding means that there is expected to be on going funding pressures for the High Needs Block and there is a risk that costs exceed the budgeted assumptions as a result of the increasing demand.
- 3.4.4 A key issue is that local authorities have a statutory duty to meet the special educational needs of children which are identified through an education, health and care plan (EHCP), and these needs are increasing in the city. Leeds still has statistically lower numbers of EHCPs than comparators, however the city has seen increases in the numbers and complexity of needs of pupils in line with the national picture.
- 3.4.5 A medium-term action plan to address the projected future pressures on the High Needs budget continues to be developed, further details of which are provided in section 4.8 below. As part of addressing these pressures in 2024/25, Schools Forum has agreed to transfer £3.54m from the Schools Block to the High Needs Block, following consultation with schools. To ensure a balanced High Needs budget for 2024/25 it is anticipated that £3.50m of the carried forward DSG reserve will be required to offset the growing demand pressures, however there is a risk that demand will rise further. The position on the High Needs Block will therefore be closely monitored during the year.
- 3.4.6 The Budget proposals for 2024/25, taking into account the known and estimated changes, are as follows:

	2023/24 £000	2024/25 £000	Variance £000
<b>High Needs Block DSG Income</b>			
High Needs Block baseline	122,294	135,400	13,106
Places funded directly by the ESFA	-13,763	-14,792	-1,029
Transferred from Schools Block	3,338	3,540	202
Supplementary Funding	5,166	0	-5,166
Contribution from DSG Reserve		3,500	3,500
<b>Total High Needs Grant</b>	<b>117,035</b>	<b>127,648</b>	<b>10,613</b>
<b>High Needs Block Expenditure</b>			
<b>Funding Passported To Institutions</b>	107,615	119,334	11,719
<b>Commissioned Services</b>	2,701	2,432	-269
<b>Directly Managed By Children &amp; Families</b>	6,719	5,882	-837
<b>Total High Needs Expenditure</b>	<b>117,035</b>	<b>127,648</b>	<b>10,613</b>

### 3.5 **DSG Schools Block**

- 3.5.1 The Schools Block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11. The grant for 2024/25 is based on pupil numbers (including those in academies and free schools) as at October 2023. The final schools block funding for 2024/25 has been confirmed by the ESFA as £707.90m, an increase of £18.15m compared to 2023/24.
- 3.5.2 Schools have been consulted on options for the local funding formula in 2024/25. The results of the consultation have been reported to Schools Forum to enable further discussion with a final decision being made by the Director of Children and Families in early 2024. As part of the consultation a majority of schools which responded supported a proposal to transfer 0.5% (£3.54m) to the High Needs Block from the Schools Block. Schools Forum approved this transfer at their meeting in November 2023.
- 3.5.3 A majority of schools who responded to the consultation also supported a proposal for maintained schools to continue to contribute funding of £150k towards severance costs incurred by the council for school staff. Schools Forum also approved this contribution.

### 3.6 **DSG Central School Services Block**

- 3.6.1 The Central School Services Block (CSSB) includes the funding which was previously delivered through the retained duties element of the Education Services Grant along with specific ongoing responsibilities and historic commitments. The allocation for 2024/25 was issued in December 2022 at £5.13m, an increase of £0.02m compared to 2023/24. Within this, there is a 20% reduction on the historic commitment element in line with previous DfE statements to reduce this funding.

### 3.7 **DSG transfers**

- 3.7.1 The ESFA guidance for 2024/25 allows for funding to be moved within the DSG blocks. Schools Forum have previously agreed a transfer of £3.54m from the Schools Block to the High Needs Block.

### 3.8 **DSG balance**

- 3.8.1 At the end of 2023/24 it is projected that there will be a surplus balance of £4.386m on the DSG. The projected surplus equates to 0.1% of the total DSG funding 2023/24. This position will continue to be closely monitored throughout the remainder of 2023/24 with updated projections to be presented to Schools Forum and Executive Board. The balance will be carried forward into 2024/25 of which £3.50m will be used to contribute towards the additional High Needs budget requirements.
- 3.8.2 The Children and Families directorate continues to develop a medium-term DSG Management Plan which looks to consider future pressures on the High Needs Block to ensure any projected future DSG deficits are addressed, to the extent this is possible given any limitations in funding and increases in demand. The Directorate is working with the Leeds Schools Forum on the continued development of the plan, including providing regular budget monitoring reports and updates on progress with identifying options.
- 3.8.3 In the context of growing needs within the city and the cap on High Needs funding increases, options for managing within the available funding will be carefully considered and consulted on as appropriate to develop proposals. Consideration will be given to the fact

that the High Needs budget supports the education of some of the most vulnerable children in the city and that benchmarking shows costs are comparatively low in this area. Invest-to-save options that result in outcomes being maintained or even improved, while also reducing costs, would be prioritised.

### **3.9 Post 16 funding**

3.9.1 Funding for mainstream post-16 provision is provided by the ESFA separately to DSG and is estimated at £30.07m for 2024/25. Funding for high need post-16 pupils is included in the DSG High Needs Block figures shown earlier in this report.

### **3.10 Pupil Premium grant**

3.10.1 Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to Year 11 pupils on the schools roll in January each year. The value for 2024/25 is estimated at £48.67m. The rates for 2024/25 have been set at: primary £1,480, secondary £1,050, for each pupil registered as eligible for free school meals (FSM) at any point in the last 6 years and £340 for children of service families. The pupil premium rate for children looked after and children who have ceased to be looked after by a local authority because of adoption, a special guardianship order, a child arrangements order or a residence order has been set at £2,570.

### **3.11 Primary PE grant**

3.11.1 The Primary PE grant will be paid in the 2023/24 academic year to all primary schools at a rate of £16,000 plus £10 per pupil. It is expected these rates will remain the same for the academic year 2024/25, resulting in a total grant of £4.34m.

### **3.12 Universal Infant Free School Meals grant**

3.12.1 A grant for the universal provision of free school meals for all pupils in reception, year 1 and year 2 was introduced in September 2014. Funding for the 2023/24 academic year is based on a rate of £2.53 per meal taken by eligible pupils, giving an annual value of £480.70. The total value of the grant is estimated at £10.02m. Data from the October and January censuses will be used to calculate the allocations for the academic year.

### **3.13 Teachers Pay Grant**

3.13.1 A new Teachers Pay Grant for schools and academies was announced in response to the teachers pay agreement from September 2023. This is estimated to be £12.10m in 2024/25.

### **3.14 Covid Funding**

3.14.1 Since 2020/21 the Government has provided a range of funding streams to support children and young people to catch up following the disruption caused by COVID-19. The remaining grants cease at the end of the 2023/24 academic year. For 2024/25, grant totalling £2.50m are expected for the National Tutoring Programme.

### **3.15 Schools Funding Summary**

3.15.1 The grants expected to be received for Leeds in 2023/24 are summarised in the table below. These figures include payments made directly by the ESFA to settings, for example academies. The figures shown are also before any transfers between the DSG blocks,



which were detailed earlier in this report. Some of the 2023/24 amounts are estimates and are subject to final confirmation by the ESFA.

**Estimated Schools Funding**

	2023/24 Current £m	2024/25 Estimate £m	Change £m
DSG - Schools Block	689.75	707.90	18.15
DSG - Central Schools Services Block	5.11	5.13	0.02
DSG - High Needs Block	127.52	135.40	7.88
DSG - Early Years Block	63.08	80.88	17.80
ESFA Post 16 Funding	29.44	30.07	0.63
Pupil Premium Grant	47.98	48.67	0.69
PE & Sports Grant	4.33	4.34	0.01
Universal Infant Free School Meals Grant	9.82	10.02	0.20
Teachers Pay Grant (from Sep 2023)	7.06	12.10	5.04
Teachers Pension Grant	1.25	1.28	0.03
National Tutoring Programme	2.49	2.50	0.01
Covid Recovery Premium	8.08	3.37	-4.71
Other Grants	0.70	0.70	0.00
	<b>996.61</b>	<b>1,042.36</b>	<b>45.75</b>

**4 School Reserves**

4.1 The School Reserves Statement reflects the anticipated movement in reserves between April 2024 and March 2025.

Projected Financial Position on Reserves	Projected Reserves b/f Apr-24	Projected Use of Reserves	Projected Contribution to Reserves	Closing Reserves Mar-25
	£000s	£000s	£000s	£000s
School Led Extended Schools	-3,494	0	0	-3,494
School Balances	-26,233	0	0	-26,233
PFI Surplus / Deficit	0	0	0	0
Dedicated Schools Grant	-4,387	3,500	0	-887
<b>Total</b>	<b>-34,114</b>	<b>3,500</b>	<b>0</b>	<b>-30,614</b>

4.2 Whilst it is anticipated that the School Balances and School Led Extended balances will change during 2024/25 at this time it is too early to provide an accurate assessment of this potential movement of reserves.

# LEEDS CITY COUNCIL 2024/25 BUDGET REPORT

## Directorate: City Development

### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2024/25 financial year.

### 2. Service Context

- 2.1 City Development provides a wide and diverse range of services which make a significant contribution to the life, growth and vitality of the city. The Directorate is responsible for the Council's physical, economic, cultural and sport services and includes the following services:
- Asset Management and Regeneration - develops and implements major projects which improve the physical infrastructure of the city and transformation of deprived neighbourhoods including securing external resources. The service is also responsible for the strategic planning of the Council's property portfolio, including the disposal and leasing of properties along with responsibility for the Council Housing Growth team.
  - Culture and Economy - programmes and supports arts, cultural activity and events across the city and manages all our museums and venues. Leads the work to grow the Leeds economy – including co-ordinating work aimed at creating new jobs, supporting businesses, growing economic sectors, promoting enterprise and developing economic policy.
  - Highways and Transportation - provides a highway maintenance service, including street lighting and road sign installation, and delivers a winter service, a highway traffic management system and manages the road space. Responsible for designing and delivering major and minor highways schemes, transportation projects and other major council sponsored prestige projects. Undertakes statutory responsibilities of the council as the city's lead local flood authority.
  - Planning and Sustainable Development - deals with planning and building regulations applications including enforcement. Deals with dangerous structures, safety at sports grounds, minerals and waste and provides specialist advice on contaminated land, urban design, landscape, conservation, trees and ecology. Responsible for statutory development plans and policies, community infrastructure levy and facilitating neighbourhood plans.
  - Operations and Active Leeds – Manages and oversees retail markets and street trading, manages Leeds city centre including co-ordination with Leeds BiD. Supports City Development's change activity, working with colleagues in Strategy and Resources to ensure effective support to the Directorate. Active Leeds provides opportunities for people living in Leeds to enjoy the benefits of an active lifestyle.

### 3 **Budget Proposals**

3.1 This 2024/25 budget has been set at £37,900k representing a net reduction of £3,133k when compared to the adjusted budget for 2023/24. This net reduction comprises a number of changes in resources totalling £1,633k and net pressures totalling £3,009k, offset by savings of £7,774k which are explained below.

#### 3.2 **Budget Adjustments and Transfers**

3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2024/25 budget. For City Development an adjustment of £1,450k has been made to reflect the transfer of WYCA Gainshare capacity funding from Strategy and Resources directorate to City Development as the directorate will take the lead on achieving the priority outcomes. In addition, £476k reflects the transfer of Business Administration staffing into the directorate from Strategy and Resources and £88k reflects the transfer of running cost budgets from other directorates associated with planned property releases which will contribute towards City Development's existing Estate Rationalisation savings target.

3.2.2 The overall impact of these adjustments is to reduce the Directorate's 2023/24 net managed budget by £886k, giving an adjusted 2023/24 budget of £41,032k.

#### 3.3 **Changes in Specific Grant Funding**

3.3.1 The budget provided for new UK Shared Prosperity Funding (UKSPF) of £2,195k in 2023/24 and this will increase to £2,810k in the 2024/25 budget. The Lead Authority is WYCA and the primary goal of the UKSPF is to 'build pride in place and increase life chances across the UK'. The funding will provide for local investment up to the end of March 2025 and will be matched by additional expenditure and therefore it will have a neutral impact on the budget.

#### 3.4 **Changes in Use of Reserves and Balances – increase of £1,633k**

3.4.1 The 2023/24 budget included the one-off utilisation of £1,633k of Business Rates Pool balances to substitute for the Council's core budget contribution to the Leeds 2023 Trust. The 2024/25 budget therefore reflects the fallout of this short term funding.

#### 3.5 **Pay Inflation – pressure of £2,637k**

3.5.1 This budget provides a net £2,637k (after passporting inflationary increases to capital and grant funded schemes where appropriate) for the following elements of pay inflation: the Employers final pay award for 2023/24; 3.5% for both NJC and JNC staff in 2024/25 and the recently announced Real Living Wage increase to £12.00.

#### 3.6 **Price Inflation – pressure of £510k**

3.6.1 **Energy Inflation:** Prices within the energy market continue to fall and further price improvements are considered achievable. Forecasts assume decreases against the 2023/24 base of 18.6% for gas and 10.6% for electricity. These reductions are reflected in the 2024/25 budget resulting in a total reduction of £1,497k for the directorate.

3.6.2 **Fuel Inflation:** The cost of fuel is budgeted to reduce by £88k as a result of falling prices of fuel on the wholesale market compared to the assumptions made in the 2023/24 budget.

3.6.3 The provision for other price inflation within the Directorate is £2,095k which includes £693k in respect of PFI contracts for Street Lighting and three Leisure Centres, and £1,402k in respect of essential supplies & services across all services. By reviewing the inflation requirement across the Directorate and restricting provision for inflation to demand led budgets and where there are contractual commitments, the directorate has been able to identify savings of £250k from the initial position reported in the Medium Term Financial Strategy.

### 3.7 **Actuarial Review**

3.7.1 The 2024/25 directorate budget reflects no increase in the Employers Pension contribution to the West Yorkshire Pension Fund.

### 3.8 **Capitalised Pension Costs – saving of £37k**

3.8.1 The fall out of capitalised pension costs associated with staff who have left the Council under ELI to date will save an estimated £37k.

### 3.9 **Other net budget pressures – saving of £101k**

3.9.1 A number of other pressures have been recognised in the 2023/24 budget. The 2023/24 budget provided for anticipated one-off business rates refunds of £1,500k in respect of recent tribunal decisions on business rates payable for heritage properties. These refunds have now been received and therefore the reversal of this budgeted one-off saving results in a revenue pressure of £1,500k for 2024/25.

3.9.2 In addition, the estimated increase in Business Rates liabilities across the directorate for 2024/25 will result in a budgeted increase of £519k, prior to further savings identified in respect of Museums and Galleries, referred to below in paragraph 3.11.6.

3.9.3 Additional provision of £190k has been made in respect of prudential borrowing costs associated with capital schemes across the directorate.

3.9.4 The cost of insurance is estimated to increase by £29k in 2024/25 which reflects changes in the number and value of insurance claims.

3.9.5 One-off expenditure reductions of £150k were identified in the 2023/24 budget in respect of the directorate wide projects and contingency funding budgets, and a further review has resulted in ongoing savings of £100k being identified, meaning that the required adjustment to the 2024/25 budget has been limited to £50k.

