

SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 7th November, 2022 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.45 a.m.)

MEMBERSHIP

Councillors

- G Almass - Beeston and Holbeck;
- S Burke - Middleton Park;
- P Carlill - Calverley and Farsley;
- D Chapman - Rothwell;
- R Finnigan - Morley North
- S Firth - Harewood;
- B Flynn - Adel and Wharfedale;
- M France-Mir - Moortown;
- C Gruen - Bramley and Stanningley;
- K Ritchie - Bramley and Stanningley;
- A Scopes (Chair) - Beeston and Holbeck;

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

Note to observers of the meeting: To remotely observe this meeting, please click on the 'View the Meeting Recording' link which will feature on the meeting's webpage (linked below) ahead of the meeting. The webcast will become available at the commencement of the meeting.

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

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

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p>DECLARATION OF INTERESTS</p> <p>To disclose or draw attention to any interests in accordance with Leeds City Council's 'Councillor Code of Conduct'.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 26 SEPTEMBER 2022</p> <p>To confirm as a correct record, the minutes of the meeting held on 26 September 2022</p>	7 - 14
7			<p>LEEDS 2023 UPDATE</p> <p>To consider an update report from the Chief Officer, Culture and Economy responding to previous areas of interest raised by Strategy and Resources Scrutiny Board Members in March 2022 and highlighting the significant milestones and linked opportunities for Leeds that will arise from the Year of Culture in 2023.</p>	15 - 44
8			<p>SHARED PROSPERITY FUND - SCRUTINY BOARD UPDATE</p> <p>To consider a report from the Head of Democratic Services that provides an update on the UK Shared Prosperity Fund and the work undertaken to develop priorities at a regional and Leeds level.</p>	45 - 60

Item No	Ward/Equal Opportunities	Item Not Open		Page No
9			<p>FINANCIAL HEALTH MONITORING, IMPACT OF INFLATION AND MEDIUM TERM FINANCIAL STRATEGY</p> <p>To consider a report from the Head of Democratic Services providing the Board with an update on the in year financial health monitoring position and the Medium Term Financial Strategy with a particular focus on rising inflation and the impact of this both in year and over the medium term.</p>	61 - 194
10			<p>WORK PROGRAMME</p> <p>To consider the Scrutiny Board’s Work Programme for the 2022/23 municipal year.</p>	195 - 234
11			<p>DATE AND TIME OF NEXT MEETING</p> <p>The next meeting of Strategy and Resources Scrutiny Board is scheduled for 12 December 2022 at 10.00AM, There will be a pre-meeting for all Board members at 9.45am.</p> <p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. 	

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 26TH SEPTEMBER, 2022

PRESENT: Councillor A Scopes in the Chair

Councillors G Almass, S Burke, P Carlill,
D Chapman, B Flynn, M France-Mir,
L Richards, K Ritchie and E Taylor

27 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection documents.

28 Exempt Information - Possible Exclusion of the Press and Public

There were no items excluded from the public domain.

29 Late Items

There were no late items.

30 Declaration of Interests

There were no declarations of interest.

31 Apologies for Absence and Notification of Substitutes

Apologies were received from the following Board members:

Cllr Caroline Gruen (Cllr Eileen Taylor attended as a substitute)
Cllr Sam Firth (Cllr Linda Richards attended as a substitute)

The following invitees also asked that apologies be noted:

Cllr James Lewis
Neil Evans

32 Minutes - 25 July 2022

The minutes of the meeting of 25 July were noted.

The Principal Scrutiny Advisor provided an update in relation to information requested in relation to minutes 21, 22 and 24.

RESOLVED:

The minutes of the meeting of 25 July were noted.

33 Electoral Services Update

The following were in attendance for this item:

Cllr D Coupar - Executive Member

Draft minutes to be approved at the meeting
to be held on Friday, 7th October, 2022

John Mulcahy - Chief Officer Elections and Regulatory
Susanna Benton - Head of Electoral Services

John Mulcahy and Susanna Benton presented a paper to the Scrutiny Board summarising voter behaviour in the May 2022 local elections and the progress of the Parliamentary Boundary Review 2023.

Susanna confirmed that in May 2022 the number of postal voters in Leeds was 186,367, which equates to 31.87% of the electorate. 62.27% of all votes received were cast via post and it is anticipated this trend in voting behaviour will be a long-lasting legacy of arrangements put in place during the covid-19 pandemic.

Susanna highlighted the actions taken to address the number of postal votes rejected from the number returned, noting a decrease from 3.22% in May 2021 to 2.11% in May 2022. This included introducing a second manual check of rejected postal votes.

It was noted that given the change in voter behaviour the number of polling stations required, and the location of those polling stations, will remain under review.

Members requested further information about any anticipated reductions in the number of polling stations in Leeds. In response officers noted that significant reductions are not anticipated given changes that were previously implemented during the pandemic period.

Members sought clarification about why some wards record a higher number of rejected postal votes than others. In response officers advised members that they have identified some errors occurring in homes where multiple people are registered to vote – and in such cases they advise those individuals that this has been the reason for a rejection.

The Head of Electoral Services agreed to review the wording contained in voter packs that sets out the options for depositing a postal vote at a polling station.

Members of the Board queried whether further information could be included in the packs provided to postal voters to assist in instances where language barriers may create a disincentive to vote.

The Board discussed the accessibility of electoral services for residents who need to collect a replacement pack in cases where their voting pack has not been delivered.

Members requested further information about the support provided to those voters with visual impairments and those in care settings. It was noted that tactile devices are already available in polling stations.

It was noted that the Elections Act will require a higher level of support to be provided in future to those who may require assistance to cast their vote.

The benefit of information services provided via third sector organisations such as RNIB were discussed.

Concern was expressed about proposals for new constituency boundaries set out by the Boundary Commission for England.

The Scrutiny Board was informed that the Boundary Commission for England is reviewing the responses received in relation to first and secondary stages of consultation on proposed new constituency boundaries.

Cllr Coupar put on record her thanks for the work of the elections team.

RESOLVED:

Members of the Scrutiny Board agreed:

- To note the report.
- The Head of Electoral Services will review the wording contained in voter packs that sets out the options for depositing a postal vote at a polling station.
- The Head of Electoral Services will review whether a link to information in other languages can be provided within the postal voting pack.

34 Annual Corporate Risk Management Report

The following were in attendance for this item:

- Cllr D Coupar – Executive Member
- Tim Rollett – Intelligence and Policy Manager
- Andy Dodman – Chief Officer Human Resources
- Polly Cook – Chief Officer Sustainable Energy and Air Quality

Tim Rollett introduced the Annual Corporate Risk Management report, which updates members on the most significant risks currently on the Council's corporate risk register and the controls in place to manage them.

Tim noted that the Annual Corporate Risk Report was reviewed by the Executive Board at its meeting on 27 July 2022. The report includes internal, organisational risks and external risks such as flooding.

Members were asked to note that due to the changing nature of the Council's risk environment, the rating for some risks – such as the corporate risk on workforce planning - have increased since July.

In the context of the financial management risks, the Chair welcomed the fact that the majority of Scrutiny Board members have now attended additional training on the current challenge.

Members of the Board requested further information about how the corporate risk map is developed. It was noted that insufficient school places and housing growth are included as 'medium risks.' However, members suggested that due to the impact of these factors on citizens and communities they could be regarded as high risk.

It was further suggested that the number of people currently allocated Band A on the housing register could provide evidence that a lack of affordable, quality housing is already a high risk for residents in some communities.

Similarly, members sought to understand how probability is determined on the corporate risk map - noting climate change is categorised as 'possible' rather than 'probable.'

In response, officers noted that impact and probability scores are affected by the level of controls in place to manage risk. For example, the level of planned development impacts upon the categorisation of the risk of insufficient housing growth.

External risks were explored including the way in which intelligence from partners such as the police might influence the Council's assessment of progress towards the KPIs linked to the Best City Ambition.

Members asked for an update on progress towards the target of halving the carbon footprint from council operations to net zero by 2025.

Polly Cook responded by assuring members the Council is on track to meet the 2025 target. She provided a brief update on activity designed to decarbonise energy supplies – for example, through developing solar farms and transitioning to an electric fleet. She noted that progress to move away from gas is more challenging.

It was agreed that the Principal Scrutiny Advisor would circulate the Annual Climate Emergency Advisory Committee report, which was considered by Council in March 2022 to provide further detail about ongoing activity.

Members requested assurance that the Council is working with colleges to ensure training in construction skills reflects demands for modern methods of building.

The Chief Officer for Human Resources was invited to outline the support in place for employees affected by the cost-of-living crisis. Specifically, he was asked if the link between financial exclusion and mental health may be considered as part of the management of absence.

Andy Dodman outlined the support already in place for employees, noting that the Council's financial wellbeing toolkit and video have also been adopted by several other anchor institutions. He noted the availability to of the employee assistance programme and an ongoing consideration of the impact of social and financial exclusion on staff.

The role of Neighbourhood Improvement Boards and Community Committees was highlighted as part of the discussion around managing a risk of escalating poverty. The Board considered whether community committees should be encouraged to target more of their available funding at those in the greatest need.

It was agreed that Cllr Scopes would write to Cllr Harland as the Executive member to reflect the Scrutiny Board's view that community committees may want to consider a specific element of their funding being dedicated to supporting those impacted by the current cost-of-living crisis. It was suggested committees could adopt a similar model to that used during the covid-19 pandemic.

RESOLVED:

Members agreed that:

- The report be noted.
- Cllr Scopes will write to Cllr Harland to reflect the Scrutiny Board's view that community committees may want to consider a specific element of their funding being dedicated to supporting those impacted by the current cost-of-living crisis – potentially by adopting a similar model to that used during the covid-19 pandemic.
- The Principal Scrutiny Advisor will circulate the last annual report of the Climate Emergency Advisory Committee to Board members.

