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## SCRUTINY BOARD (STRATEGY AND RESOURCES)

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Meeting to be held via Zoom on  
Monday, 22nd March, 2021 at 10.30 am  
*(A pre-meeting will take place for ALL Members of the Board at 10.00 a.m.)*

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### MEMBERSHIP

#### Councillors

- G Almass - Beeston and Holbeck;
- P Carlill - Calverley and Farsley;
- D Chapman - Rothwell;
- S Firth - Harewood;
- S Hamilton - Moortown;
- D Jenkins - Killingbeck and Seacroft;
- J McKenna - Armley;
- M Midgley - Kippax and Methley;
- M Robinson - Harewood;
- A Scopes (Chair) - Beeston and Holbeck;
- S Seary - Pudsey;

Note to observers of the meeting: To remotely observe this meeting, please click on the link below. This will take you to the meeting home page where you can access Leeds City Council's YouTube channel, and the meeting can be viewed live from there:

<https://democracy.leeds.gov.uk/ieListDocuments.aspx?CId=1041&MId=10114>

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**Principal Scrutiny Adviser:**  
**Rob Clayton**  
**Tel: 37 88790**

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# A G E N D A

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

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			<p><b>LATE ITEMS</b></p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p><b>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</b></p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p><b>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</b></p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p><b>MINUTES - 15 FEBRUARY 2021</b></p> <p>To confirm as a correct record, the minutes of the meeting held on 15 February 2021</p>	7 - 14
7			<p><b>FINANCIAL HEALTH MONITORING AND COLLECTION RATES FOR COUNCIL TAX AND BUSINESS RATES - 2020/21</b></p> <p>To consider a report from the Head of Democratic Services that introduces information regarding the projected 2020/21 financial health position of those service areas that fall within the Board's remit at Months 9 and 10. In addition an update position is provided on Council Tax and Business Rate collection rates in 2020/21.</p>	15 - 100

Item No	Ward/Equal Opportunities	Item Not Open		Page No
8			<p><b>SCRUTINY INQUIRY INTO AGILE WORKING AND ESTATE REALISATION FOLLOWING THE COVID-19 PANDEMIC - SUMMARY OF EVIDENCE TO-DATE</b></p> <p>To receive a report from the Head of Democratic Services on how the Council has developed new ways of working and is looking at estate rationalisation and realisation in response to the Covid-19 pandemic. The report provides a summary of evidence received to date and looks to move towards developing some initial inquiry recommendations for agreement early in the next municipal year.</p>	101 - 112
9			<p><b>WORK SCHEDULE</b></p> <p>To consider the Scrutiny Board's work schedule for the 2020/21 municipal year and to look at handover of work items and issues to the successor Board in municipal year 2021/22.</p>	113 - 148
10			<p><b>DATE AND TIME OF NEXT MEETING</b></p> <p>Monday, 21 June 2021 at 10.30am (Pre-meeting for all Board Members at 10.00 am)</p>	

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

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## SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 15TH FEBRUARY, 2021

**PRESENT:** Councillor M Harland in the Chair

Councillors G Almass, P Carlill,  
D Chapman, S Firth, H Hayden, D Jenkins,  
J McKenna, M Midgley, M Robinson and  
S Seary

**78 Appeals Against Refusal of Inspection of Documents**

There were no appeals against refusal of inspection of documents.

**79 Exempt Information - Possible Exclusion of the Press and Public**

There were no exempt items.

**80 Late Items**

There were no late items.

**81 Declaration of Disclosable Pecuniary Interests**

There were no declarations of disclosable pecuniary interests.

**82 Apologies for Absence and Notification of Substitutes**

There were no apologies.

**83 Minutes - 11 January 2021**

**RESOLVED** – That the minutes of the meeting held on 11<sup>th</sup> January 2021, be approved as a correct record.

**84 Matters arising**

Minute 73 – Initial Budget Proposals

Members requested further information in relation to WYCA releasing monies to support the recovery of the economy after the pandemic. Members were advised that information would be provided to the Board.

Members also requested clarification on the Minimum Review Provision (MRP). It had been noted that the MRP been approved in 2016, with cross party approval. However, it was checked by a Board Member and it seems that approval was given in 2017. Cllr. Lewis explained that there had been no opposition amendments and this was the basis of his comments in relation to cross party approval.

It was noted that at various points in recent meetings there had been discussions about a letter sent to the Government asking for a long term funding solution for Adult Social Care Services from the Chair of the Board and Cllr Hayden as Chair of Scrutiny Board Adults, Heath and Active

Draft minutes to be approved at the meeting  
to be held on Monday, 22nd March, 2021

Lifestyles. The letter was originally sent in September 2020, and as yet no response has been received. A follow up letter seeking that response has now been sent and the Board Members will be kept informed when a reply is received and it will be shared it with Members. Members were disappointed that no response had been received.

## **85 White Rose Energy Closure**

The report of the Head of Democratic Services provided information regarding the closure of White Rose Energy in 2020. The report focussed on the relationship with Robin Hood Energy and the reasons for the sale of that company, the achievements of White Rose Energy, the implications of its closure on residents in Leeds and any lessons learnt and future options for this type of arrangement in Leeds.

In attendance at the meeting for this item were:

- Cllr James Lewis – Deputy Leader and Executive Member for Resources
- Neil Evans – Director of Resources and Housing
- George Munson – Senior Project Manager, Resources and Housing

Members of the Board were advised of the following points:

- White Rose Energy was established in 2016, under Nottingham City Council's not for profit Robin Hood Energy Company and operated in Leeds for four years up to September 2020. The stated aim being to tackle fuel poverty through cheaper tariffs for customers in the city;
- There had been 8,500 customers, and the voids switching service was a positive aspect that tenants had benefitted from;
- It was noticed that Robin Hood Energy were in difficulties in April 2020, and a number of options were looked at to keep Robin Hood going. However, no buyer could be found. Leeds received a deed of termination for White Rose Energy in September 2020;
- All customers were moved to British Gas so that no customer was left without an energy supply or left using a 'supplier of last resort'. Protections were negotiated which included; no penalty fees; honouring of debt management plans; no customers left behind. Leeds City Council was not able to communicate directly with customers, however there was liaison with Robin Hood. There were no final figures as to how many customers who were switched to British Gas remained with them;
- Leeds City Council have now engaged with the energy market and have found Energy Angels who are able to supply a one year contract for void switching to replace the service previously supplied through the Robin Hood Energy/White Rose Energy arrangement. It was noted that this was going well;
- Achievements had been made whilst White Rose Energy had been running, with lower tariffs for 8,500 customers who had made savings of at least £100 per year;
- Lessons had been learnt that the energy market was very competitive and difficult for a local authority to engage with successfully. However,

it has raised awareness and customers are now extremely price sensitive, with people switching tariffs on a regular basis;

- There is a pressure to tackle fuel poverty and the team are now focussed on making physical changes to people's homes to tackle energy efficiency, including insulation.

Member's discussions included:

- Green Doctors Scheme – creating more affordable fuel for the city;
- Use of fuel vouchers;
- Difficulties in setting up energy companies in the competitive market of the 'big 6';
- The need to provide homes which are better equipped to deal with fuel poverty and climate change agenda.

The following points were noted:

- There is a focus on better energy systems for insulation to properties to tackle both fuel poverty and the climate emergency agenda;
- The HRA Capital Programme for the District Heating System is ongoing and work will progress for those who are unable to attach to the District Heating Scheme;
- The Council had partnerships with Calderdale and Bradford, however Wakefield had decided that the partnership would not be beneficial to them, and although Kirklees had been keen to join they were unable to do so;
- All 250 staff employed by Robin Hood Energy had been made redundant;

Members requested information in relation to numbers who had started tenancies on White Rose Energy.

Members were of the view that the Council needed to make the right investment for council properties, including tower block heating systems, which need upgrading.

The Chair thanked all for their contributions, and suggested that this item should remain on the Boards work programme for future meetings.

**RESOLVED** – To note the content of the report.

## **86 Implementation of Social Value into Procurement**

The report of the Director of Resources and Housing invited the Scrutiny Board to consider an update report on social value in procurement following previous consideration in January 2020 that focussed on social value guidance for commissioners in the Council.

In attendance for this item were:

- Cllr. James Lewis – Deputy Leader of Council and Executive Member for Resources
- Neil Evans – Director of Resources and Housing

- Kieron Dennett - Head of Commercial in Procurement and Commercial Services
- Sasha Walton - Procurement Officer

Members were provided with the following information:

- A really robust social value guidance has been created for commissioners which includes; best practice for social value champions within the Council, case studies on how social value helps customers in communities, the objectives and also a step by step process on how to use social value in procurement. A Social Value Board has also been established which is chaired by the Director of Resources and Housing.
- On the 1<sup>st</sup> April 2020, the Council went into a contract with the Social Value Portal. This portal will support the Council to deliver to social value commitments, provide good data in one place and enable the proper presentation of information to our requirements from suppliers;
- The Team have utilised the national Themes, Outcomes and Measures (TOMs) approach. A set of bespoke TOMs have also been created in consultation with all Directorates across the Council to ensure that all their priorities are covered. The TOMs were appended to the report. It was noted that the TOMs would be reviewed on an annual basis to ensure that they remain fit for purpose;
- The Social Value Portal and the TOMs help the service to evaluate contracts, performance manage contracts and provides live reporting at a community level;
- A smaller set of TOMs are used to assess contracts under £100,000;
- 120 staff have been trained, with 5 officers who are super users of the portal. It was also noted that engagement sessions had also been undertaken with partners of the council;
- Leeds City Council feeds into the national Social Value Conference where Leeds has the ability to showcase the work that is being undertaken in the city;
- At present work is being carried out to create a social value matrix to assist the team to prioritise the workload for this year.

Examples from another council who have been using the portal for a longer period were provided, they showed how using social value in procurement can be beneficial to the Council and wider community.

Responding to Members questions the Board were provided with the following information:

- There had been no impact on the procurement process with timescales for tenders being met;
- Use of social value would not be at the detriment of council services;
- TOMs were identified on a procurement by procurement basis;
- Employment practices were being identified and this would be an area that would be picked up in the review;

Members requested more information in relation to NT18a.

**RESOLVED - To note the content of the report.**

**87 Improving the experience and outcomes of Black, Asian and Minority Ethnic colleagues at Leeds City Council**

The report of the Director of Resources and Housing set out the Council's response to a call for urgent action from the BAME staff network in response to the Black Lives Matter movement, the disproportionate impact of Covid-19 on those communities and colleagues and the need to address a broad range of issues for Black, Asian and Minority Ethnic (BAME) colleagues working in the Council, some new and many longstanding.

In attendance for this item were:

- Cllr James Lewis – Deputy Leader of Council and Executive Member for Resources
- Neil Evans – Director of Resources and Housing
- Graham Sephton – Head of HR in Resources and Housing

Members were advised of the following points:

- The Council has 2,000 Black, Asian and Ethnic Minority (BAME) colleagues;
- Since July 2020, work has been progressing with colleagues in relation to Covid-19 and Black Lives Matter. There have been debates, regular contact with colleagues, meetings and networking. These have culminated in a joint statement being released which includes an action plan with a number of priority actions these had been submitted on staff experiences;
- For 2021-22 the Council proposes to get further feedback from all BAME colleagues.

It was noted that this is a Team Leeds effort and that we all have a part to play in this issue.

In response to Members questions the Board were informed of the following:

- Results of the staff survey have been shared and work is continuing with trade unions in relation to Covid safe work areas, risk assessments and individual assessments;
- BAME network has been a success, with a number of success stories;
- Work is ongoing to anonymise recruitment and selection including;
  - Looking to build this into the recruitment system;
  - Different people on recruitment panels; and
  - Inclusion training

Members requested figures in relation to complaints of racial incidents both internally and externally. It was noted that this information would be collated and brought back to Members;

Members suggested surveys should gather information in relation to different characteristics such as BAME colleagues with disabilities and or learning disabilities and also staff take up of the vaccine for Covid.

Draft minutes to be approved at the meeting  
to be held on Monday, 22nd March, 2021

**88 RESOLVED – To note the content of the report.  
Future Ways of Working and Workplace Realisation (Third Report)**

The report of the Director of City Development provided the third report in the Board's inquiry into agile working, developing new ways of working and estate realisation. On this occasion the report of the Director of City Development looked at how the Council has adapted to Covid-19, how the pandemic has accelerated existing trends around new ways of working and changes to how services are delivered and from which buildings and facilities.

It attendance at the meeting for this item were:

- Cllr. James Lewis – Deputy Leader of Council and Executive Member for Resources
- Neil Evans – Director of Resources and Housing
- Angela Barnicle - Chief Officer Asset Management & Regeneration
- Mark Mills – Asset Management
- Graham Sephton – Head of HR, Resources and Housing

Members were provided with the following information:

- This is the third report to the Board on agile working and it is a constantly evolving process;
- Prior to the pandemic the Change in the Workplace programme had been looking at a rationalisation of the Councils estate, as some of the Councils buildings were under-utilised. At the start of the pandemic the Council had 200 key buildings of these 80 were closed due to covid restrictions. Some of the buildings have now re-opened after being made Covid secure to allow officers back in, albeit with limited capacity to restart some services which had closed. In offices which have been re-opened there has been a reduction of 1,000 desks;
- From the staff surveys undertaken the vast majority of staff indicated that they would wish to work from home on a more permanent basis either full time or utilising a more mixed approach base around some time working at home and some in the office. This has meant a rapid re-adjustment of how we may use buildings in future for meetings and collaboration working, a key concept being the team as the destination as opposed to the building;
- The key principles and drivers for future working is how services are provided and the financial challenge that the Council is currently facing. There is also a need to address the Climate Emergency Agenda reducing carbon, using the estate more effectively and appropriately and how that impact son staff travel to and from work;
- Teams want to come together for collaborative working and there will be a requirement for buildings to have a variety of spaces available not just office space, and this will also require different furniture and layouts;
- The review of the estate has also considered geographic choices, trying to reduce the commute, also the work travel around the city to meetings or appointments with customers. This may look at utilising

different buildings such as community hubs, and museums as drop-in centres;

- To enable staff to work more flexibly there would be a requirement to work more deliberately by booking desks and spaces, this is currently being worked on by DIS and has been used successfully throughout the pandemic;
- Asset Management, HR and DIS are working together on this constantly evolving process, focussing on where investment is need to upgrade and provide suitable working spaces for the future. To do this data on the estate is key.

Member's discussions included:

- The right balance of home and office based working;
- Utilisation of buildings not only in the city centre but also in the district centres with a view to getting the high street and the economy going outside of the city centre;
- Recognition that the disposal of buildings would not have a negative impact on the climate emergency agenda;
- Financial sustainability of the estate for the future, including making the buildings fit for purpose with the right spaces and furniture, use of technology and analysis of how hybrid meetings may be used going forward;
- Members noted that Appendix 2 listed the capacity of those buildings proposed to be retained;
- Use of those buildings which are classed as sensitive with a view to re-purposing them, offering space to partner organisations. It was recognised that each building would need to be assessed on an individual basis;
- Member's views were that community hubs were an important part of the estate and should be reviewed to look at ways in which services could be provided from them in the future which in turn could benefit local district and town centres.

Members requested figures for desk based roles of those who took the Early Leavers Initiative (ELI).

**RESOLVED** – To note the content of the report.

## **89 Work Schedule**

The report of the Head of Democratic Services requested consideration of the Scrutiny Board's work schedule for the municipal year 2020/21.

The principal Scrutiny Adviser presented the work schedule which was appended to the report at Appendix 1.

Members were advised that the agenda for the next meeting would include reports on:

- Council Tax and Business Rates;
- Financial Health Report; and

- Agile working, including the use of technology or a summary of evidence received to date.

**RESOLVED** – To note the content of the report.

**CHAIRS CLOSING COMMENTS**

The Chair thanked Members and Officers of the Scrutiny Board, Strategy and Resources for their support during her time as Chair. She said that she would miss being Chair of this Scrutiny Board and had enjoyed working with all the Members of the Board.

Members and Officers congratulated Cllr. Harland on her appointment to the position of Executive Member.

Board Members also congratulated Cllr Hayden on her appointment to Executive Member. Cllr Hayden said that she had enjoyed her time on this Scrutiny Board and also Scrutiny Board - Adults, Health and Active Lifestyles of which she was Chair.

**90 Date and Time of Next Meeting**

The next meeting of the Scrutiny Board (Strategy and Resources) will be held on Monday 22<sup>nd</sup> March 2021, at 10:30. (A pre-meet will be held at 10:00am for all board members)

*The meeting concluded at 12:30pm*

Report author: Rob Clayton

Tel: 0113 37 88790



## Report of Head of Democratic Services

### Report to Scrutiny Board (Strategy and Resources)

Date: 22 March 2021

### Subject: Financial Health Monitoring and Collection Rates for Council Tax and Business Rates – 2020/21

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

#### 1. Purpose of this report

- 1.1 The purpose of this report is to provide Board members with information regarding the projected 2020/21 financial health position of those service areas that fall within the Board's remit at Months 9 (December) and 10 (January) of the financial year.
- 1.2 In addition at Appendix 3 further information is provided on Council Tax and Business Rates collection rates in 2020/21 following interest expressed by board members earlier in the municipal year and a previous update report considered by the Board in November 2020.
- 1.3 Covid-19 has had a significant impact on collection rates for both Council Tax and Business Rates and both income streams have been subject to additional grant monies from Government during 2020/21. The impact of Covid-19 on these income streams forms the basis of scrutiny board interest in this area.

## **2. Background Information**

- 2.1 The net revenue budget for the general fund for 2020/21 was set at £525.7m with a savings target of £28.4m identified before the emergence of the Covid-19 pandemic.
- 2.2 Council Tax and Business Rates are key elements of the local authority funding mechanism. In Leeds they provide a significant sum of money each year that is used to fund local services accessible to local residents and businesses.
- 2.3 For 2020/21 the Council budgeted to receive £398.5m in Business rates income and a further £398m in Council tax income. These figures reflect the budgeted position in February 2020 prior to Covid-19 and the impact it would have on local authority finances and the ability of businesses and residents to pay Business Rates and Council Tax in the way that they had done in previous years.

## **3. Main issues**

### Council Tax and Business Rate Collection

- 3.1 A briefing note setting out the impact Covid-19 has had on collection rates is attached at Appendix 3 for Board members reference. This note provides an update on the current position and also provides comparison with collection rates in previous years that were not impacted by the Covid-19 pandemic.
- 3.2 Also included in the note is an explanation of how the Collection Fund works. The Collection Fund means that Councils are able to plan for any volatility in the amount of Council Tax and Business Rates they collect in year by delaying the impact into the following financial year. This means that the impact of the deficit emerging in Council Tax and Business Rates received in 2020/21 would not normally be felt until 2021/22. However, recognising the potential scale of the impact of deficits on local authority budgets in 2021/22 Government has announced that deficits arising in 2020/21 can be spread over three years. The latest position on this estimates a shortfall of £54.1m which will be factored into the projected budget gaps in 2021/22, 2022/23 and 2023/24.
- 3.3 The current estimates for collection rates of Council Tax suggest that the collection rate will fall to 94.1% from a target of 96.1%, equating to a further reduction in expected in year income of £7.8m after the application of £8.9m of Hardship Grant funding which has reduced the bills of Council Tax Support recipients.
- 3.4 For Business Rates the position is more challenging as one might expect given the impact the pandemic has had on businesses, particularly in the hospitality sector. The Government introduced a series of Business Rates Reliefs giving 100% relief for businesses in the retail, leisure childcare sectors generating a £72.3m deficit (Leeds City Council's share) on the collection fund in 2020/21, for which grant funding will be received in full. Beyond this, Business Rates income has gone down due to a contraction of the tax base in 2020/21 (£11.2m), an increase in the number of appeals against rateable value requiring higher provisions in 2020/21 (£9.1m), a projected increase in empty rates relief (£4.8m) and a persistent increase in Small Business Rates (£1.6m). In addition to these challenges, collection rates have

reduced significantly and the Council expects to have to make additional provisions for bad debt of £7.2m due to this.

- 3.5 Grant of £75.5m will be carried forward into 2021/22 to part-fund the Business Rates deficit position on the Collection Fund, reducing the financial impact of COVID-19 on the 2021/22 budget, though this funding is not sufficient to fully meet the anticipated pressure on the Collection Fund in 2021/22. Taking account of this additional grant, the resulting comparison with the 2020/21 net revenue budget would be an adjusted reduction of £14.9m.
- 3.6 The Council has agreed to a number of deferment arrangements for both residents and businesses in relation to the payment of Council Tax and Business Rates. This has meant that some made no payments in the first three months of the financial year instead spreading the cost of their bill over the remainder of the year. The lower collection rates set out in Appendix 3 take account of these deferral arrangements.
- 3.7 Looking further ahead it is expected that Businesses will continue to face difficulty paying Business Rates in 2021/22 due to the ongoing impact of the Covid-19 pandemic and the continuation of lockdown into the early months of financial year 2021/22.
- 3.8 The Budget announcement on 3 March 2021 provided more detail on support for businesses in 2021/22. In the announcement the government committed to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties. Nurseries will also qualify for relief in the same way as other eligible properties. When combined with Small Business Rates Relief, this means 750,000 retail, hospitality and leisure properties in England will pay no business rates for 3 months from 1 April 2021, with the vast majority of eligible businesses receiving 75% relief across the year. Local authorities will be fully compensated for the loss of income as a result of these business rates measures and receive new burdens funding for administrative and IT costs.

#### Financial Health Monitoring Month 9 and Month 10

- 3.9 Covid-19 has had a dramatic impact on the financial outlook of the Council creating significant pressures on the authority's income streams and also leading to additional expenditure. The Directorate Dashboards set out in Appendices 1 and 2 highlight a Covid-19 related budget pressure of £183.7m before proposals to balance and the application of Government grant.
- 3.10 The Council has received £72.2m of Government funding towards the costs of COVID-19 to date, of which £2.6m has been applied in 2019/20, leaving £69.6m available. On 2nd July Government announced a further package of financial support for Local Government as a consequence of which £18.9m has been claimed with an estimated further £8m to be received for the remainder of the financial year in relation to lost income. Application of this £96.5m of grant in 2020/21 would reduce the COVID financial pressure to £87.2m. Non-COVID savings of £16.2m, including savings resulting from the Early leavers Initiative, reduce this gap to £71.0m

- 3.11 Following a decision to use one off capital receipts which have become available through recognising the capital distribution from the pre-payment of rent at Merrion House the Council did not need to apply for a capitalisation directive to Government as had looked possible earlier the year. Of the £23.4m of available capital receipts, £17.15m has been applied to the current COVID funding gap. It is also proposed to utilise £3.5m of Adults and Health earmarked reserves whilst £0.5m remains from the £1.5m set aside through the flexible use of capital receipts for transformational expenditure and this can be used to fund ELI payments. The remaining budget pressure of £49.9m relates to losses in Council Tax and Business rates which are dealt with in the following year through the Collection Fund.
- 3.12 Details of the Council's overall projected 2020/21 financial health position at Months 9 and 10 were reported to the Executive Board at its meetings on 10 February and 17 March 2021. The two reports are attached at Appendices 1 and 2 for the Board's consideration.

#### **4. Consultation and engagement**

- 4.1.1 The Council's financial health monitoring is a factual report and is not subject to consultation. The information on Council tax and Business rate collection in 2020/21 has been brought forward following requests for additional information on them from members of Scrutiny Board Strategy and Resources.

#### **4.2 Equality and diversity / cohesion and integration**

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

#### **4.3 Council policies and the Best Council Plan**

- 4.3.1 The terms of reference of the Scrutiny Boards promote a strategic and outward looking Scrutiny function that focuses on the Best Council objectives.
- 4.3.2 This report comments on the impact reduced collection rates for Council Tax and Business Rates has on the revenue budget in 2020/21 and savings proposals for 2021/22. Understanding this impact supports the Best Council ambition of offering value for money through being an efficient and enterprising organisation as does the financial performance information contained in the Executive Board reports in Appendices 1 and 2.

#### Climate Emergency

- 4.3.3 When considering areas of work, the Board is reminded that influencing climate change and sustainability should be a key area of focus. However, there are no specific implications for the Climate Emergency contained in this report.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 The financial implications of reduced income from Council Tax and Business Rates are detailed in the briefing note at Appendix 3. All resources, procurement and

value for money implications are detailed in the main body of the attached Executive Board reports.

#### **4.5 Legal implications, access to information, and call-in**

4.5.1 This report has no specific legal implications.

#### **4.6 Risk Management**

4.6.1 This report has no specific risk management implications.

### **5. Conclusions**

5.1 The attached Executive Board reports present the Council's overall projected 2020/21 financial health position at Months 9 and 10 of the financial year. The financial challenge posed by Covid-19 is unprecedented and the overall overspend highlighted in this report of £183.7m represents more than a third of the net revenue budget for 2020/21. The scale of the challenge is therefore clear and given the longer term impact on the Collection Fund and the continuing challenge posed by the Covid-19 pandemic that challenge looks set to continue into future financial years.

5.2 The pandemic has had a significant impact on the ability of residents and businesses to pay their regular bills, Council Tax and Business Rates being two such examples. This shortfall in income will have an impact on the availability of resources to the Council in 2021/22 and contributes significantly to the budget challenge faced by the authority in that year and the years that follow.

### **6. Recommendations**

6.1 The Scrutiny Board (Strategy and Resources) is asked to consider this report and attached appendices and agree any specific scrutiny actions that may be appropriate.

#### **6.2 Background Documents<sup>1</sup>**

None.

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<sup>1</sup> 1 The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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## Report of the Chief Officer Financial Services

### Report to Executive Board

Date: 10<sup>th</sup> February 2021

Subject: Financial Health Monitoring 2020/21 – Month 9

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## Summary

### 1. Main issues

- The purpose of this report is to inform the Executive Board of the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account for the first 9 months of the financial year.
- The Council has managed to achieve considerable savings since 2010 and the budget for 2020/21 requires the delivery of a further £28.4m of savings.
- The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
- This is the seventh budget monitoring report of the year, and Executive Board will recall that the 2020/21 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £28.4m of budget action plans by March 2021. At this stage of the financial year, it is clear that COVID-19 has impacted on the delivery of some of these actions.

- In addition the Council continues to incur additional expenditure and to lose income across services as a consequence of COVID-19. As a result Directorate dashboards highlight a potential COVID-19 related overspend of £114.6m before proposals to balance.
- The addition of projected losses of council tax and business rates income results in a total projected COVID overspend of £164.4m at Month 9. In addition pension strain and severance costs associated with staff exiting the Council through the Early Leavers Initiative increases the overall overspend to £177.4m.
- As a result of taking account of non-COVID savings and the application of earmarked reserves and additional Government funding the projected Directorate overspend reduces by £31.1m to £83.5m. When combined with the Corporate pressures the overall General Fund overspend has reduced from £178.6m to £146.3m.
- The Council had received £72.2m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20, leaving £69.5m of available funding. An estimated £26.9m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.4m of grant in 2020/21 reduces the financial pressure in 2020/21 to £49.9m.
- Since this reported position assumes that the estimated Collection Fund income shortfall of £49.9m will impact on the revenue position in 2021/22 and future years, the current projection for 2020/21 is reflecting a balanced budget position at year end.
- This position reflects the Council's best estimate of the impact of the current lockdown arrangements and which equates to a calculated COVID impact of £27m per month. This calculated impact covers both expenditure and income which is compensated for through the Government's sales, fees and charges scheme. In addition it does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced, which could impact on these financial projections.
- At Month 9, the Housing Revenue Account is forecast to underspend by £9.6m, which will be transferred to the Major repairs reserve for use in future years.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

## **3. Resource Implications**

- Directorate dashboards reflect a projected overspend which largely relates to COVID-19 pressures of £114.6m which when combined with Corporate pressures results in an overall overspend of £177.4m. After application of government funding and a range of further measures, this report shows a balanced budget position for 2020/21.

## Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the Authority as at Month 9 and note the projected impact of COVID-19 on that position.
- b) Note that for 2020/21 the Authority is forecasting a balanced budget position.
- c) Note that the position reported does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

### 1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 9.
- 1.2. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the ninth month of the year.

### 2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.5m. The 2020/21 budget assumes further use of £9.0m from this reserve during the current financial year.
- 2.3 The Financial Health Financial Health report received at December's Executive Board projected a balanced budget position for 2020/21 after the application of Government funding, the delivery of non-COVID savings and the utilisation of earmarked reserves.
- 2.4 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are 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 has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

### 3. Main Issues

- 3.1 At Month 9 a COVID related overspend of £164.4m is projected which, combined with the additional pension strain and severance costs associated with staff exiting the Authority through the Early Leaver's Initiative, results in an overall overspend position of £177.4m.
- 3.2 In response to the financial challenge for 2021/22 that was detailed in the Medium Term Financial Strategy report received by Executive Board in September, to date 845 employees have either left or are due to leave the Council through the Early

Leaver's Initiative by the 31st March 2021. The salary savings resulting from these staffing reductions contribute towards the realisation of the budget savings proposals for 2020/21 that were received at this Board in September, October, November and December.

- 3.3 Whilst the Council has incurred severance and pension strains costs of £12.9m in 2020/21 it is projected that over the five year period covered by the Council's Medium Term Financial Strategy savings of £100.2m (before reconfiguration costs) will be realised through the deletion of the posts.
- 3.4 The projected overspend position of £177.4m also reflects the estimated Collection Fund deficit of £49.9m resulting from a reduction in collection rates in respect of both Council Tax and Business Rates.
- 3.5 Details of the Directorate overspend due to COVID-19 are summarised in Table 1.
- 3.6 The Council has received £72.2m of Government funding towards the costs of COVID-19 to date, of which £2.6m has been applied in 2019/20, leaving £69.5m available. On 2nd July Government announced a further package of financial support for Local Government as a consequence of which £18.9m has been claimed with an estimated further £8m to be received for the remainder of the financial year. Application of this £96.4m of grant in 2020/21 would reduce the COVID financial pressure to £81m.
- 3.7 Table 1

#### Summary Position at Month 9- Financial Year 2020/21

Directorate	Director	(Under) / Over spend for the current period				COVID related	Non-COVID related	Month 7 Total	COVID related	Non-COVID related
		Staffing	Total Expenditure	Income	Total (under) /overspend					
		£000	£000	£000	£000					
Adults & Health	Cath Roff	(766)	31,896	(19,283)	12,613	12,613	0	12,613	12,613	0
Children and Families	Sal Tariq	123	4,210	3,882	8,092	8,092	0	7,837	7,837	0
City Development	Martin Farrington	(2,653)	(7,036)	28,636	21,600	25,096	(3,496)	19,821	22,456	(2,635)
Communities & Environment	James Rogers	1,647	5,872	18,016	23,887	26,317	(2,430)	23,176	25,256	(2,080)
Resources & Housing	Neil Evans	(2,717)	4,607	9,452	14,059	17,851	(3,792)	13,779	17,658	(3,879)
Strategic	Victoria Bradshaw	(140)	106,169	(79,291)	26,878	24,747	2,131	125,114	25,862	(168)
Strategic (Proposals to balance)	Victoria Bradshaw	12,440	(3,628)	(99,933)	(103,561)	(103,561)	0	(99,420)	(99,420)	0
Adults & Health (Proposals to balance)	Cath Roff		(3,500)	0	(3,500)	(3,500)	0	(3,500)	(3,500)	0
<b>Total Current Month (Dashboards)</b>		<b>7,934</b>	<b>138,590</b>	<b>(138,522)</b>	<b>0</b>	<b>7,655</b>	<b>(7,587)</b>	<b>99,420</b>	<b>8,762</b>	<b>(8,762)</b>
Capitalised Staffing					0	0	0	0	0	0
Council Tax & Business Rates Losses					49,875	49,875	0	42,466	42,466	0
					49,875	57,530	(7,587)	141,886	51,228	(8,762)

**Previous month (under)/over spend in directorates** 11,309 131,269 (131,270) (0)

- 3.8 The major variations are outlined below, with additional detail provided on the Directorate dashboards which are appended to this report;
- 3.8.1 **Adults & Health** – the directorate is projected to overspend its budget by £9.1m. This figure is based upon COVID-19 related cost pressures of £12.6m, offset by a £3.5m contribution from reserves.

The pressure is related to a number of actions taken by the directorate in light of the pandemic and the resultant impact of those changing priorities on delivering a number of budgeted savings plans. It is currently projected that £3.4m of savings plans will not be delivered this financial year; though it is assumed that once a return to 'normal' is achieved the work needed to deliver these plans will resume, but there will be slippage in the delivery.

The pressures that make up the remaining covid pressure are the £0.5m relating to non-realisation of savings to fund the additional pay award; additional care packages to meet the needs of people affected by day centre closures (£0.5m) and 'paying to plan' on home care (£0.5m). £4.5m has been committed to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market the equivalent of a 20% fee uplift, based on historic payments, has been provided for to be paid to providers over each of the first three months of the year. £0.4m has been incurred to fund PPE and equipment to facilitate early discharge. The NNDR attached to the Waterside building has been allocated as a COVID-19 cost due to its use as a temporary mortuary. Income is also affected with a pressure caused by the cessation of face to face financial assessments and the delay in the commencement of the dementia beds scheme which was partly funded by the CCG has placed a further £0.2m pressure on the Council. The directorate has recognised the cost and remaining potential pressure from the packages previously and currently funded from the Early Discharge funding available to the CCG transferring back to the Council. A sum of £2.1m represents this cost and assumed outstanding liability.

**3.8.2 Children and Families** – As detailed on the dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £8.092m, an increase of £255k compared to Month 7. This reflects a number of changes due to COVID, including the impact of the current lockdown.

The Month 9 projected overspend of £8.092m is broken down as follows:

<b>Expenditure</b>	<b>£m</b>
• Staffing related costs	0.12
• Children Looked After	5.75
• Section 17 payments	0.31
• Direct payments	0.25
• Passenger Transport	(0.60)
• Other expenditure	<u>(1.62)</u>
	4.21
<b>Income</b>	<b>£m</b>
• Traded income from schools	2.02
• School attendance income	0.40
• Children's centre income	3.65
• Net additional funding	<u>(2.19)</u>
	3.88
<b>Total projected overspend</b>	<b>8.09</b>

The changes since Month 7 are all attributable to COVID. There have been a number of changes to expenditure, including increased CLA provider rates, additional pay pressures in the secure residential unit and reductions across non-pay areas of expenditure. In relation to income, some specific COVID funding has been brought into the budget, however there are also further pressures on income for the Music Service and Attendance Service, due to the current lockdown.

As shown in the breakdown above, the key pressure within expenditure relates to the CLA budget, which is currently forecast to overspend by £5.75m, an increase of £750k compared to Month 7. Although the number of CLA placements has actually reduced during this period, the rates paid to providers have increased due to the COVID related costs they are incurring. This is a common picture across the country, although it appears that Leeds is experiencing a lower increase in provider payments than is being seen nationally. The Commissioning team is working with providers to ensure that the rates agreed continue to represent value for money.

Although detailed benchmarking is not yet available, feedback from local authorities across the country is that many are currently seeing an overall increase in CLA numbers. In Leeds however there has been a slight decline in CLA numbers since the start of the year and overall as at 20<sup>th</sup> December there were 23 fewer placements than originally budgeted, despite the impact of COVID in the city. This is a reduction of 9 placements since the Month 7 report.

Although CLA numbers in the city are within the total amount budgeted for, the main reason for the forecast overspend is due to a higher proportion of more costly external placements than assumed in the budget. While the number of children coming into care at a young age has reduced, the impact of COVID has increased the number of adolescent placements, which are more complex and therefore more costly. Further to this, plans to re-open a previously closed children's home have been impacted by delays with Ofsted's approval process, although it is expected the home will be able to open in the near future. There is also an additional CLA pressure on semi-independent living costs for 16 to 18 year olds. This reflects the difficulty with young people being able to move out of these placements in the current climate, as well as the impact of COVID on providers.

A further key impact of COVID on the Children and Families budget is on income, and in total a £5.87m pressure has been identified due to expected loss of income from children's centres, school trading and school attendance income. In line with principles laid out by Government during the first lockdown, the Council has taken the approach that schools should be charged as normal for disrupted Council services for which they have a regular financial commitment, as they have received funding to pay for these services. However there is still some loss of income projected for ad hoc traded services to schools and those paid for through parental contributions, such as music services. This has been included on the Council's claim to MHCLG for funding towards loss of income.

## Dedicated Schools Grant

In relation to the Dedicated Schools Grant (DSG), at the end of 2019/20 there was a deficit balance of £3.95m on the general DSG. At Month 9 we are projecting a £2.96m overspend on general DSG for 2020/21, which would result in a closing deficit of £6.92m. This is due to a projected overspend of £4.37m on high needs, which is partly offset by:

- £547k underspend on early years, due to funding being calculated at a point in the year when the numbers of children are higher than the average over the full year;
- £121k underspend on central school services, as a result of staff vacancies; and
- £739k underspend on schools. £239k of this is due to timing differences in funding arrangements when maintained schools convert to academies. The remaining £500k is due to an underspend on the fund for growing schools, which will be carried forward to be used in 2021/22.

The projected high needs overspend of £4.37m is due to a combination of a cap on funding increases and an increase in the demand and complexity of special educational needs across the country. Although high needs funding increased nationally for 2020/21, the Department for Education still applied a cap on gains which meant that the allocation for Leeds was subject to a reduction of £4.7m. A plan for managing the pressures on DSG is currently being developed by Children and Families.