3.9.6 A planned adjustment of £900k has been provided for to reflect a phased reduction in the level of capitalisation of Highway maintenance minor works spend to help reduce the overall level of Leeds City Council borrowing. However, as part of the directorate's savings proposals described below, the level of capitalisation will remain at 2023/24 budgeted levels to produce a revenue saving of £900k (paragraph 3.11.17).

3.9.7 The pressures above have been offset by the removal of the 2023/24 budget of £3,289k for the Council's core contribution to the Leeds 2023 Trust which is no longer required in 2024/25.

## Savings

### 3.10 Business As Usual – savings of £6,970k

3.10.1 The Directorate has sought where possible to avoid savings which will have a detrimental impact on service delivery. However, given that around 45% of the Directorate's gross budget is spent on staffing costs, it has not been possible to fully insulate the Directorate from a reduction in headcount. The budget therefore reflects proposals to identify staffing reductions in a number of areas across the directorate through voluntary measures where possible. An assessment has been made that reductions can be made in the following areas without the need for significant restructure or change in service delivery and can therefore be classified as business as usual reductions:

- Asset Management and Regeneration £80k
- Active Leeds - £250k
- Markets – £100k
- Planning and Sustainable Development £45k

3.10.2 The budget also reflects inflationary increases applied to existing fees and charges in a number of service areas to help offset additional costs. These include:

- A review of fees and charges at Leisure Centres which has been undertaken within Operations and Active Leeds. The inflationary increases are anticipated to generate £550k and reflect an increase in swimming lessons and other miscellaneous fees.
- Highways and Transportation fees and charges are reviewed and amended on a yearly basis as part of the annual review of fees and charges for various Highway functions and services and this is estimated to generate an additional £170k.

3.10.3 Following the implementation of significant increases in the level of nationally determined planning fees in December 2023, a further £250k in addition to the £250k budgeted for in 2023/24, has been estimated as the net effect, taking account of Government expectations that the fee increase will result in increased investment in the planning service. A further £50k is anticipated from pre-application fees.

3.10.4 The Environment Act 2021 requires that all development (with some minor exemptions) delivers a minimum 10% uplift in biodiversity as a result of planning consent. The statutory requirements of implementing the 10% uplift in biodiversity net gain (BNG) will be undertaken by Planning and Sustainable Development and will have a significant impact on the determination of planning applications. The responsibilities to monitor and report on BNG for a 30-year period will allow costs to be recovered from developers via a Section 106 monitoring charge and the net impact of this is estimated at £350k p.a.

3.10.5 Within the Leeds Museums and Galleries (LMG) service it is proposed to generate £15k additional income through developing a facility to loan artworks on a commercial basis, and £20k through a review of front of house staffing at Temple Newsam. In addition, a review of the technical team which supports the delivery of LMG's exhibitions, collections and events is anticipated to save £15k p.a.

- 3.10.6 The 2024/25 budget provides for a further ongoing reduction of £92k in business rates payable for heritage properties following recent tribunal decisions which have resulted in significant reductions in rating liabilities for Museums and Galleries premises.
- 3.10.7 It is also proposed to utilise £250k of uncommitted Business Rates Pool balances to reduce the net cost of the LMG service in 2024/25.
- 3.10.8 A review of the programme of Events and Lights is estimated to generate additional income of £130k in 2024/25 and further savings of £56k are anticipated in respect of the Breeze service through reviewing costs and income generating opportunities.
- 3.10.9 A reduction of £400k in the net cost of cultural programmes is estimated, with £150k anticipated from a review of expenditure and £250k from the utilisation of uncommitted Business Rates Pool balances in 2024/25.
- 3.10.10 Savings of £172k within Economic Development are anticipated which reflects the maximisation of external funding in respect of posts within the Business and Enterprise and Economic Policy and Programmes teams as well as a reduction in non-staffing budgets within Strategy and Policy Development.
- 3.10.11 Within the Employment and Skills service, savings of £395k are anticipated from reviewing staffing requirements, maximisation of external funding for posts and from utilising balances from previous grant funded schemes that have now ceased.
- 3.10.12 Within Asset Management and Regeneration, the Government's Autumn Statement in November 2023 announced £2m of capacity funding for Leeds City Council to maximise delivery of new homes. The 2024/25 budget reflects the application of £1m of this within the Regeneration team.
- 3.10.13 Additional income of £250k is also expected to be generated from across the Council's property portfolio including income received from the Leeds Arena.
- 3.10.14 A saving of £100k is anticipated in 2024/25 for the PFI schemes within Active Leeds to reflect the recovery of costs from the contractor in respect of additional performance monitoring arrangements.
- 3.10.15 A review of resource requirements in response to the development and delivery work of the West Yorkshire Mass Transit programme, led by the West Yorkshire Combined Authority, is anticipated to generate additional income of £500k across teams within Highways and Transportation and Asset Management and Regeneration, reflecting the full cost recovery in respect of the additional resource requirements.
- 3.10.16 Further savings of £200k within Highways and Transportation have been estimated to reflect the final stage of the rollout of the Street Lighting LED conversion scheme which continues to deliver energy consumption savings.
- 3.10.17 As referred to in paragraph 3.9.6, the planned reduction in the level of capitalisation of Highways minor works has been deferred for a year, meaning that the level of capitalisation will remain at 2023/24 budgeted levels to provide a revenue saving of £900k in 2024/25.
- 3.10.18 Following a review in 2023/24 of expenditure that falls within the category of non-essential spending, a saving of £250k has been budgeted for across the directorate in 2024/25. In

addition, a further saving of £380k has been assumed to be delivered from a range of income generation and other savings measures across the directorate.

### 3.11 **Service Reviews – savings of £804k**

- 3.11.1 The Highways & Transportation service is undertaking a review of service provision and is proposing to deliver savings through the redesign of services within Highways Geotechnical Services, Site Development and Highways Operations (Business Support Team) and the three Highways depots at Seacroft, Pottery Fields and Henshaw. This will involve making staffing reductions, utilising voluntary measures where possible, and is expected to deliver savings of £750k in 2024/25.
- 3.11.2 As the only leased site managed by Leeds Museums and Galleries, it is proposed to surrender the lease of Thwaite Watermill ahead of the lease termination date of 2030 and hand the site back to its owner, the Canal and River Trust in 2025. To mitigate the impact, it is proposed to phase the closure of the site, closing it to the general public in 2024/25 but remaining open to honour existing bookings for functions and events. This proposal is expected to deliver revenue savings of £54k in 2024/25 increasing to £220k in a full year from 2025/26 onwards.
- 3.11.3 In the context of the financial challenge faced by the Council, it is also proposed to close Pudsey Civic Hall and potentially dispose of the site. Whilst no budget savings will be realised from the proposal, it will alleviate the in-year shortfall against the existing budget currently being experienced and it will also potentially generate a capital receipt.

## 4 **Risk Assessment**

- 4.1 In determining the 2024/25 budget, consideration has been given to all of the risks, which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered as carrying the highest risk and therefore requiring careful and regular monitoring has been prepared.
- 4.2 The key risks in the 2024/25 budget for the City Development Directorate are:
- The majority of income streams within the Directorate are predicated on a buoyant and active economy. Income from Planning and Building Control fees, Advertising, Markets, Active Leeds and Culture and Economy as well as Strategic Investments and Major Capital Programmes are all affected by local, regional and national economic conditions and therefore any downturn impacts directly in these service areas. This presents a significant risk as the uncertainty created by the current economic climate continues.
  - In addition, a number of the 2024/25 budget proposals relate to income growth and successful delivery of this budgeted growth represents a challenge for the Directorate. The Directorate will therefore need to ensure that income levels and the actions required to deliver them are closely monitored.
  - There is a continuing risk that the existing savings targets around Strategic Investments will not be achieved in the short term which reflects the Council's intention to not simply pursue financial returns but to only invest in suitable and sustainable investments that support the overarching ambitions of the Council.



- Where savings have been identified by substituting core Council funded expenditure with external funding, there is a risk that the funding streams may not continue beyond the current financial year and therefore the impact on future years will need to be carefully managed.
- The 2024/25 budget makes assumptions around the level of staffing reductions that can be achieved across the directorate through voluntary measures where possible. This is in addition to existing assumptions around vacancy factors, and there is a risk that staff turnover and the number of vacant posts across the Directorate are less than assumed in the budget, potentially impacting on the Directorate's staffing budget, although existing control mechanisms are in place across the directorate to mitigate this risk.

Briefing note prepared by: Michael Everitt (Head of Finance)  
Telephone: 0113 378 7817

## Directorate - City Development

	2024/25 £m	FTEs
<b>Net managed budget 2023/24</b>	41.92	
<b>Adjustments</b>	(0.89)	
<b>Adjusted net managed budget</b>	41.03	
<b>CHANGES IN RESOURCES</b>		
<b>Grant Increases</b>		
UKSPF funding	0.615	
UKSPF spend	(0.615)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Fallout of use of Business Rates Pool balances in 23/24 budget	1.63	
<b>Total Change in Resources</b>	<b>1.63</b>	<b>0.00</b>
<b>PRESSURES</b>		
<b>Inflation:</b>		
Pay	2.64	
Energy	(1.50)	
Fuel	(0.09)	
Price	2.09	
<b>Employers Pension</b>	0.00	
<b>Capitalised Pensions</b>	(0.04)	
<b>Other</b>		
Fallout of 2023/24 budgeted business rates refunds	1.50	
Business Rates liabilities 2024/25	0.52	
Prudential Borrowing	0.19	
Insurance	0.03	
Directorate wide projects budget added back	0.05	
Highways maintenance - planned capitalisation reduction	0.90	
Leeds 2023 - removal of 23/24 budget	(3.29)	
<b>Total Pressures</b>	<b>3.01</b>	<b>0.00</b>

	2024/25 £m	FTEs
<b>SAVINGS</b>		
<b>Business As Usual:</b>		
<b>Planning &amp; Sustainable Development</b>		
Staffing savings	(0.05)	(1.00)
Planning reform - National Fee increase	(0.25)	
Review of pre-application charging potential	(0.05)	
Biodiversity Net Gain income	(0.35)	
<b>Culture &amp; Economy</b>		
LMG - commercial loan income generation	(0.02)	
LMG - reduction in front of house staffing	(0.02)	(0.81)
LMG - review of technical team	(0.02)	(0.50)
LMG - Business Rates reductions	(0.09)	
LMG - use of Business Rates Pool balances	(0.25)	
Events & Lights - income generation	(0.13)	
Breeze - reduction in net cost of service	(0.06)	
Cultural Programmes - review of net cost of service	(0.15)	
Cultural programmes - use of Business Rates Pool balances	(0.25)	
Ec Dev - maximisation of external funding	(0.13)	
Ec Dev - reduction in non-staffing budgets	(0.04)	
E&S - staffing review, maximisation of external funding, use of balances	(0.40)	(1.00)
<b>Asset Management &amp; Regeneration</b>		
Staffing savings	(0.08)	(2.00)
Additional income from Council's property portfolio	(0.25)	
Additional income from charging to Mass Transit	(0.10)	
Application of Govt capacity funding	(1.00)	
<b>Active Leeds</b>		
Staffing savings	(0.25)	(10.00)
Inflationary increases applied to existing fees/charges	(0.55)	
PFI contract savings	(0.10)	
<b>Highways &amp; Transportation</b>		
Inflationary increases applied to existing fees/charges	(0.17)	
Additional income associated with new Mass Transit structure	(0.40)	19.50
Street Lighting consumption savings	(0.20)	
Highway maintenance capitalisation	(0.90)	
<b>Markets</b>		
Staffing savings	(0.10)	(2.00)
<b>Directorate Wide</b>		
Non-essential spend savings	(0.25)	
Additional recovery of income, business rates reductions, fees and charges review	(0.38)	
<b>Service Review:</b>		
<b>Culture &amp; Economy</b>		
Closure of Thwaite Mills and surrender of lease	(0.05)	(2.50)
Closure of Pudsey Civic Hall and potential sale	0.00	
<b>Highways &amp; Transportation</b>		
Stopping work, staff redeployment and service redesign	(0.75)	(20.00)
<b>Total Savings</b>	<b>(7.77)</b>	<b>(20.31)</b>
<b>Net Managed Budget 2024/25</b>	<b>37.90</b>	<b>(20.31)</b>

# LEEDS CITY COUNCIL 2024/25 BUDGET REPORT

## Directorate: Communities, Housing and Environment

### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2024/25 financial year.

### 2 Service Context

- 2.1 The Directorate delivers a diverse range of functions which combine to form some of the key foundations of stronger and safer communities; well managed green spaces for recreation; effective and sustainable waste management services; cleaner neighbourhoods; quality face to face customer contact and library service; support for those most vulnerable; and efficient and effective licensing, elections and regulatory services, all of which combine to help make the city a desirable place to live, work and visit. At a time when significant savings have had to be identified, priority has been given to ensure that these services are maintained.
- 2.2 The Directorate serves some of the most vulnerable people in the city by providing a range of front-line services for local people whilst taking the lead on actions to reduce poverty and inequality across the city. Community Committees have improved the quality of the dialogue with local communities by focusing on what is important to local people and the Council is taking forward changes aimed at providing more integrated, responsive and accessible services.
- 2.3 The Directorate also has responsibility for all Housing Services. As well as providing advice to the many thousands in housing need, the Directorate will support many others to sustain their tenancies. It will intervene in the private sector to tackle some of the worst housing conditions in the city and will be actively engaged in leading on the delivery of projects to help tackle homelessness. The Directorate will also be responsible for the provision of council housing across the city which is dealt with separately within the HRA budget report.
- 2.4 The Directorate provides the lead in the delivery of a range of projects to help tackle the Climate Emergency in Leeds. The Sustainable Energy and Air Quality team work with colleagues and partners to deliver major projects requiring significant levels of investment from both the Council and Government. These projects include the District Heating scheme, improving insulation in social housing, vehicle replacement programmes and many energy saving initiatives.
- 2.5 The Directorate contributes to the delivery of the Best City Priorities as described in the Best Council Plan 2020 – 2025 and the key priorities which this budget is designed to support are as follows:
- Cleaner neighbourhoods
  - Providing a reliable waste collection and disposal service
  - Maximising the amount that can be re-used and recycled from the waste collected whilst at the same time actively undertaking and promoting energy recovery
  - Green spaces which people can enjoy
  - Reducing crime and anti-social behaviour

- Tackling poverty and reducing inequalities
- Tackling homelessness
- Supporting communities and raising aspirations
- Helping people adjust to welfare changes
- Implementing innovative approaches to delivering services for end users
- Improving air quality, reducing pollution and noise
- Improving the cities infrastructure and the natural environment, reducing flooding and other risks from climate change
- Promoting a more competitive, less wasteful, more resource efficient, low carbon economy

2.6 Against a background of savings that have been incorporated into budgets over a number of years as well as the requirement to identify a significant amount of further savings for 2023/24, the Directorate's 2024/25 budget submission will nevertheless seek to protect services which support these priorities as far as possible.

### 3 **Budget Proposals**

3.1 This 2024/25 budget has been set at £107,730k representing a net increase of £13,519k (14.35%) when compared to the adjusted budget for 2023/24. This net increase comprises a number of changes in resources totalling (£1,046k) and pressures totalling £20,717k offset by savings of £8,244k which are explained below.