35 Customer Contact Update

Those present for this item were:

Cllr D Coupar	– Executive Member
Polly Cook	– Chief officer Sustainable Energy and Air Quality
Sonia Macdonald	– Head of Shared Services
Andrew Byrom	– Head of Cloud and Platforms

Polly Cook introduced the item setting out the progress of the programme of transformation within the contact centre since the last report to the Scrutiny Board in February 2022. She highlighted that the report provided to members included an overview of work volumes and performance in the contact centre.

Key areas of interest included customer satisfaction, staffing levels, digital improvements, and the anticipated benefits of a Council Tax automation project.

The Scrutiny Board explored the outcomes of an improved digital offer for residents who wish to self-serve online. The use of new online forms in areas such as refuse, reduce calls to the contact centre and release capacity within the team. It is hoped this will help reduce overall waiting times.

The Board was informed that significant benefits are also being realised from the introduction of online forms for registrar services and to capture information required from landlords in relation to a third-party change of address.

An update was provided about progress with a project to automate several council tax processes to reduce calls to the contact centre.

The Board noted the need for the contact centre to be agile enough to respond to spikes in demand relating to factors outside of the Council's control – for example, a recent increase in cases relating to welfare support.

The Chair asked that it be noted that the Board welcomed the openness with which performance has been discussed since 2021, and he reiterated the support of members for the transformation programme.

Assurances were sought about the way in which calls are handled which highlight an adult safeguarding concern. Polly confirmed that calls relating to Adult Social Care are treated as a high priority and should be answered in 2 minutes. She also informed members that the staff handling those calls are highly trained and have direct routes into the service.

Polly Cook was asked to circulate a summary of call volumes and waiting times for Adult Social Care for the period April – August 2022, via the Principal Scrutiny Advisor.

Concern was expressed about the potential time taken to relay messages about the refuse service via the contact centre to the operatives who can take action to collect missed bins.

In response, officers noted that where services are using legacy systems not all functions can be integrated. Further improvements will follow as systems are updated.

The Scrutiny Board queried whether it is possible to trace whether a case has been resolved, particularly where a legacy system is in place.

Members recommended that further consideration be given as to how evidence of customer satisfaction can be produced in the context of the increased use of online forms.

Officers updated the Board on work with the Communications and Marketing Team on the corporate approach to mass communications issued by the Council. It is anticipated that clearer, more accessible communication could reduce avoidable contact coming into the contact centre.

Cllr Coupar reiterated that there is a focus on increasing digital self-service options for customers. However, she assured Board members the option to call the contact centre would also remain in place.

Board members sought assurances that elected members would retain a priority contact system to assist with case work. Cllr Coupar noted that dedicated member inboxes should be in place for all services.

Members discussed staffing levels in the contact centre given the recruitment freeze announced in response to the current budget challenge.

The Board considered the development of Chatbot technology, PowerApps and the procurement of a cloud-based phone system. It was confirmed that future rollouts would all be compatible with mobile technology.

Members sought and received reassurance that IDS regard the contact centre transformation as an organisational priority.

RESOLVED:

Members agreed that:

- The report be noted.
- Polly Cook / Sonia Macdonald to share chart summarising call volumes and waiting times for Adult Social Care in the period April – August 2022.

Cllr France-Mir left the meeting at the end of this item.

36 Work Schedule

The work programme for 2022/23 was considered and agreed.

It was requested that the Principal Scrutiny Advisor liaise with the Chief Officer Financial Services to take all financial papers as one item in November.

It was confirmed that 'Business as Usual' savings would be presented to scrutiny boards as part of this year's budget consultation.

The Chair provided an update to colleagues about a decision regarding the city's bid to host the Eurovision Song Contest, which was taken by him on 26 August 2022 in his capacity as Scrutiny Board Chair and in accordance with 'special urgency' provisions.

The minutes of the Executive Board meeting at which the decision was discussed are attached to the work programme.

RESOLVED:

- That the work programme be noted subject to the amendments to the programme for November 2022 detailed above.

37 Date and Time of Next Meeting

RESOLVED:

The next public meeting of the Board will take place on **11 November** at **10.00am**. A pre-meet will take place for Board members at **9.45am**

LEEDS 2023 update to Scrutiny Board

Date: 7 November 2022

Report of: Chief Officer, Culture and Economy

Report to: Strategy and Resources Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

LEEDS 2023 is the city's Year of Culture, delivered by the Leeds Culture Trust, an independent charity set up in 2019 by Leeds City Council as part of its Culture Strategy and as a response to the cancellation of the UK's participation in the European Capital of Culture competition.

On 28th March 2022, Scrutiny Board provided feedback on a summary on progress towards LEEDS 2023 year of culture. In response to the Scrutiny Board discussion, this paper follows up on specific areas of interest and provides an update on progress made since the last meeting.

The update focuses on:

- Leadership and governance
- Programme and "100 Days to Go"
- Consultation and engagement with elected members
- Public engagement
- Evaluation and impact
- Legacy
- Grant agreement
- Fundraising and sponsorship

Recommendations

- a) Scrutiny Board is requested to note and provide comments on the information provided in this report and the progress made.

What is this report about?

- 1 LEEDS 2023 is run by the Leeds Culture Trust, an independent charity set up in 2019 by Leeds City Council as part of its Culture Strategy and as a response to the cancellation of the UK's participation in the European Capital of Culture competition. Leeds City Council recognises in a number of its key strategies the difference culture and creativity can make to a city and its residents and is the principal funder of LEEDS 2023.

With 3 seasons, 12 Signature projects of original work, hundreds of partnerships including over 20 international partnerships, LEEDS 2023 will be an **event of national and international significance** and a major cultural milestone on Leeds' major events calendar. Alongside Kirklees' Year of Music planned for 2023, LEEDS 2023 is building momentum regionally and will act as a runway toward Calderdale's and Wakefield's Years of Culture in 2024 and Bradford's UK City of Culture in 2025. Collectively, the region is set for a cultural transformation which will position West Yorkshire as a magnet for the arts, culture and creativity in the years to come.

This report provides an update on several areas of the work of LEEDS 2023 which Scrutiny Board has requested to explore in more depth and informs members on progress made since the last Scrutiny Board report in March 2022.

Leadership and governance

- 2 Leeds Culture Trust is led by a **board of trustees** which is chaired by Gabby Logan MBE. From the outset there have been two trustees from the Council on the board, currently Councillors Dan Cohen and Jonathan Pryor. Influential figures such as Jamie Jones Buchanan MBE (former Leeds Rhinos player), Frank Finlay (Director of the University of Leeds' Cultural Institute), Sharon Watson (former artistic director of Phoenix Dance Theatre and current principal of Northern School of Contemporary Dance) and Sanchez Payne (former Leeds United player and currently a presenter on BBC Radio Leeds) were appointed over time and still serve as Trustees on the Board.
- 3 The **City Readiness Board** is the council led governance structure bringing together LCC and Leeds Culture Trust to help ensure that the Year of Culture maximises its benefits and impacts across the city and the wider region. The operational readiness structure consists of one overarching board bringing together LCC Directors and Chief Officers with the executive team of Leeds Culture Trust. There are also three sub-groups which cover:
 - Visitor Welcome and Strategic Marketing
 - Planning and Feasibility
 - Young People, Education and Skills

The structure has been established to coordinate and accelerate effective progress towards the Year of Culture, whilst helping to ensure that the LEEDS 2023 team achieves its stated strategic objectives and is aligned to council services wherever appropriate. It also provides a mechanism for escalating any operational problems to be considered directly by council directors and the executive team of LEEDS 2023.

The membership of the sub-groups has evolved over time and will continue to do so as the focus of LEEDS 2023 shifts from planning to delivery. A review of the City Readiness Board and its sub-groups is currently taking place, led by the council's Executive Manager LEEDS 2023 Partnership.

- 4 The Executive Manager took up post on 1 April 2022 with the aim of strengthening governance arrangements between LCC and LEEDS 2023 for a two-year period until 31 March 2024. The postholder is charged with establishing effective engagement with elected members, helping

Leeds Culture Trust to navigate LCC and maximise the established networks and relationships which the council has with communities and businesses across the city.

Programme and “100 Days to Go”

- 5 The LEEDS 2023 programme will be of both national and international significance and will consist of three strands of activity – Produce, Partner and Promote.

The “**Produce**” strand will consist of 12 major signature projects, original works produced by LEEDS 2023 which will punctuate the year.

The “**Partner**” strand entails working in partnership with local, national and international partners to showcase the wealth of cultural infrastructure to be found in Leeds. The aim of the Partner Programme will be to increase the capacity of the city by working with and through others, to collaborate and champion interdisciplinary partnerships and increase Leeds’ international profile.

The Partner Programme will be complemented by the “**Promote**” strand of LEEDS 2023’s activity. This will entail supporting partners by offering in-kind promotional support, and will include:

- Profiling on the central website
- Offering the use of LEEDS 2023 branding / logo
- Inclusion within press and marketing campaigns
- Support with social media activity

In exchange, promote partners will be asked to adhere to LEEDS 2023 policies and values, and support LEEDS 2023 with audience experiences and evaluation activity.

- 6 Significant progress has been made since the last Scrutiny Board in March in shaping the programme of the Year of Culture and this was evidenced on 23rd September at the “**100 Days to Go**” launch at the new home of the LEEDS 2023 team at Brewery Wharf. The launch involved two invitation-only briefing events to which elected members, sponsors, artists, funders, key partners and the press and media were invited. The launch gave LEEDS 2023 the opportunity to make key programme announcements for the year ahead. Three seasons will shape the year, with ‘**Awakening**’ influencing Part One (January to April), ‘**Playing**’ the focus of Part Two (May to August), and ‘**Dreaming**’ a forward-looking end to the year (September to December).