**3.8.3 City Development** – At Month 9 the Directorate is projecting an overspend of £21.6m, which is an adverse movement of £1.8m from the Month 7 position previously reported to Executive Board. This includes an estimated impact of COVID-19 of £25.01m. The projected outturn includes the forecasted financial impact of Lockdown 3 and assumes that the Lockdown restrictions will be in place to the end of the financial year. The Directorate's financial position continues to be significantly affected by the current restrictions in place and the subsequent impact on the economy with the vast majority of the overspend resulting from reduced income across a number of services. The period 9 projections include a further £2.5m income pressure in Active Leeds due to the third lockdown.

The variances below include £0.378m of ELI savings that will be realised by employees leaving before the 31<sup>st</sup> March 2020.

The most significant loss in income is still forecast to be in Active Leeds where some facilities only started re-opening on a staggered basis at the end of July but with reduced capacity, closed again due to the current second lockdown, and then closed for the current lockdown. The year-end financial position for Active Leeds is projected to be an overspend of £12.8m. This is an increase of £2.5m of COVID related income pressures however it is anticipated that this pressure will be offset by circa £1.9m via the fees and charges loss of income funding from MHGLC.

Other services also facing projected reductions in income include:

- Arts and Heritage - £2.2m, net of running cost savings, following the closure of sites and cancellation of events.
- Asset Management and Regeneration - £2.8m from expected reductions in rental and other commercial income. This includes expected shortfalls against new commercial income included in the 2020/21 budget.
- Planning and Sustainable Development - £0.9m through an estimated reduction in planning and building fee income.
- Markets and City Centre - £2.2m from a reduction in rental and advertising income.
- Highways and Transportation - £0.74m through a reduction in chargeable fees and recovery of overheads, mainly in the Highways DLO.

Whilst the impact of COVID-19 on City Development is mostly on income some additional costs are also being incurred. A sum of £0.5m for the year is currently projected across the Directorate. The impact of non-realisation of savings to fund the additional cost of the higher pay award is estimated at £0.37m.

The projected position includes anticipated staff savings of £1.88m on non-chargeable vacant posts net of the additional costs of the higher pay offer. Savings of £0.94m have also been included for reduced spend on general running costs and travel and subsistence.

#### 3.8.4 **Communities & Environment** – the overall position for the directorate at this stage of the year is a projected overspend of £23.9m.

Of this, £26.3m relates to the impact of COVID-19 which now takes into account the estimated impact of the latest lockdown period. There still remains a great deal of uncertainty around income projections and these continue to be kept under review.

The main areas of variation in respect of COVID-19 are currently estimated as follows:

- Loss of car parking and enforcement income £7.9m
- Loss of Parks & Countryside income £4.9m. This includes income from visitor attractions, cafes, bereavement services, chargeable works within Parks Operations and Landscaping teams and the cancellation of planned events.
- Loss of Electoral and Regulatory Services income £1.9m. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire and Environmental Health activities. These income losses are partially offset by £0.3m savings resulting from the cancelled May 2020 local elections.
- Waste Management – net additional expenditure £6.6m. This includes the cost of providing additional crews and vehicles to deal with increased volumes of waste, the cost of disposing of the additional waste and the cost of providing staffing cover and PPE equipment across the service as well as income losses at Household Waste sites.
- Welfare & Benefits – additional expenditure £1m in respect of the estimated net cost of Housing Benefit claims for the vulnerable homeless in emergency accommodation.

- Estimated cost to LCC of providing a temporary mortuary facility £0.8m - created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield.
- Additional cost of the local government pay award £0.7m. This represents an additional 0.75% over the amount budgeted and the COVID-19 situation will impact on the ability to deliver the savings required to mitigate this additional cost.
- Other areas of income loss/additional expenditure across the directorate £2.8m. This includes estimated income losses from community centres, libraries/community hubs, bulky waste collections and from environmental enforcement. It also includes additional costs of providing PPE/Cleaning/Social distancing measures and software/equipment to support home working. It also includes the cost of providing for a city wide mailout and other staffing related costs in support of the Council's response to the crisis.

The overall position for the directorate also includes forecasts around other expenditure savings totalling £2.4m. These include estimated net savings from the implementation of tighter controls on recruitment and the part year impact of staff leaving the authority before 31<sup>st</sup> March 2021 under the Council's Early Leaver scheme (£1.5m) and savings on other expenditure budget headings across the directorate (£0.9m).

**3.8.5 Resources & Housing** – Based on the estimated impact of COVID-19 in the directorate, an overspend of £14.1m is forecast at Month 9. This is a marginal increase of £0.3m from the position reported previously reported and reflects, in the main the additional pressures within the Catering service from the most recent lockdown.

There remains a risk that this projection may be understated dependent upon when schools will reopen, however further reductions in this income can be partially offset by the sales, fees and charges compensation scheme

In total £17.9m of pressures are COVID related, broadly summarised into the following areas across the Directorate's services:-

• Trading shortfall within Leeds Building Services (LBS)	£5.5m
• Additional PPE (LCC wide)	£5.6m
• Homelessness accommodation costs (net of grant)	£0.5m
• Catering income & emergency meals	£2.6m
• Other income reductions (capital / court fees)	£2.6m
• Delays to budget action plans	£0.3m
• Savings from Working home/buildings/car allowances - net	(£0.3m)
• Non-realisation of savings to fund additional pay award	£1.1m

There remain significant risks around these assumptions in the light of the latest lockdown, especially around catering income, court fees and the potential demand for additional PPE.

The recruitment freeze, savings in non-essential spend, additional grant income and

the impact on staffing costs of the ELI leavers in November and December (£1.1m) are forecast to deliver around £3.8m of savings to the directorate's bottom line projections.

**3.8.6 Strategic & Central Accounts** - At Month 9, the Strategic & Central accounts projection is for an overspend of £26.9m, of which £25.8m is COVID related, before taking into account proposals to balance the 2020/21 budget. This projection recognises the potential for an overspend of £27.9m in MRP, as a result of a reduced level of capital receipts being available to repay debt, as a consequence of the impact of COVID-19. There is considerable uncertainty over how quickly the property market will recover, and the position will continue to be reviewed and updated. This projected overspend is partly offset by savings of £0.8m in the remainder of the debt budget.

A projected underspend of £2.1m has been included for a reduction in the expected business rates levy payable, as a result of reduced business rates income for the year. The position also reflects an additional projected £75.5m of S31 grants in relation to business rate reliefs awarded due to the impact of the pandemic. These grants will need to be carried forward in an earmarked reserve, as they are required to fund the 2020/21 Collection Fund deficit which will impact on the revenue position in 2021/22.

Following the government spending review, additional New Homes Bonus grant of £2.2m has been recognised.

Additional projected S278 income of £0.4m has been recognised, along with potential pressures of £1.2m across the target budgets for general capitalisation and schools capitalisation, as overall restrictions on spending have reduced the potential for capitalisation.

Proposals to deliver a balanced budget position are also reflected in the Month 9 Strategic position and the appended dashboard and are discussed below.

### **3.8.7 Proposals to Balance**

**3.8.8** Directorate dashboards highlight a projected COVID-19 overspend of £114.6m which combined with other corporate pressures which includes a variation in the Collection Fund, pension strain and the cost of severance results in a projected overspend of £177.4m.

**3.8.9** In order to manage this overspend a range of proposals have been identified which are detailed in the Table 2 below.

	Month 9	Mitigation-Savings including Salary	Use of Reserves	Total
Directorate/Service	£m	£m	£m	£m
Adults & Health	12.61	0.00	-3.50	9.11
Children & Families	8.09	0.00		8.09
City Development	25.10	-3.50		21.60
Communities & Environment	26.32	-2.43		23.89
Resources & Housing	17.85	-3.79		14.06
Strategic & Central	24.59	2.13	-20.01	6.71
<b>Directorate dashboards</b>	<b>114.56</b>	<b>-7.59</b>	<b>-23.51</b>	<b>83.46</b>
<i>Corporate pressures:</i>				
C T/B R Income Losses	49.88			49.88
Cost of Severence	11.68			11.68
Pension Strain	1.26			1.26
	62.82			62.82
<b>Total General Fund Impact</b>	<b>177.37</b>	<b>-7.59</b>	<b>-23.51</b>	<b>146.28</b>

	Month 9	Mitigation-Savings including Salary	Use of Reserves	Total
	£m	£m	£m	£m
<b>Total General Fund Impact</b>	<b>177.37</b>	<b>-7.59</b>	<b>-23.51</b>	<b>146.28</b>
Government Funding	-69.50			-69.50
Government Support for Income Losses	-26.90			-26.90
Net Position	-96.40			-96.40
<b>Total GF Impact 2020/21</b>	<b>80.97</b>	<b>-7.59</b>	<b>-23.51</b>	<b>49.88</b>
Council Tax/Business Rates	-49.88			-49.88
<b>COVID-19 Funding Gap 2020/21</b>	<b>31.10</b>	<b>-7.59</b>	<b>-23.51</b>	<b>0.00</b>

- 3.8.10 The level of non-COVID savings, including those resulting from the deletion of posts resulting from staff exiting the Council through the Early Leaver's Initiative is £7.6m and this contributes towards addressing the estimated budget gap.
- 3.8.11 As referenced in the addendum to November's Executive Board the Council has identified a number of one off resources that contribute towards addressing the identified estimated budget gap in 2020/21. One off resources include the planned application of an additional £19.5m of capital receipts which have become available through recognising the capital distribution from the pre-payment of rent at Merrion House as a capital receipt rather than as deferred income on its balance sheet.
- 3.8.12 In order to facilitate the upgrade of Merrion House, the Council entered into a series of linked agreements with the Town Centre Securities (TCS) Group who own the freehold to the building. Under these agreements, the council entered into a 50:50 limited liability partnership (LLP). During 2018/19 the Council made a prepayment of rent under the 25 year lease at a discounted rate, which was immediately distributed to the two partners of the LLP. The Rent Advance agreement that was entered into resulted in a prepayment of rent of £54m which was followed immediately by a distribution of capital of £27m to each of the LLP members.
- 3.8.13 In 2018/19, and in the absence of the first set of LLP accounts reflecting the rent advance and its distribution to partners, the Council determined to hold the £27m on its balance sheet as a receipt in advance. This approach was discussed and agreed with Grant Thornton prior to the closure of the 2018/19 accounts.
- 3.8.14 The Council has now reconsidered its approach in the light of the LLP's 2018/19 accounts which were published in June 2020. The LLP's accounts show the capital distribution to members as an immediate transfer of net worth from the LLP to its members.
- 3.8.15 In the light of this, the Council has held further discussions with its external auditors over the treatment of the £27m distribution it received. As a result it will now recognise the transfer of net worth by reducing the value of its investment in the LLP and instead recognising the balance of £25.65m which was previously shown as deferred income in its accounts as a capital receipt during 2018/19. This will result in an increase in the level of the Usable Capital Receipts Reserve carried forward into 2019/20.
- 3.8.16 In changing the accounting treatment in this manner there is now a requirement to identify provision in the MTFS of £1.1m which would originally have been amortised from the deferred income balance, which will be required from 2022/23 to resource the annual lease payments for Merrion House. This £1.1m revenue pressure will be met in 2020/21 and 2021/22 by applying additional capital receipts to redeem debt, thus enabling an equivalent reduction in the MRP charge to revenue. This will reduce the balance of additional capital receipts available to to £23.4m, of which £19.5m will be used and the remainder carried forward.
- 3.8.17 It is proposed that of this additional usable capital receipt £19.5m is applied to address the estimated budget gap identified above, replacing some of the capital receipts which were originally forecast to be generated during the year.

- 3.8.18 It is also proposed to utilise £3.47m of earmarked reserves with Adults and Health whilst £0.5m remains from the £1.5m set aside through the flexible use of capital receipts for transformational expenditure and this can be used to fund ELI payments.
- 3.8.19 As a result of the above proposals the Directorate overspend reduces to £83.5m which combined with a Corporate pressure of £62.8m reduces the overall level of overspend down to £146.3m.
- 3.8.20 To date the Council has received £72.2m of Government funding towards the costs of COVID-19, of which £2.64m has been applied in 2019/20, leaving £69.5m available. An estimated £26.9m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.4m of grant in 2020/21 reduces the COVID financial pressure to £49.9m.
- 3.8.21 Since the Collection Fund income shortfall of £49.9m does not impact on the revenue position until 2021/22, since the Government have agreed that the Collection Fund can be spread over 3 years.
- 3.8.22 As a result it is forecast that a balanced budget position will be delivered in 2020/21.
- 3.8.23 The reported position does not reflect the potential impact of any further local or national lockdown arrangements not yet introduced, which could impact on these financial projections, most likely by increasing projected income losses which can only be recovered in part through the Government's Sales, Fees and Charges compensation scheme.

### 3.9 Other Financial Performance

#### 3.9.1 Council Tax

The Council Tax in-year collection rate at the end of December was 80.15% which is 0.63% lower than performance for the same period last year. This lower collection rate will in part reflect the impact of agreed payment deferrals. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast were achieved this would collect some £373.2m of income. In light of the potential impact of COVID-19, it is currently estimated that in year collection will fall to 94.1%, achieving £365.4m of income. The collection rate will continue to be closely monitored.

#### 3.9.2 Business Rates

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £363.2m of business rates income billed at 1<sup>st</sup> April. However, the Board will be aware that in response to the COVID-19 pandemic Government awarded significant additional business rates reliefs, reducing the income to be collected directly from business to £228.0m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the Authority regarding non-collection of business rates income, the business rates collection rate at the end of December 2020 was 73.96% which is 6.80% behind performance in 2019/20. This lower collection rate will in part reflect agreement to defer payments.

The total rateable value of business properties in Leeds has reduced from £935.2m at 1st April 2020 to £929.3m at the end of October 2020, a decrease of £5.9m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (49.9p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (49%), Central Government (50%) and West Yorkshire Fire Authority (1%). After allowing for the business rates deficit brought forward, Leeds' share of projected business rates income is in the region of £73.7m, which is £110.0m below budgeted expectations. However much of this shortfall is accounted for by the Government's new extended reliefs for the retail and leisure sectors and children's nurseries. This results in grant funding associated with business rates some £75.5m above that forecast in the Council's budget. The Government has also announced that it will provide 75% compensation to local authorities for their 'irrecoverable losses' in business rates income. Although 'irrecoverable losses' have not been defined, following initial guidance it is estimated this local tax income guarantee will contribute around £8.61m to the deficit that has to be repaid to the collection fund in 2021/22.

In light of the current situation we expect to see losses of business rates income through non-payment and reduction in rateable value where businesses may cease to trade or revise their business model to reduce business rates and other costs. Business rates income continues to be closely monitored and reported to the Board in these monthly financial health reports.

### 3.9.3 Business Rates Appeals

The opening appeals provisions for 2020/21 are £27.8m, made up of £10.6m relating to appeals received against the 2010 ratings list and £17.2m estimated costs in relation to the 2017 ratings list. Under 50% Business Rates Retention, Leeds' budget is affected by 49% of any appeals provision made in this year. Provisions brought forward from 2019/20 were made at 74%.

On the 31<sup>st</sup> October 2020, there were 799 appeals outstanding against the 2010 ratings list. During November and December 2020 70 appeals have been settled, 14 of which have resulted in changes to rateable values. No new appeals have been received in October. At 31<sup>st</sup> October 2020 there are 799 outstanding appeals in Leeds, with 10.3% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

Only two appeals have been received to date against the 2017 list. However, since the imposition of national lockdowns the number of ratepayer claims entering the first two stages of the new Check Challenge Appeal process, introduced on the 1<sup>st</sup> April 2017, has increased significantly. Currently there are 161 Checks outstanding but this first stage is only where the Valuation Office Agency and the ratepayer's agent seek to clarify the facts relating to a particular property. Very few of these Checks have resulted in a reduction to the ratepayer's Rateable Value. However since September 2020 an increasing number of these claims are returning to the process as Challenges, the second stage of the new process. At this stage the Valuation Office Agency and the ratepayer discuss whether the facts are being applied correctly as a matter of law. At December 2020 there are 1,198 Challenges outstanding up from 365 as at 30<sup>th</sup> April 2020. Of the current Challenges 946 relate

specifically to the period since the first national lockdown restrictions were brought into force and therefore the impact is limited because they are backdated by only one year. The remainder are assumed to relate to entire lifetime of the ratings and therefore can be backdated to 1<sup>st</sup> April 2017. There has been speculation in the press that a general reduction in Rateable Values is to be implemented in response to the economic downturn caused by the restrictions on commercial activity however the Valuation Office Agency has issued a statement denying any such generalised reduction has been agreed. The situation with the increased numbers of Challenges and any announcement about general reductions in Rateable Values is being closely monitored and the level of provisions is being adjusted accordingly. As at the 31<sup>st</sup> December 2020 £41.7m in provisions is being held by the Council against losses due to changes in Rateable Value on the 2017 ratings list.

#### **3.9.4 Impact of COVID-19 on the Collection Fund**

It remains very complex to estimate the ultimate impact of COVID-19 on council tax and business rates income. However, the latest projections indicate an unfunded loss of £49.9m on the Collection Fund: £13.2m in Council Tax and £36.7m in business rates. Since last reported to this Board in December, Council Tax has decreased by £0.20m and business rates has increased by £7.6m, a net increase of £7.4m. These estimates will continue to be refined as more data becomes available. Any Collection Fund income shortfall in 2020/21 would normally impact on the Council's financial position in 2021/22. However, Government announced on 2<sup>nd</sup> July that they would allow phased repayment of Collection Fund deficits over three years, spreading the revenue impact. Further detail has now been provided following the provisional Local Government Finance Settlement and any projected 2020/21 Collection Fund deficits must be spread over the years 2021/22, 2022/23, 2023/24. These deficits will be adjusted for prior years and any other requirements of the legislation.

Further, these same announcements indicated that Government would fund 75% of irrecoverable Council Tax and Business Rates losses from 2020/21. Details of the calculation have been provided and Leeds expect to receive compensation of around £31m. This is expected to be received and utilised in future years and will not impact on the 2020/21 Collection Fund.

#### **4. Housing Revenue Account (HRA)**

- 4.1 At the end of Month 9 the HRA is projecting an underspend of £9.6m, primarily due to the reduction in the revenue contribution required to support its capital programme (RCCO). This underspend will be transferred to the Major repairs reserve at year end to maintain future levels of capital investment.
- 4.2 The estimated saving in the RCCO is around £14.6m, however £5.0m of this saving is required to fund other in year pressures arising in the HRA as outlined below.
- 4.3 There is a forecast reduction in total income of £4.3m. Rental income is forecast to be £1.7m lower, mainly due to a temporary increase in the number of void properties due to COVID-19. £2m of income is impacted by forecast lower staff charges to capital from vacant posts and also due to the reduced capital programme for 2020-21. A small reduction in commercial rent income of £0.1m is

also projected, and a reduction of fee income from Right to Buy sales of £0.3m

- 4.4 Total tenant arrears are £11.4m, approximately £0.8m lower than the equivalent period last year and rent collection remains in line with last year's position at 96.5%. However, it is prudent to project for an increase in the provision for doubtful debts given the future uncertainty on the impact of COVID on rental income. An additional £0.2m is projected.
- 4.5 Staffing costs are forecast to underspend by around £1.4m, with the recruitment freeze being the main reason for this. This saving also assumes the HRA funds severance costs of those staff exiting the Authority on ELI in 2020/21.
- 4.6 With respect to the repairs budget, it is now projected that a saving of approximately £2m will be made in year due to the impact of COVID .
- 4.7 Housing disrepair costs remain a pressure and risk, with an additional £2m being estimated as needed for the provision in year.
- 4.8 An additional £136k is required to fund works associated with exiting Navigation House as part of the Council' asset rationalisation programme.
- 4.9 The HRA capital programme has been reduced for 2020-21 only to circa £60m from £80m. As referenced above, the saving from the reduced revenue contribution is helping to offset in year pressures and the balance of any savings are planned to be transferred to the Major Repairs Reserve to support an ongoing programme of around £80m from 2021-22 onwards.

## 5. **Corporate Considerations**

### 5.1 **Consultation and engagement**

- 5.1.1 This is a factual report and is not subject to consultation.

### 5.2 **Equality and diversity / cohesion and integration**

- 5.2.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26<sup>th</sup> February 2020.

### 5.3 **Council policies and the Best Council Plan**

- 5.3.1 The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

### 5.4 **Climate Emergency**

- 5.4.1 Since this is a factual report detailing the Council's financial position for 2020/21 there are no specific climate implications.

### 5.5 **Resources, procurement and value for money**

5.5.1 This is a revenue financial report and as such all resources, procurement and value for money implications are detailed in the main body of the report.

## 5.6 Legal implications, access to information, and call-in

5.6.1 There are no legal implications arising from this report.

## 5.7 Risk management

5.7.1 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy. Both of these risks are included on the Council's corporate risk register.

5.7.2 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management based support and reporting around the achievement of key budget actions plans is in place for 2020/21.

## 6. Conclusions

6.1 This report informs the Executive Board of the Month 9 position for the Authority in respect of the revenue budget which currently projects a COVID-19 related overspend of £164.4m. Additional budget pressures of £12.9m arise due to severance and pension strain costs relating to staff exiting the authority in 2020/21 under the new ELI scheme, increasing the budget gap to £177.4m.

6.2 This report then details a range of proposals which would result in a forecast balanced budget position being delivered in 2020/21. This reported position does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

6.3 Largely as a result of non-COVID savings and the application of one funding resources the projected overspend can be reduced to £146.3m.

6.4 To date the Council has received £72.2m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20, leaving £69.5m available. An estimated £26.9m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.4m of grant in 2020/21 would reduce the COVID financial pressure to £49.9m. Since it is assumed that Collection Fund income shortfall of £49.9m would impact on revenue in 2021/22 this means that a balanced budget position is forecast in 2020/21.

6.5 The Housing Revenue Account is forecast to underspend by £9.6m but this underspend will be transferred to the Major Repairs Reserve for use in future years.

## 7. Recommendations

7.1 Executive Board are asked to:

- a) Note the projected financial position of the Authority as at Month 9 and note the projected impact of COVID-19 on that position.
- b) Note that for 2020/21 the Authority is forecasting a balanced budget position.
- c) Note that the position reported does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

8. **Background documents<sup>1</sup>**

8.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

# ADULTS AND HEALTH

## Financial Dashboard - 2020/21 Financial Year

### Month 9 (December 2020)

The directorate is projected to overspend its budget by £9.1m. This is analysed as a £12.6m Covid-19 related cost pressure less an application of £3.5m of reserves. A number of budget action plans are expected to slip directly as a result of the Covid-19 pandemic, this is because the necessary resources to deliver these are being redirected; these total £3.4m.

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**SECTION A:** the Covid-19 cost pressures to the Adult Social Care are £12.6m.

The Covid-19 reported pressures across the key expenditure types are as follows:

**Staffing (+£0.5m):** the impact of the proposed pay award which is above the budgeted assumptions is shown as Covid-19 pressure as the urgent and necessary reaction to the pandemic has meant that plans to recover this pressure have had to be deferred.

**Buildings (+£0.1m):** a pressure of £0.1m is shown representing the cost of rates at the recently acquired Waterside building (for the Assisted Living Leeds move) which is now being used as a PPE storage and distribution centre as well as being the site for a temporary mortuary.

**Community Care Packages (+£7.8m):** these pressures include the cost of additional care packages to meet the needs of people affected by day centre closure (£0.5m), paying to plan on home care (£0.5m) and slippage in a number of savings plans because staff required to deliver these have been redirected to deal with the crisis (£1.5m). £5.3m relates to the funding expended to meet pressures within the care sector and to support it through this period; the figure also assumes that care packages currently paid for by the Early Discharge Grant will switch to the Council w.e.f. January. It is also assumed that a number of emergency CHC clients will be reviewed and revert to Council funding from January 2021. There is no firm decision on these last two points but it is generally understood that these will transfer to the Council at some point so this is considered a realistic provision.

**Commissioning (+£1.4m):** £1.1m relates to the funding expended to meet pressures within the care sector. The directorate has funded 33 organisations with £5k grants to help support their communities and the purchase of PPE.

**General Running Costs (+£0.4m):** mainly representing expenditure on equipment to facilitate early discharge. It is possible this may be recoverable from the NHS Early Discharge funding.

**Income (+£2.4m):** the Covid-19 pandemic has impacted upon savings plans for the recovery of income within client contributions, staffing costs and CCG (BCF) funding.

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**SECTION B:** there are other Covid-19 variations that are not directly a cost to the Council as expenditure is funded by income from the CCG and Government grants, these are:

a) NHS Early Discharge funding (£2.2m): additional expenditure of £797k for Early Discharges from Hospital has been incurred but is not included in the figures as the assumption is that it is possible this may be recoverable from the NHS Early Discharge funding;

b) Test & Trace grant (£12.9m);

c) Infection Control grant (£13.5m).

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**SECTION C:** outside of Covid the directorate is projecting a balanced position. The directorate is applying £3.5m of reserves to help offset the Councils wider Covid-19 pressure. The main variations to planned spend, across the key expenditure types are as follows:

**Staffing overall (-£1.3m):** the projection is based on the current staffing levels and at P9 there is a high level of vacancies across the directorate.

**Community Care Packages (+£1.9m):** there are cost pressures within homecare (£1.8m) and supported Living (£0.1m).

**General Running Costs (-£0.7m):** savings due to reduced general running costs including utilities and staff travel.

**Appropriation (-£1.6m):** underspends within the Leeds Safeguarding Board, Leeds Plan and Public Health are planned to be carried forward and the planned use of reserves to support temporary staffing is less than required. £3.5m of reserves have been drawn down to partially offset the Covid-19 pressure.

**Income (-£1.8m):** additional client contributions is offset against increased demand spend.

**Budget Management - net variations against the approved budget**

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,496	(964)	532	(162)	0	0	0	0	(36)	0	0	162	(35)	(7)	(42)
Social Work & Social Care Services	288,249	(55,019)	233,230	46	(63)	148	(278)	3	12,267	(500)	0	581	12,204	(522)	11,681
Service Transformation	2,360	(369)	1,991	(195)	0	0	0	0	0	0	0	0	(195)	(88)	(283)
Commissioning Services	23,628	(63,609)	(39,981)	26	5	0	(2)	1,427	13,969	0	0	(2,993)	12,431	(14,213)	(1,782)
Resources and Strategy	6,726	(1,390)	5,336	(189)	0	19	2	0	0	0	0	0	(168)	(293)	(461)
Public Health (Grant Funded)	45,293	(44,949)	344	(293)	0	17	0	0	3,813	0	0	623	4,160	(4,160)	0
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>367,751</b>	<b>(166,299)</b>	<b>201,452</b>	<b>(766)</b>	<b>(59)</b>	<b>183</b>	<b>(278)</b>	<b>1,429</b>	<b>30,013</b>	<b>(500)</b>	<b>0</b>	<b>(1,626)</b>	<b>28,396</b>	<b>(19,283)</b>	<b>9,113</b>

**Key Budget Action Plans and Budget Variations:**

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
<b>A. Key Budget Action Plans</b>						
1.	Review of Learning Disabilities	Caroline Baria		R	1.0	0.8
2.	Review of Physical Impairment and home care efficiency	Shona McFarlane		R	0.1	0.1
3.	Review of home care efficiency	Shona McFarlane		R	0.1	0.1
4.	Demand - continuation of strengths-based approach	Shona McFarlane		G	0.7	0.0
5.	Recover unspent Direct Payments (based on trends)	Shona McFarlane		G	0.9	0.0
6.	Enablement Service - improvements in productivity	Shona McFarlane		R	0.5	0.5
7.	Review billing and collection of assessed client contributions and trends	Steve Hume		R	1.9	0.4
8.	Assistive technology to a city-wide self-pay market	Shona McFarlane		R	0.2	0.2
9.	Occupational Therapists: grant contribution funding from the DFG	Shona McFarlane		G	0.2	0.0
10.	Section 117 and CHC clients - review cost allocations	Max Naismith		G	0.1	(0.2)
11.	CHC - LD: client transport costs/ staffing costs	Max Naismith		G	0.4	0.1
12.	Client transport - route and efficiencies	Steve Hume		G	0.3	0.0
13.	Spring Budget (end of time limited schemes)	John Crowther		B	2.5	0.0
14.	Meals on Wheels	Steve Hume		G	0.2	0.0
15.	Contract management efficiencies	Caroline Baria		G	0.8	0.0
16.	iBCF - Health Funding to support social care & Inflation	Steve Hume		R	3.3	1.4
17.	Staffing - vacancy factor/turnover	Shona McFarlane		G	0.4	0.0
<b>B. Other Significant Variations</b>						
1.	Staffing	All	relating to staffing turnover and slippage in employing new staff			(0.8)
2.	Commissioned services - care and Public Health	Various	anticipated variation			28.2
3.	General running costs	All	Savings of £0.7m are reduced due to Covid-19 costs			1.3
4.	Use of reserves	All	Carry forward of Public Health underspend (£0.62m), carry forward of Leeds Plan underspend (£0.16m), reduced requirement of reserve funding within commissioning (£0.5m) and carry forward of Adult Safeguarding (£0.03m)			(1.6)
5.	Income	S. McFarlane	Includes Infection Control Grant (£13.5m) offset by spend, Test & Trace Grant (£4.1m) offset by spend, Early discharge funding (£2.2m)			(21.3)
					<b>Adults and Health Directorate - Forecast Variation</b>	
					<b>9.1</b>	

## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 9

**Overall Summary** - At P9 the directorate is reporting a pressure of £8.092m, all of which is attributable to Covid-19. The overspend includes both additional expenditure, loss of income and savings attributable to Covid. The P9 projection is an adverse projection of £0.255m from the reported position at P7 of £7.837m. The statement reflects £0.85m further pressures, primarily £0.75m for increases in CLA rates charged by providers due to COVID, £0.495m additional pressures on trading income within Learning Improvement, Music Service and the School Attendance Service, offset by savings and additional funding of £1m, of which £0.8m is related to savings on expenditure and £0.2m is additional income.

**Children Looked After (CLA)** - The budget for 20-21 is £43.8m, an increase of £1.45m from 19-20. The budget supports 1,346 CLA placements; including 58 External Residential (ER) and 183 Independent Fostering Agency (IFA). At P11 19-20 an early pressure of £3.8m was identified for 20-21. This pressure was projected to be addressed due to reductions in ER placements and proposals by the service for savings on both CLA and non-CLA budgets; see the action plan reported to Exec Board 24th June 2020. Offsetting this action plan was a projected increase in CLA numbers later in the year due to Covid.

These assumptions were reviewed for P6 and as placement numbers have remained fairly steady during the year it is assumed this will continue to be the case. The actual CLA figures as at 20th December were 1,323, which is 23 less than the budgeted number. Despite total CLA numbers being less than budgeted for, an overspend of £4.16m is projected as there is a higher proportion of more costly placements than assumed in the budget and rates charged by providers have increased due to Covid. In house CLA placements are 64 less than budgeted and external placements are 41 greater than budgeted. Recruitment of In-House Foster Carers low.

**Non CLA Financially supported:** - The non-CLA financially supported budget was increased by £1.0m to £13.9m in the 2020/21 budget. Budgeted 20-21 numbers are 950 placements (+46 20-21 -v- 19-20); current numbers are 1,323 (+39 compared to P7; Special Guardian Orders +13, Independent Living +13 and Staying Put +11) creating a pressure of £0.415m, which includes the £0.25m increase in the rate for Care Leavers allowances. There is also an additional pressure forecast on semi-independent living of £1.176m as young people have not been able to move on from this accommodation due to COVID and £0.309k s17 payments (Non-Recourse to Public Funds (NRPF)).

**Staffing:** - Pay pressures of £0.123m have currently been identified. This is comprised of £1.711m existing pressures in Social Care which includes £1.024m additional pay costs directly attributable to Covid, a £0.687m impact of the additional 0.75% pay award offer, offset by £0.794m savings in Early Start and £0.1m Resources & Strategy. There are also additional non-direct employee savings of £0.325m on severance/retirement costs for former teachers. At P7 further pay savings of £0.369m were reflected due to leavers on the 2nd November under the Early Leavers scheme. Gross pay savings for 20-21 were £0.519m, however due to back fill and loss of grant funding the net figure is £0.369m.

**Transport:** - The Passenger Transport expenditure budget has increased compared to 19-20 by £0.465m to £15.2m. Since P6 we are reflecting £0.6m savings on Private Hire from CEL Passenger Transport. Additionally we are expecting a small saving of £0.05m due to the plan to bring in-house the Independent Travel Training contract.

**Trading and Commissioning:** - The directorate have incurred losses of income due to Covid for Children's Centres (£2.171m net figure and detailed in table below) and trading with schools, £2.415m an increase of £0.495m from the P7 projection due to the early assessment of the new lockdown w.e.f.5.1.21 on trading income in the music service, the wider Learning Improvement Service and the School Attendance Service.

**Supplies & Services & Internal Charges:** - £0.51m savings in Travel & Subsistence costs have been identified and are reflective of the current home-working arrangements during first half year. There are £0.55m savings on Legal Charges, £0.1m for DIS and £0.25m for Direct Payments. In addition there are £0.2m savings on expenditure related to School Brokerage Grant, as well as £0.1m savings on supplies & services.

**Other Income / Projects:** - The projections include a pressure of £0.324m due to the reduction in 20-21 of the Troubled Families Earned Autonomy Grant, which was notified after the budget had been set and a £0.244m shortfall in CCG income for ER placements. In response to this and

### Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend	
				Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
<b>Demand Led Budgets:</b>																
In House placed CLA	21,079	0	21,079	0	0	0	0	0	(54)	0	0	0	0	(54)	0	(54)
Independent Fostering Agency	7,681	0	7,681	0	0	0	0	0	1,050	0	0	0	0	1,050	0	1,050
External Residential	12,096	(3,995)	8,101	0	0	0	0	0	2,990	0	0	0	0	2,990	144	3,134
Other Externally placed CLA	2,967	0	2,967	0	0	0	0	0	224	0	0	0	0	224	0	224
Non CLA Financially Supported	13,872	(5,610)	8,262	0	0	0	0	0	1,541	0	0	0	0	1,541	0	1,541
Transport	15,586	(897)	14,689	0	0	(50)	(600)	0	0	0	0	0	0	(650)	0	(650)
<b>Sub total Demand Led Budgets</b>	<b>73,282</b>	<b>(10,502)</b>	<b>62,780</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>(600)</b>	<b>0</b>	<b>5,751</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,101</b>	<b>144</b>	<b>5,245</b>
<b>Other Budgets</b>																
Partnerships & Health	5,845	(2,063)	3,782	(82)	0	0	(21)	0	0	0	0	0	0	(103)	0	(103)
Learning	35,516	(30,116)	5,400	(4)	0	(200)	(111)	0	0	0	0	0	0	(315)	2,415	2,100
Social Care (Excl. Early Start & H&W)	71,004	(31,990)	39,014	1,466	0	0	(463)	(550)	408	250	0	0	0	1,111	(1,954)	(843)
LfL - Early Start & H&W	67,531	(61,571)	5,959	(794)	0	(212)	0	0	187	0	0	(287)	(1,106)	3,277	0	2,171
Resources and Strategy	67,918	(61,615)	6,303	(463)	0	0	(15)	0	0	0	0	0	0	(478)	0	(478)
<b>Sub total Other Budgets</b>	<b>247,814</b>	<b>(187,356)</b>	<b>60,458</b>	<b>123</b>	<b>0</b>	<b>(412)</b>	<b>(610)</b>	<b>(550)</b>	<b>595</b>	<b>250</b>	<b>0</b>	<b>(287)</b>	<b>(891)</b>	<b>3,738</b>	<b>0</b>	<b>2,847</b>
<b>Total</b>	<b>321,096</b>	<b>(197,858)</b>	<b>123,238</b>	<b>123</b>	<b>0</b>	<b>(462)</b>	<b>(1,210)</b>	<b>(550)</b>	<b>6,346</b>	<b>250</b>	<b>0</b>	<b>(287)</b>	<b>(891)</b>	<b>4,210</b>	<b>3,882</b>	<b>8,092</b>

<u>Key Budget Variations:</u>		<u>Additional Comments</u>	<u>Direct Covid Impact</u>	<u>Indirect Covid-Impact</u>
<b>A. Key variances</b>			<b>£m</b>	<b>£m</b>
Staffing	- Delivery of £2m Staffing Action Plans	The 20-21 budget assumed £2m action plan staff savings target and at P6 the directorate are on target to deliver these savings mainly via post release controls. Further £0.687m relates to additional 0.75% current pay award offer. Also reflected further £0.369m net pay savings under the Early Leavers scheme on the 2nd November.		0.368
	- Direct impact	Additional staffing within LCC run residential homes, 4 x Service Delivery Managers for 6 months and Adel Beck pay pressures re Agency & Overtime.	0.874	
	- Other employee costs	Within Resources & Strategy - Central Overhead Account savings on former teacher severance and pension costs		(0.325)
Children Looked After & Financially Supported Non-CLA Demand Budgets	- Delivery of actions within Exec Board report to address £3.8m pressure identified Feb'20.	Whilst overall CLA numbers are less than budgeted numbers, the placement mix towards higher cost external placements (ER / IFA / Secure Justice & Welfare) is creating significant in-year budget pressures. Current ER numbers are 63 and IFA 214 creating budget pressures of £2.6m and £1.1m respectively. Modelling assumes trend continues for remainder of financial year. The unit rates for ER & IFA Placements are also higher due to covid, average circa 7%. Offset by £0.35m savings on In-House Fostering and Kinship.		3.346
	- assessed impact on CLA numbers and budget specifically relating to covid-19.	Reflects £0.3m pressure relating to S17 payments and £0.25m due to increased benefit payments under universal credit for all of 20-21 financial year. Further £1.155m relating to impact of covid on the new semi-independent leavers contract, OWL's. Further £1m impact of covid on unit rates, circa 9%.	2.713	
Non-Staffing	- Insourcing of Independent Travel Trainer contract	Action planned to in-source ITT contract		(0.050)
	- assessed impact on non-staffing related expenditure directly due to covid-19	£0.1m impact re additional DIS equipment and £0.25m increased Direct Payments, offset by £0.6m private hire savings from CEL Passenger Transport, £0.51m savings on travel & subsistence and £0.55m on Legal charges. £0.2m savings on S&S related to School Brokerage Grant.	(1.610)	
Income (including Grant funding)	- impact on 20-21 income not directly due to covid-19	Following approval of the 20-21 budget the following projections relating to income & grant have been realised / identified: £0.324m reduction in Troubled Families Grant offset by £0.05m additional Pupil Premium funding for Virtual Head, £0.25m saving from utilising more in-house resources to deliver SFPC programme and £1.672m PiP funding. £0.25m from Improvement Partner work with other LA's. Offset by £0.244m CCG income shortfall. Additional DSG Grant for ER Placements and the educational cost of the settings.		(1.680)
	- assessed impact on income directly due to covid-19	There has been a significant impact on income directly related to the impact of covid-19; projected pressures of £2.171m Early Start Net Nursery Fees income, £2.415m school traded income fee income.	4.586	
	- New grant funding for covid related schemes	Funding for the recovery of the impact of COVID received from Public Health and DfE - PiP Programme	(0.130)	
			<b>6.433</b>	<b>1.659</b>
<b>Children and Families Directorate - Forecast Variation</b>				<b>8.092</b>

# CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR

## DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 9

**Overall Summary** - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. At Period 9 it is expected that the DSG will be £2,757k overspent in 2020/21. At this stage, no specific costs associated with covid 19 measures have been identified.