#### 3.2 **Budget Adjustments and Transfers**

3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2024/25 budget. These include:

- £2,207k transfer of the Youth Service from Children and Families Directorate. (This transfer took effect during 2023/24)
- Other minor budget adjustments total (£24k).

3.2.2 The overall net impact of these adjustments is to increase the Directorate's restated 2023/24 budget by £2,183k, giving an adjusted 2023/24 budget of £94,211k.

#### 3.3 **Changes in Specific Grant Funding – increase of £430k**

3.3.1 The budget assumes the continuation of Household Support Fund income from the DWP at £14.2m, the same level as being received in 2023/24, although this has yet to be confirmed. Should the grant not be confirmed, the indicative impact on the Council budget could be circa £1.6m without alternative funding.

3.3.2 The base budget within Customer Access and Welfare is supported by £322k of ESIF Grant. This grant was in the 2023/24 budget and will now fully fall out in 2024/25.

3.3.3 The Waste PFI grant will be reduced by £108k resulting from the 2022/23 recycling performance being lower than the target agreed with DEFRA.

### 3.4 **Changes in Use of Reserves, Balances and Other Resources – Increase of £616k**

- 3.4.1 The budget removes the one-off use of £150k of the Social Inclusion Fund reserve which was utilised in the 2023/24 budget.
- 3.4.2 The Climate and Greenspaces budget has for some years been supported by the use of S106 reserves at a value of £466k per annum. The 2024/25 budget removes the use of this reserve and future budgets will provide resource to ensure the reserves are repaid.

### 3.5 **Pay Inflation – Total Pressure of £6,019k**

- 3.5.1 This budget provides a net £6,019k (after passporting inflationary increases to HRA, capital and grant funded schemes where appropriate) for the following elements of pay inflation: the Employers final pay award for 2023/24; 3.5% for both NJC and JNC staff in 2024/25 and the recently announced Real Living Wage increase to £12.00.

### 3.6 **Price Inflation – Reduction of £41k**

- 3.6.1 **Energy Inflation:** Prices within the energy market continue to fall and the Council notes further price improvements are considered achievable. Forecasts assume decreases against the 2023/24 base of 18.6% for gas and 10.6% for electricity. These reductions are reflected in the 2024/25 budget resulting in a reduction in of £383k.
- 3.6.2 **Fuel Inflation:** The costs of fuel are budgeted to reduce by £683k as a result of falling prices of fuel on the wholesale market compared to the assumptions made in the 2023/24 budget.
- 3.6.3 Contractual price inflation is budgeted to cost an additional £421k, which includes £341k in respect of specific waste disposal contracts and £80k for grounds maintenance costs.
- 3.6.4 Inflation on the uplifting of benefits is expected to cost approximately £371k as not all benefits recover at 100% subsidy.
- 3.6.5 Business Rates increases are £117k, whilst other minor inflation amounts total £110k including increases for postages and the costs of clothing and equipment in front line services.

### 3.7 **Capitalised Pension Costs – saving of £102k**

- 3.7.1 The fall out of capitalised pension costs associated with staff who have left the Council under historic ELI schemes will save an estimated £102k

### 3.8 **Demand and Demography – pressure of £231k**

- 3.8.1 Anticipated household growth in the city will impact on the volume of waste generated. Additional budget provision of £231k has been made for the increased disposal costs of this waste at the Recycling and Energy Recovery Facility

### 3.9 **Financial Sustainability - £3,580k**

- 3.9.1 The libraries income budget has been reduced by £150k to reflect a reduction in the charge to capital. This is part of the medium-term financial strategy to reduce the overall level of

borrowing within the capital programme.

3.9.2 Following a review of activity levels in services which are part funded by the HRA, provision has been made for reductions in charges of £3,430k to reflect the current cost of services provided within the Directorate.

### 3.10 **Income budget pressures – £4,650k**

3.10.1 A sum of £5,450k has been provided for to reflect the fact that the Council is unable to fully claim Housing Benefit income from the DWP relating to Supported accommodation cases where a provider is not registered. In addition, as the Council is also unable to receive full benefit subsidy in relation to people placed in temporary accommodation.

3.10.2 To partially mitigate this in 2024/25 only an extra £1,500k of Housing Benefit overpayment income is assumed, based on the level of income forecast in 2023/24. This income is expected to decline markedly from 2025/26 due to the roll out of Universal credit.

3.10.3 There is a reduction in the estimated level of income from bereavement services of £604k reflecting the projected income received in the current financial year with a trend towards cheaper cremations.

3.10.4 Staff charges to the Disabled Facilities grant will reduce by £210k to more accurately reflect staff working on this programme. This will release capital grant budget to be available to complete additional works in residents' homes.

3.10.5 The impact of the recent Government decision to legislate to remove the ability of Council's to charge for inert waste at Household Waste Recycling Centres from January 2024 will result in lost income of £180k. No new burdens funding has been received for this change in law.

3.10.6 Other income across the Directorate is expected to contribute an additional (£328k) mainly arising from the contribution from the Combined Authority to the costs of the elections (local and Mayoral) occur in May 2024.

### 3.11 **Expenditure Budget Pressures - £6,380k**

3.11.1 Within Waste Management there are projected to be significant increases in the costs of the disposal of household waste, primarily arising from changes in legislation but also the impact of market prices of recyclates.

- Following the removal of charges at HWRC for DIY waste (see 3.10.5) an additional cost of £320k is also expected as volumes of this material are now expected to rise.
- Disposal of Persistent Organic Pollutants (POPs) material will cost around £1,287k to dispose of safely.
- The cost of sorting and disposing of Green Bin Waste are now forecast to cost £1,385k due to significant falls in the price of recycled material on the world market.
- The cost of business rates at the Recycling and Energy Recovery (RERF) plant will rise by £165k and although Veolia pay this directly, under the terms of the PFI contract these



costs are treated as a pass-through cost for which the Council is liable.

- Partially offsetting these pressures is a sum of (£550k) to reflect ongoing contract savings at the RERF.

3.11.2 A sum of £2,886k has been provided to reflect the current costs of vehicle usage across the Directorate. Most of this, £2,742k, reflects the cost of hiring vehicles. This is expected to significantly reduce over the medium term as new vehicles are acquired through the Council's capital programme.

3.11.3 The Council has responsibility to maintain horticultural features across the city including within the highway network and several transport infrastructure improvements, including the East Leeds Orbital route (ELOR); collectively an additional £260k of revenue maintenance funding is provided for in 2024/25.

3.11.4 There are reductions in insurance costs of £201k which reflects changes in the number and value of insurance claims.

3.11.5 Other pressures included total £459k, comprising mainly security at Community Hubs £230k, £110k towards the costs of improving the Gypsy and Travellers sites and ensuring an appropriate budget is provided for the cost of encampments and £36k for the apprentice levy.

### **Savings - £8,244k**

#### **3.12 Business As Usual – £6,482k**

3.12.1 Staffing savings of £345k will be generated following reviews in the Communities team (£120k), Environmental Services (£165k) and the Property team within Climate, Energy & Greenspaces (£60k).

3.12.2 By maximising the substitution of base budget with grant and other funding, a sum of £1,843k can be saved by charging existing staff and applying appropriate contribution to overheads to various programmes including the Homes for Ukraine, Household Support Fund and Supported Housing Improvement Programme schemes to reflect the work existing staff are undertaking to deliver these schemes.

3.12.3 An additional contribution to the overhead cost of hosting Migration Yorkshire will save £100k.

3.12.4 The Directorate will increase existing fees and charges across several areas to generate an additional £849k, comprising

- Bereavement fees have been increased by an average 5% in October 2023 which is estimated to increase income by £256k in 2024/25.
- Some parking charges have been increased in January 2024. This is expected to generate £300k in a full year in both on and off-street locations
- £142k from attraction fee increases within Climate, Energy & Greenspaces.

- £75k from increased charges at the Waste transfer stations
- £76k from increases in Environmental Health and Regulatory services charges.

3.12.5 Following changes and delays to the Government's Resource and Waste Strategy and new Simpler Recycling directives that now encourage co-mingling of waste streams where possible, the budget the Council had set aside for a separate kerbside glass collection pilot is no longer required. This will save £213k. It is now assumed all new burdens placed upon Council's with regard to Waste Collections will be fully funded by Government in the future, most likely 2025/26.

3.12.6 Savings of £215k are assumed in disposal costs relating to waste collected at Household Waste Recycling centres. A further sum of £690k is budgeted to be saved on contract reviews, alternative disposal options and income from recycling within Waste Management.

3.12.7 Within Leeds Benefits Service, a target saving of £600k is included for the continuation reviews of Supported Housing cases where 100% benefit is not currently recoverable from the DWP. This work has been successful in 2023/24.

3.12.8 The impact of Bus Lane cameras installed in 2023/24 is expected to yield a FYE of £70k; and a further net £100k is expected from the proposed introduction of car parking in Wetherby car parks during 2024.

3.12.9 Within the Communities budget, it is proposed to reduce the Well Being and Youth Activity Fund budget by 15% to save £212k.

3.12.10 A saving of £74k from the deletion of a vacant post and a reduction in the grant budget within the Youth Service has been assumed.

3.12.11 Targeted savings of £82k in the costs associated with the operation of the Carnival have been assumed. (This reduces the net increase in the Carnival budget to £68k from £150k)

3.12.12 A net sum of £126k relating to the introduction of car parking charges in 2024 at Golden Acre Park and Otley Chevin

3.12.13 A line-by-line review of operational expenditure across the Directorate has saved £1,033k, including reductions to the third sector grants of £32k, review of fleet vehicles within Parks £150k and the removal of £470k of Non Essential budgets identified during the 2023/24 review.

### 3.13 **Service Reviews - £1,762k**

3.13.1 A saving of £600k in 23/24 (FYE £1,200k) has been assumed from a review of the Cleaner Neighbourhoods and City Centre cleansing teams. This may involve a reduction of up to 34 posts by March 2026.

3.13.2 Proposals to introduce a £30 contributory charge for repeat bookings for the collection of unwanted bulky household items is forecast to generate £169k. Residents in receipt of Council tax support will remain exempt from the charge and all residents will still be entitled to one free collection per year of up to 5 items.

3.13.3 The rates charges for hiring out the Council's community centres have not been reviewed since 2017. Following a review, it is proposed to increase the charges to generate around

£83k extra income

- 3.13.4 A saving of £35k is proposed from the Out of Hours Noise Witnessing service
- 3.13.5 Proposals to reduce some opening hours (evening and weekends) at Libraries are being consulted on with an anticipated saving of £100k and a review of the management structure of Community Hubs and Libraries will collectively save around £387k.
- 3.13.6 It is proposed to extend District Parking charges to 4 further sites (Barleyhill Road, Garforth; Marsh Steet, Rothwell; Netherfield Road, Guiseley and Fink Hill, Horsforth). Estimated net income is £225k in 2024/25 with a further £90k FYE anticipated.
- 3.13.7 A net income of £163k relating to the introduction of car parking charges in 2024 at Temple Newsam, Roundhay Park and Middleton Park has been budgeted for.

## 4 Migration Yorkshire Grants

- 4.1 Migration Yorkshire manages and administers a significant number of grants on behalf of the wider Yorkshire and Humber region. Total grant and other Authority income in 2024/25 is budgeted at £20m. As spend on all Migration Yorkshire grants is matched to the grant income, there are no bottom-line effects on the Directorate or Council budget.

## 5 Risk Assessment

- 5.1 In determining the 2024/25 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared.
- 5.2 The key risks in the 2024/25 budget for the Directorate are:
- The level of budgeted car parking fee income receivable from on-street and off-street parking is not realised.
  - Assumptions in respect of income receivable from Bus Lane and Car Parking Enforcement are impacted upon by a reduction in the number of offences.
  - Assumptions in respect of waste volumes and the level of recycling across the city are not realised, impacting on disposal costs and levels of income achieved.
  - The level of demand is less than anticipated for income generating activities within the Greenspaces budget.
  - The level of assumed specific grant funding, including the Household Support Fund, within the Welfare and Benefits service is still subject to confirmation of the final allocations by the Government.
  - The benefit subsidy loss associated with Supported Accommodation continues to rise beyond the additional funding provided in this budget.

- The budgeted level of income in respect of the recovery of Housing Benefit overpayment income is not achieved and the continuing roll out of Universal Credit has a greater impact earlier than anticipated.
- The levels of those seeking homelessness support and temporary accommodation are beyond the numbers assumed to be funded by the Homelessness Prevention grant and the budget for temporary accommodation subsidy loss.
- Staff turnover and the number of vacant posts across the Directorate are less than assumed in the budget, potentially impacting on the Directorate's staffing budget.

Briefing note prepared by: Kevin Mulvaney (Head of Finance)  
Telephone: 0113 378 9390

## Directorate - Communities, Housing and Environment

	2023/24 £m	FTEs
<b>Net managed budget 2023/24</b>	92.03	
<b>Adjustments</b>	(0.02)	
Transfers of Youth Services from C&F	2.21	
<b>Adjusted net managed budget</b>	<b>94.21</b>	<b>0.0</b>
<b>CHANGES IN RESOURCES</b>		
<b>Grant Reductions/Fallout</b>		
Customer Access ESIF Grant	0.32	
Waste PFI Grant	0.11	
<b>Grant Increases</b>		
Homelessness Prevention Grant		
Rough Sleeper Fund		
Supported Housing Improvement Programme		
Private Rented Sector Standards - Pathfinder		
<b>Changes in the use of Reserves &amp; Balances</b>		
Remove Use of S106 Reserves - Greenspaces	0.47	
Social Inclusion Fund - One off Use of Balances	0.15	
<b>Total Change in Resources</b>	<b>1.05</b>	<b>0.0</b>
<b>PRESSURES</b>		
<b>Inflation:</b>		
Pay	6.02	
Energy	(0.38)	
Fuel	(0.68)	
Waste PFI and Recycling Contracts	0.34	
Grounds Maintenance Contract	0.08	
Other Inflation	0.60	
<b>Capitalised Pensions - Fall Out</b>	(0.10)	
<b>Demographic and demand pressures</b>		
Waste Disposal - Allowance for Household Growth	0.23	
<b>Income Pressures</b>		
Removal of Inert Waste Charge at HWRC	0.18	
Housing Benefit Subsidy Loss & Overpayment Income	3.95	
Bereavement Services trends	0.60	
Reduction in staff costs chargeable to Disabled Facilities Grant	0.21	
Review of Charges into the HRA	3.43	
Capitalisation of Library Books	0.15	
Other	(0.29)	
<b>Expenditure Pressures</b>		
Insurance Charges	(0.20)	
Waste Disposal (mainly POPS and SORT)	2.85	
Vehicle Costs	2.89	
Carnival	0.15	
Parks Maintenance - mainly ELOR	0.24	3.0
Other Pressures	0.46	
<b>Total Pressures</b>	<b>20.72</b>	<b>3.0</b>

	2023/24 £m	FTEs
<b>SAVINGS</b>		
<b>Business As Usual</b>		
Directorate wide - Staffing savings	(0.35)	(11.4)
Directorate wide - Increase in existing fees and charges	(0.85)	
Maximisation of grant funding streams	(1.77)	
15% reduction in Well Being and Youth Activity Fund	(0.21)	
Youth Service - Vacant post deletion & grant reduction	(0.07)	(1.0)
Increased contribution to Overheads from Migration Yorkshire	(0.10)	(2.0)
Housing Benefit Subsidy - Ongoing Exempt Accommodation target	(0.60)	
FYE of Bus Lane Enforcement Cameras installed in 23/24	(0.07)	
Car Parking Charges at Wetherby Car Parks	(0.10)	
Removal of Glass Pilot budget (following revised Gov't policy)	(0.21)	
Waste disposal efficiencies and targeted contract savings	(0.91)	
Efficiencies in Leeds Carnival	(0.08)	
Car Parking Charges - Golden Acre and Otley Chevin	(0.13)	
Review of all lines of operational expenditure/income including fleet reviews	(1.03)	(10.0)
<b>Service Review</b>		
Cleaner Neighbourhoods Teams	(0.60)	(17.0)
Bulky Waste - introduce contributory charges for repeat collections	(0.17)	
Community Centres Pricing Review	(0.08)	
Leedswatch - Out of Hours Noise Witnessing Service	(0.04)	(7.0)
Change of Opening Hours at Hubs and Libraries	(0.10)	(11.5)
Staffing and efficiency review of Community Hubs and Libraries	(0.39)	(7.9)
Extension of District Parking Charges at 4 sites	(0.23)	
Introduction of car parking charges at Middleton, Roundhay and Temple Newsam	(0.16)	
<b>Total Savings</b>	<b>(8.24)</b>	<b>(67.8)</b>
<b>Net Managed Budget 2024/25</b>	<b>107.73</b>	<b>(64.8)</b>

# LEEDS CITY COUNCIL

## 2024/25 BUDGET REPORT

### Directorate: Communities, Housing and Environment

### Housing Revenue Account

#### 1 Introduction

- 1.1 The purpose of this report is to inform members of the main variations and factors influencing the 2024/25 Housing Revenue Account (HRA) budget.
- 1.2 The 2024/25 budget has been prepared at outturn prices. This means that allowances for inflation have been included in the budget submission.