- 7 The “100 Days to Go” launch placed a strong focus on “**The Awakening**” opening event which will take place at Headingley stadium on 7th January. “The Awakening” will be a free ticketed event to celebrate Leeds’ past, present and future in a live show. 15,000 tickets are available, with the ticket ballot inviting people to get creative and submit a piece of art to be in with a chance of gaining a pair of free tickets. Artworks can be uploaded onto the LEEDS 2023 website and those unable to submit online are able to drop off their creations at yellow art boxes at the following locations across Leeds:

- LEEDS 2023 HQ, Brewery Place
- The Old Fire Station
- Middleton Health for All
- Voluntary Action Leeds
- New Worley Community Centre
- Armley Library
- Reginald Centre
- Hamara

- Bramley Baths
- Kirkgate Market
- Leeds Beckett University, Headingley Campus
- Leeds Beckett University, City Centre Campus
- LS14 Trust
- Burmantofts Community Hub and Library

“Creation stations” are also available at Trinity Leeds Shopping Centre, White Rose Shopping Centre and at LEEDS 2023 headquarters at Brewery Wharf, where the public are helped to create art works to enter into the ticket ballot. 25th November is the deadline for submissions when 7,500 pieces of the public’s art will be selected at random to receive a pair of free tickets to “The Awakening” show. The artwork submitted by the public will also feature in the opening show.

To inspire engagement with the ballot and enable learning about Leeds' diverse cultural heritage and landscape, LEEDS 2023 have produced classroom resources for learners in Key Stages 1-5, including SEND learners. Classroom resources will enable teachers to engage pupils in learning about moments and movements in Leeds' cultural heritage and inspire them to create new artworks that can be submitted to the ballot. Additionally, up to 2,500 learners across 40 schools will take part in workshops facilitated by professional artists who will support them in their learning and the creation of artwork.

Consultation and engagement with elected members

- 8 When the last LEEDS 2023 report was taken to Scrutiny Board on 28 March, board members were clear about the need to strengthen engagement with elected members and to ensure that they are aware of what to expect in LEEDS 2023. A number of steps have been taken as a result of this feedback in order to strengthen the engagement of elected members with LEEDS 2023.
- 9 A presentation on LEEDS 2023 was made at the June-July 2022 cycle of **Community Committees**, whereby ward councillors and members of the public were given the opportunity to ask questions to representatives of the LEEDS 2023 team and LCC officers working on the Year of Culture. The majority of questions arising from the Community Committees were around the expected benefits of the Year of Culture for local communities and whether impact would be measured at ward level. In response to these questions, Councillors were given information on artistic seed commissions which have already taken place in local wards, as well as advance information around the My LEEDS 2023 project and the recruitment of **33 Neighbourhood Hosts**, one for each ward, who will help to co-ordinate activity at ward level, as described in section 15 of this report. Information around evaluation and measuring impact at ward level, as described in sections 19-21 below, was also shared with elected members.
- 10 Throughout the summer of 2022, LEEDS 2023 held a **city-wide roadshow** which involved events in all 33 wards. All councillors received direct invitations to the roadshow and were asked to help to publicise them to local residents, artists and community groups. The roadshows featured performances, food and presentations about various opportunities to get involved with LEEDS 2023 including the Neighbourhood Host programme, how to “share an idea” with LEEDS 2023, volunteering, as well opportunities from LEEDS 2023’s creative learning and engagement programme such as a “Youth Summit” and a programme for “Young Creatives”. A total of 43 councillors attended the roadshows, alongside 750 other participants which included parish councillors, local businesses, artists, youth group leaders, faith and community leaders and members of the public.
- 11 All elected members received a **briefing pack** in mid-September outlining the history of LEEDS 2023, its funding arrangements, a brief programme overview, examples of activities which have

already taken place throughout the city and details about how local residents can get involved. The briefing pack can be seen in appendix 1. An electronic version of the briefing pack has also been sent out to all town and parish councils. Updates and reminders on LEEDS 2023 activities have been included in the regular member updates issued by the Chief Executive's office.

- 12 On 23 September LEEDS 2023 held their “**100 days to go**” events at their new offices at Brewery Wharf and all councillors received an invitation to the briefings taking place as part of the launch. The events attracted 18 councillors in total. There are plans to hold a further briefing for councillors on 1 November which will be combined with an introduction to the Neighbourhood Hosts as part of their induction to the role.
- 13 Ward councillors are being briefed about proposed events taking place in their wards and community consultations are being held as appropriate.

Public engagement

- 14 Equality, inclusion, and diversity sit at the core of the LEEDS 2023 approach to culture and this is reflected in the company's approach to recruitment and programming as well as in its policies, practices and procedures. In order to ensure that the benefits of the year are felt not just in the city centre or in the wards which already have high levels of cultural engagement, LEEDS 2023 are looking to break down barriers that individuals and communities face when trying to access culture, including:
 - Providing free or low-cost ticketing to ensure participation by people from all socio-economic groups.
 - Ensuring that localised activity is planned in all 33 wards of Leeds and beyond the city centre.
 - Creating digital immersion tools to remove geography and physical participation as a barrier to accessing the Year of Culture.
 - Engaging with schools across the city and creating classroom resources for learners in Key Stages 1-5, including SEND learners.
- 15 Consultation with local communities is essential to maximise the potential for public engagement with the Year of Culture. A **co-creation approach** is being taken with Leeds communities, enabling Leeds residents and community and cultural organisations to shape the programmes which are relevant to where and how they live. A strong example of this community led approach has been the My World, My City, My Neighbourhood (MWMCMN) programme funded by Arts Council England, running over the past year. This project has allowed the development of a signature event in 2023, My LEEDS 2023, which has gained significant funding from the Esmee Fairburn Foundation and Paul Hamlyn Foundation. The project will allow LEEDS 2023 to recruit **33 Neighbourhood Hosts** who will participate in a skills development programme and co-create a major event in collaboration with the diverse communities in their ward next summer.
- 16 The LEEDS 2023 website also has a facility for members of the public and organisations to “**share an idea**”, giving LEEDS 2023 the opportunity to build the “partner” and “promote” elements of the year and amplify cultural events and activities taking place throughout the city in 2023.
- 17 As outlined in section 10 above, the **LEEDS 2023 roadshow** took place over the summer months, with one event taking place in each of the 33 wards. The roadshow was an opportunity to spread the message to local communities about how to get involved in the Year of Culture

and led to a diverse pool of applications from local residents keen to work as Neighbourhood Hosts or to sign up to the volunteer programme.

- 18 Every child and young person of school age in Leeds is getting the chance to take part in the Year of Culture. LEEDS 2023's **creative learning programme** features free activities for learners in all key stages, including classroom resources, facilitated workshops, participatory activities, and opportunities for learning outside the classroom. With links to the curriculum, the programme supports teaching across a variety of subject areas and helps learners develop their creativity. Learning resources for schools can be found on the LEEDS 2023 website <https://leeds2023.co.uk/learning-resources>.

By working closely with Child Friendly Leeds, LCC's Voice Influence and Change team and the Leeds Cultural Education Partnership (LCEP) LEEDS 2023 is working to bring together cultural provision across the city to promote youth voice and co-creation, with the participation of larger numbers of young people that are also representative of the city.

Evaluation and impact

- 19 The last Scrutiny Board report on 28 March gave a full description of the evaluation approach which is summarised in the diagrams in appendix 2. Since that time, a number of developments have taken place to establish measures, capture data and establish baselines.
- 20 An open and collaborative partnership has been established between LEEDS 2023 and its evaluation partners The Audience Agency and the Centre for Cultural Value, its data partner Open Innovations and Leeds City Council. Data sharing agreements are being worked up to allow data to be shared openly between organisations to ensure that every best effort is made to measure the impact of the year. LEEDS 2023 have introduced a new Customer Relationship Management (CRM) system which all staff are being trained to use in order to capture the contacts and relationships being developed locally, nationally and around the world, with a view to passing the information to LCC for legacy purposes.

Working groups looking at Data and CRM have been established to ensure that all of the data being collected by LEEDS 2023 is relevant and can feed into telling an accurate story about the impact and legacy of the year.

Open Innovations have commenced their work on **data collection, analysis and visualisation**, breaking down participant data from the recent LEEDS 2023 roadshow to build a picture of participation at ward level. This information is being used by the LEEDS 2023 team to identify the parts of the city where additional intervention could be targeted to ensure city-wide participation in the Year of Culture. Data around volunteering, social media and the ballot for "The Awakening" are all live and provide a further insight into engagement at ward level.

The work which Open Innovations is undertaking also includes plans for an impact dashboard aligned with some of the KPIs set in the council's grant agreement, so that performance information is up to date, easy to access and readily available. This will provide a useful insight not just for LCC but for the cultural sector and other partners across the city.

- 21 LCC's Economic Policy team is currently seeking to integrate cultural measures within the Council's emerging Social Progress Index. Early discussions are taking place with the evaluation partners to explore how ward level data around cultural engagement emerging from the LEEDS 2023 evaluation can feed into the Social Progress Index.