**Schools Block** - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure. Since the budget was set, there have been a number of academy conversions which reduces the grant received and the school funding paid out. Following these conversions, there is a small one off saving in the year in which it occurs. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). As there were fewer schools converting to an academy by 1st September 2020, additional de-delegated income of £286k is projected, which is offset by overspends on the maternity pay and SIMs licences budgets and will increase the de-delegated surplus by £204k. The Growth Fund budget remains part of this block and is currently projected to be £500k underspent.

### **Central School Services Block**

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). There is expected to be an underspend of £121k as a result of vacancies in the admissions service.

**Early Years Block** - This element is concerned with provision to pre-school children. There is a great deal of uncertainty on this block as a result of the COVID19. The impact on 2020/21 has been mitigated by a slight change in the way the income due is calculated. For 2020/21 only, the January 2021 early years census will only affect the income due for 3 months of the year, rather than the usual 7 months. This should reduce the potential volatility of the grant due, though the final grant will still not be confirmed until the 2021/22 financial year. In line with the 8p per hour increase in the unit rate received, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers by 8p. Based on activity in previous years, adjusted for the above changes in DfE guidance, it is estimated that there will be an underspend of approximately £547k on this block.

**High Needs Block** - This element is used to support provision for pupils and students with special educational needs and disabilities. The current projections are that there will be an overspend of £3,596k. The largest areas of overspend are as follows:

- Mainstream top-ups and additional blocks £2,828k. Based on top up funding already allocated out, with estimated increased based on the average at this point in year for the past 3 years. Additional place funding is based on the details in the FFI database as at the end of August 2020.
- Outside placements is projected to overspend by £1,935k, based on current placements. However due to a shortage of specialist places in Leeds, there is a significant risk that this could increase further.
- The high needs block services provided by Leeds City Council are projected to underspend by £278k.
- At the start of the year, a number of elements of the grant allocation were not confirmed. These have now been confirmed and will result in an additional £126k of grant income.

**Reserves** - There is an overall deficit brought forward from 2019/20 on general DSG of £3,955k and a de-delegated surplus of £722k. The reserves carried forward into 2021/22 are projected to be a deficit on general DSG of £6,916k and a surplus on de-delegated services of £330k. In line with the School Forum request in October, the 2019/20 underspend on de-delegated services of £596k has been refunded to schools pro-rata to the de-delegated income received from the school.

Budget Management - net variations against the approved budget

DSG Grant Reserves

	Budget £'000	Projection £'000	Variance £'000
<b>Schools Block</b>			
DSG Income	(314,877)	(307,836)	7,241
Individual Schools Budgets	307,309	299,829	(7,480)
De-delegated budgets	4,568	4,364	(204)
Growth Fund	3,000	2,500	(500)
	<b>0</b>	<b>(943)</b>	<b>(943)</b>
<b>Central School Services Block</b>			
DSG Income	(4,867)	(4,867)	0
CSSB Expenditure	4,867	4,746	(121)
	<b>0</b>	<b>(121)</b>	<b>(121)</b>
<b>Early Years Block</b>			
DSG Income	(64,216)	(58,685)	5,531
FEEE 3 and 4 year olds	50,897	47,629	(3,268)
FEEE 2 year olds	10,147	7,443	(2,704)
Other early years provision	3,172	3,066	(106)
	<b>0</b>	<b>(547)</b>	<b>(547)</b>
<b>High Needs Block</b>			
DSG Income	(79,831)	(79,957)	(126)
Funding passported to institutions	72,329	77,201	4,872
Commissioned services	1,821	1,821	0
In house provision	5,123	4,745	(378)
Prudential borrowing	558	558	0
	<b>0</b>	<b>4,368</b>	<b>4,368</b>
<b>Total</b>	<b>0</b>	<b>2,757</b>	<b>2,757</b>

**Latest Estimate**

Balance b/fwd from 2019/20  
Net contribution to/from balances  
**Balance c/fwd to 2021/22**

**Projected Outturn**

Balance b/fwd from 2019/20  
Projected in year variance  
Use of reserves  
**Balance c/fwd to 2021/22**

General £'000	De-delegated £'000	Total £'000
3,955	(722)	3,233
<b>3,955</b>	<b>(722)</b>	<b>3,233</b>
3,955	(722)	3,233
2,961	(204)	2,757
	596	596
<b>6,916</b>	<b>(330)</b>	<b>6,586</b>

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**Key Budget Action Plans and Budget Variations:**

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
				£m	£m
<b>A. Key Budget Action Plans</b>					
Transfer funding to High Needs Block		Transfer of £2.65m from the schools block and £350k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2020.	B	3.00	0.00
<b>B. Significant Variations</b>					
Schools Block		In year underspend of £204k on de-delegated services			(0.20)
Schools Block		Underspend on growth fund			(0.50)
Schools Block		Underspend as a result of academy conversion adjustments			(0.24)
Early Years Block		Underspend on minor budgets within early years block			(0.54)
High Needs Block		Increase in high needs funding at mainstream schools			2.83
High Needs Block		Increase in outside placement costs			1.93
High Needs Block		Underspend on services provided by LCC			(0.28)
High Needs Block		Final confirmation of grant due for 2020/21			(0.12)
CSSB		Underspend on admissions service			(0.12)

**Dedicated Schools Grant - Forecast Variation**

**2.76**

## CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 9 (APRIL - DECEMBER)

**Directorate Summary** - At Period 9 it is projected that there will be a year-end overspend of £21.6m which includes the projected impact of Covid 19 of circa £25.096m (including the £375k additional cost of the higher than budgeted pay offer). This is an adverse movement of £2.16m from the Period 8 Dashboard which is due to the £2.5m adverse estimated impact of lockdown 3 on Active Leeds income which is marginally offset by improvements in other services, notably Planning and Building Control fees and charges. This £2.5m increased income shortfall in Active Leeds will attract a further £1.875m fees and charges compensation from Government.

The Directorate's financial position has been significantly affected by the current restrictions in place as a result of Covid 19 and by the severe impact on the economy. There is a direct impact in Active Leeds and Arts and Heritage from the loss in income from the closure of all sites and the uncertainty and restrictions on recovery. In other service areas the anticipated economic downturn is expected to impact on income from the commercial property portfolio, Markets, advertising, planning and building fees and in Highways from reduced fee recovery as a result of some of the workforce self-isolating and other staff absences.

The projected position on this Dashboard assumes that the current Lockdown 3 measures and closure of facilities will continue to the end of the financial year, which is a prudent approach that has been informed by a realistic appraisal of the ongoing pandemic and the implications therein.

**Staffing** - Based on current vacancy levels and assuming limited external recruitment for the foreseeable future, staffing is projected to be under budget by £2.643m based on current vacancy levels. In Highways and Transportation most staff costs are chargeable and any vacancies will lead to reduced income or additional contractor costs. Some staff in Asset Management and Regeneration are also chargeable. Allowing for this it is estimated that staff savings will contribute a net saving of £1.878m. This also allows for additional costs from a higher pay award than budgeted for estimated at £375k although some of this cost will be charged out. There is a further saving of £378k across services due to staff leaving via ELI prior to the 31<sup>st</sup> March 2021 after accounting for income generating posts and any interim costs.

**Other running cost savings** - Where cost savings directly relate to closure of facilities and events then these have been accounted for in the net income loss figures. It is estimated that there could be additional savings in supplies and services and travel costs of around £0.94m across the Directorate.

**Additional Covid 19 costs** - Whilst the impact of Covid 19 on City Development is mostly on income, some additional costs are being incurred to ensure services are Covid compliant, assist City Centre Management and other related public health and health and safety measures. From April 2020 this was estimated to be circa £500k across the Directorate.

**Planning and Sustainable Development** - both planning application and building control fee income generation have improved since June but with some noted volatility. The cumulative position for December is now 11% down against the 2020/21 Budget for planning fees and 3% down against the 2020/21 Budget for building control fees. The improvement is considered to be due to a general catching up after full lockdown measures and a surge in low fee value home owner developments. The planned implementation of revised pre-application charges was initially postponed due to lockdown but has now started. The 2020/21 budget included additional income of £250k for these charges and a shortfall of £60k is projected due to the delay. Overall the shortfall in income is forecast to be circa £0.94m, which is partially offset by £0.37m of staffing, transport and supplies and services savings.

**Economic Development** - The service is forecasting a reduction of income and additional costs of £173k for the year, mainly reduced income from Conference Leeds and reduced recovery of staff costs where staff are now working on Covid 19 related work. The projection also includes some additional grant income that has been received, and some minor offsetting savings in transport costs.

**Asset Management and Regeneration** - The year end forecast anticipates a shortfall in income from the Commercial Property Portfolio from the non-achievement of budget actions which were based on generating additional rental income from the purchase of additional commercial assets during the year. It is likely that there will be a delay in new acquisitions due to the economic uncertainties arising from COVID-19. It is also anticipated that there will be a reduction in overall rental income as some businesses continue to struggle financially. The service has developed a strategy around rental income and how the service responds to requests from businesses seeking support. The current projection assumes a 30% shortfall in rental income over the non-prime commercial property portfolio. In addition, there may be specific sectors which are particularly badly hit where there is a higher risk that rental income may not be achieved.

**Employment and Skills** - No significant variations are currently projected. The major grant schemes that the service manages are currently expected to be delivered. There is a risk that not all grant income will be received but this will be kept under review. A saving of circa £183k is due to a vacant post and ELI's.

**Highways and Transportation** - The major variation is forecast to be on the amount of highways maintenance work that the DLO is able to complete due to a reduced available workforce. This will result in reduced chargeable works which will lead to a reduction in income and the recovery of overheads. The current projection is for a shortfall in income of £0.65m in the DLO, £0.73m in Civil Engineering and Transport Planning, and £100k in Utility Permit income. This is a partially offset by circa £600k vacancy and ELI savings and £144k other expenditure savings and is a £64k improvement from the period 8 position. Work is ongoing to facilitate further improvement.

**Arts and Heritage** - As facilities were closed during the early part of the financial year and again for Lockdown 2, the service is forecasting a significant shortfall in income. Ongoing restrictions on being able to fully re-open facilities has meant that many of the planned events for the year have been cancelled significantly impacting on income for the year. The Period 9 projections reflect these cancellations and maintain the Period 8 assumptions that the impact of social distancing requirements makes it unlikely that many activities (events, room hire, etc.) will resume as planned in this financial year, which with the instigation of Lockdown 3 have been validated. There will be some cost savings as a result and these have been netted of the income shortfall projections where they can be identified. There is a net adverse movement of £16k from Period 8.

**Active Leeds** - Due to Lockdown 3 Sport facilities are now closed from 06/01/2021 until at least the middle of February. Following a review of the current situation and the likely ongoing ramifications the projections for Active Leeds prudently assumes that all facilities will remain closed for the remainder of this financial year. As a result of this the estimated loss of income has increased by £2.5m from Period 8. This further loss of income will be significantly offset by the Government compensation scheme (75p in the £1) by £1.875m however this funding is accounted for centrally and not in this Financial Dashboard.

**Resources and Strategy** - costs being incurred as a result of Covid 19 and the original lockdown are being recorded in the Resources and Strategy budget, currently projected at £0.5m.

**Markets and City Centre** - Open Market traders were not billed for rent April to June as part of a Covid support package at a monthly loss of £40k. Indoor Market traders continue to be billed but provided with a rental support scheme (rent reductions) for July to September, this scheme has now been extended for a further three months (October to December). Whilst most indoor traders are eligible for support through the Government business support scheme there has been an increase in voids in the Market and the current projection is that there will be a 38% shortfall in income. Due to Lockdown 3 a further package of support measures are anticipated, therefore the £300k additional pressure identified in Period 7 and 8 has been allocated for this. Furthermore a £700k shortfall against budget income is expected for Advertising, including the £200k additional income assumed in the 2020/21 budget, is accounted for. A further £220k loss of income is projected for City Centre Management due to the loss of licences and events income due to the pandemic.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,560	(7,877)	1,684	(295)	(20)	(70)	(53)	70	0	0	0	0	(369)	941	572
Economic Development	2,358	(627)	1,731	70	0	28	(20)	0	0	0	0	0	79	94	173
Asset Management & Regeneration	18,656	(21,888)	(3,232)	(889)	201	(89)	(5)	40	0	0	0	0	(741)	3,508	2,766
Employment & Skills	7,210	(5,497)	1,713	(181)	0	0	(2)	0	0	0	0	0	(183)	0	(183)
Highways & Transportation	65,569	(47,660)	17,909	(523)	(292)	(562)	(738)	59	0	0	0	0	(2,056)	2,791	736
Arts & Heritage	21,646	(9,265)	12,380	(260)	(114)	(2,609)	(8)	(73)	0	0	0	0	(3,063)	5,265	2,202
Active Leeds Resources & Strategy	26,626	(20,453)	6,172	(490)	(265)	(143)	(1)	0	(75)	0	0	0	(974)	13,750	12,776
Markets & City Centre	1,045	(164)	881	(89)	0	453	0	(3)	0	0	0	0	361	0	361
	3,542	(4,607)	(1,064)	3	(76)	(17)	(1)	0	0	0	0	0	(91)	2,287	2,196
<b>Total</b>	<b>156,213</b>	<b>(118,039)</b>	<b>38,174</b>	<b>(2,653)</b>	<b>(566)</b>	<b>(3,007)</b>	<b>(829)</b>	<b>94</b>	<b>(75)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,036)</b>	<b>28,636</b>	<b>21,600</b>

Key Budget Action Plans and Budget Variations:

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				RAG	Action Plan Value	Forecast Variation against Plan/Budget
Budget Action Plans		Lead Officer	Additional Comments		£m	£m
1.	Planning & Sustainable Development	David Feeney	Pre-Application fee income in Planning - delayed implementation	A	(0.25)	0.06
2.	Asset Management & Regeneration	Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(0.75)	0.75
3.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation	R	(0.20)	0.20
4.	Highways & Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(0.43)	0.00
5.	Highways & Transportation	Gary Bartlett	Site Development	G	(0.25)	0.10
6.	Highways & Transportation	Gary Bartlett	Utility Permits	A	(0.20)	0.00
7.	Markets & City Centre Management	Phil Evans	Advertising Income	R	(0.20)	0.20
8.	Resources & Strategy	Phil Evans	Use of Balances/One Off Income	G	(0.50)	0.00
<b>Total Budget Action Plan Savings</b>					<b>(2.78)</b>	<b>1.31</b>



# COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### Period 9 (December 2020)

The overall position is a projected overspend of £23,887k. Of this, £26,317k relates to the estimated impact of Covid-19, although this figure remains subject to variation as the situation progresses. The overall position also includes assumptions around tighter recruitment/expenditure controls and the impact of the Council's Early Leavers Initiative (ELI) and it is estimated that potential savings of £2,430k are achievable.

#### Communities (£365k overspend)

Covid-19 related costs total £370k which includes £360k projected loss of Community Centre income, £100k delays to planned savings from Community Centres, offset by running cost savings of £120k, and £27k cost of the additional 0.75% pay offer. Other net expenditure savings of £2k are projected. ELI savings of £102k are being used to contribute to existing budget action plans.

#### Customer Access (£1,709k overspend)

Covid-19 costs are estimated at £1,087k which includes the cost of software and equipment to support home working £158k, PPE/Social distancing measures and additional cleaning at Hub sites £240k, projected net income losses of £392k across the service, the additional cost of overtime £120k and the pay offer of £171k. Other variations include a projected staffing overspend of £309k, additional security of £120k and other net pressures of £199k including income trends at Hub and Libraries.

#### Electoral and Regulatory Services (£704k overspend)

#### Elections, Licensing and Registrars (£744k overspend)

The majority of fee earning activities have reduced significantly - including Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on net income is estimated at £1,815k, with a further £17k relating to the pay offer, although these will be partially offset by net savings of £526k from the cancelled May elections and additional grant income in respect of compliance and enforcement activities. Further net savings of £562k are anticipated from staffing and other expenditure variations including utilisation of £148k from the TPHL earmarked reserve to partially offset the in-year income shortfall.

#### Environmental Health (£39k underspend)

The projected position reflects Covid related costs of £39k, mainly due to income losses from a reduction in activities across the service and the pay offer of £10k, offset by £88k net savings in respect of staffing and other expenditure.

#### Welfare and Benefits (£861k over budget)

The projected overspend mainly reflects Covid-19 related expenditure in respect of the net cost of Housing Benefit claims for rough sleepers (£1m) and the estimated cost of the pay offer (£33k). Other non-Covid forecast variations in expenditure and income are projected to give a saving of £172k.

#### Parks and Countryside (£5,325k overspend)

The overall impact of Covid-19 on the service is £6,348k. Income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arium, Cafes, Golf courses, Bowling Greens, sponsorship and concessions in parks, are currently projecting net income losses of £3,015k. In addition, shortfalls in income from the reduction in chargeable works activities within Parks Operations and Landscaping are estimated at £1,785k and losses of income resulting from restrictions within bereavement services are estimated at £338k. A further £180k of income is estimated to be lost as a result of the cancellation of events held in parks although savings of £427k from the cancellation of the West Indian Carnival and bonfires will offset this. Other expenditure of £1,327k is anticipated, mainly due to measures in Parks to facilitate Safer Public Spaces and the cost of PPE equipment and cleaning. The cost of the pay offer is estimated at £129k, although this is offset by staffing savings of £743k together with other operating expenditure savings of £279k.

#### Car Parking (£7,523k overspend)

Covid-19 related income losses of £7,947k across the service are currently estimated which reflects the Council's decision to suspend all car parking charges and enforcement activity until 4th July and the further estimated reduction in income levels from July onwards including the subsequent lockdowns in November and January 2021. Net staffing savings of £207k (including the pay offer at +£23k) and other expenditure savings of £217k are currently anticipated to partially offset this.

#### Community Safety (nil variation)

The service is currently projecting a balanced budget, with the cost of the additional pay offer (£53k) offset by other staffing savings. A small amount of other expenditure (£5k) has been incurred in respect of Covid-19 but this is offset by other forecast expenditure savings elsewhere in the service.

#### Waste Management (£6,505k overspend):

Within the Refuse service, additional expenditure of £3,274k is currently forecast which reflects the cost of providing additional crews and vehicles to deal with increased volumes of waste and to provide necessary staffing cover and PPE equipment. Additional volumes of waste are currently forecast to cost an additional £2,632k to the end of the year. A further £798k is forecast at Household Waste Sites for the cost of providing PPE equipment, staffing cover and security at the sites as well as net income losses from inert waste charges and from the Revive shops. The pay offer is estimated at £155k, although this is offset by ELI savings of £71k and other forecast savings of £281k, mainly relating to prudential borrowing savings and additional weighbridge volume trend income.

#### Cleaner Neighbourhoods Teams (£244k underspend)

Covid-19 related costs of £203k reflect the loss of income from bulky waste collections, additional costs of cover for staff in self isolation, litter bin stickers, PPE equipment and the estimated cost of the pay offer. However, these are anticipated to be offset by other staffing savings of £434k and operating expenditure savings of £13k.

#### City Centre (£134k overspend)

Covid-19 related costs of £169k include the projected loss of environmental enforcement income, additional cost of cover for staff in self isolation and the pay offer. Staffing and expenditure savings of £35k are forecast to partially offset these costs.

#### Directorate Wide (£1,005k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,005k. £819k of this is in respect of a temporary mortuary facility created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield. In addition, a city wide mailout in respect of accessing support is projected to cost £134k, overtime and transport costs of £23k are anticipated for the co-ordination of the city wide use of volunteers, and £21k reflects the cost of a temporary senior officer in support of the Council's response to the Covid situation. Other cost pressures of £8k are also anticipated.

Budget Management - net variations against the approved budget;

Summary By Service

				Projected variances											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	16,270	(11,418)	4,852	97	0	(23)	0	(169)					(95)	460	365
Customer Access	25,106	(4,560)	20,546	600	120	155	(20)	0					855	854	1,709
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(827)	25	(226)	(24)					(148)	(1,200)	1,904	704
Welfare And Benefits	196,901	(191,795)	5,106	57	0	896	(14)	76					1,015	(154)	861
Car Parking Services	4,867	(12,252)	(7,385)	(208)	(20)	(203)	0	0					(431)	7,953	7,523
Community Safety	8,621	(6,283)	2,338	214	0	5	0	0					219	(219)	0
Waste Management	44,279	(9,766)	34,513	2,957	132	2,883	638	(160)					6,450	55	6,505
Parks And Countryside	33,914	(26,147)	7,767	(964)	(455)	(290)	70	0					(1,639)	6,964	5,325
Environmental Action (City Centre)	2,119	(427)	1,692	(6)	(2)	(44)	27	0					(24)	159	134
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(315)	0	6	25	0					(284)	40	(244)
Directorate wide	0	0	0	41	0	964	0	0					1,005	0	1,005
<b>Total</b>	<b>353,135</b>	<b>(273,448)</b>	<b>79,687</b>	<b>1,647</b>	<b>(200)</b>	<b>4,124</b>	<b>703</b>	<b>(253)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(148)</b>	<b>5,872</b>	<b>18,016</b>	<b>23,887</b>

<b>Key Budget Action Plans and Budget Variations:</b>						
		<b>Lead Officer</b>	<b>Additional Comments</b>	<b>RAG</b>	<b>Action Plan Value (£000s)</b>	<b>Forecast Variation against Plan/Budget</b>
<b>Communities</b>						
<b>Communities Team</b>	Communities Team - achievement of staffing efficiencies	Shaïd Mahmood		G	(75)	
<b>Community Centres</b>	Community Centres - asset transfer savings and general efficiencies within the service	Shaïd Mahmood	Delays anticipated due to Covid-19	R	(100)	100
<b>Communities</b>	Achievement of base budget vacancy factor	Shaïd Mahmood		G	(166)	
<b>Customer Access</b>						
<b>Contact Centre</b>	Secure invest to save funding to partly offset additional staffing	Lee Hemsworth	Business case to be drafted	G	(150)	
<b>Customer Access</b>	Achievement of base budget vacancy factor	Lee Hemsworth	Potential overspend based on latest staffing position	R	(646)	309
<b>Welfare &amp; Benefits</b>						
<b>Housing Benefits</b>	Achievement of staffing reductions	Lee Hemsworth		G	(200)	
<b>Welfare and Benefits</b>	Achievement of base budget vacancy factor	Lee Hemsworth		G	(194)	
<b>Electoral and Regulatory Services (incl Environmental Health)</b>						
<b>Elections</b>	Charge PCC for share of elections	John Mulcahy	Elections deferred until May 21 due to Covid-19	G	(400)	(315)
<b>All</b>	Achievement of base budget vacancy factor	John Mulcahy		G	(177)	
<b>Parking</b>						
<b>Parking</b>	Increase charges at Woodhouse Lane car park by 50p for a full day	John Mulcahy	Prices resumed but 50p increase not implemented	R	(100)	100
<b>Parking</b>	Achievement of base budget vacancy factor	John Mulcahy		G	(148)	
<b>Waste Management</b>						
<b>Refuse</b>	Secure agreement from DEFRA re revision to waste contract	John Woolmer	Confirmation now received	G	(2,200)	
<b>Waste Management - all</b>	Achievement of staffing savings	John Woolmer		G	(50)	
<b>Waste Management - all</b>	Achievement of base budget vacancy factor	John Woolmer		G	(290)	
<b>Parks and Countryside</b>						
<b>Parks and Countryside</b>	Additional funding from Childrens Funeral Fund	Sean Flesher		G	(120)	
<b>Parks and Countryside</b>	Staffing savings - achievement of vacancy factor	Sean Flesher		G	(1,398)	
<b>Community Safety</b>						
<b>Community Safety</b>	Maximisation of external funding	Paul Money		G	(175)	
<b>Community Safety</b>	Achievement of staffing efficiencies	Paul Money		G	(17)	
<b>Community Safety</b>	Achievement of base vacancy factor	Paul Money		G	(335)	
<b>Directorate Wide</b>						
<b>Other Significant Variations</b>						
<b>All</b>	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above			26,432
<b>All</b>	Staffing	All	Estimated staffing savings		(1,827)	
<b>All</b>	Operating expenditure	All	Expenditure savings identified - running costs etc		(1,107)	
<b>ELR</b>	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve		(148)	
<b>All</b>	Other	All	All other variations			343
<b>Communities &amp; Environment - Forecast Variation</b>						<b>23,887</b>

# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### PERIOD 9

#### Overall

The Directorate has a projected overspend at month 9 of £14.1m which is a deterioration of £0.4m from the month 8 position of £13.7m. The adverse movement is mainly accounted for by a £570k worsening of the Catering service's position as a result of the latest national lockdown, partially offset by a £150k tier 3 funding from Public Health for Housing general fund. The total COVID related cost/loss of income of £17.9m is partially offset by savings/income of £3.8m comprising vacancy freeze/delayed recruitment/ELI savings assumptions savings, additional income and savings in non essential expenditure across all services.

#### Resources

There is a projected overspend of £0.9m across the Resources group of services, £3.5m of this is due to the adverse impact of COVID partially offset by non COVID savings/income of just under £26m. The most significant items are a projected loss of court fees in Finance/Legal of £1.3m, £0.2m estimated cost of operating and providing meals from the Food Warehouse, £0.8m reduction in income to capital projects and other charges. Delays to the implementation of Budget Actions Plans and other COVID pressures in Shared Services are around £0.2m. There are net savings on non COVID related areas of £2.8m, being a combination of savings against vacant posts, savings from ELLs, non essential spend and other running cost savings.

#### Housing Services

An overspend of £0.5m is forecast for Housing mainly due to the Covid-19 impact, consisting of £2.1m additional accommodation and security costs relating to both hotel and supported accommodation. The total COVID pressure of £2.5m is partially offset by additional Housing Benefit income of £1.1m and confirmation of £1.3m of Next Step Grant of which an initial estimate is that £670k can be applied against existing pressures. Existing pressures have been further reduced by the allocation of £150k tier 3 funding from Public Health.

#### Civic Enterprise Leeds (CEL)

The division is projected to overspend by £7.1m (an increase of £0.6m from month 8) with £8.2m attributable to COVID and partially offset by £1.1m of additional income and reduced forecast expenditure. Of the £8.2m COVID pressures, £5.7m is forecast in LBS due to a reduction in income as a consequence of reviewing what services can currently be delivered safely, front line staff self isolating and staff working elsewhere to support COVID related activity. Furthermore an estimate has been made on the impact on efficiency for those operatives working but having to do so to meet the requirements of safe distancing.

In addition, school closures earlier in the financial year and meal take up not returning to expected levels from September, continuing closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children and following announcement of the latest lockdown is forecast to cost £1.6m in Catering, a deterioration of £570k. This is explained by an increase in net loss of school income of £677k partially offset by £113k of additional staff savings. This £570k adverse movement is expected to have an overall reduced corporate impact of £142k as we are expecting additional Govt funding to cover 75% of this.

The Authority wide net expenditure on PPE of £5.6m although coded within CEL has been shown separately below.

#### Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	100,415	(32,613)	67,802	513	(32)	(222)	(95)	87	0	(20)	0	0	231	665	896
Housing	22,690	(15,198)	7,492	(347)	0	2,510	0	0	0	0	0	0	2,163	(1,696)	467
CEL	148,396	(140,366)	8,030	(2,883)	(150)	(227)	(123)	(30)	0	0	0	0	(3,413)	10,483	7,070
PPE				0		5,626							5,626		5,626
<b>Total</b>	<b>271,501</b>	<b>(188,177)</b>	<b>83,324</b>	<b>(2,717)</b>	<b>(182)</b>	<b>7,687</b>	<b>(218)</b>	<b>57</b>	<b>0</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>4,607</b>	<b>9,452</b>	<b>14,059</b>

**Key Budget Action Plans and Budget Variations:**

Service	Budget Action	Lead Officer	Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
<b>HOUSING</b>						
Housing	Additional Charges to DFG	Gerard Tinsdale	New structure in Health and Housing in place. No issues expected, but need to keep under review re level of capital spend to justify charges to scheme	G	(0.21)	
<b>CEL</b>						
Leeds Building Services	To ensure the delivery of the targeted return (£10.655m) and ensure service developments and effective productivity improvements.	Sarah Martin	Significant risk turnover won't be delivered with impact of pandemic; Currently £500k/week under recovery	R	0.00	5.65
CPM	Additional charges to capital (staffing)	Sarah Martin	New structure in place during 19/20. No issues anticipated	G	(0.04)	
Facilities Management	Insourcing of Office waste and Voids	Sarah Martin	Insourcing of general waste contract completed, insourcing of voids slipped.	G	(0.08)	
Facilities Management	Review of servicing offer at Merrion Hosue	Sarah Martin	Savings to come from fewer meetings etc as a result of WFH.	G	(0.06)	
Fleet Services	Electric Vehicle replacement and reduction in hire	Sarah Martin	EV vehicle replacement on track and service working to reduce hire. Assue slippage 6 months re COVID	A	(0.33)	0.02
Fleet Services	Generate additional external income from maintenance of external vehicles	Sarah Martin	Covid-19 epidemic has delayed savings and income	G	(0.21)	0.01
Catering	Generate net additional income from expanding commercial offer	Sarah Martin	Aireborough leisure centre completed but affected by closures	R	(0.03)	
Catering	Target saving from reduced reliance on meat based dishes	Sarah Martin	School closures could affect ability to deliver this	R	(0.04)	
<b>RESOURCES</b>						
DIS / Shared Services	Mail and Print Review - Printer rationalisation	Bev Fisher	This has been done printers required will be in place for end of March and paid from ESP budget 2019/20;	G	(0.25)	
DIS / Shared Services	Mail and Print Review - Reductions in the volume of printing (Colour)	Bev Fisher	Work in progress to get volumes down – given that the vast majority of staff are wfh there will be significant reductions in printing. Assuming WFH continues into 2020/21 will bring reduced printing costs in the new year.	G	(0.15)	
DIS / Shared Services	Mail and Print Review - new Print Unit Equipment and LCC wide cost reduction on external spend	Sonya McDonald	Procurement exercise completed. Contract due to be awarded	R	(0.14)	0.07
DIS	DIS Breakfix - reduced external spend	Bev Fisher	This is done - past six months trends show a reduction in costs – no reasons this wouldn't continue.	G	(0.06)	
DIS	Staffing Reduction - DIS Service Desk	Bev Fisher	Not actioned – given the current demand/volume of calls cannot reduce staffing levels in the service desk in the near future or maybe at all. Need to identify alternative actions to offset	G	(0.05)	
DIS	DIS - Health and City Partnerships	Bev Fisher	Done and agreed – signed 12 months contracts with health partners	G	(0.25)	
HR	Staffing reductions	Andrew Dodman	ELI Business case approved. Staff leaving between Mar and Oct; Savings net of ELI costs	G	(0.13)	
HR	Income HR	Andrew Dodman	Charges to academies. Agreed	G	(0.02)	
HR	Ultra Low Emission Vehicles (ULEV)	Andrew Dodman	Anticipate around £10k LCC wide on existing ULEV take up	A	(0.05)	0.05
HR	Apprenticeship Levy (Rolled over 19/20)	Andrew Dodman	This income will not be received. (Will need to identify alternative savings in year & remove from base budget)	R	(0.15)	0.15
Shared Services	E Invoices	Sonya MCDonald	Procurement exercise for technical solution completed	R	(0.15)	0.15
Shared Services	Servicing of meeting savings	Louise Snowden	£200k initial savings; £60k been identified elsewhere. £140k potential issue	R	(0.14)	0.07
<b>DIRECTORATE WIDE</b>						
Directorate Wide	Line by Line Reductions	Various COs	HR £44k (Staff shop, Serv Devt); Legal £100k; Pru Borrowing £60k; S&I £50k; IN year monitoring of spend	G	(0.31)	
Directorate Wide	Staffing reductions	Various COs	Passengers £87k ELI done; Housing Options £90k (split GF/ HRA)	G	(0.13)	
Directorate Wide	Impact of Covid-19		Additional expenditure/loss of income as a result of pandemic net of £1.1m HB income	R		4.67
	Impact of Covid-20		Pay Award	R		1.04
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		5.63
<b>B. Other Significant Variations</b>						
Directorate/LCC Wide	All Other variations		Net pressures, vacancy freeze and non essential spend savings	G		(3.45)

**Resources and Housing Directorate - Outturn Variation 14.05**

**STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 9**

**Overall :**

The overall projection for month 9 for Strategic & Central Accounts shows an underspend of £76.7m.

The dashboard includes a separate row for corporate Covid-related pressures and income, with a total net credit of £103.6m. This position includes £69.5m of government grant support awarded to the council for the impact of Covid (of which £3.4m will be carried forward in reserves), a projected £26.9m compensation grant for lost sales, fees and charges income during the pandemic, and £19.5m use of capital receipts brought forward arising from the Merrion House capital distribution. It also reflects the estimated £12.9m cost of the corporate Early Leavers scheme, less £0.5m to be funded from the flexible use of capital receipts. The dashboard recognises the potential for a shortfall of £27.9m in capital receipts as a result of the shutdown in the economy due to the Covid 19 lockdown, which would require a corresponding increase in the level of MRP chargeable to revenue. This represents a worst case scenario given the considerable uncertainty in the property market, and a lower shortfall against budget may be achievable.

As a result of the impact of Covid 19 on the local economy, the council anticipates that it will receive significantly more S31 grants as compensation for the additional business rates reliefs given during the year. There will be a corresponding impact on the Collection Fund deficit which the council will have to fund in 2021/22 as a result of these additional reliefs, and thus the additional income (currently projected at £75.6m) will be fully required in 2021/22 and will therefore be carried forward in an earmarked reserve. A reduction of £2.1m has also been recognised in the council's projected business rates levy for the year, as a result of anticipated reduced business rates income. Following the recent government spending review, an additional projected £2.2m of New Homes Bonus grant income has also been recognised.

There is a risk that general and schools capitalisation budget targets will not be met, and as a result the projection shows a potential pressure of £1.2m across the two budgets. However the projection for S278 income is currently £0.4m above the budget. Potential underspends of £3.4m in the overall corporate position are shown as a contribution to earmarked reserves.