#### 2 HRA Budget Strategy

- 2.1 An increase in accordance with the Government's rent formula of CPI (6.7% as at September 2023) +1% is proposed. This overall 7.7% rise equates to approximately £14.1m in additional rental income, when taking into account stock reductions for Right to Buy sales (RTB). Service charges are planned to increase by 7%.
- 2.2 The Council remains committed to directing more of the annual budget towards investment and maintenance as well as a commitment to replacing homes lost through RTB by the planned investment in new Council homes. To this end, of the total additional income of £14.7m expected in 2024/25, £11.5m will be specifically allocated to repairs budgets and an increase in the revenue contribution to the capital programme.

#### 3 Key movements 2023/24 to 2024/25 - Income

##### 3.1 Dwelling Rents

- 3.1.1 As detailed in 2.1, it is proposed to increase rents to all properties, in accordance with the government rent formula for rent increases in 2024/25, by 7.7% to generate around £14.1m in additional rental income.
- 3.1.2 Increasing average rents by 7.7% equates to an increase of £6.71 per week /£349 per year as shown in the table below, however, the impact of this on individual tenants will vary.

Average rent	2023/24	2024/25	Increase
£ per week	83.89	90.60	6.71
£ per year	4,362	4,711	349

- 3.1.3 The budget for 2024/25 assumes that 550 properties will be sold under RTB which is based upon the continuation of normal activity levels. The impact of this is a forecast reduction in rental income of around £2.6m in a full year.
- 3.1.4 A void level of 1% has been assumed which is the same as the budgeted void level in 2023/24. The policy of re-letting properties at target rent (the rent which, under Government policy, should be charged for a property taking into account a number of factors such as the



valuation of the property and the number of bedrooms) continues.

- 3.1.5 The budget also factors in additional income from new homes built or acquired during the year. The budget assumes 40 new homes delivered through the Housing Growth programme, 81 brought back into the HRA from the Right of First Refusal policy and the purchase of a 4 new 'off the shelf' homes.

### 3.2 **Other Rents**

- 3.2.1 It is proposed to apply a 7.7% rental income increase for garages and traveller's sites in line with rental increases. Any other increases will be in accordance with individual lease agreements.

### 3.3 **Service Charges**

- 3.3.1 Net income from service charges is budgeted to increase by £796k in 2024/25. The main movements are detailed below.

#### 3.4 **Service charges for MSFs, medium and low-rise properties**

- 3.4.1 Tenants in multi storey flats (MSFs) and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts and pay part of the cost of these services meaning other tenants are subsidising the additional services received. It is proposed to increase service charges for tenants in low/medium rise flats from £4.83 per week in 2023/24 to £5.17 per week in 2024/25 and for tenants in multi storey flats from £11.40 per week in 2023/24 to £12.20 per week in 2024/25.

#### 3.5 **Charges for Retirement Life Support**

- 3.5.1 Tenants living in sheltered housing schemes across Leeds are supported by Support Officers who provide housing related support. This support includes wellbeing checks, support with tenancy and repairs issues, scheme health and safety and providing additional support to residents to enable tenants to live independently in a safe environment. The charge for this service in 2023/24 is £8.51 per week and it is proposed that this will increase to £9.22 for 2024/25.

#### 3.6 **Retirement Life – Access to Communal Facilities**

- 3.6.1 In 2021/22 a charge was introduced for the provision of services provided to communal areas of schemes with standalone community centres, e.g. heating, laundry facilities, furniture and carpets. At the same time the charge for communal facilities in complexes was increased to be aligned to service charges for MSFs. In 2024/25 the proposed charge for complexes will be increased to £12.20 and standalone Community Centres increased to £5.17.

#### 3.7 **District Heating charges**

- 3.7.1 Housing Leeds manages a number of district heating schemes, including the Leeds PIPES (Providing Innovative Pro-Environmental Solutions) scheme which provides heating generated by the Recycling and Energy Recovery Facility (RERF) to the Saxton Gardens, Ebor Gardens and Lincoln Green areas.
- 3.7.2 In 2024/25 the standing charge for these district heating schemes will increase by 7% and it is proposed that the District Heating Schemes unit rate will remain at 10p per Kwh in

2024/25. An increase of 7% is proposed for sheltered complexes with heat consumption charges in line with service charge increases.

### 3.8 Leaseholders Charges

3.8.1 The 2024/25 budget reflects contributions from leaseholders for service charges, leaseholder management fees and where their properties have benefited from capital investment. The 2024/25 budget assumes an income budget of £1,048k, although this will vary dependent upon the capital works undertaken.

### 3.9 Extra Care

3.9.1 In 2024/25 it is proposed that tenants living in the Wharfedale View extra care scheme will have the annual service charge increased from £47.41 per week in 2023/24 to £50.73 per week in 2024/25. Tenants living in the Gascoigne House extra care scheme will have the annual service charge increased from £59.85 per week in 2023/24 to £64.04 per week in 2024/25. In addition, the support charge at both extra care schemes will increase from £24.54 in 2023/24 to £28.77 in 2024/25 to reflect the increase in staffing numbers and costs.

### 3.10 Impact on tenants of increased rents and charges

3.10.1 An analysis of the impact on tenants of the above charging proposals together with the increase in rents (see 4.1) has been undertaken. With a rental increase of 7.7%, all tenants will pay more in 2024/25 than in 2023/24 as outlined in the table below, with the majority (73%) paying between £6.01 and £7.00 per week more.

% of Tenants	Number of Tenants	Average Rent Increase £/week
18.30	9,685	5.88– 6.00
72.93	38,602	6.01 – 7.00
8.77	4,640	7.01 - 7.85

3.10.2 Where relevant these increases will be funded through Housing Benefit for eligible tenants and tenants eligible for Universal Credit (UC) will receive payments for this increase. Approximately 34% of tenants are in receipt of Housing Benefit with a further 36% in receipt of UC, a total of 70%. For those in Sheltered Accommodation, this figure is 65%.

### 3.11 PFI Grant

3.11.1 The 2024/25 budget assumes full year PFI grant of £6,097k for Swarcliffe PFI and £15,288k for Little London Beeston Hill & Holbeck (LLBH&H) PFI. This is the same as 2023/24 and will remain fixed for the life of the PFI scheme.

### 3.12 Internal Income

3.12.1 The budget for capitalised salaries has been inflated in line with the proposed pay award and adjusted to reflect the amount of time staff are budgeted to spend on capital work during 2024/25.

### 3.13 External Income

3.13.1 There is a reduction in budgeted external income of £111k since 2023/24. The main reason for this is a decrease in income received for placing telecoms masts on tower blocks.

## 4 Key movements 2023/24 to 2024/25 – Expenditure

### 4.1 Employees

4.1.1 The 2024/25 budget for employees has increased by £2.2m when compared to the base budget 2023/24, with the most significant elements shown below:

- The budget assumes a pay award of 3.5% for 2024/25. The impact of the current pay award offer of £1,925 per employee for 2023/24 has also been budgeted.
- The Paralegal team has been transferred to the HRA from the Housing General fund, the costs were previously recharged to the HRA but will now sit directly in the HRA staffing costs.
- The Housing Advisory Panel (HAPs) staffing budget will be removed in 2024/25 as the HAPs expenditure budget is removed from the HRA.

### 4.2 Repairs to dwellings

4.2.1 Repairs to dwellings remains a priority budget. The budget will be set at £68m in 2024/25, an increase of £4.2m from the adjusted 2023/24 base to take account of the inflationary costs on the budget.

### 4.3 Premises

4.3.1 The premises budget reflects a net increase of £1.5m. Projected reductions in the price of energy have been reflected, with a saving of £0.6m in the budget for gas and electricity costs in 2024/25.

4.3.2 An increase in the costs of premises insurance and an increase in NNDR has been budgeted at a cost of £0.4m compared with 2023/24.

4.3.3 The pay award on cleaning recharges has resulted in additional costs of £0.6m in 2024/25.

4.3.4 An additional £1m has been provided to contribute towards the costs of the high rise (Reemas) schemes which were approved at Executive Board in October 2023.

### 4.4 Supplies & Services - Payments to PFI contractor

4.4.1 The increase in payments to the PFI contractors of £1.7m between 2023/24 and 2024/25 is consistent with the final model for the PFI programme that was agreed and received at Executive Board.

### 4.5 Supplies & Services – Other

4.5.1 It is proposed that the Housing Advisory Panels (HAPs) budget is removed in 2024/25 creating a budget saving of £0.4m along with the staffing budget saving for HAPs.

4.5.2 Newly proposed charges, which are being consulted upon by Government require HRAs to pay a per property fee to the Housing Regulator. This is estimated to cost approximately £0.3m in 2024/25.

4.5.3 An additional £0.5m has been provided in the contingency budget to help manage unforeseen pressures in the HRA.

#### 4.6 **Charges for internal services**

4.6.1 A fundamental review of all charges in the HRA has been undertaken to ensure that all expenditure charged remains appropriate within the ringfence and accurately reflects the level of services provided to tenants. With Council budgets being reduced, especially those in the traditional support services functions, it is appropriate that the HRA receives an appropriate reduction in the charges. These will be reflected in the 2024/25 budget, and after assumptions for pay increases, generates an estimated a saving of £4.2m.

#### 4.7 **Payments to Belle Isle Tenant Management Organisation (BITMO)**

4.7.1 The proposed management fee payable to Belle Isle Tenant Management Organisation (BITMO) is an increase of £197k to £3.7m to reflect the approach to changes within the staffing and repairs budgets within Housing Leeds as outlined above. The BITMO management fee is adjusted each year by an agreed formula.

#### 4.8 **Contribution to Provisions**

##### 4.8.1 (a) **Disrepair**

- Work has been on-going to rationalise the workflow processes and provide legal challenge to disrepair cases where appropriate. As this budget has continued to see considerable pressure with increases in case numbers and average case costs it proposed to increase the contribution to the disrepair provision by £0.4m to £4m in 2024/25.

##### 4.8.2 (b) **Bad debts**

- The budgeted contribution to the bad debt provision has been kept at 2023/24 levels for 2024/25.

#### 4.9 **Capital (Financing) charges**

4.9.1 The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through RTB by the planned investment in new homes. The costs associated with servicing the HRA's borrowing include the planned increase in borrowing to support the Council's Housing Growth programme which will see 196 new build properties start on site in 2024/25. During 2024/25 40 new build, 4 off-the-shelf and 81 homes purchased through the Right of First refusal process will be delivered. The overall cost of borrowing is anticipated to increase by £1m.

#### 4.10 **Revenue Contribution to Capital**

4.10.1 The 2024/25 revenue budget includes £59.2m to fund the Housing Leeds capital programme/investment plan. The overall Housing Leeds capital programme, excluding the Housing Growth Programme, is £76.6m which includes an extra £0.75m capital funding specifically to help meet the demands on the adaptations programme. This includes £3.9m

of borrowing earmarked to fund the decant costs of the recently approved High Rise (Reema) schemes and also to complete the demolition works at the Highways site

4.10.2 The 2024/25 revenue contribution to capital budget includes £1.5m to fund the Belle Isle Tenant Management Organisation (BITMO) capital programme

	<b>2023/24 £k</b>	<b>2024/25 £k</b>
Capital Programme	74,685	76,552
<b>HRA Revenue Contribution (RCCO)</b>	<b>(50,075)</b>	<b>(59,150)</b>
RtB Receipts (Allowable Debt)	(14,582)	(12,778)
Gov't grant / EU Grant	(4,654)	(705)
Borrowing	(4,632)	(3,919)
Private Sector	(742)	0

4.10.3 The 2024/25 budget for the Council House Growth Programme (CHGP) is shown below and the impact of the cost of borrowing is included in the figures in 5.9.

	<b>2023/24 £k</b>	<b>2024/25 £k</b>
Capital Programme	51,399	60,208
Borrowing	(20,303)	(35,301)
RtB Receipts	(23,659)	(22,867)
Gov't grant	(7,437)	(2,040)

#### 4.11 Appropriation to / from PFI Reserves

4.11.1 The appropriation account reflects the budgeted contributions to/from the Swarcliffe & LLBH&H PFI sinking funds.

4.11.2 The sinking fund smooths out the effect of the incidence of the payments to the PFI contractor. In 2024/25 the use of the Sinking Fund is budgeted to be £1.1m.

### 5 HRA Reserves

5.1 The HRA Reserves Statement reflects the anticipated movement in reserves between April 2024 and March 2025.

5.2 The HRA General Reserve current balance is £7.925m and represents 2.7% of the annual budget. It is proposed, over the next 10 years to contribute £1m per year to the reserve to provide increased financial sustainability.

5.3 The PFI reserves ("Sinking Fund") are used to smooth out the effects of the unitary charge payments to the PFI contractor over the life of the contracts. In 2024/25 it is budgeted to use £785k of reserves for the Little London scheme and £269k of the Swarcliffe PFI reserves in line with the approved PFI model. The value of both reserves is expected to be £6.2m by March 2025.

5.4 A contribution to the Major Repairs Reserve is proposed at £60.7m in 2024/25, and this will be fully utilised in year to support the capital programme.