Legacy

- 22 At the March Scrutiny Board meeting, members highlighted the importance of a stronger focus on arrangements to secure the legacy of LEEDS 2023. Subsequent to this, LCC has commissioned a 'legacy think piece' involving interviews and workshops with key stakeholders across LCC, Leeds Culture Trust and the wider creative sector. This work, for LCC internal use, provides an objective view on the potential for and scope of Legacy for the Year of Culture.
- 23 As part of this work, stakeholders were asked to look at the decision to bid for the title of European Capital of Culture taken by Executive Board in March 2015, and to consider what has happened as a result of this bold move. It is clear from the response that the legacy of the LEEDS 2023 bid and the subsequent decision to "do it anyway" taken after the UK was excluded from the competition, is already visible and tangible. It has led to **increased profile for the city** as a centre for culture and creativity, home to the new Channel 4 headquarters and the Centre for Cultural Value based at the University of Leeds and future home to the National Poetry Centre and British Library North.
- 24 The most recent example of the **heightened sense of confidence and ambition** which has been built by the LEEDS 2023 journey is the decision for Leeds to bid for the Eurovision Song Contest. Although the Leeds bid did not make it to the final two, it was an example of how Leeds has developed into a confident and proactive city, building the Eurovision Song Contest into its plans for LEEDS 2023, supported by a range of organisations from education, hospitality, business and the West Yorkshire Combined Authority including the member Local Authorities. The strength of the local partnership was a very visible part of the bid which received positive feedback from the BBC.
- 25 As Leeds Culture Trust is expected to wind up in 2024, it is clear that legacy should be led by Leeds City Council with defined responsibilities for Leeds Culture Trust to deliver a strong foundation. This will be set out in a refreshed grant agreement between the Council and the Trust (see sections 28-30 below). Ongoing collaboration between the Council and the Trust pre, during and immediately post LEEDS 2023 will be key to capturing the impacts of the Year of Culture on the city and wider region. As such, requirements for the evaluation framework for LEEDS 2023, aligned with the scope of legacy planning will also be incorporated within the reset grant agreement.
- 26 The refreshed grant agreement for LEEDS 2023, as described in sections 28-30 below, is expected to include information sharing requirements to enable effective legacy planning. Examples of data to be collected include:
- Ticketing data for use by Arts, Events & Venues team in the ongoing promotion of LCC events / programmes
 - Volunteer data – so that volunteers might be signed up to support LCC events
 - Grants data – to scope alignment with the Council's cultural grants programmes and ongoing sector support
 - Communities – to facilitate the continuation of our cultural and working relationships across the city's 33 wards
 - Schools data – to assess and potentially further develop cultural engagement with Leeds' schools
 - International – key contacts to be shared with LCC for ongoing relationship building by International Relations and Culture Programmes
- 27 Consideration will be given to the vehicle and working structures for legacy development, which could be linked to the existing City Readiness governance structure or widened out to involve

the broader cultural sector. This work will look at the infrastructure needed to receive the baton from LEEDS 2023 and to ensure that the dynamism, learning and the data captured from the year are not lost.

Legacy planning will position LEEDS 2023 alongside Kirklees Year of Music 2023, as the **runway toward Bradford 2025 City of Culture** and incorporate the years of cultural activity planned for Calderdale and Wakefield in 2024, creating a strong regional, national and international profile for West Yorkshire as a centre for culture and creativity.

Grant agreement

- 28 As we approach the launch of the LEEDS 2023, officers are working to ensure that the Council's grant agreement for the project clearly defines our aims and facilitates the Council in capitalising on the Year of Culture and its legacy. To this end, we are collaborating with Leeds Culture Trust to refresh the grant agreement to take us to the conclusion of LEEDS 2023.
- 29 The process of resetting the agreement will consider updating, redefining or adding sections to Schedule 1 of the grant agreement, the section which defines the LEEDS 2023 project. This will include:
- Outputs and outcomes – updating KPIs for the project to align with the evaluation framework and legacy planning.
 - Legacy Plan – to set out how LCC and Leeds Culture Trust work together to develop this through 2023.
 - Data Sharing – incorporating information sharing requirements to support the legacy planning for LEEDS 2023. The type of information to be shared can be seen in the legacy section of this report, under section 26.
 - Evaluation – to set out expectations for delivery of the final evaluation report.
 - Governance – to include governance arrangements provided by the City Readiness Board and its sub-groups.
 - Wrap up of Leeds Culture Trust in 2024 – to ensure that the grant agreement can be concluded as a whole while accounting for key activities such as the Leeds Culture Trust's Theatre Tax Relief claim to HMRC, and the producing and filing of financial statements.
- 30 Schedule 2 of the grant agreement will also be updated to incorporate £1.5m additional funding provided to Leeds City Council from the West Yorkshire Combined Authority for the project.

Fundraising and sponsorship

- 31 In July 2019 Leeds City Council entered into a grant agreement with the Leeds Culture Trust, lasting up until March 2024. The original core budget commitment was for £12,700,000 to be paid in quarterly instalments, and this was reduced to £10,665,000 in 2021. Further details of LCC's contribution can be found in section 41 of this report under "resource implications".
- 32 Strong progress has been made by LEEDS 2023's fundraising team in securing funding over and above that provided by LCC. Leeds City Council's contribution has leveraged further funding from a variety of sources outlined below, which brings **total additional fundraising to date to £5,951,373**.

- Arts Council England
- British Council
- The Netherland's Embassy
- National Lottery Heritage Fund
- Paul Hamlyn Foundation
- Esmee Fairbairn Foundation
- Leeds Community Foundation
- West Yorkshire Combined Authority

Total Trusts and Foundations funding to date **£5,196,373**

- Principal Education Partners: University of Leeds and Beckett University
- Gold Education Partners: Leeds Trinity University Leeds Arts University, Luminate, Northern School of Contemporary Dance.

Total education partner funding to date **£360,000**

14 Corporate Sponsors

• Bruntwood	Headline Partner
• Landsec	Headline Partner
• Channel 4	Platinum Partner
• Burberry	Platinum Partner
• KPMG	Platinum Partner
• Square Patton Boggs	Gold Partner
• Balfour Beatty	Gold Partner
• Born Ugly	Gold Partner
• Addleshaw Goddard	2023 Club Member
• Grammar School at Leeds	2023 Club Member
• Leeds Building Society	2023 Club Member
• True North	2023 Club Member
• Kinrise	2023 Club Member
• Henry Boot Developments	2023 Club Member
• Mott McDonald	2023 Club Member
• Yorkshire Mafia	2023 Club Member
• Q5	2023 Club Member
• Notre Dame College	2023 Club Member
• Quod	2023 Club Member
• Civic Engineers	2023 Club Member
• DLA Piper	2023 Club Member

Total corporate sponsorship to date: **£395,000**

33 LEEDS 2023 has an ambitious budget target and aims to invest 50% in programme delivery. In spite of a growing number of challenges and against a difficult economic backdrop which make this an increasingly difficult climate for fundraising, Leeds Culture Trust continues to make good progress towards its ambitious targets for LEEDS 2023.

A further £2.3m of additional funding is pending and bids worth another £5.8m are currently in the pipeline. Fundraising efforts will continue throughout 2022 and until the end of 2023, with experience of other Years of Culture suggesting that the majority of match funding comes within the year itself. Some ticketed events and branded merchandise will also generate income.

What impact will this proposal have?

- 34 LEEDS 2023 will deliver wide ranging benefits across the whole city and is an important part of LCC's major events strategy. LCC is committed to continuing to promote a positive, dynamic, diverse, and outward-looking image on a global stage and major events such as LEEDS 2023 are an important part of the city's offer that can deliver this.
- 35 LCC working alongside LEEDS 2023 and culture sector partners has a strong focus on legacy planning, as outlined in the section on legacy (sections 22-27) above.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 36 LEEDS 2023 contributes to both the city's and the council's ambitions and is aligned to each of the three pillars of the Best City Ambition.
- 37 The LEEDS 2023 programme aligns with the Health and Wellbeing strategy by supporting healthy, physically active lifestyles, as well as improving social, emotional and mental health and wellbeing. The impacts of arts and culture are well documented, with doctors now using social prescribing as a means to combat depression and loneliness.
- 38 The Year of Culture will support the city's economic recovery from COVID-19 and building longer term economic resilience. The year will also contribute to the following Big Ideas:
- Maximising the economic benefits of culture
 - Promoting Leeds and Yorkshire
 - Leeds as a digital city
 - Working together to create better jobs, tackling low pay and boosting productivity
 - Putting children at the heart of the growth strategy
- 39 Sustainability is at the heart of LEEDS 2023's approach to its Year of Culture and its Sustainable Action Plan aligns with Leeds' Net Zero Strategy. LEEDS 2023 has been working with SAIL (Sustainable Arts in Leeds) to develop a sustainable road map across the entirety of its programme and there will be a carbon impact assessment carried out for each of the 12 signature projects. In addition, the year will include best practice projects which champion sustainable practices and are industry leaders in their approach, whilst helping to educate audiences about the importance of combating climate change.

What consultation and engagement has taken place?

Wards affected: All 33 wards

Have ward members been consulted? Yes No

- 40 A detailed description of the consultation and engagement activity both with elected members and with local communities can be seen in the sections on elected member consultation and public engagement (sections 8-18) above.

What are the resource implications?