**Budget Management - net variations against the approved budget**

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				PROJECTED VARIANCES										Total (under) / overspend £'000	
	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(12,988)	(20,089)	(33,078)			1,223						3,474	4,697	(461)	4,236
Corporate Covid issues	0	0	0	12,440							(19,500)	3,432	(3,628)	(99,933)	(103,561)
Debt	35,747	(17,881)	17,866			(300)					27,293		26,993	153	27,146
Govt Grants	2,161	(27,581)	(25,420)									75,532	73,371	(77,785)	(4,414)
Joint Committees	35,201	0	35,201						7				7		7
Miscellaneous	5,746	(794)	4,952	(140)		1							(139)	42	(97)
Insurance	8,764	(8,764)	0			1,958		25				(743)	1,240	(1,240)	0
<b>Total</b>	<b>74,630</b>	<b>(75,109)</b>	<b>(479)</b>	<b>12,300</b>	<b>0</b>	<b>2,882</b>	<b>0</b>	<b>25</b>	<b>7</b>	<b>(2,161)</b>	<b>7,793</b>	<b>81,695</b>	<b>102,541</b>	<b>(179,224)</b>	<b>(76,683)</b>

## STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR

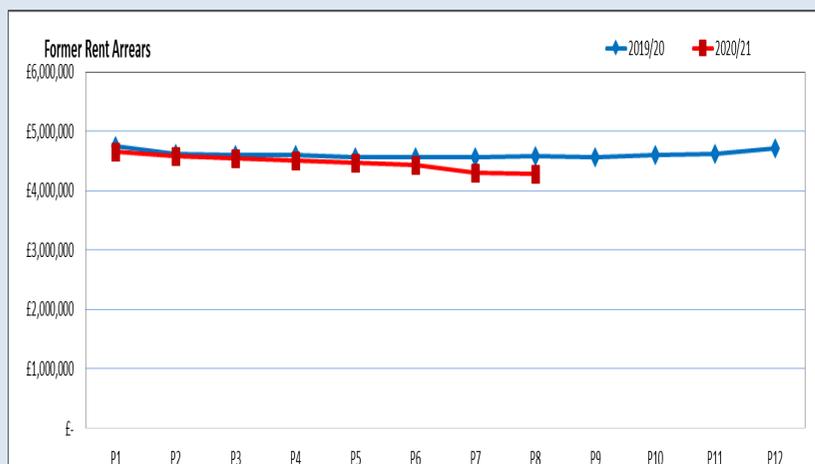
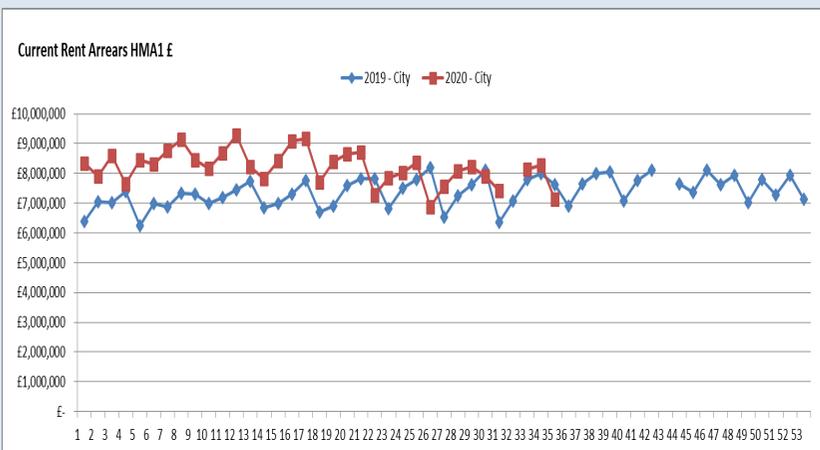
Key Budget Action Plans and Budget Variations:				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments		£m	£m
<b>A. Major Budget Issues</b>						
1.	Debt Costs and External Income	Victoria Bradshaw	Minor net variations at Period 9	G	20.2	(0.2)
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital receipts to repay some debt. Due to the slowdown in economic activity, there is a risk that sufficient capital receipts may not be realised, requiring additional MRP from revenue.	R	14.2	27.3
3.	New Homes Bonus	Victoria Bradshaw	Forecast increased following recent Government Spending Review	G	(4.7)	(2.2)
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	The current forecast is for an additional £75.9m of S31 grant income in relation to business rates. However this will be required to fund the Collection Fund deficit expected to be carried forward to 2021/22, and so will be carried forward in an earmarked reserve.	G	(22.7)	0.0
5.	S278 Contributions	Victoria Bradshaw	After a detailed review in September City Dev capital dashboard reports that Section 278 capital spend and funding is currently estimated to be £5.0m	G	(4.6)	(0.4)
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget, however there are risks that reductions in non-essential spend may impact on the potential for capitalisation.	A	(3.5)	0.4
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget, however there is a risk that this level of capitalisation may not be achieved.	A	(3.7)	0.8
8.	Joint Committees	Victoria Bradshaw	Minor net variations at Period 9	G	35.2	0.0
9.	Covid support grants	Victoria Bradshaw	General Covid support grants totalling £69.5m have been recognised, together with £19.0m of grant in compensation for lost sales, fees & charges income	G	0.0	(99.9)
10.	Early leavers costs	Victoria Bradshaw	Estimated severance costs of £14m and pension strain costs of £2.3m have been included in respect of the corporate ELI scheme	R	0.0	12.9
11.	Use of capital receipts	Victoria Bradshaw	A figure of £19.5m has been recognised for the use of the capital receipt recognised in relation to Merrion House	G	0.0	(19.5)
12.	Flexible use of capital receipts	Victoria Bradshaw	It is intended that £0.5m of the Early Leavers costs in cluded in item 10 above will be capitalised under the flexible use of capital receipts provisions	G	0.0	(0.5)
<b>B. Other Significant Budgets</b>						
1.	Insurance	Victoria Bradshaw	New large claims, partially offset by schools income, have driven overspend to £743k to be funded from insurance reserve.	A	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Forecast at Period 9 is in line with the budget	G	(16.6)	0.0
3.	Business Rates Levy	Victoria Bradshaw	Pessimistic projection for business rates growth means that the council's levy payable is expected to be below budget	G	2.1	(2.1)
4.	Contributions to earmarked reserves	Victoria Bradshaw	Potential underspends of £3.5m in the overall corporate position will be contributed to earmarked reserves. A further £3.4m of Covid support grant will also be carried forward.	G	0.0	6.8
5.	Miscellaneous	Victoria Bradshaw	Minor net variations at Period 9	G	4.9	(0.1)
<b>Strategic &amp; Central Accounts - Forecast Variation</b>						<b>(76.7)</b>

## Housing Revenue Account - Period 9 Financial Dashboard - 2020/21 Financial Year

### Summary of projected over / (under) spends (Housing Revenue Account)

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(212,140)	(210,463)	1,678	£790k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £298k Net impact of reduction in RtBs sales offset by ROFR delays. £70k Covid 19 loss of commercial rent. Garages rent pressure £70k.	1,593
Service Charges	(8,484)	(8,487)	(4)		1
Other Income	(33,772)	(31,172)	2,600	£293k RtB admin income due to Covid 19. £45k Technical cap sals. £626k Civica project team not charged to capital. £250k staff not working on capital schemes due to Covid 19. £593k vacant posts in P&I not charged to cap schemes. £423k Hsg growth posts vacant - offset in emp costs. £100k reduction in Court income due to Covid 19 - offset in Internal Charges. Leeds Pipes pressure £273k.	2,520
<b>Total Income</b>	<b>(254,396)</b>	<b>(250,122)</b>	<b>4,274</b>		<b>4,114</b>
<b>Expenditure</b>					
Disrepair Provision	1,400	3,400	2,000	Increase in case numbers and average costs.	2,000
Repairs to Dwellings	45,081	42,781	(2,300)	Covid 19 impact.	(2,300)
Council Tax on Voids	778	1,022	244	Covid 19 impact due to void level.	244
Employees	31,402	30,026	(1,376)	Hsg Mgt £(1,385)k, P&I £(818)k, Hsg Growth £(323)k, Technical £(12)k. £1,162k Severance costs and pension strain for employees leaving before end of 20/21.	(1,273)
Premises	8,202	8,216	14	Naviagtion House Delapidation work. Gas and water savings £(112)k.	16
Supplies & Services	3,835	3,967	132	ICT savings review plus WFH savings. £376k PFI movement.	265
Internal Services	44,064	44,006	(58)	£575k Civica DIS staff not charged to capital. £(100)k reduction in charges for Court cost - offset in Internal Income. £(16)k PFI movement. £(177)k Leeds pipes reduction in consumption. £(243) CCTV recharge. £(68)k other internal charges.	(121)
Capital Programme	60,550	45,909	(14,641)	Estimated £15m reduction in transfer to capital due to slippage in the programme. £9.6m transfer to capital reserve, £5m funding other pressures.	(14,676)
Unitary Charge PFI	10,417	10,417	-		-
Capital Charges	44,334	44,102	(232)	Reflects lowers cost of borrowing per updated Treasury figures.	(232)
Other Expenditure	5,739	5,707	(31)	Provision for bad debt £207k pressure. £(147)k transport saving due to Covid 19. £(71)k Reduced Community Payback payments due to Covid 19.	(10)
<b>Total Expenditure</b>	<b>255,800</b>	<b>239,552</b>	<b>(16,249)</b>		<b>(16,088)</b>
<b>Net Position</b>	<b>1,404</b>	<b>(10,570)</b>	<b>(11,974)</b>		<b>(11,974)</b>
Appropriation: Sinking funds	(216)	64	280	Movement in PFI - offset above.	280
Appropriation: Reserves	(1,188)	906	2,094	Revised use of EIT reserve.	2,094
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(9,600)</b>	<b>(9,600)</b>		<b>(9,600)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve		9,600	9,600	Transfer to Capital Reserve	9,600
<b>Total Current Month</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>		<b>0</b>

## Housing Revenue Account - Period 9 Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(645)	(420)
Right of First Refusals/ Buybacks	65	38
New Build (Council House Growth)	80	66
<b>Total</b>	<b>(500)</b>	<b>(316)</b>

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	24,034
Average Selling Price per unit (£000s)	55.4	57.2
Number of Sales	612	420
Number of Live Applications	1,333	1,403

Arrears	2019/20	2020/21	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2019/20 Week 35</b>	<b>2020/21 Week 35</b>	
Current Dwellings	7,613	7,145	(468)
Former Tenants	4,577	4,282	(295)
	12,189	11,427	(762)
<b>Under occupation</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 35</b>	
Volume of Accounts	3,051	2,802	(249)
Volume in Arrears	1,198	1,043	(155)
% in Arrears	39.3%	36.2%	-3.1%
Value of Arrears	197	165	(32)
<b>Collection Rates</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 35</b>	
Dwelling rents	96.43%	96.48%	0.0%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-1.02%	0.0%

## Housing Revenue Account - Period 9 Financial Dashboard - 2020/21 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
<b>HRA General Reserve</b>	<b>(6,495)</b>	<b>0</b>	<b>0</b>	<b>(6,495)</b>
<b>Earmarked Reserves</b>				
Welfare Change	(807)	686	0	(121)
Housing Advisory Panels	(507)	0	0	(507)
Sheltered Housing	(2,777)	0	0	(2,777)
Early Leavers' Initiative	(408)	408	0	0
Wharfedale View	(23)	0	0	(23)
Changing the Workplace	(151)	0	0	(151)
ERDMS	(257)	0	0	(257)
Proposed Disrepair Reserve	0	0	(2,000)	(2,000)
	<b>(4,930)</b>	<b>1,094</b>	<b>(2,000)</b>	<b>(5,836)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(1,474)	0	(1,320)	(2,794)
LLBH&H PFI Sinking Fund	(6,025)	1,254	0	(4,771)
	<b>(7,499)</b>	<b>1,254</b>	<b>(1,320)</b>	<b>(7,565)</b>
<b>Capital Reserve</b>				
MRR (General)	(8,278)	49,628	(50,949)	(9,600)
MRR (New Build)	(1,105)	808	0	(297)
	<b>(9,383)</b>	<b>50,437</b>	<b>(50,949)</b>	<b>(9,896)</b>
<b>Total</b>	<b>(28,308)</b>	<b>52,785</b>	<b>(54,269)</b>	<b>(29,792)</b>

## Report of the Chief Officer Financial Services

### Report to Executive Board

Date: 17<sup>th</sup> March 2021

### Subject: Financial Health Monitoring 2020/21 – Month 10

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## Summary

### 1. Main issues

- The purpose of this report is to inform the Executive Board of the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account for the first 10 months of the financial year.
- The Council has managed to achieve considerable savings since 2010 and the budget for 2020/21 requires the delivery of a further £28.4m of savings.
- The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
- This is the eighth budget monitoring report of the year, and Executive Board will recall that the 2020/21 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £28.4m of budget action plans by March 2021. At this stage of the financial year, it is clear that COVID-19 has impacted on the delivery of some of these actions.

- In addition the Council continues to incur additional expenditure and to lose income across services as a consequence of COVID-19. As a result Directorate dashboards highlight a potential COVID-19 related overspend of £120.9m before proposals to balance.
- The addition of projected losses of council tax and business rates income results in a total projected COVID overspend of £170.76m at Month 10. In addition pension strain and severance costs associated with staff exiting the Council through the Early Leavers Initiative increases the overall overspend to £183.7m.
- As a result of taking account of non-COVID savings and the application of earmarked reserves and additional Government funding the projected Directorate overspend reduces by £37.3m to £83.6m. When combined with the Corporate pressures the overall General Fund overspend has reduced from £183.7m to £146.4m.
- The Council had received £72.2m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20, leaving £69.5m of available funding. An estimated £26.9m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.4m of grant in 2020/21 reduces the financial pressure in 2020/21 to £49.9m.
- Since this reported position assumes that the estimated Collection Fund income shortfall of £49.9m will impact on the revenue position in 2021/22 and future years, the current projection for 2020/21 is reflecting a balanced budget position at year end.
- This position reflects the Council's best estimate of the impact of the current lockdown arrangements and which equates to a calculated COVID impact of £27m per month. This calculated impact covers both expenditure and income which is compensated for through the Government's sales, fees and charges scheme. In addition it does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced, which could impact on these financial projections.
- At Month 10, the Housing Revenue Account is forecast to underspend by £9.6m, which will be transferred to the Major repairs reserve for use in future years.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The 2020/21 Budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on financial performance against this Budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

## **3. Resource Implications**

- Directorate dashboards reflect a projected overspend which largely relates to COVID-19 pressures of £120.9m which when combined with Corporate pressures results in an overall overspend of £183.7m. After application of government funding and a range of further measures, this report shows a balanced budget position for 2020/21.

## Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the Authority as at Month 10 and note the projected impact of COVID-19 on that position.
- b) Note that for 2020/21 the Authority is forecasting a balanced budget position.
- c) Note that the position reported does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

### 1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 10.
- 1.2. Budget monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the tenth month of the year.

### 2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.6m. The 2020/21 budget assumes further use of £9.0m from this reserve during the current financial year. However it is planned to contribute £4.1m into the general fund reserve during 2020/21 so that the anticipated balance at 31<sup>st</sup> March 2021 will be £26.7m
- 2.3 The Financial Health report received at February's Executive Board projected a balanced budget position for 2020/21 after the application of Government funding, the delivery of non-COVID savings and the utilisation of earmarked reserves.
- 2.4 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are 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 has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

### 3. Main Issues

- 3.1 At Month 10 a COVID related overspend of £170.8m is projected which, combined with the additional pension strain and severance costs associated with staff exiting the Authority through the Early Leaver's Initiative, results in an overall overspend position of £183.7m.
- 3.2 In response to the financial challenge for 2021/22 that was detailed in the Medium Term Financial Strategy report received by Executive Board in September, to date

845 employees have either left or are due to leave the Council through the Early Leaver's Initiative by the 31st March 2021. The salary savings resulting from these staffing reductions contribute towards the realisation of the budget savings proposals for 2020/21 that were received at this Board in September, October, November and December.

- 3.3 Whilst the Council has incurred severance and pension strains costs of £12.9m in 2020/21 it is projected that over the five year period covered by the Council's Medium Term Financial Strategy savings of £100.2m (before reconfiguration costs) will be realised through the deletion of the posts.
- 3.4 The projected overspend position of £183.7m also reflects the estimated Collection Fund deficit of £49.9m resulting from a reduction in collection rates in respect of both Council Tax and Business Rates.
- 3.5 Details of the Directorate overspend due to COVID-19 are summarised in Table 1.
- 3.6 The Council has received £72.2m of Government funding towards the costs of COVID-19 to date, of which £2.6m has been applied in 2019/20, leaving £69.5m available. On 2nd July Government announced a further package of financial support for Local Government as a consequence of which £18.9m has been claimed with an estimated further £8m to be received for the remainder of the financial year. Application of this £96.4m of grant in 2020/21 would reduce the COVID financial pressure to £87.2m.

### 3.7 Table 1

#### Summary Position at Month10- Financial Year 2020/21

Directorate	Director	(Under) / Over spend for the current period				COVID related	Non-COVID related	Month 9 Total	COVID related	Non-COVID related
		Staffing	Total Expenditure	Income	Total (under) /overspend					
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(690)	44,222	(33,608)	10,614	10,614	0	12,613	12,613	0
Children and Families	Sal Tariq	123	4,210	3,882	8,092	8,092	0	8,092	8,092	0
City Development	Martin Farrington	(3,000)	(6,827)	29,021	22,194	25,180	(2,986)	21,600	25,096	(3,496)
Communities & Environment	James Rogers	1,479	4,812	18,905	23,717	27,141	(3,424)	23,887	26,317	(2,430)
Resources & Housing	Neil Evans	(3,363)	3,407	9,952	13,359	17,802	(4,443)	14,059	17,851	(3,792)
Strategic	Victoria Bradshaw	(140)	104,728	(77,990)	26,738	32,038	(5,300)	26,878	24,747	2,131
Strategic (Proposals to balance)	Victoria Bradshaw	12,440	(1,280)	(99,933)	(101,213)	(101,213)	0	(103,629)	(103,629)	0
Adults & Health (Proposals to balance)	Cath Roff		(3,500)	0	(3,500)	(3,500)	0	(3,500)	(3,500)	0
<b>Total Current Month (Dashboards)</b>		<b>6,849</b>	<b>149,771</b>	<b>(149,771)</b>	<b>0</b>	<b>16,153</b>	<b>(16,153)</b>	<b>0</b>	<b>7,587</b>	<b>(7,587)</b>
Council Tax & Business Rates Losses					49,890	49,890	0	49,875	49,875	0
					<b>49,890</b>	<b>66,043</b>	<b>(16,153)</b>	<b>49,875</b>	<b>57,462</b>	<b>(7,587)</b>

<b>Previous month (under)/over spend in directorates</b>	<b>7,934</b>	<b>138,590</b>	<b>(138,590)</b>	<b>0</b>
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3.8 The major variations are outlined below, with additional detail provided on the Directorate dashboards which are appended to this report;

3.8.1 **Adults & Health** – the directorate is projected to overspend its budget by £7.1m. This figure is based upon COVID-19 related cost pressures of £10.6m, offset by a £3.5m contribution from reserves. This is a betterment of £2.0m over the outturn figure projected at P9.

The pressure is related to a number of actions taken by the directorate in light of the pandemic and the resultant impact of those changing priorities on delivering a number of budgeted savings plans. It is currently projected that £3.4m of savings plans will not be delivered this financial year; though it is assumed that once a return to 'normal' is achieved the work needed to deliver these plans will resume, but there will be slippage in the delivery.

The pressures that make up the remaining COVID pressure are the £0.5m relating to non-realisation of savings to fund the additional pay award; additional care packages to meet the needs of people affected by day centre closures (£0.5m) and 'paying to plan' on home care (£0.5m). £4.5m has been committed to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market the equivalent of a 20% fee uplift, based on historic payments, has been paid to providers over each of the first three months of the year. £0.4m has been incurred to fund PPE and equipment to facilitate early discharge. The NNDR attached to the Waterside building has been allocated as a COVID-19 cost due to its use as a temporary mortuary. Income is also affected with a pressure caused by the cessation of face to face financial assessments. The directorate has finalised the review and transfer of packages previously funded by NHSE Early Discharge funding; this has been transferred at a cost some £0.8m lower than projected. It is also noted that NHSE funding of £1.2m towards COVID costs has been received and has been set against specific costs that have been reported in previous periods.

3.8.2 **Children and Families** – As detailed on the dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £8.092m, in line with the position previously reported for Month 9. This reflects a number of pressures due to COVID, including the impact of the current lockdown.

The Month 10 projected overspend of £8.092m is broken down as follows:

<b>Expenditure</b>	<b>£m</b>
• Staffing related costs	0.12
• Children Looked After	5.75
• Section 17 payments	0.31
• Direct payments	0.25
• Passenger Transport	(0.70)
• Other expenditure	<u>(1.52)</u>
	4.21

<b>Income</b>	<b>£m</b>
• Traded income from schools	2.02
• School attendance income	0.40
• Children’s centre income	3.65
• Net additional funding	<u>(2.19)</u>
	3.88
<b>Total projected overspend</b>	<b>8.09</b>

Although the overall position since Month 9 has not changed, within this there is an additional £100k of savings to reflect for Passenger Transport, which is offset by an equivalent increase in other expenditure.

As shown in the breakdown above, the key pressure within expenditure relates to the CLA budget, which is currently forecast to overspend by £5.75m. Although detailed benchmarking is not yet available, feedback from local authorities across the country is that many are currently seeing an overall increase in CLA numbers. In Leeds however there has been a decline in CLA numbers since the start of the year and overall as at mid-February there were 55 fewer placements than originally budgeted, despite the impact of COVID in the city.

Although CLA numbers in the city are less than the total amount budgeted for, there is a higher proportion of more costly external placements than assumed in the budget, and the rates paid to providers have also increased during 2020/21. Both of these pressures are attributable to COVID.

In relation to the higher proportion of external placements, although the number of children coming into care at a young age has reduced, the impact of COVID has increased the number of adolescent placements, which are more complex and therefore more costly. Further to this, plans to re-open a previously closed children’s home have been impacted by delays with Ofsted’s approval process. There is also an additional CLA pressure on semi-independent living costs for 16 to 18 year olds. This reflects the difficulty with young people being able to move out of these placements in the current climate, as well as the impact of COVID on providers. The rates paid to providers have generally increased during the year due to COVID related costs they are incurring. This is a common picture across the country and the Commissioning team is working with providers to ensure that the rates agreed continue to represent value for money.

A further key impact of COVID on the Children and Families budget is on income, and in total a £5.87m pressure has been identified due to expected loss of income from children’s centres, school trading and school attendance income. In line with principles laid out by Government, the Council has taken the approach that schools should be charged as normal for disrupted Council services for which they have a regular financial commitment, as they have received funding to pay for these services. However there is still some loss of income projected for ad hoc traded services to schools and those paid for through parental contributions, such as music services. This has been included on the Council’s claim to MHCLG for funding towards loss of income.

## Dedicated Schools Grant

In relation to the Dedicated Schools Grant (DSG), at the end of 2019/20 there was a deficit balance of £3.95m on the general DSG. At Month 10 we are projecting a £375k overspend on general DSG for 2020/21, which would result in a closing deficit of £4.33m. This is due to a projected overspend of £1.76m on high needs, which is partly offset by:

- £567k underspend on early years, due to funding being calculated at a point in the year when the numbers of children are higher than the average over the full year. There is a degree of uncertainty in these projections due to the volatility created by COVID, both in terms of the grant that the council will receive and the payments required to providers as a result of the impact of COVID;
- £77k underspend on central school services, as a result of staff vacancies; and
- £741k underspend on schools. £246k of this is due to timing differences in funding arrangements when maintained schools convert to academies. The remaining £495k is due to an underspend on the fund for growing schools, which will be carried forward to be used in 2021/22.

The projected high needs overspend is due to a cap on funding increases and an increase in the demand and complexity of special educational needs across the country. Although high needs funding increased nationally for 2020/21, the Department for Education still applied a cap on gains which meant that the allocation for Leeds was subject to a reduction of £4.7m. A plan for managing the pressures on DSG is currently being developed by Children and Families.

**3.8.3 City Development** – At Month 10 the Directorate is projecting an overspend of £22.2m, which is an adverse movement of £0.6m from the Month 9 position previously reported to Executive Board. This includes an estimated impact of COVID-19 of £25.18m. The projected outturn includes the forecasted financial impact of Lockdown 3 and assumes that the Lockdown restrictions will be in place to the end of the financial year. The Directorate's financial position continues to be significantly affected by the current restrictions in place and the subsequent impact on the economy with the vast majority of the overspend resulting from reduced income across a number of services. The period 10 projections reflect a projected overspend of £600k on Winter Maintenance due to the particularly cold weather and the need for increased gritting.

The variances below include £0.378m of ELI savings that will be realised by employees leaving before the 31<sup>st</sup> March 2020.

The most significant loss in income is still forecast to be in Active Leeds where some facilities only started re-opening on a staggered basis at the end of July but with reduced capacity, closed again due to the current second lockdown, and then closed for the current lockdown. The year-end financial position for Active Leeds is projected to be an overspend of £12.55m. This is an increase of £2.5m of COVID related income pressures however it is anticipated that this pressure will be offset by circa £1.9m via the fees and charges loss of income funding from MHGLC.

Other services also facing projected reductions in income include:

- Arts and Heritage - £2.2m, net of running cost savings, following the closure of sites and cancellation of events.
- Asset Management and Regeneration - £2.8m from expected reductions in rental and other commercial income. This includes expected shortfalls against new commercial income included in the 2020/21 budget.
- Planning and Sustainable Development - £0.9m through an estimated reduction in planning and building fee income.
- Markets and City Centre - £2.2m from a reduction in rental and advertising income.
- Highways and Transportation - £0.74m through a reduction in chargeable fees and recovery of overheads, mainly in the Highways DLO.

Whilst the impact of COVID-19 on City Development is mostly on income some additional costs are also being incurred. A sum of £0.5m for the year is currently projected across the Directorate. The impact of non-realisation of savings to fund the additional cost of the higher pay award is estimated at £0.37m.

The projected position includes anticipated staff savings of £2.03m on non-chargeable vacant posts net of the additional costs of the higher pay offer. Savings of £0.88m have also been included for reduced spend on general running costs and travel and subsistence.

**3.8.4 Communities & Environment** – the overall position for the directorate is a projected overspend of £23.7m.

Of this, £27.1m relates to the impact of COVID-19 which takes into account the estimated impact of the latest lockdown period. There still remains a great deal of uncertainty around income projections and these continue to be kept under review.

The main areas of variation in respect of COVID-19 are currently estimated as follows:

- Loss of car parking and enforcement income £8.0m
- Loss of Parks & Countryside income £5.1m. This includes income from visitor attractions, cafes, bereavement services, chargeable works within Parks Operations and Landscaping teams and the cancellation of planned events.
- Loss of Electoral and Regulatory Services income £1.7m. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire and Environmental Health activities. These income losses are partially offset by £0.3m savings resulting from the cancelled May 2020 local elections.
- Waste Management – net additional expenditure £6.7m. This includes the cost of providing additional crews and vehicles to deal with increased volumes of waste, the cost of disposing of the additional waste and the cost of providing staffing cover and PPE equipment across the service as well as income losses at Household Waste sites.
- Welfare & Benefits – additional expenditure £1m in respect of the estimated net cost of Housing Benefit claims for the vulnerable homeless in emergency accommodation.

- Estimated cost to LCC of providing a temporary mortuary facility £0.9m - created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield.
- Additional cost of the local government pay award £0.7m. This represents an additional 0.75% over the amount budgeted and the COVID-19 situation will impact on the ability to deliver the savings required to mitigate this additional cost.
- Other areas of income loss/additional expenditure across the directorate £3.3m. This includes estimated income losses from community centres, libraries/community hubs, bulky waste collections and from environmental enforcement. It also includes additional costs of providing PPE/Cleaning/Social distancing measures and software/equipment to support home working. It also includes the cost of providing for a city wide mailout and other staffing related costs in support of the Council's response to the crisis.

The overall position for the directorate also includes forecasts around other expenditure savings totalling £3.4m. These include estimated net savings from the implementation of tighter controls on recruitment and the part year impact of staff leaving the authority before 31<sup>st</sup> March 2021 under the Council's Early Leaver scheme (£1.8m) and savings on other expenditure budget headings across the directorate (£1.6m).

**3.8.5 Resources & Housing** – Based on the estimated impact of COVID-19 in the directorate, an overspend of £13.4m is forecast at Month 10, a reduction of £0.7m from Month 9.

In total £17.8m of pressures are COVID related, broadly summarised into the following areas across the Directorate's services:-

• Trading shortfall within Leeds Building Services (LBS)	£5.5m
• Additional PPE (LCC wide)	£5.0m
• Homelessness accommodation costs (net of grant)	£0.5m
• Catering income & emergency meals	£2.5m
• Other income reductions (capital / court fees)	£3.0m
• Delays to budget action plans	£0.3m
• Savings from Working home/buildings/car allowances - net	(£0.1m)
• Non-realisation of savings to fund additional pay award	£1.1m

The recruitment freeze, savings in non-essential spend, additional grant income and the impact on staffing costs of the ELI leavers in November and December (£1.1m) are forecast to deliver around £4.4m of savings to the directorate's bottom line projections.

**3.8.6 Strategic & Central Accounts** - At Month 10, the Strategic & Central accounts projection is for an overspend of £26.7m, of which £32.0m is COVID related, before taking into account proposals to balance the 2020/21 budget. This projection recognises the potential for an overspend of £27.9m in MRP, as a result of a reduced level of capital receipts being available to repay debt, as a consequence of the impact of COVID-19. There is considerable uncertainty over how quickly the property market will recover, and the position will continue to be reviewed and

updated. This projected overspend is partly offset by savings of £0.9m in the remainder of the debt budget.

A projected underspend of £2.1m has been included for a reduction in the expected business rates levy payable, as a result of reduced business rates income for the year. The position also reflects an additional projected £75.5m of S31 grants in relation to business rate reliefs awarded due to the impact of the pandemic. These grants will need to be carried forward in an earmarked reserve, as they are required to fund the 2020/21 Collection Fund deficit which will impact on the revenue position in 2021/22.

Following the government spending review, additional New Homes Bonus grant of £2.2m has been recognised.

Additional projected S278 income of £0.4m has been recognised, along with potential pressures of £1.2m across the target budgets for general capitalisation and schools capitalisation, as overall restrictions on spending have reduced the potential for capitalisation.

Proposals to deliver a balanced budget position are also reflected in the Month 10 Strategic position and the appended dashboard and are discussed below.

### 3.8.7 Proposals to Balance

3.8.8 Directorate dashboards highlight a projected COVID-19 overspend of £120.9m which combined with other corporate pressures which includes a variation in the Collection Fund, pension strain and the cost of severance results in a projected overspend of £183.7m.

3.8.9 In order to manage this overspend a range of proposals have been identified which are detailed in the Table 2 below.

	Month 10	Mitigation-Savings including Salary	Use of Reserves	Total
Directorate/Service	£m	£m	£m	£m
Adults & Health	10.61	0.00	-3.50	7.11
Children & Families	8.09	0.00		8.09
City Development	25.18	-2.99		22.19
Communities & Environment	27.14	-3.42		23.72
Resources & Housing	17.80	-4.44		13.36
Strategic & Central	32.04	-5.30	-17.65	9.09
<b>Directorate dashboards</b>	<b>120.87</b>	<b>-16.15</b>	<b>-21.15</b>	<b>83.56</b>

<i>Corporate pressures:</i>				
C T/BR Income Losses	49.89			49.89
Cost of Severance	11.68			11.68
Pension Strain	1.26			1.26
	62.83			62.83
<b>Total General Fund Impact</b>	<b>183.70</b>	<b>-16.15</b>	<b>-21.15</b>	<b>146.39</b>

	Month 10	Mitigation-Savings including Salary	Use of Reserves	Total
	£m	£m	£m	£m
<b>Total General Fund Impact</b>	<b>183.70</b>	<b>-16.15</b>	<b>-21.15</b>	<b>146.39</b>
Government Funding	-69.57			-69.57
Government Support for Income Losses	-26.93			-26.93
Net Position	-96.50			-96.50
<b>Total GF Impact 2020/21</b>	<b>87.20</b>	<b>-16.15</b>	<b>-21.15</b>	<b>49.89</b>
Council Tax/Business Rates	-49.89			-49.89
<b>COVID-19 Funding Gap 2020/21</b>	<b>37.31</b>	<b>-16.15</b>	<b>-21.15</b>	<b>0.00</b>

3.8.10 The level of non-COVID savings, including those resulting from the deletion of posts resulting from staff exiting the Council through the Early Leaver's Initiative is £16.2m and this contributes towards addressing the estimated budget gap.

3.8.11 As referenced in the addendum to November's Executive Board the Council has identified a number of one off resources that contribute towards addressing the identified estimated budget gap in 2020/21. One off resources include the planned application of an additional £17.2m of capital receipts which have become available through recognising the capital distribution from the pre-payment of rent at Merrion House as a capital receipt rather than as deferred income on its balance sheet.

3.8.12 In order to facilitate the upgrade of Merrion House, the Council entered into a series of linked agreements with the Town Centre Securities (TCS) Group who own the

freehold to the building. Under these agreements, the council entered into a 50:50 limited liability partnership (LLP). During 2018/19 the Council made a prepayment of rent under the 25 year lease at a discounted rate, which was immediately distributed to the two partners of the LLP. The Rent Advance agreement that was entered into resulted in a prepayment of rent of £54m which was followed immediately by a distribution of capital of £27m to each of the LLP members.

- 3.8.13 In 2018/19, and in the absence of the first set of LLP accounts reflecting the rent advance and its distribution to partners, the Council determined to hold the £27m on its balance sheet as a receipt in advance. This approach was discussed and agreed with Grant Thornton prior to the closure of the 2018/19 accounts.
- 3.8.14 The Council has now reconsidered its approach in the light of the LLP's 2018/19 accounts which were published in June 2020. The LLP's accounts show the capital distribution to members as an immediate transfer of net worth from the LLP to its members.
- 3.8.15 In light of this, the Council has held further discussions with its external auditors over the treatment of the £27m distribution it received. As a result it will now recognise the transfer of net worth by reducing the value of its investment in the LLP and instead recognising the balance of £25.65m which was previously shown as deferred income in its accounts as a capital receipt during 2018/19. This will result in an increase in the level of the Usable Capital Receipts Reserve carried forward into 2019/20.
- 3.8.16 In changing the accounting treatment in this manner there is now a requirement to identify provision in the MTFs of £1.1m which would originally have been amortised from the deferred income balance, which will be required from 2022/23 to resource the annual lease payments for Merrion House. This £1.1m revenue pressure will be met in 2020/21 and 2021/22 by applying additional capital receipts to redeem debt, thus enabling an equivalent reduction in the MRP charge to revenue. This will reduce the balance of additional capital receipts available to £23.4m.
- 3.8.17 It is proposed that of this additional usable capital receipt £17.2m is applied to address the estimated budget gap identified above, replacing some of the capital receipts which were originally forecast to be generated during the year, with the remainder carried forward.
- 3.8.18 It is also proposed to utilise £3.5m of earmarked reserves with Adults and Health whilst £0.5m remains from the £1.5m set aside through the flexible use of capital receipts for transformational expenditure and this can be used to fund ELI payments.
- 3.8.19 As a result of the above proposals the Directorate overspend reduces to £83.6m which combined with a Corporate pressure of £62.8m reduces the overall level of overspend down to £146.4m.
- 3.8.20 To date the Council has received £72.2m of Government funding towards the costs of COVID-19, of which £2.64m has been applied in 2019/20, leaving £69.57m available. An estimated £26.93m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.5m of grant in 2020/21 reduces the COVID financial pressure to £49.9m.

3.8.21 Since the Collection Fund income shortfall of £49.9m does not impact on the revenue position until 2021/22, when it can be spread over 3 years, it is forecast that a balanced budget position will be delivered in 2020/21.

3.8.22 The reported position does not reflect the potential impact of any further local or national lockdown arrangements not yet introduced, which could impact on these financial projections, most likely by increasing projected income losses which can only be recovered in part through the Government's Sales, Fees and Charges compensation scheme.

### **3.9 Other Financial Performance**

#### **3.9.1 Council Tax**

The Council Tax in-year collection rate at the end of January was 88.51% which is 1.00% lower than performance for the same period last year. This lower collection rate will in part reflect the impact of agreed payment deferrals. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast were achieved this would collect some £374.3m of income. In light of the potential impact of COVID-19, it is currently estimated that in year collection will fall to 94.1%, achieving £366.5m of income. The collection rate will continue to be closely monitored.

#### **3.9.2 Business Rates**

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £363.2m of business rates income billed at 1<sup>st</sup> April. However, the Board will be aware that in response to the COVID-19 pandemic Government awarded significant additional business rates reliefs, reducing the income to be collected directly from business to £228.0m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the Authority regarding non-collection of business rates income, the business rates collection rate at the end of January 2021 was 81.25% which is 7.81% behind performance in 2019/20. This lower collection rate will in part reflect agreement to defer payments.

The total rateable value of business properties in Leeds has reduced from £935.2m at 1st April 2020 to £929.1m at the end of January 2021, a decrease of £6.2m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (49.9p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (49%), Central Government (50%) and West Yorkshire Fire Authority (1%). After allowing for the business rates deficit brought forward, Leeds' share of projected business rates income is in the region of £75.0m, which is £108.7m below budgeted expectations. However much of this shortfall is accounted for by the Government's new extended reliefs for the retail and leisure sectors and children's nurseries. This results in grant funding associated with business rates some £75.9m above that forecast in the Council's budget. The Government has also announced that it will provide 75% compensation to local authorities for their 'irrecoverable losses' in business rates income. Although further guidance has been released about the definition of 'irrecoverable losses', areas of uncertainty do remain, but it is estimated

this local tax income guarantee will contribute around £8.22m to the deficit that has to be repaid to the collection fund in 2021/22.

In light of the current situation we expect to see losses of business rates income through non-payment and reduction in rateable value where businesses may cease to trade or revise their business model to reduce business rates and other costs. Business rates income continues to be closely monitored and reported to the Board in these monthly financial health reports.

### 3.9.3 Business Rates Appeals

The opening appeals provisions for 2020/21 are £27.8m, made up of £8.7m relating to appeals received against the 2010 ratings list and £19.1m estimated costs in relation to the 2017 ratings list. Under 50% Business Rates Retention, Leeds' budget is affected by 49% of any appeals provision made in this year. Provisions brought forward from 2019/20 were made at 74%.