### Forecast Level of HRA Reserves

Projected Financial Position on Reserves	Projected Reserves b/f Apr 2024	Projected Use of Reserves	Projected Contribution to Reserves	Closing reserves March 2025
	£000	£000	£000	£000
<b>HRA General Reserve</b>	<b>(7,925)</b>	<b>0</b>	<b>(1,000)</b>	<b>(8,925)</b>
<b>Earmarked Reserves</b>				
Housing Advisory Panels	(39)	39	0	0
Wharfedale View	(54)	0	0	(54)
Repair / Disrepair Reserve	(69)	69	0	0
	<b>(162)</b>	<b>108</b>	<b>0</b>	<b>(54)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(3,579)	269	0	(3,310)
LLBH&H PFI Sinking Fund	(3,678)	785	0	(2,893)
	<b>(7,257)</b>	<b>1,054</b>	<b>0</b>	<b>(6,203)</b>
<b>Capital Reserve</b>				
MRR	(3,199)	60,670	(60,670)	(3,199)
	<b>(3,199)</b>	<b>60,670</b>	<b>(60,670)</b>	<b>(3,199)</b>
<b>Total</b>	<b>(18,543)</b>	<b>61,832</b>	<b>(61,670)</b>	<b>(18,381)</b>

## 6 Risks

6.1 There are a number of risks which, should they materialise would have a significant impact upon the 2023/24 HRA budget. These risks are reviewed throughout the year and action taken to mitigate any impact wherever possible.

6.2 The HRA maintains a level of reserves in order to meet the impacts of such risks should they occur. Key risks identified are as follows:

- Pay inflation may vary from the assumed pay award.
- The ongoing impact of the cost-of-living crisis may increase arrears beyond levels anticipated.
- The cost of servicing the debt for the Council House Growth programme may go up if interest rates increase beyond what is assumed in the projections.
- Property numbers may vary significantly from estimates due to fluctuations in the number of RTB sales and the delivery of new homes which could affect rent income levels.
- The number of disrepair claims against the Council may vary from current assumptions thus requiring additional contribution to the provision.

- The increasing cost of materials may affect the ability to deliver the annual investment programme and repairs service.
- Should these risks arise, the service will respond flexibly by implementing cost control measures such as vacancy management and approvals from the contingency budget. Use would also be made of the reserves on the HRA balance sheet identified at 5.2, along with specific provisions for doubtful debt and disrepair.

Briefing note prepared by: Kevin Mulvaney (Head of Finance)  
Telephone: 0113 378 9390



## Annex 1

	Adjusted Original Estimate 2023/24	Original Estimate 2024/25	Variance
	£000s	£000s	£000s
<b>Income</b>			
Dwelling Rents Income	(230,870)	(244,924)	(14,054)
Other Rents (Shops & Garages)	(3,347)	(3,392)	(45)
Service Charges	(9,551)	(10,347)	(796)
PFI grant	(21,385)	(21,385)	0
Internal Income	(9,399)	(9,312)	87
External Income	(1,778)	(1,667)	111
<b>Total Income</b>	<b>(276,330)</b>	<b>(291,027)</b>	<b>(14,697)</b>
<b>Expenditure</b>			
Employees	33,574	35,773	2,199
Repairs to dwellings	63,843	68,039	4,196
Premises	13,077	14,589	1,512
Supplies & Services - Payments to PFI contractor	12,662	14,348	1,686
Supplies & Services - Other	5,440	5,813	373
Transport	304	300	(4)
Recharges from General Fund	39,544	35,331	(4,213)
Payments to BITMO	3,524	3,721	197
<b>Provisions</b>			
- <i>Disrepair</i>	3,600	4,000	400
- <i>Bad debts</i>	1,136	1,136	(0)
Capital charges	46,396	47,361	965
Revenue Contribution to Capital (Investment)	53,306	60,670	7,364
<b>Total Expenditure</b>	<b>276,406</b>	<b>291,081</b>	<b>14,675</b>
<b>Appropriations</b>			
<b>General Reserve</b>	250	1,000	750
<b>Sinking Funds</b>			
LLBH&H PFI	(322)	(269)	53
Swarcliffe PFI	(4)	(785)	(781)
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

# LEEDS CITY COUNCIL

## 2024/25 BUDGET REPORT

### Directorate: Strategy and Resources

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2024/25 financial year.

#### 2 Service Context

- 2.1 The Directorate contains the Council's key professional support services; Finance, Procurement, Human Resources, Integrated Digital Services, Legal and Democratic Services, Shared Services, and Strategy and Performance. These services support the strategic direction of the Council and provide essential support to Members and managers to improve outcomes and deliver change. The Directorate also has responsibility for the Contact Centre, Digital Access and Customer Relations Teams.
- 2.2 The Directorate is also responsible for delivering Catering and Cleaning, Corporate Property Management, Leeds Building Services, Fleet Services, Facilities Management and Passenger Transport. Some of these services are provided on a trading basis to Council Directorates and schools as well as external customers and suppliers.

#### 3 Budget Proposals

- 3.1 This 2024/25 budget has been set at £91,800k representing a net increase/decrease of £7,047k (8.31%) when compared to the adjusted budget for 2023/24. This net increase comprises a number of changes in resources totalling £197k and pressures totalling £17,516k, offset by savings of £10,666k which are explained below.

#### 3.2 Budget Adjustments and Transfers - £19k

- 3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2024/25 budget. The net total of these is 19k. These are detailed below.
- 3.2.2 An adjustment of £1,450k has been made to reflect the transfer of WYCA Gainshare capacity funding from Strategy and Resources directorate to City Development as that directorate will take the lead on achieving the priority outcomes.
- 3.2.3 An adjustment of £1,437k has been made to reflect the transfer, under phase two of the Business Administration Service review, to directorates as follows; £775k to Children and Families, £475k to City Development, £130k to Adults and Health, £57k to Communities, Housing and Environment.
- 3.2.4 £74k reflects the transfer of running cost budgets within the Strategy and Resources directorate associated with planned property releases in City Development's existing Estate Rationalisation savings programme.
- 3.2.5 £80k has been transferred to the directorate's Corporate Property Maintenance budget from the Communities, Housing and Environment budget in relation to building running costs.

### 3.3 **Changes in Specific Grant Funding – reduction of £40k**

3.3.1 A £40k reduction in income from Public Health as a contribution to the resilience and emergencies division has been recognised as a pressure in the strategy.

### 3.4 **Changes in Other Resources - increase of £157k**

3.4.1 This reflects the fallout of flexible capital receipts as follows; £55k to Legal Services, 84k to Financial Services and £13k to CEL.

### 3.5 **Pay Inflation – pressure of £8,074k**

3.5.1 This budget provides £9,181k for the following elements of pay inflation: the Employers final pay award for 2023/24, the 3.5% for both NJC and JNC staff in 2024/25, the recently announced Real Living Wage increase to £12.00, with an hourly rate of £12.00 at pay scale point 2 in 2024/25. £638k provided for the additional costs of LBS pay standardisation and £75k for Member's Pay. Part (£1,820k) of the pay pressure mitigated as the pay pressure is passed on to clients.

### 3.6 **Price Inflation – pressure of £1,300k**

3.6.1 **Energy Inflation:** Prices within the energy market continue to fall and the Council notes further price improvements are considered achievable. Forecasts assume decreases against the 2023/24 base of 18.6% for gas and 10.6% for electricity. These reductions are reflected in the 2024/25 budget resulting in a total provision £410k.

3.6.2 **Fuel Inflation:** Fuel prices have fallen significantly during 2023/24 and based on recent forecasts the 2024/25 budget also assumes 18.32% decrease for the cost of fuel, resulting in savings of 213k.

3.6.3 **Other price inflation** totalling £1,923k has been provided for as follows.

- £1,000k inflationary pressures within IDS on equipment and licencing contracts
- £438k supplies and services, particularly around postage and cleaning materials
- £485k for food inflation

### 3.7 **Actuarial Review – £0**

3.7.1 The 2024/25 directorate budget reflects no increase in the Employers Pension contribution to the West Yorkshire Pension Fund.

### 3.8 **Capitalised Pension Costs – saving of £370k**

3.8.1 The fall out of capitalised pension costs associated with staff who have left the Council under ELI to date will save an estimated £370k.

### 3.9 **Other budget pressures – £8,512k**

3.9.1 £1,300k reflects the removal of corporate wide fleet savings targets accumulated since 2020/21. These savings target have been delivered (e.g., savings from switching some of the fleet to electric vehicles) but a combination of the impact of inflation on vehicle parts, fuel and occasional hire, together with the impact of maintaining an ageing fleet, mean this savings target has been removed in the proposed budget. £700k has also been provided to

reflect the impact of occasional hire pressures on a number of Civic Enterprise Leeds services within the Strategy and Resources directorate. An ageing fleet requires more maintenance and spare parts and leads to reduced liability which then requires increased occasional hire.

- 3.9.2 £685k has been provided to allow further business administration support to the Children and Families directorate.
- 3.9.3 £600k reflects the additional costs of the Corporate Property Management service due to the inflationary costs of materials and labour to maintain the backlog maintenance programme.
- 3.9.4 £410k has been included for the additional cost of Microsoft licences as the authority continues to move to cloud storage. A further £150k has been provided for new ICT device licences, £2,459k has been provided for the IDS licence costs in relation to Core Business Transformation, £900k has been provided within the revenue budget to reduce the capitalisation charge to the IDS Essential Services Programme.
- 3.9.5 £391k is provided to reflect the inflationary costs of the meals at home and meals to day centre services.
- 3.9.6 £277k has been provided to the Strategy and Performance division to reinstate a 23/24 action plan to take account of what is controllable in terms of statutory and corporate wide posts. £150k reflects the removal of corporate wide publicity savings targets in Strategy and Performance 23/24 budget. Where appropriate, these are captured in individual budget savings.
- 3.9.7 Within Human Resources, £215k is included for the provision of thirty internships. These will be ten weeks in length for twenty graduates and ten care leavers. £191k has been provided in the budget for the Corporate Graduation scheme. However, this has been examined and the provision will be taken towards the HR savings target in outlined below in paragraph 3.11.
- 3.9.8 £50k relates to additional front of house staff at a building used by the Children's and Families directorate.
- 3.9.9 The net income pressures for the directorate total a credit of (£643k). A pressure on the salary sacrifice scheme for electrical goods of £180k has been recognised, as has a £90k internal income target in legal services from the centralisation of budgets a number of years ago. This has been more than offset by a target of £275k income for LBS due to fire safety work and passing on the £638k pay harmonisation costs in LBS through the schedule of rates.
- 3.9.10 £177k is provided for insurance costs which reflects changes in the number and value of insurance claims.
- 3.9.11 £107k reflects additional Business rates costs of directorate buildings.
- 3.9.12 £324k provision has been made following a review of activity levels in services which are part funded by the Housing Revenue Account to reflect the current cost of services provided within the Directorate.

3.9.13 £69k represents the sum of a number of minor budget variations such as changes in the cost of on-line legal material, an increase in the cost of the apprentice levy and software costs in relation to the revenues service.

## **Savings**

### **3.10 Business As Usual – £3,027k**

3.10.1 The proposals include £1,128k for increased savings already planned in the setting of the 23/24 budget, that is, a continuation of actions that have been in place for the 23/24 year. These are in the following areas: Electric Fleet Replacement, Review of Fleet – stores, Corporate Property Management, Cleaning, Facilities Management, Catering, Telematics / Logistics.

3.10.2 £524k Shared Services. £500k will be achieved through efficiencies within the Business Administration Service. This will include the deletion of non-essential vacant posts, focussing staff on to statutory work and the implementation of new technology. £24k of additional income will be generated by a 5% increase in Business Support Centre charges to Academies.

3.10.3 £59k Support Services. £29k of this will be achieved by ceasing a number of corporate memberships (e.g., Whitehall Industry Group (WIG), Nuclear Free Local Authorities (NFLA) with £30k from the increase in fees and charges to schools.

3.10.4 £169k of savings will result from licence fees on current applications as a result of Core Business Transformation.

3.10.5 £1,147k of business as usual savings will be achieved in Commercial Enterprise Leeds through;

- £34k Review of fees and charges
- £200k Cleaning and front-of-house efficiencies in line with estate rationalisation
- £114k Key Stage 1 school meal price increase
- £42k Key Stage 2 school meal price increase
- £60k Mail Room support efficiencies
- £200k Automation of back-office functions and the use of 'power' apps
- £75k Insourcing of work currently going externally - savings through increased productivity and economies of scale
- £75k Management of waste within high rise blocks
- £50k Weddings - increase number of days venue(s) used
- £30k Increase Fleet external income
- £50k Commercialisation opportunities
- £100k Review of specification within contracts and in-house work
- £117k Community Centre running cost savings

### **3.11 Service Review £7,639k**

3.11.1 **Support Services £4,509k** The overall council reduction in size provides opportunities to reshape and redesign the Support Services functions across the Directorate. In addition, new technology brings greater opportunities for efficiencies and rationalisation of processes. For example, the Core Business Transformation programme which is in its initial phase will be replacing the council's finance and core HR systems and modernising the underlying processes. A programme reviewing non-pay budget streams (for example growing income

opportunities where benefits will be realised in 2024/25, efficiencies and transformation) will be undertaken across the Support Services functions. Alongside this, through a mix of workforce measures including the Voluntary Leavers Scheme to avoid where possible Managing Staff Reductions, the number of FTE within Support Services functions will be reduced, reflective of the wider organisation reductions. Details of savings to be achieved split by support service function are as follows, although given the ambition of a more integrated approach, the overall savings might be achieved through a slightly different balance:

- £489k Human Resources
- £436k Finance
- £92k Procurement
- £2,988k Integrated Digital Services (IDS)
- £504k Strategy & Performance

3.11.2 **Shared Services £1,515k** (comprising the Business Administration Service (BAS), Business Support Centre (BSC) and the Contact Centre). The reduction in size of the Council in line with the reset and prioritisation of services, the broader reshape and organisational design work being progressed as part of the Financial Challenge programme and the introduction of new technology to maximise self service and support channel shift, provides an opportunity to reshape the Shared Services offer across all three areas.

3.11.3 **Civic Enterprise Leeds, £1,615k** These savings will be delivered by a review of the business planning functions within CEL particularly within Catering, School Cleaning and the Presto Service. This will include a mix of workforce measures including applying the Voluntary Leavers Scheme to each service area to avoid where possible Managing Staff Reductions, a business planning review to inform productivity improvements, a review of commercial opportunities to maximise income generation, a review of pricing to ensure inflationary pressures are passported to clients and a review of procurement to explore the potential to generate further savings. A breakdown of the £1,615k is as follows;

- £288k Workforce measures/Productivity
- £825k Pricing Review
- £400k Procurement
- £102k Commercialisation & pricing

## 4 Risk Assessment

4.1 In determining the 2024/25 budget, consideration has been given to all of the risks, which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered as carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2024/25 budget for the Strategy and Resources Directorate are:

- A pay award is agreed beyond the budgeted level.
- There is a reduction in the turnover of posts resulting in lower service vacancy factors than budgeted resulting in pressures on pay budgets.
- Inflationary pressures result in an increased expenditure.
- Full cost recovery within traded services may lead to reduced demand resulting in less income whilst a proportion of costs are fixed.
- Savings reliant on transformation through digital solutions could be delayed due to competing demand for a reduced IDS service.