- 41 The Council's original total commitment for LEEDS 2023 was £12,700,000, of which:
- £1,350,000 was withdrawn in 2021/22 as a result of LCC cost savings.
 - The grant issued to Leeds Culture Trust was for the remaining sum of £10,665,000.
 - The contribution to LEEDS 2023 from the core council budget has been further reduced by making substitutions by applying funds which cannot be used to deliver core council services, namely substitutions from the Business Rates Pool (BRP) and WYCA's Leeds' Gainshare allocation which resulted from the devolution deal for West Yorkshire.
 - £4,835,000 has been paid to Leeds Culture Trust to date, of which £3,034,893 (63%) came from LCC core budget and £1,800,107 (37%) were substitutions from the Business Rates Pool and Gainshare.
 - No funding has been paid in 2022/23 to date, but planned spend is £2,541,000, so at the end of 22/23 spend will be £7,376,000. Of this, £4,075,893 will be from LCC core budget and £3,300,107 will be from BRP & Gainshare, with a further £1,633,000 from BRP in 2023/24.
 - Overall, substitutions reduce the Council's total net commitment from £10,665,000 to £5,731,893
- 42 The Council has also undertaken to front fund costs up to £1.83m for the Shonibare sculpture to be installed in Meadow Lane Green Space in Aire Park as part of the Year of Culture. This will be held against the capital programme contingency reserve and will be reduced as fundraising for the project progresses. A full fundraising strategy has been drawn up for the project to be led by LEEDS 2023, with a number of funding applications already developed.

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

- 43 The Council recognises that growing the economy has positive benefits to the city and that our work developing the city's culture strategy and the successful delivery of LEEDS 2023 are crucial components of achieving our Inclusive Growth Strategy ambitions. The current geo-political situation, the cost of living crisis and ensuing pressure on the economy and local communities are all risks to success of the Year of Culture. Leeds Culture Trust is positioning LEEDS 2023 as part of the solution in terms of economic contribution and the job opportunities that the year will bring to the city, as well as offering people happiness and excitement, thus contributing to health and wellbeing.
- 44 It is a requirement of funding that Leeds Culture Trust maintains a risk register and that this is monitored by the Board of Trustees. As a condition of payment, the Trust files updated copies of the risk register with the Council, at least annually.
- 45 The City Readiness Board and its sub-groups offer a governance structure which allows risks to be identified and issues to be escalated to LCC directors. The Executive Manager LEEDS 2023 Partnership has been in post since April 2022, providing additional oversight of key risks.
- 46 A LEEDS 2023 risk has also been added to the Culture and Economy service risk register which is part of the City Development Directorate risk register. The risk is owned by the Chief Officer for Culture and Economy.

What are the legal implications?

47 There are no significant legal issues relating to the recommendations in this report. The Council closely monitors its investment in LEEDS 2023 through a grant agreement – 2019 to 2024. The grant agreement includes reporting conditions set against each quarterly payment. For audit and monitoring purposes, all reporting documentation is appropriately filed.

48 Other legal arrangements are being put in place to support various aspects of the LEEDS 2023 Year of Culture. These include:

- A cooperation agreement between LCC and LCT around the delivery of the Shonibare sculpture in Meadow Lane Green Space in Aire Park, which is due to be unveiled in October 2023. The cooperation agreement will include a schedule setting out the conditions which are needed for the council to front fund the costs of the sculpture whilst a fundraising strategy is implemented by LEEDS 2023. The agreement to front fund the costs of the Shonibare artwork was made by the Executive Board on 22 June 2022. An agreement in principle was also made in May 2022 for the council to own and maintain the Shonibare sculpture after installation.
- A contract is currently being drawn up between Leeds City Council and West Yorkshire Combined Authority which will set out the requirements for a grant of £1.5m to fund the Women of the World project, It is proposed that the updated grant agreement between LCC and LEEDS 2023 will incorporate the funding requirements set out by WYCA.

Options, timescales and measuring success

What other options were considered?

49 N/A

How will success be measured?

50 Success will be measured through a detailed evaluation of LEEDS 2023 as set out in the section on evaluation and impact (sections 19-21) above. A final report setting out a full evaluation of LEEDS 2023 will be delivered within six months of the close of the Year of Culture and this will underpin the legacy of LEEDS 2023.

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

51 The Year of Culture will commence with “The Awakening” event on 7 January 2023 and a full year of cultural events is planned.

Leeds Culture Trust is responsible for the delivery of the LEEDS 2023 Year of Culture. Eve Roodhouse, the Chief Officer for Culture and Economy, is the responsible officer within Leeds City Council who will ensure that the council’s interests are represented throughout the year and that a legacy plan is in place.

Appendices

- Appendix 1 – Councillor briefing pack
- Appendix 2 - LEEDS 2023 Evaluation Approach

Background papers

- Details of the LEEDS 2023 programme which were announced at the “100 Days to Go” launch, including “The Awakening” and the “My LEEDS 2023” project can be found on the website here <https://leeds2023.co.uk/news/programme-launch>

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Councillor Information Pack



An introduction to LEEDS 2023

2015-17: The LEEDS 2023 story began in 2015 when the city originally decided to bid to be European Capital of Culture for 2023. Hopes of success were dashed in 2017 when UK cities were banned from entering following the Brexit vote.

Despite this setback, the city collectively decided to hold its own Year of Culture. This decision had cross party support as well as a Yorkshire Evening Post public poll and dozens of local businesses backing it.

January 2018: By January 2018 Leeds City Council agreed to see the city host its own 'Year of Culture' by 2023. Six months later the Executive Board requested development of Leeds Culture Trust as the delivery vehicle for LEEDS 2023.

The Leeds Culture Trust had already been established as a concept as part of the European bid and an Independent Chair was appointed in 2018 with the Board of Trustees following. From the outset there have always been two trustees from the

Council on the board, currently Councillors Dan Cohen and Jonathan Pryor. Influential figures such as Gabby Logan (Chair), Jamie Jones-Buchanan, Frank Finlay and Sanchez Payne were appointed over time and still serve as Trustees on the Board.

2019: The Leeds Culture Trust was incorporated as an independent charity in 2019 and has spent the last three years, including throughout the pandemic, working towards and building up to the Year of Culture 2023.

2022: LEEDS 2023 has a core team of arts, events, marketing, education and fundraising specialists led by Creative Director and Chief Executive Kully Thiarai. These are the people tasked with funding, creating and delivering LEEDS 2023.

Sept 23rd 2022: An announcement is planned to unveil key elements of the programme for LEEDS 2023 on Friday September 23, 2022 – to coincide with the 100-day countdown.



Team Picture performing at Launchpad Festival 2022 (Credit Sarah Ogelsby)

The vision for LEEDS 2023

Built around diversity, inclusivity and sustainability, LEEDS 2023 Vision is for creativity to fuel opportunities for everyone and contribute to a thriving city and region.

LEEDS 2023 Mission is to deliver a landmark year of culture connecting and benefitting hundreds of thousands of people both now and in the future.

Scan here to read the full strategic plan.



Strategic Aims and Objectives:

- To unlock opportunities for everyone to find enjoyment and live their best life through participating in creative activity
- To boost engagement in culture particularly among people who face barriers because of their experience or circumstances
- To lead and showcase cultural transformation
- To play an active role in the city and region's social, economic and cultural recovery from the pandemic
- To create a diverse, inclusive and values driven organisation that can effectively deliver LEEDS 2023 and its legacy

The funding & partnerships of LEEDS 2023

July 2019: Leeds City Council entered into a grant agreement with the Leeds Culture Trust, lasting up until March 2024. The original core budget commitment was for £12.7m to be paid in quarterly instalments, this was reduced to £10.665m in 2021.

2021/22: The contribution to LEEDS 2023 from the core council budget was further reduced by making substitutions by applying funds which cannot be used to deliver core council services. These

substitutions include £1.7m from the Business Rates Pool and £1.1m from WYCA's Leeds' Gainshare 21/22 allocation and an additional £633K from WYCA's Leeds' Gainshare 22/23 allocation. This reduced the Council's net commitment to £7.23m.

LEEDS 2023 has a budget target of £21-26m and aims to invest 50% in programme delivery. Fundraising will continue throughout the year and some LEEDS 2023 events will also generate income.



The Promise of a Garden at Leeds Playhouse by the Performance Ensemble (Credit Zoe Martin)

Additional Funding

Arts Council England: £888k

British Council: £275k

The Netherland's Embassy:
£170k

National Lottery Heritage Fund: £2,499,852

Paul Hamlyn Foundation:
£500k

Esme Fairbairn Foundation:
£288,849

Leeds Community Foundation:
£203k

Total Funding to date:
£5.144.553m

Principal Education Partners:
University of Leeds and Leeds Beckett University

Gold Education Partners:
Leeds Trinity University
Leeds Arts University,
Luminate, Northern School of Contemporary Dance.

All Principal and Gold Education partners

Total Funding: £360k

14 Corporate Sponsors

Landsec: Headline Partner

Burberry: Platinum Partner

KPMG: Platinum Partner

Squire Patton Boggs: Gold Partner

Addleshaw Goddard: 2023 Club Member

Grammar School at Leeds: 2023 Club Member

Leeds Building Society: 2023 Club Member

True North: 2023 Club Member

Kinrise: 2023 Club Member

Henry Boot Developments: 2023 Club Member

Mott McDonald: 2023 Club Member

Yorkshire Mafia: 2023 Club Member

Q5: 2023 Club Member

Notre Dame College: 2023 Club Member

Quod: 2023 Club Member

Total Funding: £282,500

LEEDS 2023 is finalising contracts with a number of additional Corporate Sponsors with more in the pipeline.

Overall, Leeds City Council's Strategy and Resources Scrutiny Committee is responsible for scrutinising the partnership, its progress and overall effectiveness, whilst delivering high quality events that offer value for money and a tangible Return on Investment for Leeds' residents. A number of Key Performance Indicators have been agreed to measure success.

Leeds City Council has established a City Readiness Board chaired by the Director of City Development to support LEEDS 2023 with their delivery of the year. Within this group council directors sit alongside the executive team of LEEDS 2023 to ensure coordinated operational management of the city's preparations for hosting the year of culture, including transport, infrastructure and place and event management. The operational governance provided by the City Readiness Board is strengthened through a number of sub-groups covering planning and feasibility, young people, education and skills, visitor welcome and strategic marketing.