On the 31<sup>st</sup> December 2020, there were 729 appeals outstanding against the 2010 ratings list. During January 2021 4 appeals have been settled, 1 of which have resulted in changes to rateable values. No new appeals have been received in January. At 31<sup>st</sup> January 2021 there are 729 outstanding appeals in Leeds, with 10.2% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

Only two appeals have been received to date against the 2017 list. However, since the imposition of national lockdowns the number of ratepayer claims entering the first two stages of the new Check Challenge Appeal process, introduced on the 1<sup>st</sup> April 2017, has increased significantly. Currently there are 147 Checks outstanding but this first stage is only where the Valuation Office Agency and the ratepayer's agent seek to clarify the facts relating to a particular property. Very few of these Checks have resulted in a reduction to the ratepayer's Rateable Value. However since September 2020 an increasing number of these claims are returning to the process as Challenges, the second stage of the new process. At this stage the Valuation Office Agency and the ratepayer discuss whether the facts are being applied correctly as a matter of law. At January 2021 there are 1,236 Challenges outstanding up from 365 as at 30<sup>th</sup> April 2020. Of the current Challenges 946 relate specifically to the period since the first national lockdown restrictions were brought into force and therefore the impact is limited because they are backdated by only one year. The remainder are assumed to relate to entire lifetime of the ratings list and therefore can be backdated to 1<sup>st</sup> April 2017. There has been speculation in the press that a general reduction in Rateable Values is to be implemented in response to the economic downturn caused by the restrictions on commercial activity however the Valuation Office Agency has issued a statement denying any such generalised reduction has been agreed. The situation with the increased numbers of Challenges and any announcement about general reductions in Rateable Values is being closely monitored and the level of provisions is being adjusted accordingly. As at the 31<sup>st</sup> December 2020 £38.5m in provisions is projected to be held by the Council against losses due to changes in Rateable Value on the 2017 ratings list by the end of the financial year.

### 3.9.4 Impact of COVID-19 on the Collection Fund

It remains very complex to estimate the ultimate impact of COVID-19 on council tax and business rates income. However, the latest projections indicate an unfunded loss of £49.9m on the Collection Fund: £13.2m in Council Tax and £36.7m in business rates. Since last reported to this Board in February, Council Tax has increased by £0.01m and business rates remains unchanged. These estimates will continue to be refined as more data becomes available. Any Collection Fund income shortfall in 2020/21 would normally impact on the Council's financial position in 2021/22. However, Government announced on 2<sup>nd</sup> July that they would allow phased repayment of 2020/21 Collection Fund deficits over three years, spreading the revenue impact. Further detail has now been provided following the provisional Local Government Finance Settlement and any projected 2020/21 Collection Fund deficits must be spread over the years 2021/22, 2022/23, 2023/24. These deficits will be adjusted for prior years and any other requirements of the legislation.

Further, these same announcements indicated that Government would fund 75% of irrecoverable Council Tax and Business Rates losses from 2020/21. Details of the calculation have been provided and Leeds expect to receive compensation of around £31m. This is expected to be received and utilised in future years and will not impact on the 2020/21 Collection Fund.

## 4. Housing Revenue Account (HRA)

- 4.1 At the end of Month 10 the HRA is projecting an underspend of £9.6m, primarily due to the reduction in the revenue contribution required to support its capital programme (RCCO). This underspend will be transferred to the Major repairs reserve at year end to maintain future levels of capital investment.
- 4.2 The estimated saving in the RCCO is around £15m, however £5.2m of this saving is required to fund other in year pressures arising in the HRA as outlined below.
- 4.3 There is a forecast reduction in total income of £4.5m. Rental income is forecast to be £1.7m lower, mainly due to a temporary increase in the number of void properties due to COVID-19. £2m of income is impacted by forecast lower staff charges to capital from vacant posts and also due to the reduced capital programme for 2020-21. A small reduction in commercial rent income of £0.2m is also projected, and a reduction of fee income from Right to Buy sales of £0.3m
- 4.4 Total tenant arrears are £12.1m, approximately £0.5m above the equivalent period last year and rent collection remains high 96.1% compared with last year's position at 96.4%. However, it is prudent to project for an increase in the provision for doubtful debts given the future uncertainty on the impact of COVID on rental income. An additional £0.2m is projected.
- 4.5 Staffing costs are forecast to underspend by around £1.4m, with the recruitment freeze being the main reason for this. This saving also assumes the HRA funds severance costs of those staff exiting the Authority on ELI in 2020/21.
- 4.6 With respect to the repairs budget, it is now projected that a saving of approximately £3.2m will be made in year due to the impact of COVID. It is proposed to set aside

some of the in year underspend for use in 2021-22 by means of a repairs reserve.

- 4.7 Housing disrepair costs remain a pressure and risk, with an additional £2m being estimated as needed for the provision in year.
- 4.8 An additional £136k is required to fund works associated with exiting Navigation House as part of the Council's asset rationalisation programme.
- 4.9 The HRA capital programme has been reduced for 2020-21 only to circa £60m from £80m. As referenced above, the saving from the reduced revenue contribution is helping to offset in year pressures and the balance of any savings are planned to be transferred to the Major Repairs Reserve to support an ongoing programme of around £80m from 2021-22 onwards.

## **5. Corporate Considerations**

### **5.1 Consultation and engagement**

- 5.1.1 This is a factual report and is not subject to consultation.

### **5.2 Equality and diversity / cohesion and integration**

- 5.2.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26<sup>th</sup> February 2020.

### **5.3 Council policies and the Best Council Plan**

- 5.3.1 The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

### **5.4 Climate Emergency**

- 5.4.1 Since this is a factual report detailing the Council's financial position for 2020/21 there are no specific climate implications.

### **5.5 Resources, procurement and value for money**

- 5.5.1 This is a revenue financial report and as such all resources, procurement and value for money implications are detailed in the main body of the report.

### **5.6 Legal implications, access to information, and call-in**

- 5.6.1 There are no legal implications arising from this report.

### **5.7 Risk management**

- 5.7.1 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy. Both of these risks are included on the Council's corporate risk register.

5.7.2 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this approach, specific project management based support and reporting around the achievement of key budget actions plans is in place for 2020/21.

## **6. Conclusions**

6.1 This report informs the Executive Board of the Month 10 position for the Authority in respect of the revenue budget which currently projects a COVID-19 related overspend of £170.8m. Additional budget pressures of £12.9m arise due to severance and pension strain costs relating to staff exiting the authority in 2020/21 under the new ELI scheme, increasing the budget gap to £183.7m.

6.2 This report then details a range of proposals which would result in a forecast balanced budget position being delivered in 2020/21. This reported position does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

6.3 Largely as a result of non-COVID savings and the application of one funding resources the projected overspend can be reduced to £146.4m.

6.4 To date the Council has received £72.2m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20, leaving £69.57m available. An estimated £26.93m Government contribution to lost income is also reflected, pending confirmation of the final amount. Application of this £96.5m of grant in 2020/21 would reduce the COVID financial pressure to £49.9m. Since the Collection Fund income shortfall of £49.9m does not impact on revenue in 2020/21, but instead must be spread over the years 2021/22, 2022/23 and 2023/24, this means that a balanced budget position is forecast in 2020/21.

6.5 The Housing Revenue Account is forecast to underspend by £9.6m but this underspend will be transferred to the Major Repairs Reserve for use in future years.

## **7. Recommendations**

7.1 Executive Board are asked to:

- a) Note the projected financial position of the Authority as at Month 10 and note the projected impact of COVID-19 on that position.
- b) Note that for 2020/21 the Authority is forecasting a balanced budget position.
- c) Note that the position reported does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.

8. **Background documents<sup>1</sup>**

8.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

# ADULTS AND HEALTH

## Financial Dashboard - 2020/21 Financial Year

### Month 10 (January 2021)

The directorate is projected to overspend its budget by £7.1m. This is analysed as a £10.6m Covid-19 related cost pressure less an application of £3.5m of reserves. A number of budget action plans are expected to slip directly as a result of the Covid-19 pandemic, this is because the necessary resources to deliver these are being redirected; these total £3.4m.

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**SECTION A:** the Covid-19 cost pressures to the Adult Social Care are £10.6m.

The Covid-19 reported pressures across the key expenditure types are as follows:

**Staffing (+£0.5m):** the impact of the proposed pay award which is above the budgeted assumptions is shown as Covid-19 pressure as the urgent and necessary reaction to the pandemic has meant that plans to recover this pressure have had to be deferred.

**Buildings (+£0.1m):** a pressure of £0.1m is shown representing the cost of rates at the recently acquired Waterside building (for the Assisted Living Leeds move) which is now being used as a PPE storage and distribution centre as well as being the site for a temporary mortuary.

**Community Care Packages (+£5.8m):** these pressures include the cost of additional care packages to meet the needs of people affected by day centre closure, paying to plan on home care and slippage in a number of savings plans because staff required to deliver these have been redirected to deal with the crisis. The figure also includes the funding expended to meet pressures within the care sector and to support it through this period and more latterly includes the impact of the transfer of care packages previously paid for by the NHS's Early Discharge Grant that transferred over to the Council between September and December.

**Commissioning (+£1.4m):** £1.1m relates to the funding expended to meet pressures within the care sector. The directorate has funded 33 organisations with £5k grants to help support their communities and the purchase of PPE.

**General Running Costs (+£0.4m):** mainly representing expenditure on equipment to facilitate early discharge. It is possible this may be recoverable from the NHS Early Discharge funding.

**Income (+£2.4m):** the Covid-19 pandemic has impacted upon savings plans for the recovery of income within client contributions, staffing costs and CCG (BCF) funding.

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**SECTION B:** there are other Covid-19 variations that are not directly a cost to the Council as expenditure is funded by income from the CCG and Government grants, these are:

a) NHS Early Discharge funding (£3.3m);

b) Test & Trace grant (£16.0m);

c) Infection Control grant (£13.5m);

d) Rapid Testing Funding (£1.8m).

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**SECTION C:** outside of Covid the directorate is projecting a balanced position, however, the directorate is applying £3.5m of reserves to help offset the Councils wider Covid-19 pressure. The main variations to planned spend, across the key expenditure types are as follows:

**Staffing overall (-£1.2m):** the projection is based on the current staffing levels and at P9 there is a high level of vacancies across the directorate.

**Community Care Packages (+£1.8m):** there are cost pressures within homecare (£1.5m) and Supported Living (£0.3m).

**Commissioned Spend (-£1.3m):** within Public Health the Agenda for Change uplift has yet to be determined so the earmarked funding will be transferred to the Reserve pending discussions in the new financial year. It is also noted that reserve funded expenditure has not been incurred as planned; there is a matching adjustment within the appropriation account.

**General Running Costs (-£0.7m):** savings due to reduced general running costs including utilities and staff travel.

**Appropriation (-£0.7m):** underspends within the Leeds Safeguarding Board, Leeds Plan and Public Health are planned to be carried forward and the planned use of reserves to support temporary staffing is less than required. £3.5m of reserves have been drawn down to partially offset the Covid-19 pressure. £0.7m of reserves does not need to be drawn down from reserves and delays in determining the

**Budget Management - net variations against the approved budget**

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,496	(964)	532	(151)	0	0	0	0	(44)	0	0	160	(35)	(7)	(42)
Social Work & Social Care Services	288,249	(55,019)	233,230	71	(113)	148	(282)	(30)	10,919	(500)	0	581	10,794	33	10,827
Service Transformation	2,360	(369)	1,991	(197)	0	0	0	0	0	0	0	0	(197)	(88)	(285)
Commissioning Services	25,015	(64,996)	(39,981)	26	5	(1)	(2)	1,427	15,742	0	0	(2,979)	14,218	(17,186)	(2,968)
Resources and Strategy	6,726	(1,567)	5,159	(146)	0	19	2	0	0	0	0	0	(125)	(293)	(418)
Public Health (Grant Funded)	45,293	(44,949)	344	(294)	0	8	0	0	14,802	0	0	1,551	16,067	(16,067)	0
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>369,139</b>	<b>(167,864)</b>	<b>201,276</b>	<b>(690)</b>	<b>(109)</b>	<b>174</b>	<b>(282)</b>	<b>1,397</b>	<b>41,420</b>	<b>(500)</b>	<b>0</b>	<b>(687)</b>	<b>40,722</b>	<b>(33,608)</b>	<b>7,114</b>

**Key Budget Action Plans and Budget Variations:**

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
<b>A. Key Budget Action Plans</b>						
1.	Review of Learning Disabilities	Caroline Baria		R	1.0	0.8
2.	Review of Physical Impairment and home care efficiency	Shona McFarlane		R	0.1	0.1
3.	Review of home care efficiency	Shona McFarlane		R	0.1	0.1
4.	Demand - continuation of strengths-based approach	Shona McFarlane		G	0.7	0.0
5.	Recover unspent Direct Payments (based on trends)	Shona McFarlane		G	0.9	0.0
6.	Enablement Service - improvements in productivity	Shona McFarlane		R	0.5	0.5
7.	Review billing and collection of assessed client contributions and trends	Steve Hume		R	1.9	0.4
8.	Assistive technology to a city-wide self-pay market	Shona McFarlane		R	0.2	0.2
9.	Occupational Therapists: grant contribution funding from the DFG	Shona McFarlane		G	0.2	0.0
10.	Section 117 and CHC clients - review cost allocations	Max Naismith		G	0.1	(0.2)
11.	CHC - LD: client transport costs/ staffing costs	Max Naismith		G	0.4	0.1
12.	Client transport - route and efficiencies	Steve Hume		G	0.3	0.0
13.	Spring Budget (end of time limited schemes)	John Crowther		B	2.5	0.0
14.	Meals on Wheels	Steve Hume		G	0.2	0.0
15.	Contract management efficiencies	Caroline Baria		G	0.8	0.0
16.	iBCF - Health Funding to support social care & Inflation	Steve Hume		R	3.3	1.4
17.	Staffing - vacancy factor/turnover	Shona McFarlane		G	0.4	0.0
<b>B. Other Significant Variations</b>						
1.	Staffing	All	relating to staffing turnover and slippage in employing new staff			(0.7)
2.	Commissioned services - care and Public Health	Various	anticipated variation			39.6
3.	General running costs	All	Savings of £0.7m are reduced due to Covid-19 costs			1.2
4.	Use of reserves	All	Carry forward of Public Health underspend (£0.62m), carry forward of Leeds Plan underspend (£0.16m), reduced requirement of reserve funding within commissioning (£0.5m) and carry forward of Adult Safeguarding (£0.03m)			(0.7)
5.	Income	S. McFarlane	Includes Infection Control Grant (£13.5m) offset by spend, Test & Trace Grant (£4.1m) offset by spend, Early discharge funding (£2.2m)			(35.7)
<b>Adults and Health Directorate - Forecast Variation</b>						<b>7.1</b>

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## CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 10

**Overall Summary** - At P10 the directorate is reporting a pressure of £8.092m, all of which is attributable to Covid-19. The overspend includes both additional expenditure, loss of income and savings attributable to Covid. The P10 projection is in line with the reported P9 statement.

**Children Looked After (CLA):** - The budget for 20-21 is £43.8m, an increase of £1.45m from 19-20. The budget supports 1,346 CLA placements; including 58 External Residential (ER) and 183 Independent Fostering Agency (IFA). At P11 19-20 an early pressure of £3.8m was identified for 20-21. This pressure was projected to be addressed due to reductions in ER placements and proposals by the service for savings on both CLA and non-CLA budgets; see the action plan reported to Exec Board 24th June 2020. Offsetting this action plan was a projected increase in CLA numbers later in the year due to Covid.

These assumptions were reviewed for P6 and as placement numbers have remained fairly steady during the year it is assumed this will continue to be the case. The actual CLA figures as at 24th January were 1,302, which is 44 less than the budgeted number. Despite total CLA numbers being less than budgeted for, an overspend of £4.2m is projected as there is a higher proportion of more costly placements than assumed in the budget and rates charged by providers have increased due to Covid. In house CLA placements are 81 less than budgeted and external placements are 37 greater than budgeted. Within the external placements pressure, at P10 we are seeing increased numbers in Secure Justice settings, +5 -v- budget of 2, no change in IFA numbers, 214, and a small reduction in ER of 3 to 60.

**Non CLA Financially supported:** - The non-CLA financially supported budget was increased by £1.0m to £13.9m in the 2020/21 budget. Budgeted 20-21 numbers are 950 placements (+46 20-21 -v- 19-20); current numbers are 1,032 (in line with P9 numbers; Special Guardian Orders +43, Independent Living +25 and Staying Put +14) creating a pressure of £0.365m, which includes the £0.25m increase in the rate for Care Leavers allowances. There is also an additional pressure forecast on semi-independent living of £1.176m as young people have not been able to move on from this accommodation due to COVID and £0.309k s17 payments (Non-Recourse to Public Funds (NRPF)).

**Staffing:** - Pay pressures of £0.123m have currently been identified. This is comprised of £1.711m existing pressures in Social Care which includes £1.024m additional pay costs directly attributable to Covid, a £0.687m impact of the additional 0.75% pay award offer, offset by £0.794m savings in Early Start and £0.1m Resources & Strategy. There are also additional non-direct employee savings of £0.325m on severance/retirement costs for former teachers. At P7 further pay savings of £0.369m were reflected due to leavers on the 2nd November under the Early Leavers scheme. Gross pay savings for 20-21 were £0.519m, however due to back fill and loss of grant funding the net figure is £0.369m.

**Transport:** - The Passenger Transport expenditure budget has increased compared to 19-20 by £0.465m to £15.2m. At P10 we are reflecting £0.7m savings on Private Hire from CEL Passenger Transport, a further £0.1m of savings from P9. Offsetting this we are expecting a small [pressure of £0.05m due to slippage in the plan to bring in-house the Independent Travel Training contract due to COVID.

**Trading and Commissioning:** - The directorate have incurred losses of income due to Covid for Children's Centres (£2.171m net figure and detailed in table below) and trading with schools, £2.415m an increase of £0.495m from the P7 projection due to the early assessment of the new lockdown w.e.f 5.1.21 on trading income in the music service, the wider Learning Improvement Service and the School Attendance Service.

**Supplies & Services & Internal Charges:-** £0.51m savings in Travel & Subsistence costs have been identified and are reflective of the current home-working arrangements during first half year. There are £0.55m savings on Legal Charges, £0.1m for DIS and £0.25m for Direct Payments. In addition there are £0.2m savings on expenditure related to School Brokerage Grant, as well as £0.1m savings on supplies & services.

**Other Income / Projects :** The projections include a pressure of £0.324m due to the reduction in 20-21 of the Troubled Families Earned Autonomy Grant, which was notified after the budget had been set and a £0.244m shortfall in CCG income for ER placements. In response to this and the CLA pressures noted above, current income projections assume utilisation of £2.378m of other grant funding, covering DfE, DSG and Public Health funding streams.

### Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend	
				Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
<b>Demand Led Budgets:</b>																
In House placed CLA	21,079	0	21,079	0	0	0	0	0	(54)	0	0	0	0	(54)	0	(54)
Independent Fostering Agency	7,681	0	7,681	0	0	0	0	0	1,050	0	0	0	0	1,050	0	1,050
External Residential	12,096	(3,995)	8,101	0	0	0	0	0	2,990	0	0	0	0	2,990	144	3,134
Other Externally placed CLA	2,967	0	2,967	0	0	0	0	0	224	0	0	0	0	224	0	224
Non CLA Financially Supported	13,872	(5,610)	8,262	0	0	0	0	0	1,541	0	0	0	0	1,541	0	1,541
Transport	15,586	(897)	14,689	0	0	50	(700)	0	0	0	0	0	0	(650)	0	(650)
<b>Sub total Demand Led Budgets</b>	<b>73,282</b>	<b>(10,502)</b>	<b>62,780</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>(700)</b>	<b>0</b>	<b>5,751</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,101</b>	<b>144</b>	<b>5,245</b>
<b>Other Budgets</b>																
Partnerships & Health	5,845	(2,063)	3,782	(82)	0	0	(21)	0	0	0	0	0	0	(103)	0	(103)
Learning	35,516	(30,116)	5,400	(4)	0	(200)	(111)	0	0	0	0	0	0	(315)	2,415	2,100
Social Care (Excl. Early Start & H&W)	71,004	(31,990)	39,014	1,466	0	0	(463)	(550)	408	250	0	0	0	1,111	(1,954)	(843)
LfL - Early Start & H&W	67,531	(61,571)	5,959	(794)	0	(212)	0	0	187	0	0	(287)	(1,106)	3,277	2,171	
Resources and Strategy	67,918	(61,615)	6,303	(463)	0	0	(15)	0	0	0	0	0	0	(478)	0	(478)
<b>Sub total Other Budgets</b>	<b>247,814</b>	<b>(187,356)</b>	<b>60,458</b>	<b>123</b>	<b>0</b>	<b>(412)</b>	<b>(610)</b>	<b>(550)</b>	<b>595</b>	<b>250</b>	<b>0</b>	<b>(287)</b>	<b>(891)</b>	<b>3,738</b>	<b>2,847</b>	
<b>Total</b>	<b>321,096</b>	<b>(197,858)</b>	<b>123,238</b>	<b>123</b>	<b>0</b>	<b>(362)</b>	<b>(1,310)</b>	<b>(550)</b>	<b>6,346</b>	<b>250</b>	<b>0</b>	<b>(287)</b>	<b>4,210</b>	<b>3,882</b>	<b>8,092</b>	

<u>Key Budget Variations:</u>		Additional Comments	Direct Covid Impact	Indirect Covid-Impact
A. Key variances			£m	£m
Staffing	- Delivery of £2m Staffing Action Plans	The 20-21 budget assumed £2m action plan staff savings target and at P6 the directorate are on target to deliver these savings mainly via post release controls. Further £0.687m relates to additional 0.75% current pay award offer. Also reflected further £0.369m net pay savings under the Early Leavers scheme on the 2nd November.		0.368
	- Direct impact	Additional staffing within LCC run residential homes, 4 x Service Delivery Managers for 6 months and Adel Beck pay pressures re Agency & Overtime.	0.874	
	- Other employee costs	Within Resources & Strategy - Central Overhead Account savings on former teacher severance and pension costs		(0.325)
Children Looked After & Financially Supported Non-CLA Demand Budgets	- Delivery of actions within Exec Board report to address £3.8m pressure identified Feb'20.	Whilst overall CLA numbers are less than budgeted numbers, the placement mix towards higher cost external placements (ER / IFA / Secure Justice & Welfare) is creating significant in-year budget pressures. Current ER numbers are 60 and IFA 214 creating budget pressures of £2.6m and £1.1m respectively. Modelling assumes trend continues for remainder of financial year. The unit rates for ER & IFA Placements are also higher due to covid, average circa 7%. Offset by £0.35m savings on In-House Fostering and Kinship.		3.346
	- assessed impact on CLA numbers and budget specifically relating to covid-19.	Reflects £0.3m pressure relating to S17 payments and £0.25m due to increased benefit payments under universal credit for all of 20-21 financial year. Further £1.155m relating to impact of covid on the new semi-independent leavers contract, OWL's. Further £1m impact of covid on unit rates, circa 9%.	2.713	
Non-Staffing	- Insourcing of Independent Travel Trainer contract	Impact of COVID on in-sourcing ITT contract		0.050
	- assessed impact on non-staffing related expenditure directly due to covid-19	£0.1m impact re additional DIS equipment and £0.25m increased Direct Payments, offset by £0.7m private hire savings from CEL Passenger Transport, £0.51m savings on travel & subsistence and £0.55m on Legal charges. £0.2m savings on S&S related to School Brokerage Grant.	(1.710)	
Income (including Grant funding)	- impact on 20-21 income not directly due to covid-19	Following approval of the 20-21 budget the following projections relating to income & grant have been realised / identified: £0.324m reduction in Troubled Families Grant offset by £0.05m additional Pupil Premium funding for Virtual Head, £0.25m saving from utilising more in-house resources to deliver SFPC programme and £1.672m PiP funding. £0.25m from Improvement Partner work with other LA's. Offset by £0.244m CCG income shortfall. Additional DSG Grant for ER Placements and the educational cost of the settings.		(1.680)
	- assessed impact on income directly due to covid-19	There has been a significant impact on income directly related to the impact of covid-19; projected pressures of £2.171m Early Start Net Nursery Fees income, £2.415m school traded income fee income.	4.586	
	- New grant funding for covid related schemes	Funding for the recovery of the impact of COVID received from Public Health and DfE - PiP Programme	(0.130)	
			<b>6.333</b>	<b>1.759</b>
<b>Children and Families Directorate - Forecast Variation</b>				<b>8.092</b>

# CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR

## DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 10

**Overall Summary** - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. At Period 10 it is expected that the DSG will be £98k underspent in 2020/21, which includes a surplus on de-delegated budgets of £473k. De-delegated budgets are ringfenced, and excluding these the DSG budget is projected to overspend by £375k. In relation to COVID pressures, £100k of the costs on the High Needs Block have been identified as due to increased provider rates on outside placements due to the impact of COVID.

**Schools Block** - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure. Since the budget was set, there have been a number of academy conversions which reduces the grant received and the school funding paid out. Following these conversions, there is a small one off saving in the year in which it occurs. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). As there were fewer schools converting to an academy by 1st September 2020, additional de-delegated income of £286k is projected and an underspend of £500k is projected on the schools contingency fund, which is offset by overspends of £300k on maternity pay and £37k on SIMs licences. Overall the de-delegated underspend is expected to be £473k. The Growth Fund budget remains part of this block and is currently projected to be £495k underspent. This underspend is earmarked for use to fund growth requirements in 2021/22.

### Central School Services Block

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). There is expected to be an underspend of £77k as a result of vacancies in the admissions service.

**Early Years Block** - This element is concerned with provision to pre-school children. The uncertainty and changing requirements as a result of COVID19 are continuing on this block which makes accurate projections difficult. The impact on 2020/21 has been mitigated by a slight change in the way the income due is calculated. For 2020/21 only, the January 2021 early years census will only affect the income due for 3 months of the year, rather than the usual 7 months. This should reduce the potential volatility of the grant due, though the final grant will still not be confirmed until the 2021/22 financial year. In line with the 8p per hour increase in the unit rate received, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers by 8p. The grant and expenditure for the period April to December 2020 show an underspend of £205k on 2 year olds with an initial underspend of £3.6m on 3 & 4 year olds. In order to ensure that the grant is paid out to providers, it is proposed to make exceptional funding payments totalling £3.2m. Overall, it is estimated that there will be an underspend of approximately £567k on this block.

**High Needs Block** - This element is used to support provision for pupils and students with special educational needs and disabilities. The current projections are that there will be an overspend of £1,760k. The largest areas of variance are as follows:

- Mainstream top-ups and additional blocks overspend of £1,747k. Based on top up funding already allocated out, with estimated increased based on the average at this point in year for the past 3 years. Additional place funding is based on the details in the FFI database as at the end of January 2021.
- An increase in the number of pupils requiring post 18 places is expected to result in an overspend of £765k.
- Outside placements is projected to overspend by £1,917k, based on current placements. However due to a shortage of specialist places in Leeds, there is a significant risk that this could increase further.
- When the budget was set, it was known that there were a number of high needs pupils where special school places had not at that time been identified. Now that they have been and are reflected in the above overspends, that budget of £2,106k is no longer required.
- The high needs block services provided by Leeds City Council are projected to underspend by £436k.
- At the start of the year, a number of elements of the grant allocation were not confirmed. These have now been confirmed and will result in an additional £120k of grant income.

**Reserves** - There is an overall deficit brought forward from 2019/20 on general DSG of £3,955k and a de-delegated surplus of £722k. The reserves carried forward into 2021/22 are projected to be a deficit on general DSG of £4,330k and a surplus on de-delegated services of £599k. In line with the School Forum request in October, the 2019/20 underspend on de-delegated services of £596k has been refunded to schools pro-rata to the de-delegated income received from the school.

Budget Management - net variations against the approved budget

DSG Grant Reserves

	Budget £'000	Projection £'000	Variance £'000
<b>Schools Block</b>			
DSG Income	(314,877)	(306,600)	8,277
Individual Schools Budgets	307,309	298,786	(8,523)
De-delegated budgets	4,568	4,095	(473)
Growth Fund	3,000	2,505	(495)
	0	(1,214)	(1,214)
<b>Central School Services Block</b>			
DSG Income	(4,867)	(4,867)	0
CSSB Expenditure	4,867	4,790	(77)
	0	(77)	(77)
<b>Early Years Block</b>			
DSG Income	(64,216)	(59,830)	4,386
FEEE 3 and 4 year olds	50,897	48,973	(1,924)
FEEE 2 year olds	10,147	7,402	(2,745)
Other early years provision	3,172	2,888	(284)
	0	(567)	(567)
<b>High Needs Block</b>			
DSG Income	(79,831)	(79,951)	(120)
Funding passported to institutions	72,329	74,645	2,316
Commissioned services	1,821	1,821	0
In house provision	5,123	4,687	(436)
Prudential borrowing	558	558	0
	0	1,760	1,760
<b>Total</b>	0	(98)	(98)

**Latest Estimate**

Balance b/fwd from 2019/20  
Net contribution to/from balances  
**Balance c/fwd to 2021/22**

**Projected Outturn**

Balance b/fwd from 2019/20  
Projected in year variance  
Use of reserves  
**Balance c/fwd to 2021/22**

General £'000	De-delegated £'000	Total £'000
3,955	(722)	3,233
<b>3,955</b>	<b>(722)</b>	<b>3,233</b>
3,955	(722)	3,233
375	(473)	(98)
596	596	596
<b>4,330</b>	<b>(599)</b>	<b>3,731</b>

**Key Budget Action Plans and Budget Variations:**

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
<b>A. Key Budget Action Plans</b>					
				£m	£m
Transfer funding to High Needs Block		Transfer of £2.65m from the schools block and £350k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2020.	B	3.00	0.00
<b>B. Significant Variations</b>					
Schools Block		In year underspend of £473k on de-delegated services			(0.47)
Schools Block		Underspend on growth fund			(0.50)
Schools Block		Underspend as a result of academy conversion adjustments			(0.24)
Early Years Block		Underspends on minor budgets within early years block			(0.57)
High Needs Block		Increase in high needs funding at mainstream schools			1.75
High Needs Block		Increase in outside placement costs			1.91
High Needs Block		Increase in cost of post 18 placements			0.77
High Needs Block		Budget for new places from September 2020 no longer required (part funds overspends above)			(2.11)
High Needs Block		Underspends on services provided by LCC			(0.44)
High Needs Block		Final confirmation of grant due for 2020/21			(0.12)
CSSB		Underspend on admissions service			(0.08)

**Dedicated Schools Grant - Forecast Variation**

**(0.10)**

## CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 10 (APRIL - JANUARY)

**Directorate Summary** - At Period 10 it is projected that there will be a year-end overspend of £22.19m which includes the projected impact of Covid 19 of circa £25.18m (including the £375k additional cost of the higher than budgeted pay offer). This is an adverse movement of £0.6m from the Period 9 Dashboard which is due to an estimated £600k additional winter maintenance costs arising from very cold weather conditions. This accounts for the weather conditions to date and provides for further bad weather to the end of this financial year.

The Directorate's financial position has been significantly affected by the current restrictions in place as a result of Covid 19 and by the severe impact on the economy. There is a direct impact in Active Leeds and Arts and Heritage from the loss in income from the closure of all sites and the uncertainty and restrictions on recovery. In other service areas the anticipated economic downturn is expected to impact on income from the commercial property portfolio, Markets, advertising, planning and building fees and in Highways from reduced fee recovery as a result of some of the workforce self-isolating and other staff absences.

The projected position on this Dashboard assumes that the current Lockdown 3 measures and closure of facilities will continue to the end of the financial year, which is a prudent approach that has been informed by a realistic appraisal of the ongoing pandemic and the implications therein.

**Staffing** - Based on current vacancy levels and assuming limited external recruitment for the foreseeable future, staffing is projected to be under budget by £3m based on current vacancy levels. In Highways and Transportation most staff costs are chargeable and any vacancies will lead to reduced income or additional contractor costs. Some staff in Asset Management and Regeneration are also chargeable. Allowing for this it is estimated that staff savings will contribute a net saving of £2.028m. This also allows for additional costs from a higher pay award than budgeted for estimated at £375k although some of this cost will be charged out. There is a further saving of £378k across services due to staff leaving via ELI prior to the 31<sup>st</sup> March 2021 after accounting for income generating posts and any interim costs.

**Other running cost savings** - Where cost savings directly relate to closure of facilities and events then these have been accounted for in the net income loss figures. It is estimated that there could be additional savings in supplies and services and travel costs of around £0.88m across the Directorate.

**Additional Covid 19 costs** - Whilst the impact of Covid 19 on City Development is mostly on income, some additional costs are being incurred to ensure services are Covid compliant, assist City Centre Management and other related public health and health and safety measures. From April 2020 this was estimated to be circa £500k across the Directorate.

**Planning and Sustainable Development** - both planning application and building control fee income generation have improved since June but with some noted volatility. The cumulative position for December is now 11% down against the 2020/21 Budget for planning fees and 3% down against the 2020/21 Budget for building control fees. The improvement is considered to be due to a general catching up after full lockdown measures and a surge in low fee value home owner developments. The planned implementation of revised pre-application charges was initially postponed due to lockdown but has now started. The 2020/21 budget included additional income of £250k for these charges and a shortfall of £60k is projected due to the delay. Overall the shortfall in income is forecast to be circa £0.95m, which is partially offset by £0.27m of staffing, transport and supplies and services savings.

**Economic Development** - The service is forecasting a reduction of income and additional costs of £149k for the year, mainly reduced income from Conference Leeds and reduced recovery of staff costs where staff are now working on Covid 19 related work. The projection also includes some additional grant income that has been received, and some minor offsetting savings in transport costs.

**Asset Management and Regeneration** - The year end forecast anticipates a shortfall in income from the Commercial Property Portfolio from the non-achievement of budget actions which were based on generating additional rental income from the purchase of additional commercial assets during the year. It is likely that there will be a delay in new acquisitions due to the economic uncertainties arising from COVID-19. It is also anticipated that there will be a reduction in overall rental income as some businesses continue to struggle financially. The service has developed a strategy around rental income and how the service responds to requests from businesses seeking support. The current projection assumes a 30% shortfall in rental income over the non-prime commercial property portfolio. In addition, there may be specific sectors which are particularly badly hit where there is a higher risk that rental income may not be achieved.

**Employment and Skills** - No significant variations are currently projected. The major grant schemes that the service manages are currently expected to be delivered. There is a risk that not all grant income will be received but this will be kept under review. A saving of circa £197k is due to a vacant post and ELI's.

**Highways and Transportation** - The major variation is forecast to be on the amount of highways maintenance work that the DLO is able to complete due to a reduced available workforce. This will result in reduced chargeable works which will lead to a reduction in income and the recovery of overheads. The current projection is for a shortfall in income of £0.65m in the DLO, £0.73m in Civil Engineering and Transport Planning, and £100k in Utility Permit income. Further impacts of Covid restrictions are being managed within the service. This is a partially offset by circa £600k vacancy and ELI savings and £144k other expenditure savings. However the prolonged severe weather conditions has meant that a further estimated £600k is required for winter maintenance expenditure to the end of this financial year and this is an adverse movement from the Period 9 position. This will be closely monitored and reviewed at Period 11.

**Arts and Heritage** - As facilities were closed during the early part of the financial year and again for Lockdown 2, the service is forecasting a significant shortfall in income. Ongoing restrictions on being able to fully re-open facilities has meant that many of the planned events for the year have been cancelled significantly impacting on income for the year. The Period 10 projections reflect these cancellations and maintain the Period 9 assumptions that the impact of social distancing requirements makes it unlikely that many activities (events, room hire, etc.) will resume as planned in this financial year, which with the instigation of Lockdown 3 have been validated. There will be some cost savings as a result and these have been netted of the income shortfall projections where they can be identified.

**Active Leeds** - Due to Lockdown 3, Leisure facilities are now closed from 06/01/2021 until at least the middle of February. Following a review of the current situation and the likely ongoing ramifications the projections for Active Leeds prudently assumes that all facilities will remain closed for the remainder of this financial year. As a result of this the estimated loss of income has increased by £2.5m from Period 8. This further loss of income will be significantly offset by the Government compensation scheme (75p in the £1) by £1.875m however this funding is accounted for centrally and not in this Financial Dashboard.

**Resources and Strategy** - costs being incurred as a result of Covid 19 and the original lockdown are being recorded in the Resources and Strategy budget, currently projected at £0.5m.