- Turnover within LBS is reliant on client departments' programme of work. These programmes may be impacted by changes in economic circumstances.
- Workload pressures may limit the ability to meet expectations of all services, directorates, members and partners.

Briefing note prepared by: Patrick McGuckin (Head of Finance)  
Telephone: 0113 3787830



## Directorate - Strategy and Resources

	2024/25 £m	FTEs
<b>Net managed budget 2023/24</b>	84.73	
<b>Adjustments</b>		
Transfer of WYCA Gainshare to City Development	1.45	
Transfer of Business Admin to Directorates	(1.44)	
Transfer running cost budgets to City Development re Estate Rationalisation	(0.07)	
Transfer of building running cost budgets from CH&E	0.08	
<b>Adjusted net managed budget</b>	<b>84.75</b>	<b>0.00</b>
<b>CHANGES IN RESOURCES</b>		
<b>Grant Reductions/Fallout</b>		
Funding of grant fall out from Public Health	0.04	
<b>Grant Increases</b>	0.00	
<b>Changes in the use of Reserves &amp; Balances</b>	0.00	
<b>Changes in Other Resources</b>		
Fall out of Capital Receipts funding for Legal, Finance and CEL	0.16	
<b>Total Change in Resources</b>	<b>0.20</b>	<b>0.00</b>
<b>PRESSURES</b>		
<b>Inflation:</b>		
Pay	8.07	
Energy	(0.41)	
Fuel	(0.21)	
Other	1.92	
<b>Employers Pension</b>	0.00	
<b>Capitalised Pensions</b>	(0.37)	
<b>Demographic and demand pressures</b>	0.00	
<b>Other</b>		
Fleet - Removal of Corporate Wide Savings Target	1.30	
Fleet - Occasional Hire Costs	0.70	
Business Administration - Support to C&F	0.69	
Corporate Property Management - Inflationary costs and material and labour	0.60	
Unwind Capitalisation	0.90	
Microsoft Licences - Moving to the Cloud	0.41	
Microsoft Licences - Core Business Transformation	2.46	
Information Digital Services - New Devices	0.15	
Catering - Meals at Home and meals to Day Centres	0.39	
Strategy and Performance - review of previous savings	0.28	
Corporate wide Publicity, review of previous savings	0.15	
HR - Review of Corporate Internships	0.22	
Reinstate Corporate Graduate Scheme	0.19	
Additional Front of House staff	0.05	
Salary Sacrifice on Electrical Devices	0.18	
Legal - Internal income pressure	0.09	
LBS - Fire Safety Work	(0.28)	

	2024/25 £m	FTEs
Passing on LBS pay harmonisation costs	(0.64)	
Insurance costs	0.18	
Business rates	0.11	
Sum of minor budget heading pressures	0.07	
HRA charge reviews	0.32	
<b>Total Pressures</b>	<b>17.52</b>	<b>0.00</b>
<b>SAVINGS</b>		
<b>Business As Usual</b>		
Savings already approved in 23/24 budget to be actioned in 24/25.	(1.13)	
Efficiencies within Business Administration Service.	(0.50)	
Business Support Centre charges to Academies	(0.02)	
Ceasing Corporate memberships	(0.03)	
Increase in fees and charges to Schools	(0.03)	
CBT Savings	(0.17)	
<b>Commercial Enterprise Leeds:</b>		
Review of Fees and Charges	(0.03)	
Cleaning and Front of House efficiencies in line with Estate rationalisation	(0.05)	
Key Stage 1 School meal price increase	(0.11)	
Key Stage 2 School meal price increase	(0.04)	
Mail Room support efficiencies	(0.06)	
Reduced cleaning frequency across suitable sites.	(0.15)	
Automation of back office functions and use of power apps	(0.20)	
Insourcing of work	(0.08)	
Management of waste within high rise blocks	(0.08)	
Increase number of venue days for Weddings	(0.05)	
Increase Fleet external income	(0.03)	
Commercialisation opportunities	(0.05)	
Review of Specification within contracts and in-house work	(0.10)	
Community Centre savings	(0.12)	
<b>Service Review</b>		
HR service review	(0.49)	(9.70)
Finance service review	(0.44)	(9.30)
Procurement service review	(0.09)	(1.00)
Integrated Digital Services review	(2.99)	(56.00)
Strategy and Performance review	(0.50)	(5.80)
Shared Services review	(1.52)	(80.00)
Civic Enterprise Leeds review	(1.62)	(14.60)
<b>Total Savings</b>	<b>(10.67)</b>	<b>(176.40)</b>
<b>Net Managed Budget 2024/25</b>	<b>91.80</b>	<b>(176.40)</b>

# LEEDS CITY COUNCIL

## 2024/25 BUDGET REPORT

### Directorate: Strategic and Central Accounts

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Strategic and Central Accounts budget for the 2024/25 financial year.

#### 2. Service Context

- 2.1 The Strategic and Central accounts hold a variety of corporate budgets which do not relate directly to individual services, as well as council-wide budgets which largely for timing reasons have not been allocated to individual services. Generally, these council-wide budgets will be allocated to services in year once their impact is known. Corporate budgets include the Council's capital financing costs and associated entries relating to the complexities of the capital accounting requirements. Other budgets within Strategic and Central accounts include contributions to joint committees and levies.

#### 3. Budget Proposals

- 3.1 This 2024/25 budget has been set at £27,735k representing a net increase of £14,614k (11.4%) when compared to the adjusted budget for 2023/24. This net increase comprises a number of reductions in resources totalling £9.21m and pressures totalling £5.71m, offset by savings of £0.31m. Each of these changes are explained below.

#### 3.2 Budget Adjustments and Transfers

- 3.2.1 There are no adjustments or transfers affecting the Strategic and Central Accounts budget for 2024/25.

#### 3.3 Changes in Specific Grant Funding – reduction of £9,878k

- 3.3.1 The Strategic and Central accounts reflect a reduction of £5,400k in the value of the Services Grant due to be received in 2024/25, and the fall-out of the remaining £4,478k of the New Homes Bonus grant, which has been discontinued by the Government.

#### 3.4 Changes in Use of Reserves and Balances – reduction of £3,783k

- 3.4.1 The Strategic and Central accounts budget for 2024/25 includes contributions of £6,154k to establish a new Social Care Contingency Reserve, and £3,000k to establish a Strategic Resilience Reserve.
- 3.4.2 The budget also includes an increase of £7,638k in the use of the Strategic Contingency Reserve to support the bottom line.
- 3.4.3 The budget also reflects a pressure of £3,238k from the removal of the one-off 2023/24 budget for the use of the covid-related Tax Income Guarantee grant which had been brought forward in reserves, and which was fully applied in 2023/24 to coincide with the impact of local taxation losses on Collection Fund precepts. This is partially offset by the

fall-out of a 2023/24 budget to contribute £970k to Adults reserves, to restore amounts which had been used to support the bottom line in previous years.

### 3.5 **Business rates income - increase of £4,447k**

3.5.1 The budget for 2024/25 includes projected increases of £4,783k in S31 grants relating to business rates relief.

3.5.2 This is partially offset by a projected increase of £336k in the levy payable to the regional business rates pool.

### 3.6 **Increase in Debt costs - £3,008k**

3.6.1 The budget for external debt costs has increased by £5,147k, reflecting the ongoing need to borrow for the capital programme and the expected continuation of relatively high interest rates. This is partially offset by a budgeted increase in investment income of £30k. However, projected internal recharge income from directorates for prudential borrowing will reduce by £104k.

3.6.2 The budget for debt costs includes a small reduction in the Minimum Revenue Provision (MRP) budget of £52k, reflecting the extent to which expenditure in the capital programme has slipped into later years since the 2023/24 budget was set. This budget does represent an increase of £1,842m in comparison to the latest projected MRP for 2023/24.

3.6.3 There is a net saving of £2,161k in the budgets for capitalisation of PFI lifecycle costs and for MRP chargeable on PFI schemes, as a result of annual fluctuations in PFI accounting models.

### 3.7 **Changes to levies and other contributions – increase of £502k**

3.7.1 From the information available to date, contributions to joint committees and other bodies will increase by £502k. The most significant change is an increase of £401k in the levy payable to the West Yorkshire Combined Authority. Increases of £67k in the contribution to the West Yorkshire Joint Services joint committee and of £20k in the contribution to the West Yorkshire Coroners Service have been budgeted for. Information on the proposed budget for the regional flood defence levy has not yet been received, but an allowance for an increase of £14k has been budgeted for.

	Leeds' contribution			
	2023/24 £m	2024/25 £m	Variation £m %	
<b>Joint Committees</b>				
Joint Services	1.64	1.71	0.07	4%
<b>Other Bodies</b>				
Flood Defence Levy	0.44	0.46	0.02	5%
Combined Authority and Transport Fund	33.08	33.48	0.40	1%
Coroners	1.69	1.70	0.015	1%

3.7.2 The table gives details of the contributions and levies. In approving these contributions, Members will note that they are not approving the individual budgets of the Joint Committees, but the estimated effect on the Council's budget.

### 3.8 **Other budget pressures – £2,202k**

3.8.1 The Strategic and Central Accounts budget includes a reduction of £1,650k in the recognition of S278 income from developers. This reflects the extent to which such income will be applied instead to fund associated capital expenditure, as part of the ongoing moves to improve long term resilience in the budget.

3.8.2 There is a reduction of £246k in the budgeted charges to the HRA for central support costs, reflecting the overall reductions in central support services. A £300k contingency budget is also included for the potential for the West Yorkshire Pension Fund employers' contribution rate to be higher than has been budgeted for.

### **Savings**

### 3.9 **Business As Usual – £311k**

3.9.1 Internal income budgets have been increased by £271k for an estimated increase in IAS19 pension costs chargeable to the public health budget. Other minor savings of £40k have also been recognised.

## 4 **Risk Assessment**

4.1 In determining the 2024/25 budget, consideration has been given to all of the risks, which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered as carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risk in the 2024/25 budget for the Strategic and Central Accounts is:

4.2 The budgeted external debt costs are based on assumptions about market interest rates during 2024/25. If rates are greater than forecast then the actual borrowing costs incurred could be greater.

Briefing note prepared by: Mary Hasnip (Head of Finance)  
Telephone: 3789384

## Directorate - Strategic Central Accounts

	2024/25 £m	FTEs
<b>Net managed budget 2023/24</b>	13.12	
<b>Adjustments</b>		
Transfers of function	0.00	
Other adjustments	0.00	
<b>Adjusted net managed budget</b>	13.12	
<b>Grant Fallout</b>		
Services Grant	5.40	
New Homes Bonus	4.48	
<b>Grant Increases</b>		
<b>Changes in the use of Reserves &amp; Balances</b>		
Social Care Contingency reserve	6.15	
Strategic Resilience reserve	3.00	
Strategic contingency reserve	(7.64)	
TIG grant reserve	3.24	
Other earmarked reserves	(0.97)	
<b>Business Rates Income</b>		
Increase in Business Rates levy	0.33	
Increase in S31 grants for business rates	(4.78)	
<b>Total Change in Resources</b>	<b>9.21</b>	<b>0.00</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
<b>Debt costs</b>		
Increases in external Debt costs	5.15	
Increase in external interest income	(0.03)	
Movement in MRP contribution from revenue	(0.05)	
Change in PFI related debt charges	(2.16)	
Reduction in prudential borrowing recharges to directorates	0.10	
<b>Other</b>		
Reduction in S278 income	1.65	
Reduction in recharges to the HRA	0.25	
Contingency for pension contributions	0.30	
<b>Levies and other contributions</b>	0.50	
<b>Total Pressures</b>	<b>5.71</b>	<b>0.00</b>
<b>Savings Proposals:</b>		
Increase in recharge of IAS19 costs	(0.27)	
Minor cost reductions	(0.04)	
<b>Total Savings</b>	<b>(0.31)</b>	<b>0.00</b>
<b>Net Managed Budget 2024/25</b>	<b>27.73</b>	<b>0.00</b>

### Strategy for the flexible use of capital receipts

#### Purpose

This report provides background information with regards to the statutory guidance on the flexible use of Capital Receipts and its application within this authority. As part of the finance settlement for 2022/23 the government announced a further extension of the flexible use of capital receipts up to 2024/25.

In December 2023, the Government extended the programme further, to March 2030. Government has also committed to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity and more flexibilities to use capitalisation without the requirement to approach Government. A Government consultation closed on 31st of January 2024 and we await publication of the outcomes.

The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. This direction allows for the revenue resources to be directed to service areas to facilitate further service redevelopment and mitigates the financial pressures of the Authority for the current and future years.

#### 1. Background

- 1.1 Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
- 1.2 The Secretary of State is empowered to issue directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
- 1.3 The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts could be applied. This Direction allows for the following expenditure to be treated as capital;  
*“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”*



- 1.4 In order to take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. The Statutory Guidance, most recently updated in August 2022, requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1st April 2022 with future Strategies included within future Annual Budget documents. The Local Government Finance Settlement for 2021/22 extended these capital receipts flexibilities for a further three year years which will cover the period up to and including 2024/25. In December 2023, the Government extended the programme to March 2030, alongside a commitment to engage with councils to identify and develop options for the use of capital resources and borrowing.
- 1.5 There is no prescribed format for the Strategy, but the underlying principle is to support the delivery of more efficient and sustainable services by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. A list of each project should be incorporated in the strategy along with the expected savings each project is expected to realise.
- 1.6 The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators. Since the Council's current capital programme does not assume the use of general capital receipts as a source of funding for schemes there will be no change to the council's Prudential Indicators as a result of using capital receipts in this flexible way.

## **2. Flexible Use of Capital Receipts Strategy**

- 2.1 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*  
*Further details regarding qualifying expenditure, criteria to be used and specifications to statutory redundancy payments are found in the [“Guidance on the flexible use of capital receipts \(updated\)” report](#).*

## **3. Flexible Use of Capital Receipts – Revised 2023/24 position**

- 3.1 Under guidance issued in March 2016 and updated in August 2022, Local Authorities are allowed to use capital receipts for funding “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”.

The Council's 2023/24 Month 9 Financial Health Report submitted to Executive Board on 7<sup>th</sup> February 2024, notes the budgeted use of capital

receipts for 2023/24 is £19.0m. The budget was agreed by Executive Board and incorporated into the Council's 2023/24 budget by Full Council in February 2023. The Month 9 Financial Health Report notes that it is planned to utilise £25.7m capital receipts flexibilities. This is an increase of £6.7m on the budgeted position for the year. The increases are due to slippage and the addition of new projects detailed in Table 1.