Filming of the Magician by Slung Low's Leeds Peoples Theatre, supported by LEEDS 2023

What to expect during LEEDS 2023

2023 will be a transformational year like no other. 12 signature projects and a multitude of creative experiences will happen all over our city. From dance to design, art to architecture, poetry to pop, sculpture to sport, grassroots community theatre to performances on our world-class stages. LEEDS 2023 will be an explosion of colour, noise and brilliance that will show the world in our city and our city to the world.

This will include delivering some of the major events and activities outside of the city centre so outer wards and communities can also be centre stage at various points of the programme. Thanks to the nature and scale of regional, national and international partnerships that are being formed as part of LEEDS 2023 we are able to tap into the talent and experience of other organisations such the National Youth Theatre, The British Library and renowned arts organisations as far as Estonia and The Netherlands.



The Welcome to Leeds stage at Leeds Jazz Festival 2022 (Credit Ellie Slorick)

A new commission by international artist Yinka Shonibare CBE RA will be unveiled in 2023 to honour the life of David Oluwale, the British Nigerian and Leeds resident whose personal story inspired local people to create a lasting legacy to mark his life.

Scores of creative partnerships are also in development to deliver events and activities across the year, including a programme building towards a new National Poetry Centre in Leeds, spearheaded by Simon Armitage, and creating a lasting legacy to his decade-long tenure as Poet Laureate.

On 15 July 2022, LEEDS 2023 held a Youth Summit at the Leeds Playhouse. Seventy young people, cultural practitioners, educators and people from third sector organisations came together to explore how young people view, access and engage with culture in Leeds and shape future cultural activity in the city. The Youth Summit is informing much of our programming and acted a springboard for an innovative year of youth voice activity, during which we will enable and empower young people to have a voice and be heard on issues important to them.

To make the celebrations as relevant and accessible as possible, LEEDS 2023 is taking on the broadest definition of culture. Heritage and the arts, as well as sport and communities, food, and everyday creativity, have all been included in the programme, key elements of which will be unveiled to the public on Friday September 23 with 100 days to go. Other season and project announcements will be rolled out throughout the year to keep the excitement and momentum at peak levels.

Independent financial analysis by BOP Consulting Group predicts that LEEDS 2023 will bring at least £100m to the visitor economy, creating jobs, increasing visitor numbers and with that a crucial boost to the retail, hospitality and travel industries that have been so badly impacted by COVID-19. Leeds City Council's Visit Leeds team is working in close partnership with LEEDS 2023 and local partners to ensure that these benefits to the local visitor economy are gained.

Community Events



The LEEDS 2023 Roadshow (Credit Ant Robling)

LEEDS 2023 is for everyone and will be the first large-scale event of its kind in the city region, championing all forms of creativity and reaching all 33 wards of the city. Hundreds of creative community events are going to take place and will form part of a cultural tapestry, helping to put our city firmly on the map regionally, nationally and internationally.

LEEDS 2023 has been working with communities across the city through My World My City My Neighbourhood (supported by Arts Council England) and Hidden Stories (supported by National Heritage Lottery Fund). Both projects gave opportunity for communities and artists to test out co-creative methodologies whilst building on existing cultural activity happening across the city.

My World My City My Neighbourhood

A project that has involved 23 artists across 23 different communities in Leeds. The projects focus on priority communities including the d/Deaf community and Leeds' African community.

For example, local artist and baker Benjamin Mills has been working on co-created project Common Thread in Calverley and Farsley exploring with residents the area's identity through creative activities. It has inspired the group to form a new creative collective, C.R.A.F.T (Calverley, Rodley and Farsley Together).

This programme of work has informed the development of one of LEEDS 2023's major events – My LEEDS 2023 - which will take place in communities across the summer in 2023. Integral to this major community project, 33 Neighbourhood Hosts are being recruited from each ward and will work with their community to decide how they wish to celebrate LEEDS 2023. A series of grants will be available to each ward to enable activity.

Some of these projects will receive further funding to develop their ideas into larger-scale events and projects that will take place in 2023.

Other examples include:

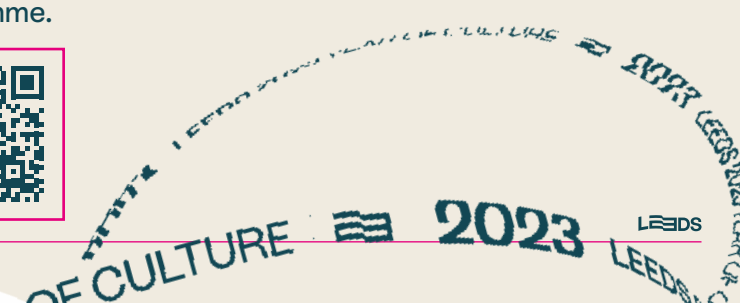
The Harehills Culture Show featuring exhibitions and film screenings by local artists and film-makers.

Penny's Community Arts developed projects working with local groups in Garforth to celebrate what it means to live, work and thrive in their community.

We are Bramley by artists Lucy Meredith and Zoe Parker (Yorkshire Life Aquatic) celebrates Bramley using community performances, walk & talks and art to pinpoint what is unique about the district.

Local residents will also be able to badge their events and activities as part of LEEDS 2023. You can now share an idea on the LEEDS 2023 website to be part of the programme.

Scan here
for more on
how to share
an idea.



My Leeds 2023 & Neighbourhood Hosts

My LEEDS 2023 will be one of the major community-based projects to take place next year. 33 Neighbourhood Hosts are being recruited who will work with their communities to engage with residents and create something beautiful about where they're from. This is a paid part-time training opportunity which will start in October and run throughout 2023.

The project is about showcasing the everyday creativity of Leeds communities. The project will take place over the next year with each ward working on different projects with their Neighbourhood Host leading up to some kind of celebration event.

The hosts will be appointed in September and announced in early October.

The training programme will begin in October 2022, running until January 2023, alongside this they will begin to lightly connect up to their ward.

Hidden Stories: celebrating the city's heritage

LEEDS 2023 Hidden Stories project centres around a number of Leeds' rich heritage sites and organisations including Harewood House, Royal Armouries, Leeds Civic Trust, Sunnybank Mills, Thackray Medical Museum, MILIM, Mill Hill Chapel, Royal Armouries, Space 2 and the Otley Courthouse.

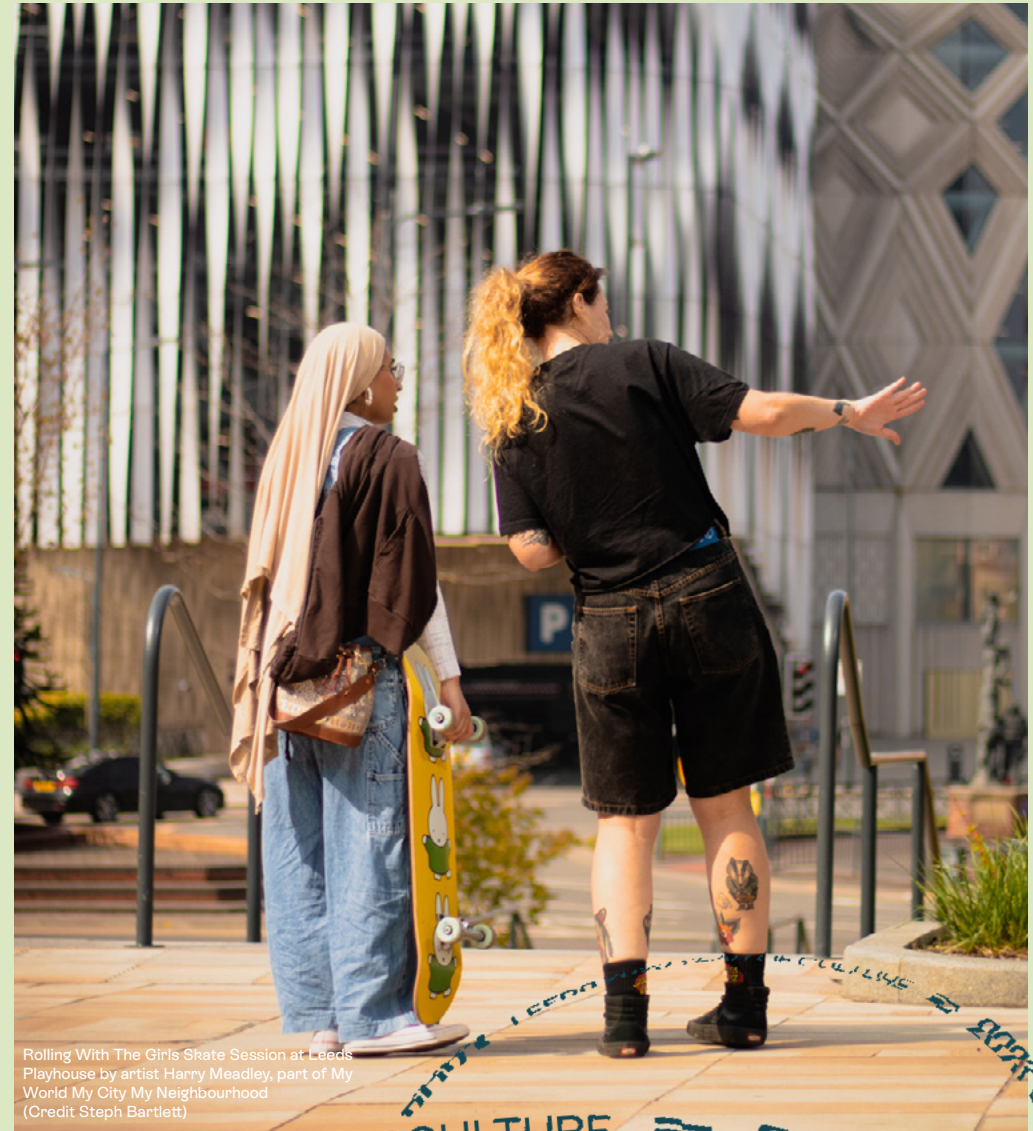
Examples include: Poet Matt Abbott has been working with Sunny Bank Mills to explore the hidden stories of the Mill, Farsley and Pudsey, which led to the sharing of new poetry at the Mill in April 2022.