**Markets and City Centre** - Open Market traders were not billed for rent April to June as part of a Covid support package at a monthly loss of £40k. Indoor Market traders continue to be billed but provided with a rental support scheme (rent reductions) for July to September, this scheme has now been extended for a further three months (October to December). Whilst most indoor traders are eligible for support through the Government business support scheme there has been an increase in voids in the Market and the current projection is that there will be a 38% shortfall in income. Due to Lockdown 3 a further package of support measures are anticipated, therefore the £300k additional pressure identified in Period 7 and 8 has been allocated for this. Furthermore a £700k shortfall against budget income is expected for Advertising, including the £200k additional income assumed in the 2020/21 budget, is accounted for. A further £220k loss of income is projected for City Centre Management due to the loss of licences and events income due to the pandemic.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,560	(7,877)	1,683	(261)	(50)	86	(47)	0	0	0	0	0	(272)	954	682
Economic Development	2,358	(627)	1,731	57	0	6	(17)	0	0	0	0	0	46	103	149
Asset Management & Regeneration	17,556	(20,788)	(3,232)	(862)	318	(91)	(16)	60	0	0	0	0	(590)	3,516	2,926
Employment & Skills	6,245	(4,532)	1,713	(202)	0	(37)	(2)	0	45	0	0	0	(196)	0	(196)
Highways & Transportation	65,569	(47,660)	17,909	(522)	(224)	(791)	(374)	58	0	0	0	0	(1,853)	3,183	1,331
Arts & Heritage	21,731	(9,350)	12,381	(271)	(105)	(2,613)	(6)	(67)	0	0	0	0	(3,061)	5,262	2,201
Active Leads	26,626	(20,453)	6,173	(851)	(215)	(28)	(1)	0	(75)	0	0	0	(1,169)	13,716	12,547
Resources & Strategy	1,045	(164)	881	(90)	0	453	0	(3)	0	0	0	0	360	0	360
Markets & City Centre	3,542	(4,607)	(1,065)	1	(76)	(17)	(1)	0	0	0	0	0	(93)	2,287	2,194
<b>Total</b>	<b>154,232</b>	<b>(116,058)</b>	<b>38,174</b>	<b>(3,000)</b>	<b>(352)</b>	<b>(3,031)</b>	<b>(464)</b>	<b>49</b>	<b>(30)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,827)</b>	<b>29,021</b>	<b>22,194</b>

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Budget Action Plans		Lead Officer	Additional Comments		£m	£m
1.	Planning & Sustainable Development	David Feeney	Pre-Application fee income in Planning - delayed implementation	A	(0.25)	0.06
2.	Asset Management & Regeneration	Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(0.75)	0.75
3.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation	R	(0.20)	0.20
4.	Highways & Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(0.43)	0.00
5.	Highways & Transportation	Gary Bartlett	Site Development	G	(0.25)	0.10
6.	Highways & Transportation	Gary Bartlett	Utility Permits	A	(0.20)	0.00
7.	Markets & City Centre Management	Phil Evans	Advertising Income	R	(0.20)	0.20
8.	Resources & Strategy	Phil Evans	Use of Balances/One Off Income	G	(0.50)	0.00
<b>Total Budget Action Plan Savings</b>					<b>(2.78)</b>	<b>1.31</b>

**B. Other Significant Variations**

1.	Planning & Sustainable Development	David Feeney	Planning Application and Building Control Fees	0.89
2.	Economic Development	Eve Roodhouse	Loss of income and additional costs related to Covid 19.	0.12
3.	Asset Management & Regeneration	Angela Barnicle	Commercial Rental Income & Asset Activities	2.49
4.	Highways & Transportation	Gary Bartlett	Highways Maintenance	0.65
5.	Highways & Transportation	Gary Bartlett	Civil Engineering and Transport Planning	0.73
6.	Arts & Heritage	Cluny Macpherson	Net loss of income due to closure of venues	2.56
7.	Arts & Heritage	Cluny Macpherson	Postponement of Tour de Yorkshire and the Triathlon	(0.30)
8.	Active Leeds	Cluny Macpherson	Loss of income due to closure of Leisure Centres and reduced income once they re-open.	13.45
9.	Markets & City Centre Management	Phil Evans	Markets, advertising and Licences income	2.09
10.	All Services	All	Staffing Vacancies (excluding income funded posts)	(2.028)
11.	All Services	All	Savings on running costs across the Directorate	(0.876)
12.	All Services	All	Additional Pay Award	0.38
13.	All Services	All	Additional spend as a result of Covid 19	0.50
14.	Highways & Transportation	Gary Bartlett	Winter Pressures	0.60
15.	All Services	All	Net ELI savings across all services	(0.378)
<b>City Development Directorate - Forecast Variation</b>				<b>22.194</b>

# COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### Period 10 (January 2021)

The overall position is a projected overspend of £23,717k. Of this net position, £27,141k relates to the estimated impact of Covid-19, although this figure remains subject to variation as the situation continues. The overall position also includes assumptions around tighter recruitment/expenditure controls and the impact of the Council's Early Leavers Initiative (ELI) and it is estimated that potential savings of £3,424k are achievable.

#### Communities (£365k overspend)

Covid-19 related costs total £370k which includes a £360k projected loss of Community Centre income, £100k delays to planned savings from Community Centres, offset by running cost savings of £120k, and £27k cost of the additional 0.75% pay offer. Other net expenditure savings of £2k are projected. ELI savings of £102k are being used to contribute to existing budget action plans.

#### Customer Access (£2,042k overspend)

Covid-19 costs are estimated at £1,514k which includes the cost of software and equipment to support home working £158k, PPE/Social distancing measures and additional cleaning at Hub sites £435k, projected net income losses of £624k across the service, the additional cost of overtime £120k and the pay offer of £171k. Other variations include a projected staffing overspend of £145k, additional security of £120k and all other non-COVID income and expenditure variations of £263k.

#### Electoral and Regulatory Services (£211k overspend)

#### Elections, Licensing and Registrars (£306k overspend)

The majority of fee earning activities have reduced significantly - including Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on net income is estimated at £1,630k, with a further £17k cost relating to the pay offer, although these will be partially offset by other net savings of £568k, mainly from the cancelled May elections and savings from additional grant income in respect of compliance and enforcement activities. Further net savings of £773k are anticipated from staffing and other expenditure variations including utilisation of £148k from the TPHL earmarked reserve to partially offset the in-year income shortfall.

#### Environmental Health (£95k underspend)

The projected position reflects Covid related costs of £63k, mainly due to income losses from a reduction in activities across the service and the pay offer of £10k, offset by £158k of net savings in respect of staffing and other expenditure.

#### Welfare and Benefits (£898k over budget)

The projected overspend mainly reflects Covid-19 related expenditure in respect of the net cost of Housing Benefit claims for rough sleepers (£1m) and the estimated cost of the pay offer (£33k). Other non-Covid forecast variations in expenditure and income are projected to give a saving of £135k.

#### Parks and Countryside (£4,974k overspend)

The overall estimated impact of Covid-19 on the service is £6,611k. Income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arium, Cafes, Golf courses, Bowling Greens, sponsorship and concessions in parks, are currently projecting net income losses of £3,104k. In addition, shortfalls in income from the reduction in chargeable works activities within Parks Operations and Landscaping are estimated at £1,785k and losses of income resulting from restrictions within bereavement services are estimated at £513k. A further £180k of income is estimated to be lost as a result of the cancellation of events held in parks although savings of £427k from the cancellation of the West Indian Carnival and bonfires will offset this. Other expenditure of £1,327k is anticipated, mainly due to measures in Parks to facilitate Safer Public Spaces and the cost of PPE equipment and cleaning. The cost of the pay offer is estimated at £129k, although this is offset by staffing savings of £1,234k together with other net operating expenditure savings of £403k.

#### Car Parking (£7,466k overspend)

Covid-19 related income losses of £8,002k across the service are currently estimated which reflects the Council's decision to suspend all car parking charges and enforcement activity until 4th July and the further estimated reduction in income levels from July onwards including the subsequent lockdowns in November and January-March 2021. Net staffing savings of £265k (including the pay offer at +£23k) and other expenditure savings of £272k are currently anticipated to partially offset this.

#### Community Safety (nil variation)

The service is currently projecting a balanced budget. A small amount of expenditure (£5k) has been incurred in respect of Covid-19 but this is offset by other forecast expenditure savings elsewhere in the service.

#### Waste Management (£6,765k overspend):

Within the Refuse service, additional expenditure of £3,535k is currently forecast which reflects the cost of providing additional crews and vehicles to deal with increased volumes of waste and to provide necessary staffing cover and PPE equipment. Additional volumes of waste are currently forecast to cost an additional £2,614k to the end of the year. A further £868k is forecast at Household Waste Sites for the cost of providing PPE equipment, staffing cover and security at the sites as well as net income losses from inert waste charges and from the Revive shops. The pay offer is estimated at £155k, although this is offset by ELI savings of £71k and other forecast savings of £336k, mainly relating to prudential borrowing savings and additional weighbridge volume trend income.

#### Cleaner Neighbourhoods Teams (£213k underspend)

Covid-19 related costs of £242k reflect the loss of income from bulky waste collections, additional costs of cover for staff in self isolation, litter bin stickers, PPE equipment and the estimated cost of the pay offer. However, these are anticipated to be offset by other net staffing and operational savings of £456k.

#### City Centre (£107k overspend)

Covid-19 related costs of £157k include the projected loss of environmental enforcement income, additional cost of cover for staff in self isolation and the pay offer. Staffing and expenditure savings of £50k are forecast to partially offset these costs.

#### Directorate Wide (£1,103k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,103k. £917k of this is in respect of a temporary mortuary facility created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield. In addition, a city wide mail out in respect of accessing support is projected to cost £134k, overtime and transport costs of £23k are anticipated for the co-ordination of the city wide use of volunteers, and £21k reflects the cost of a temporary senior officer in support of the Council's response to the Covid situation. Other cost pressures of £8k are also anticipated.

**Budget Management - net variations against the approved budget;**

**Summary By Service**

				Projected variances												Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Communities	16,270	(11,418)	4,852	97	0	(23)	0	(169)					(95)	460	365	
Customer Access	25,106	(4,560)	20,546	485	120	371	(20)	0					956	1,086	2,042	
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(917)	(56)	(751)	(16)					(148)	(1,888)	2,098	211	
Welfare And Benefits	196,901	(191,795)	5,106	94	0	896	(14)	76					1,052	(154)	898	
Car Parking Services	4,867	(12,252)	(7,385)	(265)	(20)	(258)	0	0					(543)	8,008	7,466	
Community Safety	8,621	(6,283)	2,338	214	0	5	0	0					219	(219)	0	
Waste Management	44,279	(9,766)	34,513	3,208	132	2,884	661	(160)					6,725	40	6,765	
Parks And Countryside	33,914	(26,147)	7,767	(1,105)	(1,002)	(334)	70	0					(2,370)	7,344	4,974	
Environmental Action (City Centre)	2,119	(427)	1,692	(22)	(2)	(53)	27	0					(49)	156	107	
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(352)	0	27	25	0					(300)	87	(213)	
Directorate wide	0	0	0	41	0	1,062	0	0					1,103	0	1,103	
<b>Total</b>	<b>353,135</b>	<b>(273,448)</b>	<b>79,687</b>	<b>1,479</b>	<b>(828)</b>	<b>3,827</b>	<b>734</b>	<b>(253)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(148)</b>	<b>4,812</b>	<b>18,905</b>	<b>23,717</b>	

**Key Budget Action Plans and Budget Variations:**

	Lead Officer	Additional Comments	RAG	Action Plan Value (£000s)	Forecast Variation against Plan/Budget
<b>Communities</b>					
Communities Team	Communities Team - achievement of staffing efficiencies	Shaïd Mahmood	G	(75)	
Community Centres	Community Centres - asset transfer savings and general efficiencies within the service	Shaïd Mahmood	R	(100)	100
Communities	Achievement of base budget vacancy factor	Shaïd Mahmood	G	(166)	
<b>Customer Access</b>					
Contact Centre	Secure invest to save funding to partly offset additional staffing	Lee Hemsworth	A	(150)	
Customer Access	Achievement of base budget vacancy factor	Lee Hemsworth	R	(646)	194
<b>Welfare &amp; Benefits</b>					
Housing Benefits	Achievement of staffing reductions	Lee Hemsworth	G	(200)	
Welfare and Benefits	Achievement of base budget vacancy factor	Lee Hemsworth	G	(194)	
<b>Electoral and Regulatory Services (incl Environmental Health)</b>					
Elections	Charge PCC for share of elections	John Mulcahy	G	(400)	(311)
All	Achievement of base budget vacancy factor	John Mulcahy	G	(177)	
<b>Car Parking</b>					
Car Parking	Increase charges at Woodhouse Lane car park by 50p for a full day	John Mulcahy	R	(100)	100
Car Parking	Achievement of base budget vacancy factor	John Mulcahy	G	(148)	
<b>Waste Management</b>					
Refuse	Secure agreement from DEFRA re revision to waste contract	John Woolmer	G	(2,200)	
Waste Management - all	Achievement of management structure staffing savings	John Woolmer	G	(50)	
Waste Management - all	Achievement of base budget vacancy factor	John Woolmer	G	(290)	
<b>Parks and Countryside</b>					
Parks and Countryside	Additional funding from Childrens Funeral Fund	Sean Flesher	G	(120)	
Parks and Countryside	Staffing savings - achievement of vacancy factor	Sean Flesher	G	(1,398)	

<b>Community Safety</b>					
<b>Community Safety</b>	Maximisation of external funding	Paul Money		G	(175)
<b>Community Safety</b>	Achievement of staffing efficiencies	Paul Money		G	(17)
<b>Community Safety</b>	Achievement of base vacancy factor	Paul Money		G	(335)

**Directorate Wide**

<b>Other Significant Variations</b>					
All	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above		27,252
All	Staffing	All	Estimated staffing savings		(1,982)
All	Operating expenditure	All	Expenditure savings identified - running costs etc.		(1,555)
ELR	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve		(148)
All	Other	All	All other variations		67

<b>Communities &amp; Environment - Forecast Variation</b>	<b>23,717</b>
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# RESOURCES AND HOUSING

## FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

### PERIOD 10

#### Overall

The Directorate has a projected overspend at month 10 of £13.4m which is an improvement of £0.6m from the month 9 position of £14m. The improved forecast is due to a £600k reduction in corporate PPE expenditure, additional £86k improvement within the Housing general fund mainly due to additional grant funding with the £327k balance being made up of improved forecasts on staffing, running cost and income budgets within Strategy and Improvement, Democratic Services, Shared Services and Cleaning and Security, partially offset by an increased court fees pressure of £591k. This reduces the total COVID related cost/loss of income to £17.8m is partially offset by savings/income of £4.4m comprising vacancy freeze/delayed recruitment/ELI savings assumptions savings, additional income and savings in non essential expenditure across all services.

#### Resources

There is a projected overspend of £1.2m across the Resources group of services, £4.1m of this is due to the adverse impact of COVID partially offset by non COVID savings/income of just under £2.9m. The most significant items are a projected loss of court fees in Finance of £1.9m, £0.2m estimated cost of operating and providing meals from the Food Warehouse, £0.8m reduction in income to capital projects and other charges. Delays to the implementation of Budget Actions Plans and other COVID pressures in Shared Services are around £0.2m. There are net savings on non COVID related areas of £2.9m, being a combination of savings against vacant posts, savings from ELIs, non essential spend and other running cost savings.

#### Housing Services

An overspend of £381k is forecast for Housing and is a reduction of £86k from the month 9 position. The £86k improved position is mainly a result of additional grant (£200k additional Next Step grant partially offset by taking out £150k Tier 3 money which is being accounted for corporately) and increased staffing savings. The total COVID pressure of £2.5m is partially offset by additional Housing Benefit income of £1.1m and confirmation of £1.3m of Next Step Grant of which an initial estimate is that £870k can be applied against existing pressures.

#### Civic Enterprise Leeds (CEL)

The division is projected to overspend by £6.8m (a reduction of £0.3m from month 9) with £8.1m attributable to COVID and partially offset by £1.3m of additional income and reduced forecast expenditure. Of the £8.1m COVID pressures, £5.7m is forecast in LBS due to a reduction in income as a consequence of reviewing what services can currently be delivered safely, front line staff self isolating and staff working elsewhere to support COVID related activity. Furthermore an estimate has been made on the impact on efficiency for those operatives working but having to do so to meet the requirements of safe distancing.

In addition, school closures earlier in the financial year and meal take up not returning to expected levels from September, continuing closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children and following announcement of the latest lockdown is forecast to cost £1.4m in Catering, an improvement of 243k. This is explained by an increase in staff and supplies savings since the forecast for the number of hampers has reduced. s.

The Authority wide net expenditure on PPE of £5m although coded within CEL has been shown separately below.

#### Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	100,415	(32,613)	67,802	106	(32)	(70)	(96)	132	0	(20)	0	0	20	1,196	1,216
Housing	22,690	(15,198)	7,492	(466)	0	2,581	(3)	0	0	0	0	0	2,112	(1,731)	381
CEL	148,396	(140,366)	8,030	(3,003)	(140)	(357)	(121)	(104)	0	0	0	0	(3,725)	10,487	6,762
PPE				0		5,000							5,000		5,000
<b>Total</b>	<b>271,501</b>	<b>(188,177)</b>	<b>83,324</b>	<b>(3,363)</b>	<b>(172)</b>	<b>7,154</b>	<b>(220)</b>	<b>28</b>	<b>0</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>3,407</b>	<b>9,952</b>	<b>13,359</b>

<b>Key Budget Action Plans and Budget Variations:</b>				RAG	Action Plan Value	Forecast Variation against Plan/Budget
Service	Budget Action	Lead Officer	Comments		£m	£m
<b>HOUSING</b>						
Housing	Additional Charges to DFG	Jill Wildman	New structure in Health and Housing in place. No issues expected, but need to keep under review re level of capital spend to justify charges to scheme	G	(0.21)	
<b>CEL</b>						
Leeds Building Services	To ensure the delivery of the targeted return (£10.655m) and ensure service developments and effective productivity improvements.	Sarah Martin	Significant risk turnover won't be delivered with impact of pandemic; Currently £500k/week under recovery	R	0.00	5.65
CPM	Additional charges to capital (staffing)	Sarah Martin	New structure in place during 19/20. No issues anticipated	G	(0.04)	
Facilities Management	Insourcing of Office waste and Voids	Sarah Martin	Insourcing of general waste contract completed, insourcing of voids slipped.	G	(0.08)	
Facilities Management	Review of servicing offer at Merrion Hosue	Sarah Martin	Savings to come from fewer meetings etc as a result of WFH.	G	(0.06)	
Fleet Services	Electric Vehicle replacement and reduction in hire	Sarah Martin	EV vehicle replacement on track and service working to reduce hire. Assue slippage 6 months re COVID	A	(0.33)	
Fleet Services	Generate additional external income from maintenance of external vehicles	Sarah Martin	Covid-19 epidemic has delayed savings and income	G	(0.21)	0.01
Catering	Generate net additional income from expanding commercial offer	Sarah Martin	Aireborough leisure centre completed but affected by closures	R	(0.03)	
Catering	Target saving from reduced reliance on meat based dishes	Sarah Martin	School closures could affect ability to deliver this	R	(0.04)	
<b>RESOURCES</b>						
DIS / Shared Services	Mail and Print Review - Printer rationalisation	Dylan Roberts	This has been done printers required will be in place for end of March and paid from ESP budget 2019/20;	G	(0.25)	
DIS / Shared Services	Mail and Print Review - Reductions in the volume of printing (Colour	Dylan Roberts	Work in progress to get volumes down – given that the vast majority of staff are wfh there will be significant reductions in printing. Assuming WFH continues into 2020/21 will bring reduced printing costs in the new year.	G	(0.15)	
DIS / Shared Services	Mail and Print Review - new Print Unit Equipment and LCC wide cost reduction on external spend	Sonya McDonald	Procurement exercise completed. Contract due to be awarded	R	(0.14)	0.07
DIS	DIS Breakfix - reduced external spend	Bev Fisher	This is done - past six months trends show a reduction in costs – no reasons this wouldn't continue.	G	(0.06)	
DIS	Staffing Reduction - DIS Service Desk	Bev Fisher	Not actioned – given the current demand/volume of calls cannot reduce staffing levels in the service desk in the near future or maybe at all. Need to identify alternative actions to offset	G	(0.05)	
DIS	DIS - Health and City Partnerships	Bev Fisher	Done and agreed – signed 12 months contracts with health partners	G	(0.25)	
HR	Staffing reductions	Andrew Dodman	ELI Business case approved. Staff leaving between Mar and Oct; Savings net of ELI costs	G	(0.13)	
HR	Income HR	Andrew Dodman	Charges to academies. Agreed	G	(0.02)	
HR	Ultra Low Emission Vehicles (ULEV)	Andrew Dodman	Anticipate around £10k LCC wide on existing ULEV take up	A	(0.05)	0.05
HR	Apprenticeship Levy (Rolled over 19/20)	Andrew Dodman	This income will not be received. (Will need to identify alternative savings in year & remove from base budget)	R	(0.15)	0.15
Shared Services	F Invoices	Sonya MCDonald	Procurement exercise for technical solution completed	R	(0.15)	0.15
Shared Services	Servicing of meeting savings	Louise Snowden	£200k initial savings; £60k been identified elsewhere. £140k potential issue	R	(0.14)	0.07
<b>DIRECTORATE WIDE</b>						
Directorate Wide	Line by Line Reductions	Various COs	HR £44k (Staff shop, Serv Devt); Legal £100k; Pru Borrowing £60k; S&I £50k; IN year monitoring of spend	G	(0.31)	
Directorate Wide	Staffing reductions	Various COs	Passengers £87k ELI done; Housing Options £90k (split GF/ HRA)	G	(0.13)	
Directorate Wide	Impact of Covid-19		Additional expenditure/loss of income as a result of pandemic net of £1.1m HB income	R		4.67
	Impact of Covid-20		Pay Award	R		1.04
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		5.00
<b>B. Other Significant Variations</b>						
Directorate/LCC Wide	All Other variations		Net pressures, vacancy freeze and non essential spend savings	G		(3.51)
<b>Resources and Housing Directorate - Outturn Variation</b>						<b>13.35</b>

**STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR  
FINANCIAL DASHBOARD - PERIOD 10**

**Overall :**

The overall projection for month 10 for Strategic & Central Accounts shows an underspend of £74.5m.

The dashboard includes a separate row for corporate Covid-related pressures and income, with a total net credit of £101.2m. This position includes £69.5m of government grant support awarded to the council for the impact of Covid (of which £3.4m will be carried forward in reserves), a projected £26.9m compensation grant for lost sales, fees and charges income during the pandemic, and £17.2m use of capital receipts brought forward arising from the Merrion House capital distribution. It also reflects the estimated £12.9m cost of the corporate Early Leavers scheme, less £0.5m to be funded from the flexible use of capital receipts. The dashboard recognises the potential for a shortfall of £27.9m in capital receipts as a result of the shutdown in the economy due to the Covid 19 lockdown, which would require a corresponding increase in the level of MRP chargeable to revenue. This represents a worst case scenario given the considerable uncertainty in the property market, and a lower shortfall against budget may be achievable.

As a result of the impact of Covid 19 on the local economy, the council anticipates that it will receive significantly more S31 grants as compensation for the additional business rates reliefs given during the year. There will be a corresponding impact on the Collection Fund deficit which the council will have to fund in 2021/22 as a result of these additional reliefs, and thus the additional income (currently projected at £75.6m) will be fully required in 2021/22 and will therefore be carried forward in an earmarked reserve. A reduction of £2.1m has also been recognised in the council's projected business rates levy for the year, as a result of anticipated reduced business rates income. Following the recent government spending review, an additional projected £2.2m of New Homes Bonus grant income has also been recognised.

There is a risk that general and schools capitalisation budget targets will not be met, and as a result the projection shows a potential pressure of £1.2m across the two budgets. However the projection for S278 income is currently £0.4m above the budget. Potential underspends of £3.4m in the overall corporate position are shown as a contribution to earmarked reserves.

**Budget Management - net variations against the approved budget**

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	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	PROJECTED VARIANCES										Total (under) / overspend £'000	
				Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(12,988)	(20,089)	(33,078)			1,223						3,474	4,697	(459)	4,238
Corporate Covid issues	0	0	0	12,440								(17,152)	3,432	(1,280)	(99,933)
Debt	35,747	(17,881)	17,866			(435)					27,131		26,696	325	27,021
Govt Grants	2,161	(27,581)	(25,420)									75,532	73,371	(77,802)	(4,431)
Joint Committees	35,201	0	35,201						7				7		7
Miscellaneous	5,746	(794)	4,952	(140)		1							(139)	42	(97)
Insurance	8,764	(8,764)	0			1,236		25				(1,165)	96	(96)	0
<b>Total</b>	<b>74,630</b>	<b>(75,109)</b>	<b>(479)</b>	<b>12,300</b>	<b>0</b>	<b>2,025</b>	<b>0</b>	<b>25</b>	<b>7</b>	<b>(2,161)</b>	<b>9,979</b>	<b>81,273</b>	<b>103,448</b>	<b>(177,923)</b>	<b>(74,475)</b>

## STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR

### Key Budget Action Plans and Budget Variations:

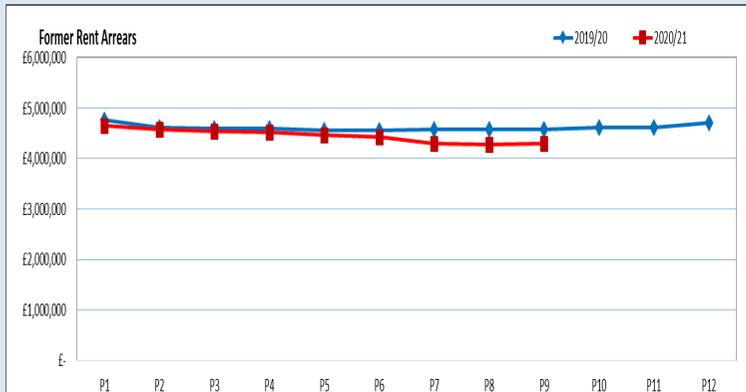
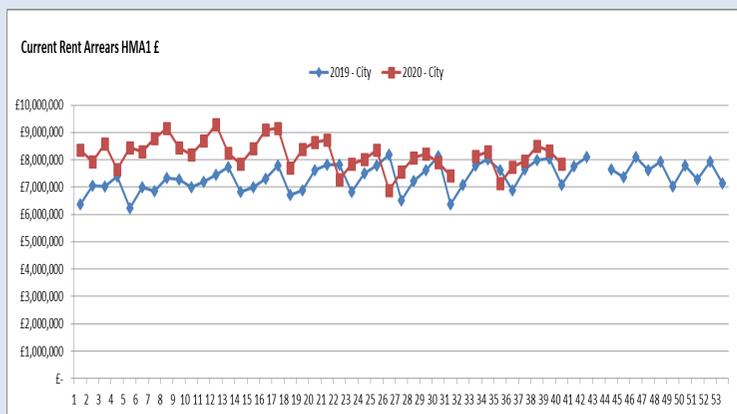
				RAG	Budget	Forecast Variation against Budget
		Lead Officer	Additional Comments			
A. Major Budget Issues					£m	£m
1.	Debt Costs and External Income	Victoria Bradshaw	An underspend on external debt costs is projected	G	20.2	(0.7)
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital receipts to repay some debt. Due to the slowdown in economic activity, there is a risk that sufficient capital receipts may not be realised, requiring additional MRP from revenue.	R	14.2	27.5
3.	New Homes Bonus	Victoria Bradshaw	Forecast increased following recent Government Spending Review	G	(4.7)	(2.2)
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	The current forecast is for an additional £75.5m of S31 grant income in relation to business rates. However this will be required to fund the Collection Fund deficit expected to be carried forward to 2021/22, and so will be carried forward in an earmarked reserve.	G	(22.7)	0.0
5.	S278 Contributions	Victoria Bradshaw	After a detailed review in September City Dev capital dashboard reports that Section 278 capital spend and funding is currently estimated to be £5.0m	G	(4.6)	(0.4)
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget, however there are risks that reductions in non-essential spend may impact on the potential for capitalisation.	A	(3.5)	0.4
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget, however there is a risk that this level of capitalisation may not be achieved.	A	(3.7)	0.8
8.	Joint Committees	Victoria Bradshaw	Minor net variations at Period 10	G	35.2	0.0
9.	Covid support grants	Victoria Bradshaw	General Covid support grants totalling £69.5m have been recognised, together with £19.0m of grant in compensation for lost sales, fees & charges income	G	0.0	(99.9)
10.	Early leavers costs	Victoria Bradshaw	Estimated severance costs of £14m and pension strain costs of £2.3m have been included in respect of the corporate ELI scheme	R	0.0	12.9
11.	Use of capital receipts	Victoria Bradshaw	A figure of £17.2m has been recognised for the use of the capital receipt recognised in relation to Merrion House	G	0.0	(17.2)
12.	Flexible use of capital receipts	Victoria Bradshaw	It is intended that £0.5m of the Early Leavers costs in cluded in item 10 above will be capitalised under the flexible use of capital receipts provisions	G	0.0	(0.5)
<b>B. Other Significant Budgets</b>						
1.	Insurance	Victoria Bradshaw	New large claims, partially offset by schools income, have driven overspend to £743k to be funded from insurance reserve.	A	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	A small shortfall against budget is forecast at Period 10	G	(16.6)	0.2
3.	Business Rates Levy	Victoria Bradshaw	Pessimistic projection for business rates growth means that the council's levy payable is expected to be below budget	G	2.1	(2.1)
4.	Contributions to earmarked reserves	Victoria Bradshaw	Potential underspends of £3.5m in the overall corporate position will be contributed to earmarked reserves. A further £3.4m of Covid support grant will also be carried forward.	G	0.0	6.8
5.	Miscellaneous	Victoria Bradshaw	Minor net variations at Period 10	G	4.9	(0.1)
<b>Strategic &amp; Central Accounts - Forecast Variation</b>						<b>(74.5)</b>

## Housing Revenue Account - Period 10 Financial Dashboard - 2020/21 Financial Year

### Summary of projected over / (under) spends (Housing Revenue Account)

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
<b>Income</b>					
Rents	(212,140)	(210,441)	1,700	£888k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £298k Net impact of reduction in RtBs sales offset by ROFR delays. £70k Covid 19 loss of commercial rent. Garages rent pressure £79k.	1,678
Service Charges	(8,484)	(8,435)	49		(4)
Other Income	(33,772)	(31,061)	2,712	£293k RtB admin income due to Covid 19. £45k Technical cap sals. £626k Civica project team not charged to capital. £250k staff not working on capital schemes due to Covid 19. £593k vacant posts in P&I not charged to cap schemes. £423k Hsg growth posts vacant - offset in emp costs. £180k reduction in Court income due to Covid 19 - offset in Internal Charges. Leeds Pipes pressure £273k.	2,600
<b>Total Income</b>	<b>(254,396)</b>	<b>(249,936)</b>	<b>4,460</b>		<b>4,274</b>
<b>Expenditure</b>					
Disrepair Provision	1,400	3,400	2,000	Increase in case numbers and average costs.	2,000
Repairs to Dwellings	45,081	41,881	(3,200)	Covid 19 impact.	(2,300)
Council Tax on Voids	778	1,022	244	Covid 19 impact due to void level.	244
Employees	31,402	29,996	(1,406)	Hsg Mgt £(1,451)k, P&I £(825)k, Hsg Growth £(325)k, Technical £12k. £1,183k Severance costs and pension strain for employees leaving before end of 20/21.	(1,376)
Premises	8,202	8,198	(4)	Naviagtion House Delapidation work. Gas and water savings £(112)k.	14
Supplies & Services	3,835	3,483	(352)	ICT savings review plus WFH and line by line review savings.	132
Internal Services	44,064	44,188	124	£575k Civica DIS staff not charged to capital. £(180)k reduction in charges for Court cost - offset in Onternal Income. £(16)k PFI movement. £(177)k Leeds pipes reduction in consumption. £(243) CCTV recharge. £211k Disrepair legal costs. £(50)k other internal charges.	(58)
Capital Programme	60,550	45,484	(15,066)	Estimated £15m reduction in transfer to capital due to slippage in the programme. £9.6m transfer to capital reserve, £5m funding other pressures.	(14,641)
Unitary Charge PFI	10,417	10,651	234	To reflect movement on PFI.	-
Capital Charges	44,334	44,333	(1)		(232)
Other Expenditure	5,739	5,689	(50)	Provision for bad debt £207k pressure. £(147)k transport saving due to Covid 19. £(71)k Reduced Community Payback payments due to Covid 19.	(31)
<b>Total Expenditure</b>	<b>255,800</b>	<b>238,324</b>	<b>(17,477)</b>		<b>(16,249)</b>
<b>Net Position</b>	<b>1,404</b>	<b>(11,612)</b>	<b>(13,016)</b>		<b>(11,974)</b>
Appropriation: Sinking funds	(216)	173	389	Movement in PFI - offset above.	280
Appropriation: Reserves	(1,188)	1,839	3,027	Revised use of EIT reserve. £2.9m Transfer to Repair / Direpair reserve.	2,094
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(9,600)</b>	<b>(9,600)</b>		<b>(9,600)</b>
Proposed New Reserves			-		-
Transfer to Capital Reserve		9,600	9,600	Transfer to Capital Reserve	9,600
<b>Total Current Month</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>		<b>0</b>

## Housing Revenue Account - Period 10 Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(645)	(420)
Right of First Refusals/ Buybacks	65	38
New Build (Council House Growth)	80	75
<b>Total</b>	<b>(500)</b>	<b>(307)</b>

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	23,835
Average Selling Price per unit (£000s)	55.4	56.7
Number of Sales	612	420
Number of Live Applications	1,333	1,420

Arrears	2019/20	2020/21	Variance
	£000	£000	£000
<b>Dwelling rents &amp; charges</b>	<b>2019/20 Week 40</b>	<b>2020/21 Week 40</b>	
Current Dwellings	7,068	7,842	773
Former Tenants	4,572	4,289	(283)
	11,640	12,131	491
<b>Under occupation</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 40</b>	
Volume of Accounts	3,051	2,778	(273)
Volume in Arrears	1,198	1,050	(148)
% in Arrears	39.3%	37.8%	-1.5%
Value of Arrears	197	165	(32)
<b>Collection Rates</b>	<b>2019/20 Week 53</b>	<b>2020/21 Week 40</b>	
Dwelling rents	96.43%	96.07%	-0.4%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-1.43%	-0.4%

## Housing Revenue Account - Period 10 Financial Dashboard - 2020/21 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
<b>HRA General Reserve</b>	<b>(6,495)</b>	<b>0</b>	<b>0</b>	<b>(6,495)</b>
<b>Earmarked Reserves</b>				
Welfare Change	(807)	653	0	(154)
Housing Advisory Panels	(507)	0	0	(507)
Sheltered Housing	(2,777)	0	0	(2,777)
Early Leavers' Initiative	(408)	408	0	0
Wharfedale View	(23)	0	0	(23)
Changing the Workplace	(151)	0	0	(151)
ERDMS	(257)	0	0	(257)
Proposed Repair / Disrepair Reserve	0	0	(2,900)	(2,900)
	<b>(4,930)</b>	<b>1,061</b>	<b>(2,900)</b>	<b>(6,769)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(1,474)	0	(1,346)	(2,820)
LLBH&H PFI Sinking Fund	(6,025)	1,173	0	(4,852)
	<b>(7,499)</b>	<b>1,173</b>	<b>(1,346)</b>	<b>(7,672)</b>
<b>Capital Reserve</b>				
MRR (General)	(8,278)	49,628	(50,949)	(9,600)
MRR (New Build)	(1,105)	808	0	(297)
	<b>(9,383)</b>	<b>50,437</b>	<b>(50,949)</b>	<b>(9,896)</b>
<b>Total</b>	<b>(28,308)</b>	<b>52,671</b>	<b>(55,195)</b>	<b>(30,832)</b>

This briefing note will look at the collection rates for Council Tax and Business rates, while providing a brief explanation of the Collection Fund.

## Council Tax

	Cash Received	Net Cash Received	% of 2020/21 Net Debit to date	2019/20 Year Position	2018/19 Year Position	Variance from 2019/20
	£	Cumulative £	%	%		%
April	38,724,403	38,724,403	9.82%	10.13%	10.27%	-0.31%
May	34,912,613	73,637,016	18.69%	19.22%	19.37%	-0.54%
June	34,593,553	108,230,568	27.56%	27.99%	28.23%	-0.42%
July	32,865,312	141,095,881	36.56%	36.91%	37.11%	-0.35%
August	33,748,262	174,844,143	45.31%	45.60%	45.89%	-0.29%
September	34,146,356	208,990,499	54.06%	54.43%	54.61%	-0.37%
October	34,217,274	243,207,773	62.71%	63.29%	63.65%	-0.59%
November	34,003,075	277,210,848	71.39%	72.09%	72.43%	-0.70%
December	34,309,123	311,519,971	80.19%	80.79%	81.21%	-0.60%
January				89.53%	89.97%	
February				92.99%	93.26%	
March				95.93%	96.11%	
<b>Total</b>	<b>311,519,971</b>					

The Council Tax in-year collection rate at the end of December was 80.19% which is 0.60% lower than performance for the same period last year. This lower collection rate will in part reflect the impact of agreed payment deferrals. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast is achieved, and based on the current net debt, this would collect some £373.2m of income. In light of the ongoing impact of COVID-19, it is estimated that in year collection will fall to 94.1%, achieving £365.4m of income. The collection rate continues to be closely monitored.

## Business Rates

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £398.5m of forecast business rates income. However, in response to the COVID-19 pandemic, the Government awarded significant additional business rates reliefs, reducing the income to be collected directly from business to £229.7m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the Authority regarding non-collection of business rates income, the business rates collection rate at the end of December was 76.66% which is 4.44% behind performance in 2019/20 (see table below). This lower collection rate will in part reflect agreement to deferred payments. The current estimate for the non-collection of business rates income relating to 2020/21 in the fullness of time, plus an additional allowance made for ££5.0m that remains outstanding from the end of 2019/20 (when the first national lockdown was

introduced), stands at 7.70% and provisions for this forecast additional cost have been made.