*Table 1 – New projects in 2023/24*

<b>Project Description</b>	<b>Directorate</b>	<b>Planned Spending 2023/24 £m</b>
<b>2022/23 Slippage</b>		
Transformational Change - A&H Leadership Team 2022/23 Slippage	Adults & Health	0.24
IDS - Additional staff- 2022/23 Slippage	Strategy & Resources	1.84
Council Tax Automization 2022/23 Slippage	Strategy & Resources	0.04
LBS - Service Transformation - supporting the delivery of various projects 2022/23 Slippage	Strategy & Resources	0.24
<b>Subtotal</b>		<b>2.36</b>
<b>New projects in 2023/24</b>		
Children & Families transformation team	Children & Families	1.40
IDS - Highways Enterprise Architecture system	City Development	0.63
Capital Scheme support City Development Head of Service	City Development	0.11
Additional Restructure costs associated with staff leaving through ELI	Strategic & Corporate	0.60
Legal - Staff supporting the Delivery of DAT (Documents and Time recording system)	Strategy & Resources	0.06
Corporate Transformation Capacity Team	Strategy & Resources	0.52
Recruiting to the structure of Corporate Transformation Capacity Team	Strategy & Resources	0.10
LBS Work Streams	Strategy & Resources	0.27
Additional PACS staff to support transformation projects across the Council	Strategy & Resources	0.63
Ernest Young Contract Review Exercise	Strategy & Resources	0.04
		4.35
<b>Grand Total</b>		<b>6.71</b>

Where these projects have a later year impact, this is shown at Table 2.

The budgeted level of savings to be realised through the flexible use of Capital Receipts in 2023/24 is £7.03m. Planned savings are incorporated into the Financial Health Report for Month 9, received at February's Executive Board.

#### 4. Flexible Use of Capital Receipts – Budget 2024/25

<b>Table 2 – Budgeted Flexible Use of Capital Receipts 2024/25</b>				
Project Description	Planned Spending 2023/24	Planned Savings 2023/24	Planned Spending 2024/25	Planned Savings 2024/25
	£m	£m	£m	£m
Restructure costs associated with staff leaving through ELI	1.600	(1.600)	1.000	(1.000)
IDS - Driving a digital approach across the Council	0.500	(0.500)	0.500	(0.500)
IDS - Staff supporting the delivery of key projects across the Authority	3.140		3.140	
Staff supporting the delivery of the key Core Business Transformation Programme	10.000		6.585	
Council Tax Automization	0.084		0.020	
PACS staff delivering innovative solutions to realise Procurement savings	0.813	0.000	0.773	
Adults and Health Service Transformation team (including management) supporting the delivery of key projects	1.980	(4.000)	1.800	(4.000)
Adults and Health - specific IDS staff supporting transformation.	0.100		0.100	
CEL staff time spent on Transformational projects	0.100	(1.528)	0.100	(1.530)
Legal - Staff supporting the Delivery of DAT (Documents and Time recording system)	0.000		0.000	
BSC - Staff who supporting the delivery of system changes within the Shared Services.	0.468		0.468	
Providing resources to deliver transformation activity within the Communities Directorate	0.138	(0.115)	0.138	(0.138)
IDS - Additional funding for driving a digital approach across the Council	0.700			
IDS - Additional staff- 2022/23 Slippage	1.840			
Transformational Change - Adults & Health Leadership Team	0.243		0.243	
Council Tax Automization	0.043			
LBS - Service Transformation - supporting the delivery of various projects	0.237			
IDS - Highways Enterprise Architecture system	0.627		0.445	
Children & Families transformation team	1.400		1.400	
Legal - Staff supporting the Delivery of DAT (Documents and Time recording system)	0.056			
Corporate Transformation Capacity Team	0.521		1.042	
Recruiting to the structure of Corporate Transformation Capacity Team	0.097			
LBS Work Streams	0.272		0.386	
Additional PACS staff to support transformation projects across the Council	0.628		0.628	
Ernest Young Contract Review Exercise	0.040		0.050	
Capital Scheme support City Development Head of Service	0.106		0.110	
<b>Grand Total</b>	<b>25.733</b>	<b>(7.743)</b>	<b>18.928</b>	<b>(7.168)</b>

- 4.1 In total the 2024/25 budget plans for £18.9m of expenditure to be funded through capital receipt flexibilities. Use of capital receipts will contribute towards the delivery of £7.2m of savings next year with further anticipated savings in future years. The schedule in Table 2 and the following paragraphs present the projects that will be funded through flexible use of capital receipts, and the associated revenue savings or future cost avoidance. In some cases, there is a direct link between a project and the realisable financial benefit. In others, the project contributes to enabling the savings in other business cases or provides a wider benefit, which would not otherwise be realised. Some of the expenditure incurred in 2024/25 will contribute towards the realisation of savings in future years through transformation of the way that the Council delivers some of its services.
- 4.2 Capital receipt flexibilities of £1m will be used to contribute towards the severance redundancy costs associated with the transformation of the Council. This will be done within the limits set out in the Guidance on Flexible Use of Capital Receipts which states: “...*discretionary redundancy payments cannot be qualifying expenditure and must not be capitalised under the direction. An authority may capitalise redundancy payments that are necessarily incurred and limited to the amounts available as statutory redundancy payments, where such costs are otherwise qualifying expenditure Authorities should not use the proceeds from asset sales to fund redundancy costs in excess of what is required by statute. This restriction does not apply to other severance costs, including pension strain costs; the treatment of these costs remains unchanged from the previous direction.*” Where this criteria is met, staff exiting the Authority through the Council’s Voluntary Leavers scheme (VLS) will be subject to the production of business cases which demonstrates that savings can be realised through releasing staff.
- 4.3 As in previous years £0.5m will be used to fund expenditure within IDS (Integrated Digital Services) which is associated with the digitalisation of services in the Council. Specific work around digitalising processes to realise cashable efficiencies is planned within Property Assets and Facilities, Highways, Waste Management and Licencing.
- 4.4 In 2024/25 £3.14m capital receipts will be invested in Integrated Digital Services (IDS) to allow for the creation of and recruitment to new posts, which will be used to support delivery of key Council priority 1 projects and a programme of work to rationalise software applications. The new posts will be a combination of Solution Architects, Integration Specialists, Technical Leads, Project Managers, Business Architects and Business Analysts. Priority 1 projects are those which: bring a significant saving; prevent a critical service failure; are a legislative requirement; a major unforeseen event; prevents reputational damage. The application rationalisation programme will reduce the number of applications supported thereby reducing the support and maintenance costs and simplifying business processes. Savings from this work programme will assist in delivering those transformational activities throughout the authority which are built into the Medium Term Financial Strategy and are dependent upon an information technology solution.

- 4.5 As detailed in the report to Executive Board in September 2020, capital receipts will be used to resource the Core Business Transformation Programme which seeks to bring about fundamental changes in the way Finance, Procurement, Human Resource (HR) and Payroll activities are undertaken across the Council. A further Executive Board report in October 2022 identified that £10.48m of capital receipts is required to deliver Phase 1 (replacement of Finance System). A further Executive Board report is scheduled for February 2023, identifying a requirement for a further £8m of capital receipts to deliver Phase 2 (replacement of HR & Payroll systems). The CBT Programme supports the Council's aim set out in its People Strategy to be the best place to work, with staff provided with the right tools for the job, the Leeds City Digital Strategy which aims to transform how we work using the many opportunities provided by digital technology and deliver savings through more efficient ways of working and application rationalisation. In 2024/25 the scheme is budgeted to utilise £6.59m of flexible use of capital receipts, this includes spend from both Phase 1 and Phase 2.
- 4.6 Within Finance Services, the Corporate Transformation Capacity Team has specific provision of £1.04m, funded through capital receipts, this will fund transformational activity relating to digitising transactional activity in the service to enable agile way across Directorates, working with support services (Finance, HR, Integrated Digital Services (IDS) and the reduction in manual processes within the Council Tax and Business Rates functions. Therefore enabling the Council to manage and implement transformational change through the Core Business Transformation process. This, in turn, will realise cashable savings which will contribute towards the Council being able to present a balanced budget position in future financial years.
- 4.7 Within Procurement and Commercial Services £1.4m will be utilised to support the delivery of procurement savings that have been built into the 2024/25 budget. Specific activities include:
- Ongoing feasibility work/pilot scheme with a view to improving commercial capacity and capability within services.
  - Supporting service reviews/reconfiguration/investment/improvement (including in relation to Contract Management and Social Value) with a view to generating efficiency savings, added value from procurement activity and/or service transformation.
  - Embedding the new e-tendering system and developing the contract management system to ensure integration with wider Council systems and developing digital approach to monitoring and reporting in order to support the delivery of more efficient public services.
  - Improving systems and processes to help tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy (including training to services).
  - Setting up (both within PACS and services) commercial or alternative delivery models (including through Social Value commitments from suppliers etc) to deliver public services more efficiently and bring in revenue (for example, through selling services to others).
- 4.8 Within the Adults and Health Directorate £2.143m of capital receipts is required to the staff who are responsible for the delivery of the transformation

programme from which savings of £4m have been incorporated into the 2024/25 budget. Specifically the transformation programme covers:

- Delivery of the budget action plans and support for the Adults and Health Budget Review Group Board.
- Working with social work practitioners to design the most efficient pathways for clients. Delivering on the Independent Living project, supporting people to live independent lives for longer.
- Working with NHS to ensure pathways for transfer are right first time.
- Develop invest to save business case for increasing capacity in the care market, e.g. new homes for dementia and autistic, refurbishment programmes. Designed in conjunction with external partners and Cross-Council.
- Work on design of the IT systems and workflows to ensure data input right first time, accurate, timely. Also, where income due this is collected in full. Development of the A&H Client recording system, HCAIT and the creating of the new billing system, Billing Engine. (HCAIT – Home Care Analysis & Information Tool system).

- 4.9 Capital Receipt flexibilities of £0.10m will be used to resource Senior Management Team time within Civic Enterprise Leeds which is spent on driving forward the transformational change within CEL to deliver the ongoing efficiency savings of £3.9m which are detailed in the Resources Directorate Appendix 8 pages of this report.
- 4.10 With regard to BSC, £0.47m of capital receipts flexibilities will be used to resource staff involved in transformational work both within the Shared Services function and the Contact Centre. The work undertaken will complement and help realise the benefits and costs reductions that will be realised through the implementation of the Core Systems Transformation Programme. Savings realised from this work will be incorporated into future Medium Term Financial Strategies
- 4.11 Within the Communities, Housing and Environment Directorate £0.14m is required to resource the Working Together in Neighbourhoods & Communities - Strategic Transformation Review. This review will look to transform the way in which services are delivered to communities from the Council, Health partners and third sector. It will explore opportunities for closer more integrated collaboration on the efficient and effective use of resources to achieve our Best Council/Best City ambitions, Joint Partnership plans (e.g. Health and Well Being Strategy) partners' plans (e.g. left shift blueprint, integrating care), and our overall ambition to reduce inequalities within the city.
- 4.12 City Development: IDS - Highways Enterprise Architecture system £0.445m in 24/25, Driving a digital approach across the Council: -Specific work around digitalising processes planned within Highways & Transportation Capital Scheme support City Development Head of Service £0.110m in 24/25 Support to various schemes in City Development, more effective management of schemes leading to efficiencies and identification of potential income generating opportunities.

- 4.13 Within the Children and Families Directorate £1.4m of capital receipts will be used to resource the Transformational Team. This team will drive forward a programme of transformation activity, focused in some key areas of activity including diversification of our residential offer, improved commissioning outcomes, changes to our fostering offer, and end to end review of our EHCP processes, a sustained focus on delivering as effective as possible transport arrangements, review of LCC Childrens Centres, review of Little Owls Provision, creating a focused adolescent support service, closer working with health partners etc. to further increase capacity, achieve efficiencies, deliver required financial savings and seeking to position services on a sustainable future footing.
- 4.14 The strategy aims to deliver a more integrated approach to delivering services and deliver greater VfM with productivity improvements resulting from: better partnership working; different and more joined-up activities and solutions; and timely and flexible interventions to prevent problems escalating. The work will also look at geographical intervention, use of assets, commissioning and budgets, workforce requirements and the role of technology in sharing and using data to inform the approach and deliver outcomes.



Description of Reserve	Projected balance at 1st April 2024	Budgeted Contributions (To) Reserve	Budgeted Contributions From Reserve	Projected Balance at 31st March 2025	Reason for the Reserve
	£k	£k	£k	£k	
<b>GENERAL FUND</b>	<b>(36,248)</b>	<b>(3,000)</b>	<b>0</b>	<b>(39,248)</b>	
<b>EARMARKED RESERVES</b>					
S256 funding for health inequalities	(1,823)			(1,823)	Specific funding from Leeds South and East CCG for tackling health inequalities. Spend projected each year up to and including 19/20
Health & Social Care (CCG)	(2,662)			(2,662)	To fund Health and Social Care priorities
Prisons Reserve	(79)			(79)	CCG funding for social work in prisons
Drugs Commissioning	(133)			(133)	External income for drug and alcohol priorities
Transforming Care	(1,127)			(1,127)	Provision to mitigate against costs associated with the NHS England led transfer of care packages to a community setting
Social Care Development Reserve	(82)			(82)	Provision to meet costs associated with development of social care models e.g. Recovery Model
Safeguarding (Adults)	(318)			(318)	Independent Safeguarding Board - c/f of partner contributions.
Skills for Care	(193)			(193)	External funding for social care training needs
Trauma Informed programme	(229)			(229)	NEW: S256 funding agreement with CCG to set up new service.
Dewsbury Road Annexe	(191)			(191)	NEW: 0-19 Public health Integrated Nursing Service funding allocated to Dewsbury Road Annexe capital programme.
Henry 5-12 project	(35)			(35)	NEW: Public Health funding to support a healthy weight programme for families with children aged 5-12 years old.
Health Innovations	(300)			(300)	Monies given by Health Service for a number of joint initiatives around commissioning & children's centres
Armed Forces Day	(6)			(6)	Funding for Armed Forces Day.
Social Inclusion Fund	(254)			(254)	Creation of Social Inclusion Fund as per licence bid and to fund LCC inclusion team. The reserve will be used to fund projects in 19/20 much as it has in the preceding years.
Local Welfare Support Fund	(297)			(297)	
Economic, Social and Environmental Wellbeing fund	(648)			(648)	C/f balances on the wellbeing budgets of Community Committee.
Communities Innovation Fund	(29)			(29)	Fund work with 3rd sector to develop future financial sustainability in the sector.
Waste Management	(297)			(297)	
Car Parking Upgrade of Meters	200			200	
Homelessness Prevention Fund	(1,005)			(1,005)	Virement to be completed for funding 18/19
Supporting People	(221)			(221)	
Civil Penalties	(250)			(250)	
Lord Mayor	(10)			(10)	Balance of budget carried forward £18.9k, plus £6.2k (balance of £15k from 18/19) funding agreed for Cllr Golton.
Low Carbon Programme	(158)			(158)	To support delivery of work on Air Quality
Section 256	(1,148)			(1,148)	Funding from CCG for development of digital solutions for personalised care.
Energy Efficiency Reserve - LCC	(338)			(338)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
General Insurance	(9,021)			(9,021)	To meet the costs of future insurance claims and overspends of the insurance fund.
Mutual Municipal Insurance	(11)			(11)	To fund potential claw backs of past insurance receipts from MMI.
Legal Cost of VAT claims	(63)			(63)	£100k set aside from £8.4m VAT claim refund received in 10/11 to help fund legal costs for remaining VAT cases
Capital Reserve	(1,199)			(1,199)	Directorate contributions towards borrowing costs of capital schemes. Contributions received over life of asset and released back to revenue to cover debt costs over life of loan.
City Dev - Museum & Galleries	(162)			(162)	
City Development Grant Reserves	(622)			(622)	Sports and Active Leeds infrastructure reserve
City Development Grant Reserves	(490)			(490)	Historic England Grants; Morley town Deal; SIF
Merrion House Reserve	(22,298)			(22,298)	
Strategic Contingency Reserve	(1,364)	(23,000)	21,355	(3,009)	Fund for future unforeseen budget pressures and to ensure the Council becoming more financially resilient
COVID Reserve	(365)			(365)	
Investment/Innovation	(1,788)	(2,040)		(3,828)	Fund to get projects off the ground that will generate future revenue savings.
Strategic Resilience Reserve	0	(3,000)		(3,000)	Fund for future unforeseen budget pressures and to ensure the Council becoming more financially resilient
Social Care Contingency Reserve	0	(6,154)		(6,154)	Fund to support the significant risks facing the Council in regard to demand and cost pressures in both Adult and Children's Social Care
<b>Sub-total Earmarked Reserves</b>	<b>(49,016)</b>	<b>(34,194)</b>	<b>21,355</b>	<b>(61,855)</b>	
<b>Total GF non-ring fenced Reserves</b>	<b>(85,264)</b>	<b>(37,194)</b>	<b>21,355</b>	<b>(101,103)</b>	
<b>RING FENCED RESERVES: GENERAL FUND</b>					
Rapid test Fund	(115)			(115)	Funding from Central Government to support testing of individuals
Community Discharge Grant	(1,539)			(1,539)	Funding from Central Government for transitions costs from Hospitals back to Community Settings
Public Health Grant	(405)			(405)	Public Health grant carried forward
S31 Elections Act Grant	(32)			(32)	
Taxi & Private Hire Licensing Surplus	(227)			(227)	Ring fenced reserve for taxi and private hire licensing service.
Energy Efficiency Reserve - Salix	(832)			(832)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
<b>Revenue grants</b>	<b>(14,211)</b>			<b>(14,211)</b>	<b>Various</b>
<b>Sub-total General Fund Ring-fenced Reserves</b>	<b>(17,361)</b>	<b>0</b>	<b>0</b>	<b>(17,361)</b>	
<b>Total General Fund Reserves</b>	<b>(102,624)</b>	<b>(37,194)</b>	<b>21,355</b>	<b>(118,463)</b>	