Or "The Day The Elephants Came to Town", a series of craft workshops based on an historical event that took place in Otley. Storyteller and artist Vickie Orton researched and uncovered new facts, working with several community groups - including the local Brownie pack, knitting circle and The Men's Shed.

The Photographers Lens Lab Leeds, who use portraiture to tell stories, has also been very well received. The team has been working with faith communities in Leeds, including Mill Hill Chapel in central Leeds, United Hebrew Congregation in Shadwell and the Al Hassan Centre in Harehills, to start exploring faith and faith-based spaces in the city.

Community Roadshows

Throughout the summer the LEEDS 2023 team have visited every ward of Leeds with the Roadshow. Now completed, the event engaged with local residents, shared plans for the Year of Culture and ways to get involved during 2023. Each event had food and entertainment from local caterers and performers. Over 750 people attended the events.



Rolling With The Girls Skate Session at Leeds Playhouse by artist Harry Meadley, part of My World My City My Neighbourhood (Credit Steph Bartlett)



Volunteering

LEEDS 2023 is building a team of around 1,000 volunteers to support all kinds of different activities across the Year of Culture. Individuals are being recruited from all corners of Leeds districts from all walks of life.

Volunteers will learn new skills, play an active role in their local community and help behind the scenes on events. The programme is really flexible and can work around around peoples other existing commitments.

Applications are open now with new applicants being accepted on a ongoing basis.

Scan here for more information about volunteering with LEEDS 2023.



Education Outreach Projects

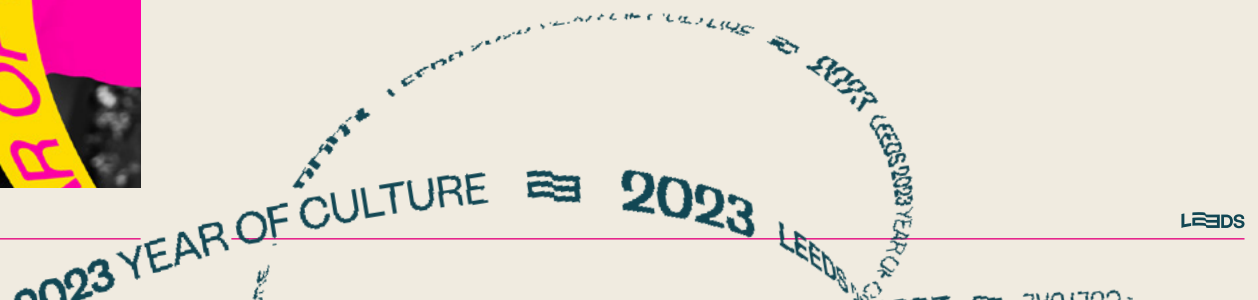
LEEDS 2023 has already been working on a pilot project with artists in a number of schools in 2021/22. From 23 September, there will be opportunities for all schools and education settings to take part in the engagement programme around the Opening Event; this is part of a wider plan of tailored engagement, classroom resources and workshops with artists to in-depth exchanges and co-created projects which will roll out throughout the year of culture.

Work ranges from key creative learning programmes in schools in partnership with Leeds Cultural Education Partnership (LCEP) through to partnerships with Leeds Rhinos as well as other sports agencies working together with children and young people to reimagine a 21st Century Children's Day.

The education streams include Literature, STEAM (science, technology, engineering, arts and mathematics), Leeds Cultural Heritage, International, Sustainability and the Natural World with a strong youth voice across the programme.

As well as the events and activities there will also be teacher CPD (Continuing Professional Development) and other development opportunities throughout to create a lasting legacy of skills for future school cohorts to learn from. LEEDS 2023 is also working with several departments of Leeds City Council including, for example, Employment and Skills, Child Friendly Leeds and the Voice, Influence and Change team.

LEEDS 2023 has developed strategic partnerships with the Universities and FE colleges in Leeds and we are working on specific activities with each partner.



Leeds Inspired Grants – www.leedsinspired.co.uk

Leeds Inspired is a Leeds City Council initiative that gives grants to local arts projects and also runs a popular events' listings website. A number of community projects that have been developed with the LEEDS 2023 team in the last year have also received funding from Leeds Inspired. We are working together with the Leeds Inspired team to deliver more community grants next year that can really benefit a broad range of communities who want to take part in the year of culture.

Skills & Development

Across the signature programme there has been a timetable of skills & development embedded to promote skills and development in Music Promotion, Arts and Cultural Event Production and Women in Engineering and Construction. LEEDS 2023 is also partnering with Leeds City Council's first Creative Skills Festival taking place 14-18 November 2022, at Leeds First Direct Arena.

A Digital Skills' Programme has been piloted and will inform the bigger programme next year with the Digital Inclusion team at Leeds City Council.

LEEDS 2023 is also a partner in the Content Creatives scheme with Channel 4, which offers young people from diverse backgrounds opportunities entry level placements in the creative industries.



Letting Culture Loose schools workshops
(Credit Ant Robling)

How to get involved

How Councillors can help

- Encourage volunteers to sign up and help us let culture loose.
- Support and encourage your Neighbourhood Host once they are announced in October.
- Talk to the LEEDS 2023 team about your ward – share inside knowledge and tips, tell us what's going on.
- Join the conversation on social media, share what you're up to with us so we can amplify the message.

Help spread the word via social media

Instagram: @leeds2023

Twitter: @LEEDS_2023

Facebook: @2023leeds

Key Contact Details

For general enquiries about LEEDS 2023 please e-mail us at info@leeds2023.co.uk.

For questions about Leeds City Council's role in supporting LEEDS 2023, please contact:

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LEEDS
YEAR OF
CULTURE **2023**

Supported by Leeds City Council

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Delivery of LEEDS 2023 - Evaluation overview

Programme

- Signature events, partnership programme, promote programme
- Creative Learning and Education
- Original programming

Inclusive and accessible

- Inclusive and accessible for artists, individuals, communities and schools by design
- Programme representative and increase visibility of the diversity of the population and its communities

Collaborative

- Co-created with communities and active citizens
- Collaborative with artists, creatives and, cultural organisations
- International partnerships

Creative and cultural sector

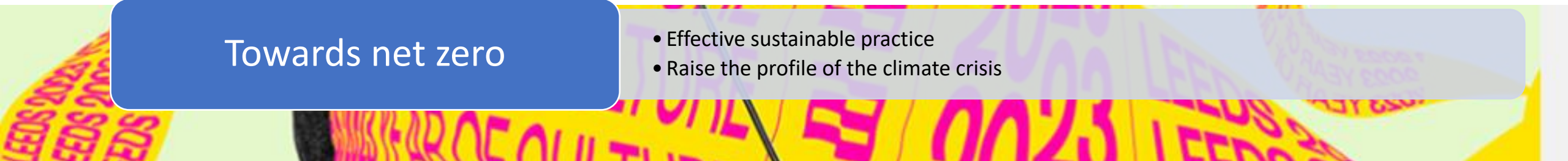
- Offer opportunity, a catalyst, inspiration – particularly for young people/emerging talent in an international context
- Attract funding and support

Investment in Leeds

- Funding to deliver the programme – local, regional, national and international
- Raise the profile of Leeds to residents and visitors as a cultural destination

Towards net zero

- Effective sustainable practice
- Raise the profile of the climate crisis



LEEDS 2023 - Outcomes Evaluation overview

Increased connectivity

- Between artists, cultural organisations and communities – locally, regionally, nationally and internationally involved in the year

Increased diversity

- Of those engaged with culture and creativity during the year – artists, active citizens, participants, schools and young people and audiences

Increased sense of place and identity

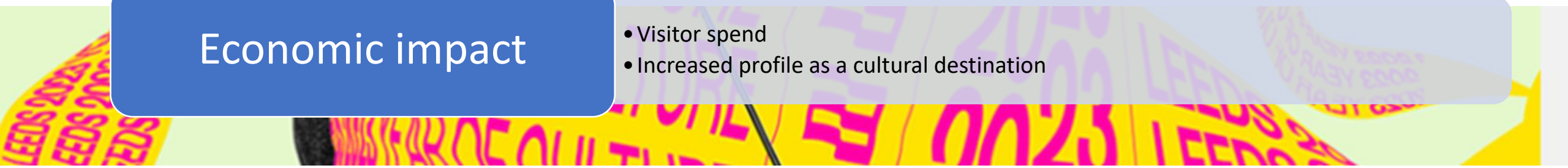
- Increased knowledge of and engagement with local heritage, culture and creativity – people, activity and places and spaces
- Increased pride in Leeds