	Cash Received	Net Cash Received	% of 2020/21 at month end	2019/20 Year Position	2018/19 Year Position	Variance from 2019/20
	£	Cumulative £	%	%		%
April	22,143,763	22,143,763	8.97%	10.72%	10.86%	-1.75%
May	29,725,764	51,869,527	21.29%	23.61%	23.14%	-2.33%
June	16,231,462	68,100,989	28.41%	31.07%	31.78%	-2.66%
July	15,987,277	84,088,266	35.47%	39.03%	40.14%	-3.56%
August	15,863,932	99,952,198	42.52%	47.71%	48.58%	-5.19%
September	17,610,300	117,562,498	50.38%	56.22%	57.26%	-5.84%
October	19,349,089	136,911,587	58.63%	65.07%	65.28%	-6.44%
November	18,573,673	155,485,261	66.65%	72.98%	73.73%	-6.33%
December	22,601,003	178,086,263	76.66%	81.10%	81.90%	-4.44%
January				89.49%	89.39%	
February				94.31%	94.33%	
March				97.29%	97.76%	
<b>Total</b>	<b>178,086,263</b>					

## The Collection Fund

The Collection Fund is a statutory account that the Council must maintain. The fund considers the amount of Council Tax that was anticipated to be collected when the Council sets its Council Taxbase (i.e. the number of properties in the borough at Band D equivalent) in January before the financial year begins. The fund also considers the anticipated receipts from retained Business Rates that the Council received compared to the forecast made in January before the start of the financial year. The Council must estimate its Collection Fund position for the year ahead before setting its budget. Any estimated surplus or deficit on the Collection Fund position must be taken into account in the following year.

At the 2020 Spending Review the Chancellor announced that local authorities must spread their 2020/21 Collection Fund deficit balances over three years. As such, Leeds City Council will spread the Collection Fund 'exceptional balance', made up of the 2020/21 deficit position updated for prior year adjustments.

At the end of December 2020 the Council declared the estimated year end deficits for Council Tax and Business Rates.

The Council Tax exceptional balance is £13.5m and the amount that will be spread to future years (2022/23 and 2023/24) is £9.0m, leaving a remaining deficit balance of £4.5m in the 2020/21 deficit. This is adjusted by £0.3m, the effect of prior years, resulting in an estimated deficit of £4.2m being carried forward to 2021/22.

The Council's share of the Business Rates exceptional balance is £36.7m, one third of which (£12.2m) has to be funded in each of 2021/22, 2022/23 and 2023/24. That

part of the deficit funded by Government grant (£75.5m) has to be repaid in 2021/22 and a deficit carried forward from 2019/20 also has to be funded in full in 2021/22 (£4.1m). In total the deficit that has to be funded in 2021/22 is £91.9m.

### Impact of Collection Fund Deficits – Exceptional Balance and Prior Year Adjustments

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Tax	4.5	4.5	4.5	13.5
Prior Year Adjustment	(0.3)			(0.3)
Business Rates	12.2	12.2	12.2	36.7
2019/20 Deficit c/f	4.2			4.2
<b>Total Impact on Revenue Budget</b>	<b>20.6</b>	<b>16.7</b>	<b>16.7</b>	<b>54.1</b>

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**Report of Head of Democratic Services**

**Report to Scrutiny Board (Strategy and Resources)**

**Date: 22 March 2021**

**Subject: Scrutiny Inquiry into Agile Working and Estate Realisation following the Covid-19 Pandemic – summary of evidence to-date.**

Are specific electoral wards affected? <span style="float: right;"><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</span> If yes, name(s) of ward(s):
Has consultation been carried out? <span style="float: right;"><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</span>
Are there implications for equality and diversity and cohesion and integration? <span style="float: right;"><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</span>
Will the decision be open for call-in? <span style="float: right;"><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</span>
Does the report contain confidential or exempt information? <span style="float: right;"><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</span> If relevant, access to information procedure rule number: Appendix number:

**1. Purpose of this report**

- 1.1 In November 2020 the Strategy and Resources Scrutiny Board received a report on agile working and estate realisation in light of the Covid-19 pandemic. The focus of this was on the likely long term changes that the pandemic will deliver in terms of new ways of working, service delivery and the potential for estate realisation and rationalisation linked to reduced usage of some buildings and the financial challenge faced by the Council as a result of the pandemic.
- 1.2 The Board has received two follow up reports in January and February 2021 exploring the issues further and in particular with a focus on the Council workforce and on how the estate will be used in the future to align with developing changes in how the council works and delivers services.
- 1.3 The Board's 22 March 2021 meeting will be the final meeting of municipal year 2020/21. How the Council responds to Covid-19 and the longer term implications of that is an evolving issue and with the pandemic still ongoing the Board will now take stock of the evidence received, consider possible recommendations and begin preparation for finalising the inquiry early in municipal year 2021/22 in order to provide pre-decision scrutiny involvement in this work stream.
- 1.4 This report therefore presents a summary of evidence received to date and looks at future areas of interest in terms of this developing work stream. Appropriate officers will be in attendance to deal with any member questions and comments.

## **2. Background information**

- 2.1 The COVID-19 pandemic has accelerated a number of trends in how the Council functions including changes to the way people work, the way services can be delivered and therefore the way we use our estate. During the initial COVID-19 lockdown period, over 8,000 Council staff moved to working from home overnight. This has broadly been a positive experience for staff and a range of support has been provided to help employees to work from home more effectively and to reopen buildings, when that has been possible, to support a more flexible mix of office based and home working.
- 2.2 This rapid change has built on ongoing work delivered through the Changing the Workplace (CtW) programme that introduced an increasing trend towards staff working at home and a move away from more traditional desk based work. CtW established a target ratio of six desks for every ten members of staff and supplied equipment and resources to enable staff to work effectively in that environment. Provision of laptops, mobile devices and other remote working tools are good examples of this.
- 2.3 CtW established a clear focus on 'people process and place' with asset management leading on any estate rationalisation that followed new ways of working and the reduced requirement for desk space. This has focused on reducing the number of city centre buildings the Council occupies from 13 down to the 4 that are used currently. Locality buildings, to date have not been subject to the same approach and more traditional working methods have therefore been retained in these areas.
- 2.4 Covid-19 has, of course, been extremely challenging and the term 'unprecedented' is not out of place when considering the impact both on people's lives in the city but also in terms of how the Council reacts and restructures in its response to it. There are very few positives to be derived from living through such a tragic pandemic however what it has served to highlight is the potential for greater organisational change based around a more flexible model of working for staff that takes greater account of work life balance and mental health and well-being whilst also maintaining a strong focus on effective service delivery.
- 2.5 Scrutiny Board Strategy and Resources is therefore looking closely at this agenda and its implications focussed on three key service areas HR, Asset Management and Digital Information Services (DIS).

## **3. Main issues**

- 3.1 Appendix 1 provides a summary of evidence received during the November, January and February meetings of the Board. As noted above this is a developing and evolving agenda and the Board will look to finalise this work early in the next municipal year, this is likely to feature attendance from Digital Information Services (DIS) in the first instance to gain an understanding of how that service can support new ways of working and new ways of delivering services but also as part of a wider work stream to get an idea of the vision of DIS in the short and medium term.
- 3.2 To date the three reports considered by the board have focussed on a general introduction, impact on staff and how staff will be affected moving forward, cost and use of equipment by staff working at home, information on staff well-being and satisfaction with home working arrangements, the ongoing impact of Covid-19 and the

need for social distancing measures in council buildings and the impact on usage of office buildings and how the estate could be both used differently and rationalised as home working becomes a permanent feature of staff routines.

- 3.3 A number of themes can be drawn out from consideration of these items by the Board. These are summarised below:

#### Staffing and Workforce Planning

- 3.4 Members have been keen to ensure that staff do not get left behind and that those who are more comfortable working in an office are not excluded from future workforce planning. Many staff members have expressed increased satisfaction working at home all the time but that is not true of all staff and a significant minority of between 11% and 20% (based on staff pulse surveys carried out in 2020) have expressed dissatisfaction. The three Wellbeing pulse surveys, carried out in May, June and October, have shown declining staff satisfaction with the working at home arrangements. Board members are therefore keen to ensure that those who are less happy or who have suffered issues with well-being during the enforced working at home measures are supported and given opportunities to work in the office more once restrictions are lifted.
- 3.5 Members were also keen to ensure that the satisfaction with working at home was not a 'honeymoon period' and that over the longer term a workforce model is developed that provides a suitable balance between home and office working and that sufficient flexibility is built in to workforce arrangements to enable all staff to work effectively once Covid restrictions are lifted. The October pulse survey highlighted that 51% of staff remain happy and, despite all the challenges faced, 74% are positive about the support they are receiving which serves to highlight that the majority of staff have adjusted to home working and are able to perform their roles effectively in a remote setting however, this does not reflect the views of all staff.
- 3.6 Ensuring that staff had the correct equipment to be able to work at home has also been an area of interest. Since the pandemic first emerged the council spent a total of £895K on the supply of new equipment (8472 items). Over a similar period, the council would normally spend an estimate of £379K. Therefore the specific, additional Covid related spend on equipment is estimated to be £516K. This additional expenditure would need to be balanced against cost savings that will be derived from estate realisation.
- 3.7 It is clear the Council has successfully adapted to remote working but members were also keen to find out what impact home working has had on productivity. Members therefore suggested that productivity metrics may be required to ensure that staff are as productive as they were prior to the pandemic and to also contribute to the ongoing debate around the balance between working at home and in the office. Ensuring effective service delivery is a key consideration of the Board and whilst working patterns may change effective and improved service delivery is considered to be paramount.
- 3.8 The Board recognised that more staff engagement and consultation will be required before arriving at any permanent future working arrangements. They emphasised the need for more consultation to take place particularly around issues such as what the new working day would like and ensuring that working at home does not become more like 'living at work' and to ensure that staff do not become overwhelmed by

workloads given that the recent ELI packages have reduced the council's workforce significantly.

### Office Buildings and the Council's Estate

- 3.9 As has already been noted much of the CtW programme has focussed on the city centre and rationalising the number office buildings there. Board members, whilst accepting the need to deliver financial savings, were also keen to ensure that local centres are supported by continued use of council building in localities. Council hubs are often located close to, or as part of, parades of shops or smaller shopping centres. Members were keen, where possible, to factor in the impact of closing an office on a locality and the impact it may have on smaller business through reduced footfall. Having office buildings that are used both by staff as a hub or base and by communities to access services was one solution that Board members suggested as a means to ensure that local centres could continue to benefit from having a housing office or other hub located there.
- 3.10 A key area of focus on the estate has been around ensuring that buildings that have recently been invested in are, as far as possible, retained by the Council to ensure that money is not wasted and that any penalties contained within lease arrangements are factored into decision making and the release of buildings.
- 3.11 Given that there is still work to be done on this agenda there was some concern about expenditure of resources and that a degree of caution should be exercised until firmer arrangements had been agreed. A phased approach to expenditure was therefore suggested to ensure value for money and that any new working arrangements are resilient and will be effective over the longer term.
- 3.12 In terms of striking the right balance between working at home and in the office members were supportive of the approach being taken in terms of developing collaboration spaces for teams and focusing on the team as the destination as opposed to a building or office base.
- 3.13 Members have also considered staff travel to and from work and the wider benefits reduced travel could have on the Council's carbon footprint in addition to alternative methods of travel such as walking, where possible, and cycling.

### *Determining a suitable timeframe for the Board's inquiry work*

- 3.14 The inquiry into agile working and estate realisation has developed organically with an introductory report that has then led to two further reports and with this agenda still developing further reports will be brought forward early in the next municipal year in order to obtain some input from DIS and move towards finalising the Board's work in this area early in the next municipal year.
- 3.15 Much will depend on the course the Covid-19 pandemic takes in the coming months but assuming the Government's road map proves to be deliverable staff will be able to return to office working in the late spring and early summer. Providing an inquiry report to coincide with more staff returning to the office would seem to be a sensible approach.
- 3.16 In view of this, this work item will feature on the Board's June and July agendas when the inquiry will move towards being finalised by the successor Board for 2021/22.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 Appendix 1 provides a summary of the evidence gathering sessions held during November 2020 and January and February 2021. This has included the engagement of the Executive Board Member for Resources, the Director of Resources and Housing and other senior officers from HR and Asset Management.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 Equality, Diversity, Cohesion and Integration is at the heart of considerations about the Council's working practices, and an Equality Impact Assessment on working from home is being developed.

4.2.2 An Equality, Diversity, Cohesion and Integration screening form has been completed in relation to estate rationalisation. Whilst there are no specific EDCI impacts resulting from the rationalisation approach as these will be considered by services, any building changes have the opportunity to enhance EDCI.

### **4.3 Council policies and the Best Council Plan**

4.3.1 The Council's land and buildings facilitates a range of service delivery and therefore contributes to the objectives, outcomes and priorities set out in the Best Council Plan, Inclusive Growth Strategy and Health and Well Being Strategy. The rightsizing and remodelling of the Council's estate supports the Best Council ambition to be 'an efficient, enterprising and healthy organisation'.

4.3.2 In addition ensuring that staff can work effectively underpins the delivery of the Best Council Plan ambitions as does the provision, spread and flexibility of the Council's buildings. In particular organisational and agile work policies, as well as changes to the estate supports the Best Council ambition to be 'an efficient, enterprising and healthy organisation'.

#### Climate Emergency

4.3.3 One of the key drivers of the Council's estate management approach is to reduce the carbon footprint of the Council's buildings. Currently approximately 60% of the Council's carbon footprint is associated with its buildings and through the priorities set out in the Asset Management Plan, one of which is specifically focused on the climate agenda, the Council seeks to make efficient use of its buildings and reduce the size of its estate.

4.3.4 Reducing the amount of travel staff undertake to get to and from work and encouraging carbon neutral modes of transport, such as cycling and walking, will have a wider benefit in terms of reducing carbon emissions and easing congestion on the city's roads. As such any permanent switch to more home working will contribute to the Council's goals around reducing the city's carbon footprint and becoming carbon neutral by 2030.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 Ensuring that the Council has an efficient, well utilised and affordable estate is a driver of the Estate Management Strategy. Through the estate rationalisation process which will be achieved through more flexible use of accommodation, the Council is seeking to reduce running costs associated with buildings as well as maintenance liabilities. Part of this approach will also include investment in retained buildings to make them fit for purpose, appropriately maintained and sustainable.
- 4.4.2 Financial considerations will continue to be one of the key factors in deciding longer term working arrangements.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 This report has no specific legal implications.

#### **4.6 Risk management**

- 4.6.1 This report has no specific risk management implications.

### **5. Conclusions**

- 5.1 This report sets out a position statement in terms of the ongoing inquiry into agile working and estate realisation as we approach the Board's final meeting of the municipal year 2020/21. Attached at Appendix 1 is a summary of evidence received to date and Board members are asked to comment on the inquiry and suggest any initial recommendations in advance of the successor Board taking up the work stream early in municipal year 2021/22.
- 5.2 The June meeting of the Board will look more closely at staff feedback following further consultation and engagement planned in the coming months.

### **6. Recommendations**

- 6.1 That the Scrutiny Board:
  - (a) Notes the content of this report and the summary of evidence document at Appendix 1;
  - (b) That the Scrutiny Board considers information within the report and begins to consider initial recommendations that will form the basis of the inquiry report and can be carried over into the next municipal year.
  - (c) Agrees to handover this work stream into the new municipal year commencing at the June meeting of the Board.

### **7. Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

**Scrutiny Board (Strategy and Resources)**  
**Inquiry into Agile Working and Estate Realisation**  
**Summary of evidence to-date (March 2021)**

**1.0 Background**

- 1.1 During its November 2020 meeting, the Strategy and Resources Scrutiny Board received a report from the Director of Resources and Housing and the Director of City Development setting out how the Council has adapted to continue operating during the Covid-19 pandemic and how the development of new working methods could become a permanent feature of future working arrangements at the Council.
- 1.2 The Board acknowledged that the pandemic had enhanced recent trends towards home working and in light of recent Pulse staff survey results noted the potential for enhanced home working as the Council moves towards Covid-19 recovery in 2021 and beyond.
- 1.3 Key related issues included; the need to continue to operate in financially challenging circumstances and to make savings by developing new ways of working and rationalising the estate through asset realisation and changing the way some services are delivered; the need to ensure staff satisfaction and well-being as essential elements of any revised working arrangements; the improvements to be brought to the council's carbon footprint by adopting more home working as part of future working patterns; the improved work life balance that staff could enjoy through operating more remotely and striking a balance between home and office based working; how the Council can continue to support local centres and local communities by continuing to have a presence in town and district centres; the need for staff to collaborate and have face to face contact to enhance team working and work more effectively whilst maintaining the bonds that are formed through collaboration and team work and the need for more in depth staff engagement to find the right balance between remote and more traditional ways of working.
- 1.4 The Board has now considered this work item on three different occasions comprising of an update item and general introduction in November, a HR and staff focussed session in January and a third report on estate realisation and rationalisation at its February meeting.
- 1.5 The March meeting is the last meeting of the 2020/21 municipal year and acknowledging that this work stream is still developing and that there remains a degree of uncertainty as to when staff will be able to access office buildings more regularly the inquiry will form part of the work programme for the 2021/22 municipal year, with a view to finalising the work early in that year to coincide with the expected return of more staff to office buildings as opposed to permanently working at home.
- 1.6 This summary of evidence document has been produced to reflect the position reached by the Scrutiny Board as part of this Inquiry and will also be

a helpful reference document when the Board's Inquiry work looks to conclude in the next municipal year.

## **2.0 Summary of evidence provided to the Scrutiny Board**

### *2.1 Session one – Scrutiny Board Meeting – 16 November 2020*

2.2 The following information was reported to the Board:

- A summary of the Changing the Workplace (CtW) programme
- Findings from the June working from home survey that sought to explore how staff felt about working from home, how productive they felt they could be, what they needed in terms of equipment and support, and their attitudes towards working from home and returning to the office in future.
- Findings from the first two staff Pulse Well-being surveys carried out in May and June 2020.
- Information on the Council's estate including the headline figures that shows that the Council has over 700 operational properties of which c200 are core operational buildings such as offices, Children's Centres, Adult Day Centres, Leisure Centres, Museums, Libraries, Community Hubs, Community Centres and Homes for Older People.
- The impact of Covid secure requirements on office building capacities.
- Outline information on plans to introduce more collaboration spaces in the estate including the trial collaboration space established at Merrion House.

2.3 The following key areas were covered during this session:

- The impact of ELI on staff numbers and the knock on impact on the size of the Council's estate
- Recognition that not all staff will want to work more at home and the wider impacts on well-being that working in isolation can create
- The costs and volume of equipment that was handed out to support the rapid transition to home working last March
- How the working day might look in a more flexible working environment for example will core hours ultimately need to be revised?
- The need to support staff with training and equipment in the new working environment
- The benefits of less travel on the environment and wider climate emergency agenda
- The possible impact closing offices in local district and town centres might have on local economies through reduced footfall
- Possible co-location with other public sector organisations to save costs but retain a presence in localities across the city

### *2.5 Session two – Scrutiny Board Meeting – 11 January 2021*

2.6 The following information was reported to the Board:

- A summary of results from the three staff well-being pulse surveys
- A summary of well-being support rolled out to staff since March 2020 and the start of the pandemic

- Information on the amount of equipment distributed to support home working and the associated costs
- Further information on future plans for developing new ways of working including the need to find an optimum balance between home and office working

2.7 The following key areas were covered during this session:

- Further emphasis on having a flexible approach to working and a firm view that home working is not suitable for all and that all staff will need face to face contact to some degree as the Council moves into recovery post Covid-19
- Acknowledgement of the declining staff satisfaction rates over the three pulse surveys, supporting the need for a mixed economy in terms of home and office working
- A suggestion that equipment should be refurbished and redistributed as far as possible to reduce costs and ensure equipment in closed buildings is put to use

2.8 *Session three – Scrutiny Board Meeting – 15 February 2021*

2.9 The following information was reported to the Board:

- The phased remodelling of the Council's estate, including outline dates and where collaborative spaces are to be established
- Proposed retained core workspaces including desk capacities both Covid secure and without Covid restrictions
- Eight core components of the Council's future working approach
- Planned technology upgrades that will support remote working in the future such as the rollout of Microsoft 365
- Further information on the planned collaborative spaces in terms of what they will look like and how they will be set up
- Flexibility and utilisation of the Councils estate and the need for the Council to reverse under utilisation of the estate that has been the case historically
- Further detail on estate rationalisation and office spaces that have been released or could be released in the future

2.10 The following key areas were covered during this session:

- Recognition that Covid secure restrictions could still be in place for the majority of the 2021 calendar year and will therefore impact on the amount of staff accessing office spaces for some time to come
- Further discussion of the optimum balance between home and office working and concern that the initial staff pulse survey findings could have been a 'honeymoon period' with potentially more staff wanting more regular face to face contact with colleagues than initially appeared to be the case
- Encouragement and support for more staff engagement in the coming months to help define future working arrangements and the offer to staff

- Concern about the resiliency of proposals and the need for them to be robust given how quickly things could change post Covid-19
- How the Council might balance enhanced home working with the need to return footfall to both the city centre and local centres
- Reduced staff travel and the wider benefit it brings to air quality and the city's carbon footprint

### **3.0 Summary of key issues raised during the inquiry sessions**

- 3.1 *Balance between home and office working.* Members have been keen to emphasise the need for balance between office and home working and to ensure that all staff are catered for as far as is possible. There is no one size fits all approach and the Council will need to be mindful of staff who want to operate in a more conventional office based setting for the majority of their time as well as those who prefer a remote first approach and to balance this with service delivery requirements.
- 3.2 *Effective service delivery.* Whilst staff well-being and encouraging enhanced flexibility in the workplace are key drivers of the future workforce set up, members were also mindful of the need to ensure effective service delivery and to develop appropriate metrics to monitor staff productivity and ensure that service delivery is not impacted by more remote working.
- 3.3 *Support for apprentices and junior staff.* Linked to effective service delivery and wider staff well-being, the board is also mindful of the impact the pandemic has had on apprentices and staff in less senior positions in the authority. Working remotely can have varying impacts on staff but for those with less experience it can be more challenging, with the potential for losing or having reduced mentor and wider colleague and team support. As working trends move towards more home working it is important that additional support can be provided to these staff to ensure that mentoring roles are not lost and that staff development and progression is not adversely impacted by a more remote working environment.
- 3.4 *Staff well-being and mental health.* The pandemic has highlighted the need for the Council to be active in ensuring staff well-being and to deal with any mental health issues that arise out of new working arrangements. A lot of positive work has been done in this area including regular management check ins and a major focus on ensuring well-being is maintained in the challenging and unique circumstances brought about by the pandemic. As society potentially moves to a recovery phase following the pandemic a lasting legacy of the pandemic will be greater regard for mental health challenges and maintenance of staff well-being.
- 3.5 *Staff engagement and consultation.* The Council has consulted widely on home working and staff well-being during the pandemic and board members wanted this to continue and to be a key driver in reaching final decisions on how the workforce will be aligned in the future. It is clear from the evidence provided that staff engagement has been significant and members were supportive of the plans for more of the same in the coming months.

- 3.6 *Office buildings in local centres.* A key theme in the three evidence sessions has been the desire for local town and district centres to be supported by continued operation of local Council offices whether that is community hubs or housing offices or both combined. Members believed that maintaining satellite offices that can be used as bases for staff and also serve as frontline offices was a possible model that would enhance footfall for local businesses from both service users and council staff.
- 3.7 *Estate rationalisation.* The Board has focussed on the sale of buildings that have not recently been subject to refurbishment or investment and that as far as possible these buildings are not identified for release to avoid the potential for wasting past investment in the estate. Members were broadly supportive of the moves to rationalise the estate, deliver savings and make the Council's estate both better used and more fit for purpose in terms of investment in refurbishment of buildings.
- 3.8 *DIS infrastructure.* Members expressed a clear desire to ensure that the suite of ICT tools is fit for purpose and capable of fully supporting remote working. The deployment of Microsoft Teams is one example of how remote collaboration can be enhanced but members were keen to hear more about future plans to support staff with the ICT network they need as new ways of working develop. As part of a separate work stream DIS will be asked to attend the June meeting of the Board to pick up this item and more broadly the vision for DIS in the short and medium term.
- 3.9 *Travel to and from work.* It has been recognised that supporting and promoting more remote working will bring significant benefits in terms of the Council's plans to tackle the climate emergency. Less staff travel will mean a reduced carbon footprint as a city and organisation, potentially healthier lifestyles as well as making the daily commute less busy and congested for those that continue to do it more regularly.
- 3.10 *Equipment.* It is clear from the work to date that a significant effort has been made to ensure that staff can work at home effectively and efficiently. Members, whilst being mindful of cost, have been supportive of this work and are keen to ensure it continues as remote working continues to develop and to become more of a permanent 'norm'. The roll out of equipment has had a cost and these will need to be factored in, along with investment in refurbishing buildings, when balancing the costs of asset realisation and the move to more remote methods of working.

#### 4. **Conclusions and further work**

- 4.1 As noted elsewhere in this paper this work will continue into 2021/22 with a commitment to finalise the inquiry in the next municipal year. It is also hoped that this additional time will allow the agenda to develop more and for the Council to begin to develop concrete principles as to how the workforce will be aligned in the future and have more certainty on that important balance between home and office working.

- 4.2 It is therefore planned to consider further results from staff consultation and engagement at the June meeting and then begin to look at making initial inquiry recommendations based on those findings and a closer look at the principles the Council has established in terms of how new ways of working will develop through 2021/22.
- 4.3 There will be further opportunity later in municipal year 2021/22 to look at and review progress on this work stream and to check in on the recommendations made by the Board.

Report author: Rob Clayton  
Tel: 0113 37 88790

**Report of Head of Democratic Services**  
**Report to Scrutiny Board (Strategy and Resources)**  
**Date: 22<sup>rd</sup> March 2021**  
**Subject: Work Schedule**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**1. Purpose of this report**

1.1 The purpose of this report is to consider the Scrutiny Board’s work schedule for the remainder of the current municipal year. With this being the final Work Schedule report of municipal year 2020/21 members are also asked to consider any work items they wish to pass over to the successor Board in municipal year 2021/22.

**2. Background information**

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

**3. Main issues**

3.1 The latest iteration of the Board’s work schedule for the remainder of the municipal year is attached as Appendix 2 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.

3.2 Executive Board minutes from the meeting held on 10<sup>th</sup> February 2021 are also attached as Appendix 1. The Scrutiny Board is asked to consider and note the Executive Board minutes, insofar as they relate to the remit of the Scrutiny Board;

and identify any matter where specific scrutiny activity may be warranted, and therefore subsequently incorporated into the work schedule.

#### Developing the work schedule

- 3.3 When considering any developments and/or modifications to the work schedule, effort should be undertaken to:
- Avoid unnecessary duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue.
  - Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.
  - Avoid pure “information items” except where that information is being received as part of a policy/scrutiny review.
  - Seek advice about available resources and relevant timings, taking into consideration the workload across the Scrutiny Boards and the type of Scrutiny taking place.
  - Build in sufficient flexibility to enable the consideration of urgent matters that may arise during the year.
- 3.4 In addition, in order to deliver the work schedule, the Board may need to take a flexible approach and undertake activities outside the formal schedule of meetings – such as working groups and site visits, where necessary and appropriate. This flexible approach may also require additional formal meetings of the Scrutiny Board.

#### Developments since the previous Scrutiny Board meeting

- 3.5 There are no significant developments to report since the last meeting.

#### Developing the work programme for the new municipal year 2021/22

- 3.6 Scrutiny Boards are subject to an annual review and appointment process as part of the overall governance arrangements presented and agreed by Council at its annual meeting each year.
- 3.7 As such, Scrutiny Boards have tended to adopt different approaches to planning for the new municipal year and providing a ‘handover’ of issues to be considered by the appropriate and newly constituted Scrutiny Board.
- 3.8 Historically, at the first meeting of the municipal year, Scrutiny Boards have been presented with an outline of proposed formal meeting dates, alongside a draft work schedule that reflected traditional and known items of scrutiny activity, such as performance and budget monitoring, identified Budget and Policy Framework items and recommendation tracking.
- 3.9 Specific scrutiny inquiries have tended to be identified at the initial meetings in June / July each year; however some Scrutiny Board members have previously raised concerns around this approach and the impact this can have on progressing and completing identified inquiries in a timely manner.
- 3.10 In order to bring these matters together and to adopt a longer-term approach to planning Scrutiny Board work programmes; each Scrutiny Board is being presented with:

- (a) A draft schedule of planned meeting dates for the municipal year (2021/22)
- (b) A draft work schedule that includes known items of scrutiny activity, such as performance and budget monitoring, identified Budget and Policy Framework items and recommendation tracking.
- (c) Details of specific areas / matters to be recommended for consideration by the appropriate Scrutiny Board, as part of the overall 2021/22 work programme.

3.11 The draft work schedule is presented at Appendix 3 for consideration. This also outlines planned meeting dates and for consistency, it is proposed to maintain the current meeting arrangements for the new municipal year, i.e. meeting on Mondays at 10.30AM (pre-meeting at 10.00AM).

3.12 In considering the details presented at Appendix 3, Members of the Scrutiny Board are reminded to consider the information outlined in paragraph 3.3.

3.13 In terms of any specific areas/ matters to be recommended to the successor Scrutiny Board, the draft work schedule already reflects the Board's commitment to continue its ongoing Inquiry into Agile Working and Estate Realisation which will feature at the June meeting. However, the Scrutiny Board is invited at this stage to also recommend any other matters for the successor Board to consider.

3.14 In agreeing to recommend any specific matters for consideration by the successor Scrutiny Board, members should recognise the future work schedule will:

- Become the responsibility of a successor Scrutiny Board (subject to the arrangements agreed by Council in May 2021).
- Remain flexible and adaptable to reflect any new and emerging issues or changing priorities identified in the new municipal year.
- Need to reflect any timetabling issues that might occur from time to time.

3.15 Nonetheless, setting out proposed meeting dates and a draft work schedule for the new municipal year will provide a foundation that will not only help with the initial planning for next year's Scrutiny Board, it also has the potential to help with planning the work programme in the longer-term.

#### **4. Consultation and engagement**

4.1.1 The Vision for Scrutiny states that Scrutiny Boards should seek the advice of the Scrutiny officer, the relevant Director(s) and Executive Member(s) about available resources prior to agreeing items of work.

#### **4.2 Equality and diversity / cohesion and integration**

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

#### **4.3 Council policies and the Best Council Plan**

4.3.1 The terms of reference of the Scrutiny Boards promote a strategic and outward looking Scrutiny function that focuses on the best council objectives.

## Climate Emergency

4.3.2 When considering areas of work, the Board is reminded that influencing climate change and sustainability should be a key area of focus.

### **4.4 Resources, procurement and value for money**

4.4.1 Experience has shown that the Scrutiny process is more effective and adds greater value if the Board seeks to minimise the number of substantial inquiries running at one time and focus its resources on one key issue at a time.

4.4.2 The Vision for Scrutiny, agreed by full Council also recognises that like all other Council functions, resources to support the Scrutiny function are under considerable pressure and that requests from Scrutiny Boards cannot always be met.

Consequently, when establishing their work programmes Scrutiny Boards should:

- Seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources;
- Avoid duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue;
- Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.

### **4.5 Legal implications, access to information, and call-in**

4.5.1 This report has no specific legal implications.

### **4.6 Risk management**

4.6.1 This report has no specific risk management implications.

## **5. Conclusions**

5.1 All Scrutiny Boards are required to determine and manage their own work schedule for the municipal year. The latest iteration of the Board's work schedule is attached as Appendix 2 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.

5.2 Also attached as Appendix 3 is a draft work schedule for the next municipal year (2021/22) for Members to consider and to also identify any other specific areas/matters to be recommended to the successor Scrutiny Board.

## **6. Recommendations**

6.1 Members are asked to

- (a) consider the matters outlined in this report and agree (or amend) the overall work schedule (as presented at Appendix 2) as the basis for the Board's work for the remainder of 2020/21.
- (b) consider the draft work schedule as presented at Appendix 3 and make recommendations as deemed necessary for the next municipal year.

## **7. Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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**EXECUTIVE BOARD**

**WEDNESDAY, 10TH FEBRUARY, 2021**

**PRESENT:** Councillor J Blake in the Chair

Councillors A Carter, D Coupar, S Golton,  
J Lewis, L Mulherin, J Pryor, M Rafique and  
F Venner

**110 Chair's Opening Remarks**

At the commencement of the meeting, Councillor Blake as Chair welcomed all to the meeting and highlighted that this would be her final Executive Board meeting, following her recent announcement that she was to step down as Leader of the Council, in order to take up a new role as a Labour Party Peer in the House of Lords.

In response to this, throughout the meeting Board Members paid tribute to Councillor Blake and extended their thanks to her for her years of service in the number of roles in which she had served on the Council.

Also, on behalf of the Board, Councillor Blake paid tribute to both Councillor Mulherin and Councillor Charlwood for all of their efforts and achievements throughout their time as Executive Members of Leeds City Council following their respective recent announcements to step down from their positions on Executive Board.

**111 Exempt Information - Possible Exclusion of the Press and Public**

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

- (A) That appendix 2 to the report entitled, 'Acquisition of Premises at Kingsdale Court, Seacroft', referred to in Minute No. 115 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 and considered in private on the grounds that the information contained within that appendix relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property / land then it is not in the public interest to disclose this information at this point in time. Also, it is considered that the release of

such information would, or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time;

- (B) That appendix B to the report entitled, 'Accelerated Capital Receipts and Estate Rationalisation', referred to in Minute No. 119 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 and considered in private on the grounds that the information contained within that appendix relates to the financial and business affairs of the Council. It is considered that the release of such information would, or would be likely to prejudice the Council's commercial interests in relation to property transactions. It is considered that the public interest in maintaining the exemption from publication outweighs the public interest in disclosing this information at this point in time;
- (C) That appendix 2 to the report entitled, 'East Leeds Extension – Land Disposal and Delivery of Community Infrastructure', referred to in Minute No. 124 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 and considered in private on the grounds that the information contained within that appendix contains information relating to the financial or business affairs of a particular person (including the Council). It is considered that the public interest in maintaining the content of appendix 2 as exempt from publication outweighs the public interest in disclosing the information, as doing so would prejudice the Council's commercial position and that of third parties in the negotiation of a land transaction, should they be disclosed at this stage;
- (D) That appendix 3 to the report entitled, 'Corn Exchange Public Realm Design and Cost Report', referred to in Minute No. 125 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 and considered in private on the grounds that the information contained within the appendix relates to the financial and business affairs of the Council and other parties. It is considered that the release of such information would, or would be likely to prejudice the Council's commercial interests in relation to other similar transactions. It is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time.

## 112 Late Items

### Agenda Item 8 - Update on Coronavirus (Covid-19) Pandemic – Response and Recovery Plan

With the agreement of the Chair, a late item of business was admitted to the agenda entitled, 'Update on Coronavirus (COVID-19) Pandemic – Response and Recovery Plan'.

Given the scale and significance of this issue, it was deemed appropriate that a further update report be submitted to this remote meeting of the Board. However, due to the fast paced nature of developments on this issue, and in order to ensure that Board Members received the most up to date information as possible, the report was not included within the agenda as originally published on 2<sup>nd</sup> February 2021. (Minute No. 117 refers).

## 113 Declaration of Disclosable Pecuniary Interests

There were no Disclosable Pecuniary Interests declared at the meeting, however during the course of the meeting, Councillor Golton drew the Board's attention to the fact that he was a candidate in the forthcoming West Yorkshire Mayoral Elections. (Minute No. 116 refers).

Also, Councillor Mulherin drew the Board's attention to her recent appoint as Chief Executive for the Market Place organisation. (Minute No. 117 refers).

## 114 Minutes

**RESOLVED** – That the minutes of the previous meeting held on 16<sup>th</sup> December 2020 be approved as a correct record.

## COMMUNITIES

## 115 Acquisition of premises at Kingsdale Court, Seacroft

The Director of City Development and the Director of Resources and Housing submitted a joint report which outlined a proposal to purchase a portfolio of at least 40 flats at Kingsdale Court, Seacroft, as part of a co-ordinated response by the Council and other partner services to resolving acute neighbourhood management issues and extremely poor housing conditions.

Members were supportive of the recommendations presented in the submitted report, however, in response to Members' comments the Board received further detail regarding the actions being taken to mitigate against risk associated with the proposals, with it being noted that appropriate due diligence processes were in place.

In discussing the current position in relation to the properties at Sugar Hill Close and Wordsworth Drive, and in response to a Member's enquiries, the Board was provided with information which explained the reasons for the proposed actions to address the specific issues at Kingsdale Court and how that position differed to that of Sugar Hill Close and Wordsworth Drive, with it

being noted that liaison with the residents of Sugar Hill Close and Wordsworth Drive would continue as part of the support provided to them by the Council.

Following consideration of Appendix 2 to the submitted report designated as being exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the public part of the meeting, it was

#### **RESOLVED –**

- (a) That the use of Housing Revenue Account capital funding in line with the detail, as set out in exempt Appendix 2 to the submitted report, be approved, in order to enable the acquisition of a portfolio of at least 40 flats at Kingsdale Court, Seacroft, and that having agreed resolution (b) (below), the final negotiations of the terms be delegated to the Director of City Development in consultation with the Director of Resources and Housing and the Executive Member for ‘Communities’;
- (b) That the terms of acquisition, as contained within exempt Appendix 2 to the submitted report, be approved;
- (c) That in principle support be agreed for Directors to pursue further acquisitions to enable full assembly of the Kingsdale Court site and its redevelopment, with the relevant delegations available to Directors for this, being noted;
- (d) That it be noted that the Council has the potential to use its Compulsory Purchase powers to support any assembly of the site should they be required, with it also being noted that any such proposal would be the subject of a further report;
- (e) That approval be given for the resolutions within this minute to be exempted from the Call In process, for those reasons as detailed within paragraph 4.5.5 – 4.5.6 of the submitted report.