## Revenue & Capital Principles

### **A. REVENUE BUDGET PRINCIPLES**

The revenue budget principles have been developed to support the budget process and need to be complied with in conjunction with compliance with the Council's Budget and Policy Framework, the Budget Management Accountability Framework and detailed guidelines provided for setting the 2024/25 to 2026/27 budget.

The budget position is based on a number of significant subjective assumptions. To enable the Council to react to changes in these assumptions in a timely fashion, these principles should be adhered to, which should support a balanced budget being set.

The current financial year will also have a significant impact on future years budgets being set and therefore a number of the principles relate to the current financial year.

#### **1. Budget Principles for Future Years Budgets**

1.1 The budget will initially be prepared on the basis that current resources support existing service levels in line with budget assumptions and with the exception of:

- (a) The full year effect of previous year's savings proposals and spend.
- (b) Consequences of the approved capital programme.
- (c) Where expenditure needs to be reduced with regard to adjustments in relation to specific 'one year only' allocations and other time expired funding.
- (d) Other specific Council decisions.
- (e) Directors and Departmental Chief Officers, supported by Finance Services, are responsible for:
  - Business cases (rationale) need to be developed for growth and invest to save proposals, with evidence based justification for increasing demand included in business cases to be considered as part of the budget gap. These are to achieve the priorities in the Best City Ambition.
  - All savings within their Directorate are to be agreed by the Executive Member, however if a saving is not approved then an alternative must be found. If an approved saving is not delivered in year, then a reason why this hasn't happened needs to be considered by the Council's Corporate Leadership Team (CLT) and an alternative found.
  - Identifying potential savings with No options for savings being off the table. Savings are to be presented to Executive Members at the earliest opportunity to obtain Members views as to whether these are to be progressed.
  - Contingency Action Plans – The value of any risks / pressures in the Directorates managed budgets should be quantified. As a contingency, savings proposals which can be implemented quickly are to be identified.

These proposals will be actioned if the service goes into an overspend position during the financial year.

(f) Budget Action Plans – Saving proposals to manage:

- The savings requirement for the Directorate
- Pressures identified within the service
- Future developments

The contingency and Budget Action Plans must be robust and fit for purpose. Each Director will be required to verify that the actions contained in the plan are achievable.

**1.2 Salary budgets** are to be prepared with reference to the 2023/24 budget (net of any vacancy factor) adjusted for pay awards, approved service changes, savings and other approved variations. The salary budgets can only be used to employ staff in established posts on approved grades in line with the following conditions:

(a) All changes to the approved staffing budget where Council funding is available in full must be approved by Executive Board, or within the requirements of the Scheme of Delegation.

(b) All changes to the approved staffing budget where resource implications arise, even if the costs are met entirely from external funding, must also be approved by Executive Board, or within the requirements of the Scheme of Delegation.

(c) Posts funded from external sources must be established as temporary or specific purpose posts unless it can be demonstrated that:

- the external funding is permanent, or specific approval has been given, or future years' costs can be contained within current budgets.

**1.3. Discretionary Fees and Charges.** Directors are to provide a report to CLT on their proposals to generate income from within the Directorate.

(a) Fees and charges are to be varied to achieve an overall annual increase in income for each Directorate in line with the Fees and Charges Policy. Increases can be implemented at any time subject to the overall financial target being achieved.

(b) If the target cannot be achieved by varying fees and charges then alternative savings must be identified. Claims by Directors to exempt or apply a lesser increase to any part of their service must be justified in the context of their Directorate policies and plans and referred to CLT.

### **1.4. External Funding**

(a) Wherever possible external funding should be used to reduce pressure on current expenditure, thereby releasing resources for redirection into priority areas.

(b) All legal, human resources, financial and administrative support costs required to manage grant conditions and fulfil the role of the accountable body should be charged, wherever possible, against the funding regime.

### 2. Current Year Principles

2.1 In regard to Revenue Grants received in the year, agreement to be reached at CLT whether substitution of general funding should be identified before the grant is utilised.

2.2 Contributions to a non-ringfenced reserve can only be made if a directorate is forecast to be underspending. Contributions needs to be agreed by the Chief Officer - Financial Services.

2.3 Carry forward of budget into the next year will be considered by CLT and will only be considered if the service is forecast to be underspending at the reported provisional outturn position.

2.4 Directors must balance service requirements against the need to manage within their budgets when taking decisions to fill vacant posts or employ temporary staff.

2.5 No overspend in budgets should be incurred unless there is a safeguarding / statutory need and these, where possible, should be agreed by the Director. A report with a budget action is to be provided to CLT and Executive Board detailing proposals as to how this variation will be managed within the Directorate's approved budget.

2.6 When a revenue grant received from Central Government stops the Directorate will need to manage the reduction in both expenditure and loss of income. The Director, with support from Finance Services, will be required to provide an exit strategy or an evidence based business case to set out why this expenditure should be added to the base budget.

2.7 Services need to manage budget pressures identified within the service. Any pressures which the service identifies which cannot be managed need to be agreed by CLT and Executive Board with a robust business case being developed.

2.8 Where in year saving proposals have not been achieved in the current financial year, the Director will need to identify budget savings options to mitigate and prevent the Directorate from going into an overspend position. These savings options will be incorporated into Financial Health reports which are received initially at Executive Board and then subsequently at both Strategy and Resources and the respective service Scrutiny Boards.

### **B. CAPITAL PROGRAMME PRINCIPLES**

The Capital principles have been developed to enable focus on the purpose of the Capital Programme and to seek agreement for the use of limited resources.

#### **1. Capital Programme Principles**

1.1 The Capital Programme is compiled for the years 2023/24 through to 2032/33. The format of the capital schemes submissions, which are to be supported by a business case, will be determined by the Financial Challenge: Strategic Investment Board (SIB) The Capital schemes being considered by SIB are to meet the priorities identified in the Business Case Guidance.

1.2 The profiling of capital expenditure into the correct financial years and over a project's development will be key to ensure the amount of re-profiling of capital resources from one year to another is kept to a minimum, and to minimise the amount of revenue budget required to finance the project.

1.3 When a Capital Scheme has been completed, the business case and outcomes will be reviewed to ensure the specified outcomes have been achieved and a lessons learnt document will be produced to be used for future capital programmes.

1.4 Capital Resources are to be used as follows:

- Decisions on the use of Capital Receipts will be considered as part of the budget process. Should any in-year decisions on the additional use of Capital Receipts be required these will be considered within quarterly capital reporting to Executive Board.
- Unringfenced and ringfenced externally funded grants are considered on a case by case basis for their utilisation by SIB.
- Any external funding secured after the Capital Programme is set is to be used to replace any internal funding sources including Corporate or Prudential borrowing of any relevant scheme in the first instance, where conditions allow, to provide maximum flexibility in the use of available resources.
- Approval of any new borrowing must be considered alongside the implications for the revenue budget position.

1.5 Capital projects for approval where no funding solution is identified are:

- Considered by Executive Member for the service who agrees to the Directorates putting forward a request for funding the Capital Scheme. Ward members in relevant localities affected by the capital investment will also be consulted on the proposals.
- Completed to ensure all implications of the Capital Scheme are included in the 'Business Cases'. Business cases are to be developed and a scheme will only be included in the Capital Programme when considered by SIB and CLT and ultimately approved by the Executive Board in line with the Budget and Policy Framework.
- Supported by business cases which are developed by the Directorates with support from Financial Services. The ongoing monitoring of the Capital

Schemes is the responsibility of the Director in accordance with the Financial Regulations.

- Profiled accurately across the relevant financial years.

1.6 External Funding is maximised before the use of internal funding sources, including Corporate or Prudential Borrowing, is considered.

1.7 Capital Expenditure is reviewed to ensure the capital scheme provides value for money, is sustainable in the future and meets the priorities detailed in the Best City Ambition. In order to ensure that schemes meet Council priorities and are value for money, the Chief Officer – Financial Services Officer will continue to ensure:

- the introduction of new schemes into the capital programme will only take place after completion and approval of a full business case and identification of the required resources; and
- the use of prudential borrowing by directorates is based on individual business cases and that revenue resources to meet the borrowing costs are identified.
- All revenue implications of the Capital Programme (regardless of the capital funding of those schemes) are considered and are reviewed by FPG and, where relevant, by SIB to enable informed decisions to be made, for example regarding:
  - Ongoing operating costs and life cycle costs
  - Cost of any prudential borrowing including both MRP and Interest

1.8 Capitalisation of expenditure (including staffing costs) must be in line with CIPFA Guidance.

### **C. General Principles**

The budget process shall adhere to the approved timetable.

# Housing Leeds – tenant priorities to inform 2024/25 budget consultation

January 2024



## Background

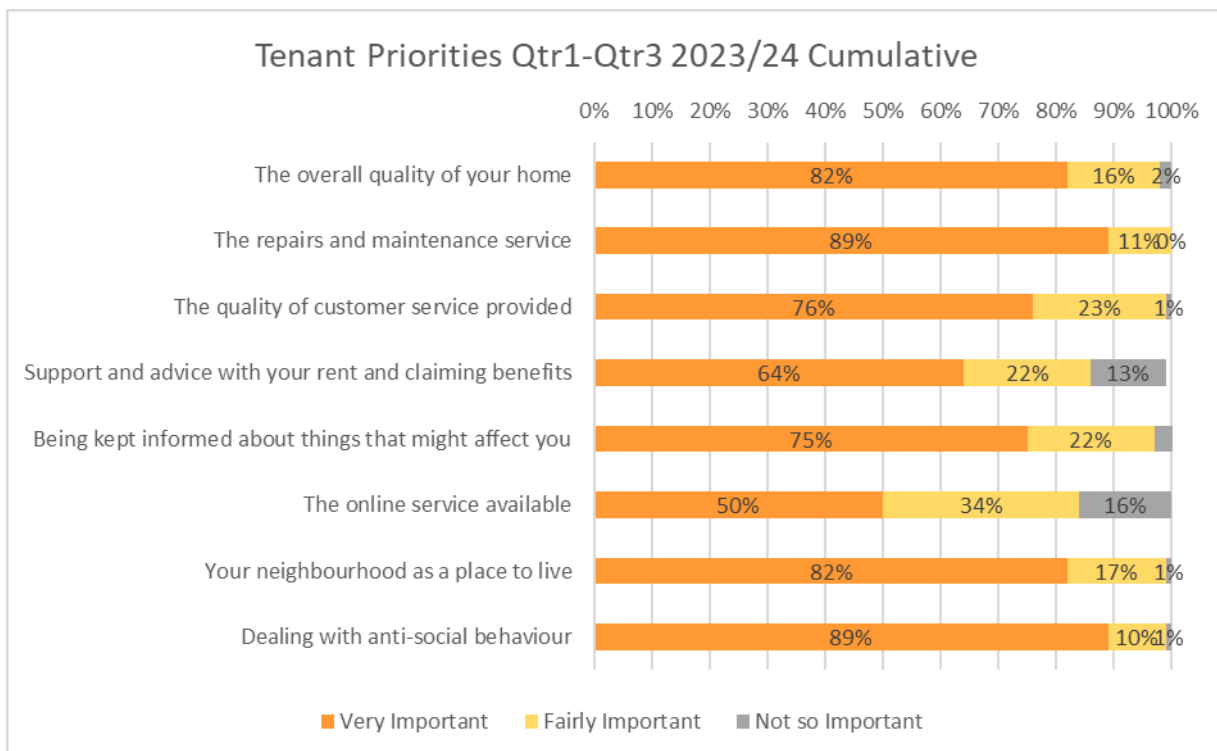
In line with the Housing Leeds Service Plan commitment to '*maximise the use of customer feedback*' the service has included within its quarterly tenant satisfaction survey programme questions to help us understand tenants service priorities, which in turn can be used to help inform annual budget setting.

The satisfaction programme was launched in April 2022, with quarterly online and telephone surveys sought from a random sample of tenants across the city. Between April 2023 and the end of December 1,948 responses have been received, with 429 of these collected through an online survey including questions around tenants' priorities. These are accurate to within a margin of error of +/-4.7%.

The survey asked the following question: '*We would like to understand what our service priorities should be for you. Thinking about the services we provide, please tell us how important the following are to you*'.

## Summary of survey findings:

- The most important services to tenants were reported as:



The repairs and maintenance service, dealing with anti-social behaviour, the overall quality of the home and the neighbourhood as a place to live were the four most important aspects of our service.



- Whilst there have been some positive trends in various areas of performance, a full year of data is not yet available to be formally reported. However, from the first three quarters of 23/24 survey returns suggest some of the key areas of dissatisfaction linked to tenants' priorities (% reported as dissatisfied or very dissatisfied) are:
  - Approach to handling anti-social behaviour (35%)
  - The neighbourhood as a place to live (25%)
  - The quality of the home (23%)
  - Being kept informed (22%)
  - Easy to deal with (Customer services) (22%)
  - Repairs and maintenance (21%)
- There is now the opportunity to consider budget prioritisation, supporting the areas that are both most important to tenants and where perceptions of the service are lower.