(The Council’s Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council’s, or the public’s interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (e) above, and for the reasons as detailed within section 4.5.5 – 4.5.6 of the submitted report)

#### **INCLUSIVE GROWTH AND CULTURE**

#### **116 2021/22 Revenue Budget and Council Tax Report, Including Reports on the Capital Programme and Treasury Management Strategy**

Further to Minute No. 96, 16<sup>th</sup> December 2020, the Chief Officer, Financial Services, submitted a suite of reports regarding: proposals for the City Council’s Revenue Budget for 2021/22 and the Leeds element of the Council Tax to be levied during the same period; proposals regarding an updated

Capital Programme for 2021-2025 and also a proposed updated Treasury Management Strategy for 2021/22.

By way of introduction to the report, the Chair paid tribute to all those officers who had developed the current draft budget to its current position, under what were unprecedented circumstances.

**(A) 2021/22 Revenue Budget and Council Tax**

As part of the introduction to the report, the Chief Officer (Financial Services) brought to Members' attention the following corrections to be made to the covering report:

- That the sum in paragraph 2.2.1, bullet point 4 should read £3.775 billion, not million;
- That the reference to 2020/21 in the first recommendation be replaced with 2021/22; and
- That the reference in the second recommendation to the proposed Adult Social Care precept of 2.99% be replaced with 3%.

Responding to a Member's enquiries, the Board was provided with further information regarding the total funding which had been provided by Government specifically for the Coronavirus pandemic which was contributing towards this proposed Council budget. Also, responding to a specific question on how the funding from Government for Track and Trace provision had been spent, officers undertook to provide the Member in question with further detail.

In response to a Member's enquiry, the Board was updated on the current position regarding the Chair of the Scrutiny Board (Environment, Housing and Communities) being provided with further detail in relation to the future provision of grass cutting; PCSOs; Community Committee Wellbeing funding and the opening hours of Community Hubs following the recent consideration of such matters by the Scrutiny Board.

Also, responding to a Member's enquiry, the Board received further detail on the liaison which took place between the Council and the West Yorkshire Police and Crime Commissioners office in terms of budgetary matters.

Following a Member's question on how much the Council was expected to pay in interest upon outstanding debt in 2021/22, officers undertook to provide the Member in question with the requested information outside of the meeting.

**RESOLVED –**

- (a) That Council be recommended to note the recommendation of the Council's statutory officer (the Chief Officer – Financial Services) that the Budget proposals for 2021/22 are robust and that the proposed level of reserves is adequate, as set out at Section 12 of the submitted report;

(b) That subject to making those specific corrections as detailed above, Executive Board recommends to Council the adoption of the following:-

- (i) That the revenue budget for 2021/22 totalling £435.3m be approved. This means that the Leeds element of the Council Tax for 2021/22 will increase by 1.99% plus the Adult Social Care precept of 3%. This excludes the police and fire precepts which will be incorporated into the report to be submitted to Council on the 24th February 2021;
- (ii) That approval be given to grants totalling £69.0k to be allocated to parishes;
- (iii) That approval be given to the strategy at Appendix 9 of the submitted report in respect of the flexible use of capital receipts;
- (iv) That in respect of the Housing Revenue Account, Council be recommended to approve the budget with the following:-
  - An increase of 1.5% (CPI+1%) in dwelling rents;
  - A 30p/wk change in the standing charge for Leeds PIPES (Providing Innovative Pro-Environmental Solutions) as a step towards full cost recovery;
  - A 1.1% RPI increase in charges for all other District Heating schemes;
  - The service charges for low/medium and multi-storey flats being increased by RPI of 1.1%;
  - The charge for tenants who benefit from the sheltered support service being increased to £15.14 per week to reflect full cost recovery. The charge being eligible for Housing Benefit;
  - The subsidy for tenants who are not eligible for benefits but receive the sheltered support service being set at £3.14 per week; Therefore the amount payable by these tenants will increase from £10 per week to £12 per week;
  - That subject to consultation, a Retirement Life charge be introduced for the provision of additional services linked to communal areas and for communal facilities where they are within a standalone community centre;
  - That whilst a full charge covering communal areas equates to £7.83, it be proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service be set at £3.01 per week meaning the amount payable by these tenants will increase from £3.30 per week to £4.82 per week;
  - That whilst a full charge for stand-alone community centres equates to £3.34, it be proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service be set at £2.04 per week

meaning the amount payable by these tenants will be £1.30 per week;

- Any overall increase to tenants in respect of rents, service and sheltered support who are 'self-payers' being no more than £3.25 per week.
- (v) That in respect of the Schools Budget, approval be given to the High Needs Block budget for 2021/22, as set out in paragraph 3.4.7 of the Schools Budget Report as detailed at Appendix 8 to the submitted report.
- (c) That the Executive Board's thanks be conveyed to Scrutiny Boards for the comments and observations made as part of Scrutiny's consideration of the Council's proposed Budget;
- (d) That agreement be given to the recommendations in the two 'Service Review' proposals, as detailed at Appendix 3 to the submitted report, and that consultation commences, with it being noted that decisions to give effect to such proposals shall be taken by the relevant Director or Chief Officer, following the consultation period, in accordance with the Officer delegation scheme (Executive functions) save where the Leader, relevant portfolio holder or Director considers that the matter should be referred to Executive Board for consideration.

**(B) Capital Programme Update 2021 – 2025**

**RESOLVED –**

- (a) That Executive Board recommends to Council:-
- (i) the approval of the Capital Programme for 2021-2025, totalling £1,842.2m, including the revised projected position for 2020/21, as presented in **Appendix A** to the submitted report;
  - (ii) the approval of the MRP policy statement for 2021/22, as set out in **Appendix C** to the submitted report; and
  - (iii) the approval of the Capital and Investment Strategy, as set out in **Appendix D** to the submitted report.
- (b) That Executive Board approval be given to the following net injections totalling £91.0m into the Capital Programme, as set out in **Appendix A (iii)** to the submitted report:
- £43.0m of annual programme injections and £15.2m of major programme injections as listed at **Appendix A(iv)** of the submitted report;
  - £4.7m of Community Infrastructure Levy (CIL) Strategic Fund monies; and
  - £121.2m of other injections, primarily relating to the roll forward of the HRA Programme, annual capital grant allocations,

departmental borrowing injections and other secured external funding;

- £93.1m of budget reductions as listed at **Appendix A(v)** of the submitted report.

- (c) That it be noted that the above resolutions to inject net funding of £91.0m will be implemented by the Chief Officer (Financial Services).

### **(C) Treasury Management Strategy 2021/2022**

Responding to a Member's enquiry, the Board was provided with further information on how CIPFA's prudential code had been taken into consideration in respect of the Council's Capital and Investment Strategy, with assurance being provided that the code did not present any specific concerns for the Authority.

Regarding the ongoing actions in respect of Barclays Bank, responding to a Member's enquiry, officers undertook to provide the Member in question with a separate briefing on this issue.

#### **RESOLVED –**

- (a) That the Treasury Strategy for 2021/22, as set out in Section 3.3 of the submitted report be approved by Executive Board, and that the review of the 2020/21 strategy and operations, as set out in Sections 3.1 and 3.2, be noted;
- (b) That full Council be recommended to set the borrowing limits for 2020/21, 2021/22, 2022/23 and 2023/24, as detailed in Section 3.4 of the submitted report and to note the changes to both the Operational Boundary and the Authorised limits;
- (c) That full Council be recommended to set the Treasury Management indicators for 2020/21, 2021/22, 2022/23 and 2023/24, as detailed in Section 3.5 of the submitted report;
- (d) That full Council be recommended to set the investment limits for 2020/21, 2021/22, 2022/23 and 2023/24 as detailed in Section 3.6 of the submitted report.

(The matters referred to in Minute Nos. 116 (A)(a) – 116(A)(c) (Revenue Budget and Council Tax); 116(B)(a)(i) – 116(B)(a)(iii) (Capital Programme) and 116(C)(b) – 116(C)(d) (Treasury Management Strategy), given that they were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In)

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

recorded that he abstained from voting on the decisions referred to within Minute No. 116(A) and 116(B))

(As part of the discussion on this report, although not a declaration of a Disclosable Pecuniary Interest, Councillor Golton drew the Board's attention to the fact that he was a candidate in the forthcoming West Yorkshire Mayoral Elections)

#### **117 Update on Coronavirus (COVID19) pandemic – Response and Recovery Plan**

Further to Minute No. 97, 16<sup>th</sup> December 2021, the Chief Executive submitted a report which provided an update on the response to the Covid-19 pandemic across the city including vaccination rollout, the recovery approach, outbreak management, and current issues and risks. The report focused upon the impact of entering into national lockdown restrictions, rollout of vaccinations across the city and the West Yorkshire sub-region, vaccination access, mitigating risks from the new Covid-19 variants and the support in place for people and businesses. The report also noted that the city's multi-agency command and control arrangements continued to be used with the Response and Recovery plan, aiming to mitigate the effects of the pandemic on those in the city, especially the most vulnerable.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons as set out in section 11.9 of the submitted report, and as detailed in Minute No. 112.

By way of introduction to the report, the Chair thanked Council officers, partners across all sectors and also the wider community for their continued efforts in response to the pandemic. An update was provided on a number of issues, including the roll out of the vaccine in Leeds, the latest infection rates, the establishment of Elland Road as a public vaccination site and the expected timeframe regarding further Government announcements regarding current restrictions. Members of the Board also paid tribute to Captain Sir Tom Moore, who had recently passed away, for his inspirational actions throughout the pandemic.

Emphasis was placed upon the work which continued to ensure that the number of people being vaccinated was maximised, with it being noted that this would continue to be a priority for the city and that Members would continue to be updated. With regard to vaccination levels, Members highlighted how crucial it was to ensure that clear and consistent messaging about the importance of being vaccinated continued to be conveyed to communities across the city, especially those where there was hesitancy in taking the vaccine.

Responding to a Member's comments, the Board received further information on the actions which continued to be taken in collaboration with partners regarding the prioritisation of mental health services and the promotion of wellbeing, given the impact that the pandemic was having on many.

In conclusion, the Chair took the opportunity to thank Councillor Venner for extending her portfolio during the current period, to include both 'Children and Families' and 'Health, Wellbeing and Adults'.

**RESOLVED –**

- (a) That the change in restrictions announced on 4th January 2021, with the introduction of a national lockdown, be noted, and that the public efforts to stay at home and reduce contacts, be acknowledged; with the verbal update provided at the meeting on the latest position also being noted, together with the fact that the national lockdown is due to be reviewed in mid-February;
- (b) That the extensive work being undertaken across the city's multi-agency partnership, in line with the integrated winter plan, as reported to December's Executive Board, to roll out vaccinations as quickly as possible, control the spread of the virus, undertake local contact tracing, prepare for asymptomatic testing, protect the health service, and deliver support to vulnerable people and businesses, be noted, and that it be agreed that these priorities continue to be progressed;
- (c) That the concurrent pressures on the system, which include winter pressures on the health and care system, flooding and extreme weather particularly through January, continued pressure on local government finance, capacity concerns and potential impacts from the uncertainty caused by the UK's departure from the European Union, be noted;
- (d) That in respect of the financial implications for the Council arising from the coronavirus pandemic, the contents of the submitted report be used as context when the Board considers the more detailed finance based reports, as presented elsewhere on the Executive Board agenda.

(As part of the discussion on this report, although not a declaration of a Disclosable Pecuniary Interest, Councillor Mulherin drew the Board's attention to her recent appointment as Chief Executive for the Market Place organisation)

**118 Update on Leeds City Council's actions following the exit of the United Kingdom from the European Union**

Further to Minute No. 98, 16<sup>th</sup> December 2020, the Chief Executive submitted a report which, following the White Paper Motion resolution of Full Council on 13<sup>th</sup> January 2021, provided the Board with an overview of the Trade and Co-operation Agreement, an initial view of its potential impacts and the approach of the Council moving forward. It also provided an update on other areas affected by EU Exit including the repatriation of EU funding and the EU Settlement Scheme.

By way of introduction to the submitted report, the Board received an update on the ongoing work which continued in this area.

Responding to a Member's comments, the Board received further detail regarding the communications between the Department for International Trade, the LEP, the Combined Authority and the Council and the actions being taken to support the business community moving forward. With regard to the level of contact which was being made with the Department for International Trade and its regional representatives on such matters, officers undertook to provide further detail to the Member in question.

Members also discussed the issue of the repatriation of European funding and the need for benefit from that funding to be maximised. Members also discussed how a long term approach towards the Government's provision of funding would be helpful in terms of planning for the future. The Board also considered the process by which such funding would be delivered regionally, and whether it would be directed to Local Authorities or the Mayoral Authority. In conclusion, it was agreed that the Leader, on behalf of the Board write to the Secretary of State for Housing, Communities and Local Government seeking further clarification on the process by which European funding would be repatriated.

With regard to the global market, a Member referenced the current situation with regard to China, with it being noted that such matters were being monitored, as appropriate.

#### **RESOLVED –**

- (a) That the developments which have occurred since the previous Executive Board report (16<sup>th</sup> December 2020); the overview of the Trade and Co-operation Agreement and its potential impacts; together with the Council's next steps following its signing to capitalise on any opportunities moving forward, as detailed within the submitted report, be noted;
- (b) That, following the resolution of the White Paper Motion by Council on 13<sup>th</sup> January 2021, agreement be given to the drafting of a letter calling on the Government to ensure EU funding repatriated to the UK is devolved to local Councils and Mayoral Combined Authorities as soon as possible, and following specific agreement as detailed above, the Leader, on behalf of the Board, write to the Secretary of State for Housing, Communities and Local Government seeking further clarification on the process by which European funding would be repatriated.

#### **RESOURCES**

##### **119 Accelerated Capital Receipts and Estate Rationalisation**

The Director of City Development submitted a report providing an update on the Council's Capital Receipt Programme and which sought support to continue with the disposal of the properties, as included within the schedule

attached at Appendix A. The report also sought approval to the acceleration of properties from future years of the programme and the addition of new properties being released through estate realisation.

A Member emphasised the key importance of ensuring that Ward Councillors were kept updated on proposals which affected their Wards, with it being undertaken that further liaison with local Members could be undertaken to address any specific issues which remained.

Regarding a Member's enquiry regarding the preservation of mature trees on the Redhall site, it was noted that the trees had been included in the master plan developed for the site, with it also being noted that such matters would be taken into consideration as part of the planning consent process.

Responding to an enquiry regarding the cost to the Council for the provision of security measures for those sites which were vacant, officers undertook to provide the Member in question with that detail.

With regard to a Member's comment regarding properties of community interest, it was noted that any expressions of interest made by community groups would be taken into consideration, as appropriate.

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

#### **RESOLVED –**

- (a) That the contents of the submitted report which provides an update on the Capital Receipts Programme, be noted, together with the schedule of properties which make up the Council's Capital Receipts Programme of surplus properties for disposal over the next 5 years, as detailed in Appendix A to the submitted report;
- (b) That the previous key decisions which have been taken in relation to the disposal of assets, as set out at paragraph 3.1 of the submitted report, be noted;
- (c) That the accelerated disposal of the properties contained within Table 3.1 of the submitted report via auction, be approved;
- (d) That the addition of the properties contained in Table 3.2 of the submitted report into the Capital Receipts Programme, be approved;
- (e) That the removal of properties from the Capital Receipt Programme, as set out in paragraph 3.7 of the submitted report, be approved.

(Under the provisions of Council Procedure Rule 16.5, Councillors A Carter and S Golton both required it to be recorded that they respectively abstained from voting on the decisions referred to within this minute)

**120 The Leeds Community Infrastructure Levy - Investment of the Strategic Fund**

The Director of Resources and Housing and the Director of City Development submitted a joint report which sought approval for the investment of the Community Infrastructure Levy (CIL) Strategic Fund in terms of spending priorities for the forthcoming year and to align the Fund with the Capital Programme. The report also provided an update on national legislative changes to the CIL process, in particular those that impact the Strategic Fund.

Responding to a Member's enquiry, officers undertook to provide the Member in question with further detail regarding a public transport contribution concerning NGT in terms of the sum of money involved and where it was held.

**RESOLVED –**

- (a) That agreement be given for the spending priority for the investment of the CIL Strategic Fund (financial year 21/22) to be the Learning Places Programme, given the continued need in particular for secondary and SEN places;
- (b) That it be noted that the responsible officer for the implementation of resolution (a) is the Chief Officer (Financial Services), and that, following resolution (a) (above), the Chief Officer (Financial Services) will proceed to implement the recommendation under their delegated powers with the assistance of their delegated officers.

**121 Financial Health Monitoring 2020/21 – Month 9**

The Chief Officer (Financial Services) submitted a report which set out the Council's projected financial health position for 2020/21, as at Month 9 of the financial year.

**RESOLVED –**

- (a) That the projected financial position of the Authority, as at Month 9 of the financial year, be noted, with the projected impact of COVID-19 on that position also being noted;
- (b) That for 2020/21, it be noted that the Authority is forecasting a balanced budget position;
- (c) That it be noted that the position detailed within the submitted report does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced, which could impact upon those financial projections.

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

## **CLIMATE CHANGE, TRANSPORT AND SUSTAINABLE DEVELOPMENT**

### **122 The Door to Door Community Transport Service Project**

The Director of City Development and the Director of Adults and Health submitted a joint report which provided an update on the Door to Door Community Transport Service (Digital Hub) project, presented a summary of the work undertaken to date and which sought approval to deliver a pilot of the proposed service, subject to funding approval from the West Yorkshire Combined Authority (WYCA) via the Leeds Public Transport Investment Programme (LPTIP).

In noting that the proposal was a pilot scheme, it was suggested that if successful, consideration could be given to potentially expanding the project to other areas of the city.

Responding to a Member's concerns regarding the proposal, the Board was provided with further information detailing a breakdown on how the funding for the pilot would be utilised, together with information on the reasons as to why the specific geographic and demographic areas for the pilot had been proposed, with it being undertaken that further detail could be provided to Members, if required.

#### **RESOLVED –**

- (a) That the update on the progress made, and the forward plan for the Door to Door Community Transport Service project, be noted;
- (b) That the delivery of a pilot of the proposed service, be approved, subject to funding approval being agreed by the West Yorkshire Combined Authority (WYCA) via the Leeds Public Transport Investment Programme (LPTIP).

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

### **123 Review of the Local Centres Programme**

Further to Minute No. 44, 24<sup>th</sup> September 2020, the Director of City Development submitted a report which set out the review of the Local Centres Programme and which sought agreement to the proposals for the revised scope of the programme.

Whilst acknowledging the financial situation being faced by the Council, the key importance of continuing to invest in local centres was emphasised.

#### **RESOLVED –**

- (a) That the impact of the COVID-19 pandemic on the deliverability and progress of the Council's Local Centres Programme, be noted;
- (b) That the approach taken to assessing a revised scope for the Local Centres Programme and the criteria-based approach towards retention

or continuation of schemes, as set out in paragraphs 3.4 – 3.12 of the submitted report, be agreed;

- (c) That the list of schemes to be taken forward to completion, as set out in paragraph 3.13 and Appendix 1 to the submitted report, be agreed, with it being noted that the commensurate figure of £1.862m is to be retained in the Capital Programme, as set out in the separate report on the agenda for this meeting;
- (d) That it be noted that the Head of Regeneration will be responsible for the implementation of the revised scope of local centres work, as set out within the submitted report.

(Under the provisions of Council Procedure Rule 16.5, Councillors A Carter and S Golton both required it to be recorded that they respectively abstained from voting on the decisions referred to within this minute)

#### **124 East Leeds Extension - Land Disposal and Delivery of Community Infrastructure**

The Director of City Development submitted a report which provided an update on the development of the East Leeds Extension (ELE) and which sought related approvals regarding the specific next steps in relation to the disposal and development of Council owned land in the Middle and Southern Quadrants, together with the related delivery of new community infrastructure.

A Member welcomed the briefings which continued to be received on this complex matter and in response to a specific enquiry regarding the consideration being given to the provision of secondary education in the area, the Director of City Development and the Director of Children and Families undertook to provide the Member in question with a briefing on this.

Following consideration of Appendix 2 to the submitted report designated as being exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the public part of the meeting, it was

#### **RESOLVED –**

- (a) That approval be given for the Council to enter into Option Agreements with Taylor Wimpey and Redrow in relation to the sale of Council land in the Southern Quadrant (as shown in the plan at Appendix 1 to the submitted report) and an Equalisation Agreement with the other Middle and Southern Quadrant land owners and developers, with such agreements to be on the terms as outlined within the submitted report;
- (b) That the principle of the Council's land at Parcel A in the Southern Quadrant of the ELE (as shown in the plan at Appendix 1 to the submitted report) being appropriated or dedicated for use as a primary school and for the provision of community facilities as necessary and in accordance with planning requirements, be approved;

- (c) That the principle of the Council disposing of land at Parcel A in the Southern Quadrant of the ELE (as shown in the plan at Appendix 1 to the submitted report) to a third party or parties for use as a school and for the provision of community facilities, be approved;
- (d) That it be noted that the Capital Programme report on the agenda for this meeting proposes the injection of up to £650,000 to facilitate the re-provision of the existing sports pitches in the Southern Quadrant, to be forward funded by developers; and that approval be given to the Director of City Development to authorise the Director to provide authority to spend up to that amount for this purpose;
- (e) That the principle of pitch development, as set out in the Whinmoor Grange Development Brief, be reaffirmed, and that approval be given for the progression of feasibility, design and the submission of a planning application to enable progression of the ELE playing pitch strategy, as set out in paragraphs 3.16-3.25 of the submitted report.

## **125 Corn Exchange Public Realm Design and Cost Report**

The Director of City Development submitted a report which outlined the establishment of the 'Grey to Green' work programme for the creation of high quality green infrastructure projects and detailed the related submission of a final business case to West Yorkshire Combined Authority (WYCA). The report also set out the proposed redevelopment of an area of land outside the Corn Exchange for the creation of a new high quality public realm, and which sought the necessary 'authority to spend' for the delivery of the proposal. Finally, the report provides information and sought the necessary approvals for the development of proposals regarding the pavilion building to be brought forward by CX (Leeds) Limited, subject to planning approvals.

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

### **RESOLVED –**

- (a) That the establishment of the 'Grey to Green' work programme and the submission of a final business case to WYCA in November 2020 to secure £8.6m of match funding from the Government's Getting Building Fund, be noted;
- (b) That the progress made on proposals for the development of the public realm scheme for the Corn Exchange, linked to the delivery of the Connecting Leeds Corn Exchange Gateway, be noted;
- (c) That the authority to spend up to £1,546,655 on the Corn Exchange Public Realm scheme from the sources identified within the submitted report, be approved;

- (d) That the principles of the proposed lease terms, as outlined in the exempt appendix to the submitted report, for the construction of a pavilion building and a ground lease between Leeds City Council and CX (Leeds) Limited (part of Rushbond PLC), be approved, with the necessary authority being delegated to the Director of City Development to enable the Director to conclude the final agreement;
- (e) That the principles of the management agreement between Leeds City Council and CX (Leeds) Limited to facilitate use of the space by CX (Leeds) Limited for an annual programme of trading and events associated with the Corn Exchange, be approved and that the necessary authority be delegated to the Director of City Development in order to enable the Director to conclude the final agreement;
- (f) That it be noted that further reports will be submitted to Executive Board regarding approvals for the remaining 'Grey to Green' projects;
- (g) That subject to ongoing consultation with relevant Executive Members, as appropriate, it be noted that the Director of City Development will be responsible for the implementation of the resolutions arising from the submitted report.

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

## **126 Annual Report on the Climate Emergency**

Further to Minute No. 134, 7<sup>th</sup> January 2020, the Director of Resources and Housing submitted a report providing an update on the progress being made towards reducing emissions at both a national and local level, setting out key actions that have been undertaken. The report also reflected upon the impact of the Covid-19 pandemic on both emissions and how the road to recovery can be founded in the green economy.

Members discussed the range of zero emission targets that existed locally, nationally and internationally, with the actions being taken in Leeds being noted and it was also acknowledged that whilst Leeds would continue to work to address the Climate Emergency, matters such as the alignment of zero emission targets remained the subject of ongoing discussion.

Responding to a Member's enquiries, the Board was provided with further detail regarding the proposed development of a Domestic Energy Strategy and how Members would be involved in that process. Details were also provided to the Board on the engagement and communications work being undertaken with communities in this area.

### **RESOLVED –**

- (a) That the intention to report on the Council's scope 3 emissions in the next annual report, in line with the climate commission's proposed approach for the city, be noted;

- (b) That the intention to bring a domestic energy strategy to Executive Board in summer 2021, be noted.

## **LEARNING, SKILLS AND EMPLOYMENT**

### **127 Outcome of consultation on proposals to establish Resource Provision at Bishop Young Church of England Academy and St Margaret's Church of England Primary School**

The Director of Children and Families submitted a report which in Part A presented the outcomes from the consultation exercise undertaken on a proposal to establish Resource Provision at St Margaret's Church of England Primary School and which sought a decision to publish a statutory notice in respect of this proposal. In Part B, the report presented the outcomes from the consultation exercise undertaken on a proposal to establish Resource Provision at Bishop Young Church of England Academy and which sought the relevant approvals.

Members welcomed the proposals detailed within the submitted report.

#### **RESOLVED –**

#### **Part A – Proposed 12-place Resource Provision at St Margaret's C of E Primary School, Horsforth:**

- (a) That the publication of a statutory notice on a proposal to establish a 12-place Resource Provision at St Margaret's Church of England Primary School with effect from September 2021, be approved;
- (b) That provisional approval for authority to spend (ATS) of £1.1m to deliver the proposed 12-place Resource Provision at St Margaret's Church of England Primary School, be granted;
- (c) That it be noted that the implementation of the proposal would be subject to the response of the proposed statutory notice and on the outcome of further detailed design work and planning applications, as indicated at section 4.4 of the submitted report;
- (d) That it be noted that the proposal has been brought forward in time for places to be delivered for 2021;
- (e) That it be noted that the responsible officer for the implementation of such matters is the Head of Learning Systems.

#### **Part B – Proposed 30-place Resource Provision at Bishop Young Church of England Academy:**

- (f) That approval be given for the progression of a proposal to establish a 30-place Resource Provision at Bishop Young Church of England Academy, with effect from September 2021;

- (g) That provisional approval for authority to spend (ATS) of £2.2m to deliver the proposed 30-place Resource Provision at Bishop Young Church of England Academy, be granted;
- (h) That it be noted that the implementation of the proposal is subject to the outcome of further detailed design work and planning applications, as indicated at section 4.4 of the submitted report;
- (i) That it be noted that the proposal has been brought forward in time for places to be delivered for 2021;
- (j) That it be noted that the responsible officer for the implementation of such matters is the Head of Learning Systems.

**128 Outcome of a Statutory Notice on a proposal to permanently increase learning places at West Oaks SEN Specialist School and College from September 2021**

The Director of Children and Families submitted a report presenting the outcomes from the statutory notice regarding a proposal to permanently expand West Oaks Special Educational Needs (SEN) Specialist School and College from 350 to 500 places for children and young people aged 2-19 from September 2021 utilising a site at Buckingham Road, Headingley (formerly known as Rose Court). Additionally, the report also sought a final decision on the proposal.

Members welcomed the proposals detailed within the submitted report.

**RESOLVED –**

- (a) That the governing body's proposal to permanently expand West Oaks SEN Specialist School and College from 350 to 500 places for children and young people aged 2-19 utilising a site on Buckingham Road in Headingley (previously known as Rose Court) with effect from September 2021, be approved;
- (b) That the recommendation to exempt the decisions arising from this report from the Call In process for the reasons as set out in paragraph 4.5.2 of the submitted report, be approved;
- (c) That it be noted that the implementation of the proposal is subject to funding being agreed based upon the outcome of further detailed design work and planning applications, as indicated at section 4.4 of the submitted report, with it also being noted that the proposal has been brought forward in time for places to be delivered for 2021;
- (d) That it be noted that the responsible officer for the implementation of such matters is the Head of Learning Systems.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the

decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (b) above, and for the reasons as detailed within section 4.5.2 of the submitted report)

**129 Determination of School Admissions Arrangements for 2022/23**

The Director of Children and Families submitted a report which presented for approval the Local Authority Admissions Policy and Admissions Arrangements for entry to Voluntary Controlled and Community Schools in September 2022.

In responding to a concern regarding the proposed location of some catchment area boundaries, Members discussed the increasing complexities involved in establishing school admission arrangements and catchments areas for the city.

**RESOLVED –**

- (a) That in determining the school admissions arrangements for the academic year 2022/23, the admissions policies for the Leeds Community and Voluntary Controlled Primary and Secondary schools (as detailed at Appendices A, B, & C of the submitted report), be approved;
- (b) That the resolutions of the Board in respect of the submitted report, as detailed within this minute, be exempted from the Call In process for the reasons as detailed within paragraph 4.5.2 of the submitted report;
- (c) That the following be noted:-
  - (i) The Co-ordinated scheme for admissions arrangements for entry in September 2022 (as detailed at Appendix D to the submitted report) and that there are no significant changes to the content, but the scheme has been re-worded to be simpler, clearer and make the policy more accessible to all Local Authority colleagues and families;
  - (ii) That the officer responsible for the implementation of such matters is the Lead for Admissions and Family Information Service;
  - (iii) That the statutory date for implementation (i.e. determination of the policies) is no later than 28 February 2021, with the policy being published by 15 March 2021.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In

process, as per resolution (b) above, and for the reasons as detailed within section 4.5.2 of the submitted report)

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

## **CHILDREN AND FAMILIES**

### **130 Covid-19 and the Early Years Sector**

The Director of Children and Families submitted a report that provided an overview of the Early Years sector in Leeds, within the context of the Covid-19 pandemic and the challenges that this had presented.

By way of introduction to the report, the Executive Member summarised the range of issues which were being faced by the sector together with the actions being taken by the Council to support providers.

Responding to a Member's enquiries, the Board received further detail on the actions being taken to maximise the availability of funding to support the sector during the pandemic, and the representations being made to Government on such matters. With regard to the number of childcare providers who had received financial support from Government funding via the discretionary element administered by the Council, officers undertook to provide the Member with further detail on this.

Linked to this, responding to a Member's enquiry regarding the discretionary funding stream that was currently open for applications, and whether any remaining balance from this funding stream could potentially be made available to childcare providers following the forthcoming deadline, officers undertook to look into this matter further.

Members further discussed the continued role played by the Local Authority in making representations to Government in respect of the concerns which existed for the sector during the pandemic, with detailed discussion being given to a number of areas relating to the pandemic where representations had been made to Government, or where views had been provided at the Government's invitation.

Responding to a Member's enquiry, the Board received further detail regarding the provision of 'Little Owls' and the continued monitoring and adaptation of the business model for the service, with it being noted that the Council's expertise in this area was shared with the wider sector, as a way of providing support to private businesses during the current time.

**RESOLVED** – That the following be noted:-

- (a) That the childcare sector has faced significant challenges during the Covid-19 pandemic – in relation to finances, demand for places and the ability to provide the stimulating learning environment providers aspire

to due to the safety measures, restrictions, guidance and advice in place;

- (b) That there is concern both nationally and locally that the childcare market disruption is likely to have ongoing and long term impacts on the sector, with regard to parental engagement with childcare and early learning, the sustainability of childcare provider businesses and subsequently the sufficiency of early learning and childcare places;
- (c) That the Local Authority continues to support the sector through ongoing communication and advice, amending funding approaches wherever possible in line with Department for Education (DfE) advice to offer financial support to providers;
- (d) That the Local Authority will continue to lobby and advocate for the sector with regard to the need for adequate funding, in recognition of the crucial importance of the sector for children's development and as a key plank of the economy;
- (e) That the Local Authority will continue to lobby and advocate for the sector with regard to being recognised and included in Covid-19 recovery plans; e.g. staff being included within priority groups for vaccinations, access to adequate PPE and timely communication from central Government to the sector.

**DATE OF PUBLICATION:** FRIDAY, 12<sup>TH</sup> FEBRUARY 2021

**LAST DATE FOR CALL IN  
OF ELIGIBLE DECISIONS:** 5.00 P.M., FRIDAY, 19<sup>TH</sup> FEBRUARY 2021



## Appendix 2 Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

June	July	August
<b>Meeting Agenda for 10<sup>th</sup> June 2020</b>	<b>Meeting Agenda for 1st July 2020 and 22<sup>nd</sup> July 2020</b>	<b>No Scrutiny Board meeting scheduled.</b>
*REMOTE SESSION*  West Yorkshire Devolution Deal – Consultation on the published Scheme (PDS)	<u>*REMOTE SESSION* - Agenda for 1<sup>st</sup> July 2020</u>  West Yorkshire Devolution Deal – Consultation on the published Scheme (PDS)  <u>*REMOTE SESSION* - Agenda for 22<sup>nd</sup> July 2020</u>  Financial Performance – 2019/20 Outturn (PM)  Treasury Management – 2019/20 Outturn (PM)  Impact of Coronavirus (COVID-19) upon Leeds City Council's 2020/21 Financial Position and Update on the Forecast Budget Position for 2021/22 (PM)	
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

### Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 2 Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

September	October	November
<b>Meeting Agenda for 7<sup>th</sup> September 2020</b>	<b>Meeting Agenda for 12<sup>th</sup> October 2020.</b>	<b>Meeting Agenda for 16<sup>th</sup> November 2020.</b>
*Remote Session*  Annual Corporate Risk Management Report (PM)  Business Continuity Plans – Overview of Council response to Covid-19 pandemic  Scrutiny review of resilience and emergency planning – recommendation tracking (RT)	*Remote Session*  Budget Saving Proposals – Consideration of 24 September Executive Board Report  Inquiry into the reduction of energy consumption in Council buildings – Formal Response (RT)  Scrutiny review on the management and financial implications of council owned void properties – recommendation tracking (RT)	*Remote Session*  Welcome to Yorkshire financial update  Covid-19: Agile working approach and Estate Realisation  Council Tax and Business Rates Recovery following Covid-19
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

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### Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 2 Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

December	January	February
<b>No Scrutiny Board meeting scheduled.</b>	<b>Meeting Agenda for 11<sup>th</sup> January 2021</b>	<b>Meeting Agenda for 15<sup>th</sup> February 2021</b>
	*Remote Session*  Proposed Budget for 2021/22 and Provisional Budgets for 2022/23 and 2023/24 (PDS)  Financial Health Monitoring (PSR)  Performance report (PM)  Covid-19: Agile working approach and Estate Realisation (second report)	*Remote Session*  White Rose Energy and Robin Hood Energy – Update Report, Implications and alternative suppliers  Social Value Update - Procurement  BAME CLT Action Plan  Covid-19: Agile working approach and Estate Realisation (third report)
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 2 Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

March	April	May
<b>Meeting Agenda for 22<sup>nd</sup> March 2021</b>	<b>No Scrutiny Board meeting scheduled.</b>	<b>No Scrutiny Board meeting scheduled.</b>
<p>*Remote Session*</p> <p>Financial Health Monitoring and Council Tax and Business Rates Recovery following Covid-19</p> <p>Covid-19: Agile working approach and Estate Realisation – Summary of Evidence</p>		
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

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**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 3 Scrutiny Board (Strategy & Resources) Work Schedule for 2021/2022 Municipal Year

June	July	August
<b>Meeting Agenda for 21 June 2021</b>	<b>Meeting Agenda for 19 July 2021</b>	<b>No Scrutiny Board meeting scheduled.</b>
Scrutiny Board Terms of Reference and Sources of Work (DB)  Performance Update (PM)  Scrutiny Inquiry – Agile Working and Estate Realisation - Staff and HR Feedback  DIS – Vision, Project and Programme Management and PSN Certification/Data Governance	Budget 2021/22 Service Reviews (PM)  Medium Term Financial Strategy 2021/22 – 2025/26 (PSR)  Scrutiny Inquiry – Agile Working and Estate Realisation - Draft Inquiry Report	
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

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**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 3 Scrutiny Board (Strategy & Resources) Work Schedule for 2021/2022 Municipal Year

September	October	November
<b>Meeting Agenda for 20 September 2021</b>	<b>Meeting Agenda for 18 October 2021</b>	<b>Meeting Agenda for 29 November 2021</b>
BAME CLT Action Plan – Update (PM)  Annual Corporate Risk Management Report (PM)	Welcome to Yorkshire financial update (DB)  Medium Term Financial Strategy (PSR) – 2022/23 – 2026/27  Financial Health Monitoring (PM)	
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

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**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 3 Scrutiny Board (Strategy & Resources) Work Schedule for 2021/2022 Municipal Year

December	January	February
<b>No Scrutiny Board meeting scheduled.</b>	<b>Meeting Agenda for 24 January 2022</b>	<b>Meeting Agenda for 14 February 2022</b>
	Performance Report (PM) Financial Health Monitoring (PSR) 2022/23 Initial Budget Proposals (PDS)	Social Value Update – Procurement (PM)
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



## Appendix 3 Scrutiny Board (Strategy & Resources) Work Schedule for 2021/2022 Municipal Year

March	April	May
<b>Meeting Agenda for 28 March 2022</b>	<b>No Scrutiny Board meeting scheduled.</b>	<b>No Scrutiny Board meeting scheduled.</b>
<b>Working Group Meetings</b>		
<b>Site Visits</b>		

**Scrutiny Work Items Key:**

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response