Increased health and wellbeing

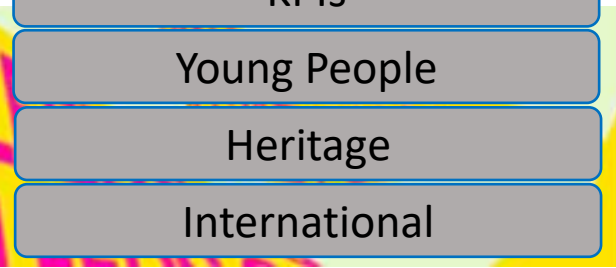
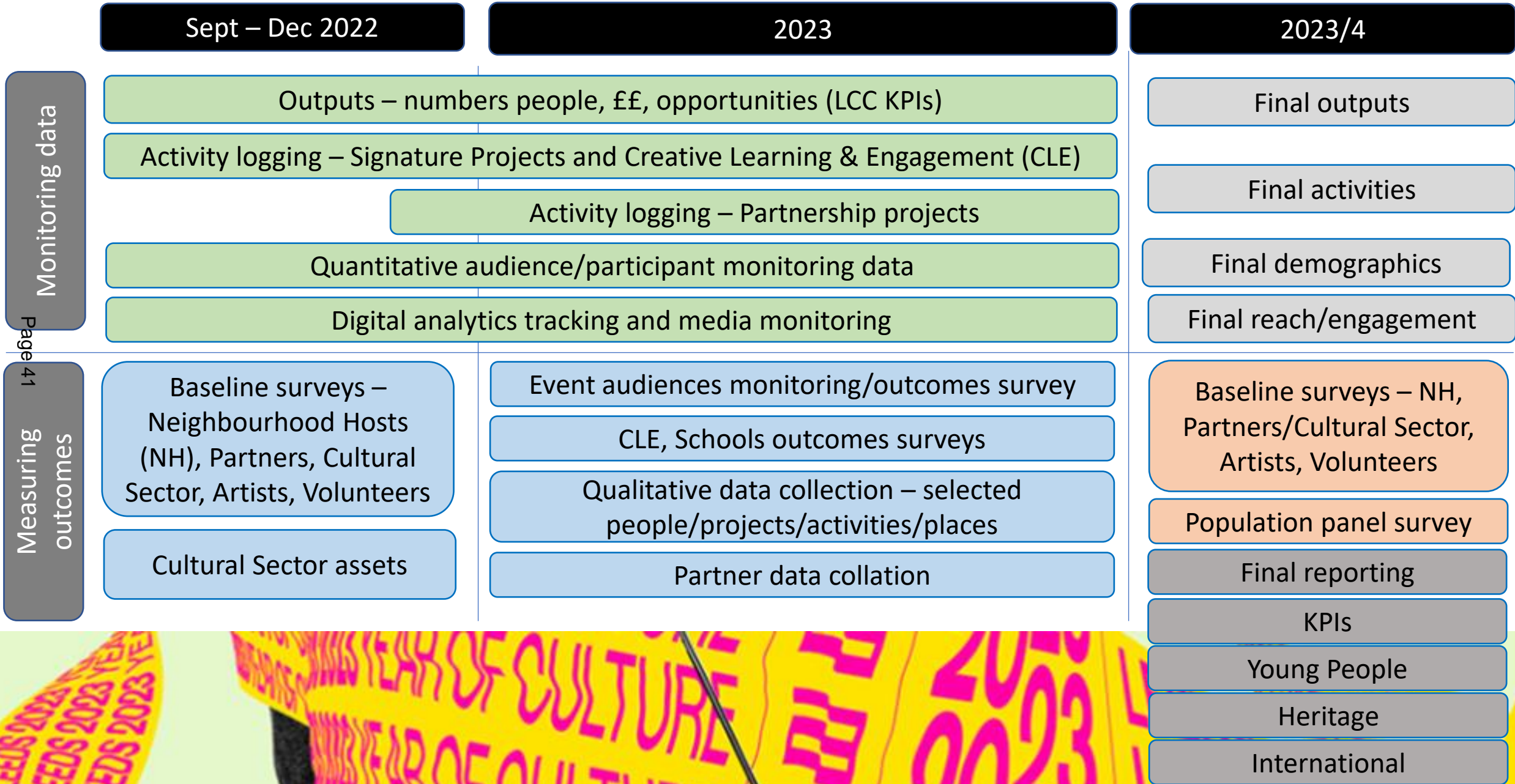
- Developed confidence and skills
- Increased quality of life – enjoyment, sense of community and cultural and creative opportunity

Economic impact

- Visitor spend
- Increased profile as a cultural destination



Data collection – align monitoring data with LCC KPIs



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UK Shared Prosperity Fund – Scrutiny Update

Date: 7 November 2022

Report of: Head of Democratic Services

Report to: Strategy and Resources Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

The UK Shared Prosperity Fund (UKSPF) is administered by the Department of Levelling Up, Housing and Communities and is the replacement for the European Structural and Investment Funds (ESIF) following the UK leaving the EU. This report and appendices provide an update to Strategy and Resources Scrutiny Board on the UKSPF and the approach being taken in West Yorkshire and Leeds to deliver the funding.

Appendix 1 contains a report considered by Executive Board on 19 October that sets out high level priorities for Leeds and the region. The main aim of UKSPF is to 'build pride in place and increase life chances across the UK' and can be used alongside other funding streams such as the Levelling Up Fund and West Yorkshire Combined Authority (WYCA) gainshare funding. The lead agency in the region for UKSPF is WYCA, working in partnership with the five West Yorkshire Local Authorities.

£2.6bn of funding is available nationally between 2022/23 and 2024/25. £0.4bn in 2022/23, £0.7bn in 2023/24 and £1.5bn in 2024/25 mainly in revenue funding. There are three Government priorities for the UKSPF:

- Pillar 1 - Local Communities and Place
- Pillar 2 - Support for Business
- Pillar 3 - People and Skills (this includes Multiply, a people and skills programme aimed at tackling low levels of adult numeracy.)

The Scrutiny Board is asked to consider this report and Appendix 1 and provide initial views and comments on the priorities identified for Leeds. This is a developing agenda and it is possible that this could feature on the work programme at a later date.

Recommendations

- Board members are asked to note the content of the report and consider any further scrutiny actions that may arise.

Why is the proposal being put forward?

- 1 Scrutiny Board Strategy and Resources has a remit that is aligned to a number of Executive Functions linked to policy, budget and investment, amongst others. These include: Setting, supporting and monitoring the Council's policies and procedures including for budgets; Administering effective financial management and controls; and International and domestic inward economic investment.
- 2 As a result, the development of the Council's approach to UKSPF both now and in future years is of interest to the Board in terms of the approach taken by the Council and the priorities identified for the UKSPF in the city.
- 3 The Allocation for West Yorkshire is £80,486,557 (of which £12,483,679 is for Multiply) with a proportion of this to be allocated to local authorities through a pooled funding approach that will be subject to WYCA approval, at the West Yorkshire Combined Authority meeting on 21 October £9,393,538 was approved for allocation to Leeds. The funding delegated to local authorities is expected to be primarily for Pillar 1 – Local Communities and Place with delivery of funding for pillars 2 and 3 subject to separate approval processes. It is anticipated that a large amount of the local funding will be awarded through grants to deliver against the Leeds priorities and the Council is engaging with voluntary, community and faith sectors as well as arts organisations to maximise the impact of this funding on local communities.
- 4 Working to very challenging timescales, WYCA and the five local authorities developed a Local Investment Plan which set out priorities for West Yorkshire for approval by UK Government. The majority of the funding is revenue (£0.3bn of the £2.6bn over the three-year period is capital) and as a result there is a risk of funding being 'lost' if unspent at year end.
- 5 The Leeds priorities, set out in more detail in Appendix 1, are as follows: Cost of Living, Community Infrastructure, Culture, Heritage and Engagement and Supporting Innovation, Business and Productivity. Priorities identified for this funding were required to strategically align at a national level through the UKSPF Prospectus, regional level through the West Yorkshire Investment Strategy and Strategic Economic Framework, and local level through the Best City Ambition.
- 6 Given the short-term economic picture in the UK there is a need to consider the impact of cost of living on Leeds residents and allocating UKSPF to support residents through a difficult period in which inflation on energy, fuel and food as well as increasing interest rates are likely to impact on household budgets. As noted above, one of the Leeds priorities is cost of living, specifically this will focus on providing support to residents to include advice, signposting and financial support to minimise the number of residents in poverty, increase digital inclusion, increase energy efficiency and enable the development of local food strategies and exploring concepts such as community supermarkets.
- 7 With the majority of funding being revenue based and therefore with a need to maximise available funding, in Year 1 there is a focus on projects and initiatives that are already in development.

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted?

Yes

No

- 8 The Government's UKSPF has been allocated for an initial three-year period and given the remit of Strategy and Resources Scrutiny Board and its role as a 'critical friend' to the Executive, early involvement in the Leeds approach to UKSPF will provide broader understanding of the fund and facilitate discussion, comment and possible refinement of the future approach to this funding in Leeds.
- 9 The UKSPF allocates £80,486,557 (of which £12,483,679 is for Multiply) of funding to West Yorkshire. This will enable investment in areas that are important to communities and to the future economy of Leeds over the next three years.

What consultation and engagement has taken place?

- 10 Details on consultation and engagement that has taken place as the local approach to UKSPF has been developed are contained in Appendix 1 to this report.

What are the resource implications?

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

What are the legal implications?

- 12 This report has no specific legal implications.

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

- 13 This report has no specific risk management implications.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 14 The terms of reference of the Scrutiny Boards continue to promote a strategic and outward looking Scrutiny function that focuses on the Best City Ambition.
- 15 Inclusive Growth is at the heart of the Councils approach to UKSPF with the priorities for Leeds aligned to the Best City Ambition and the Inclusive Growth Strategy.

Appendices

- 1 Appendix 1 – This provides the UK Shared Prosperity Fund Executive Board report considered and approved on 19 October 2022.

Background papers

- 2 [Multiply Prospectus](#)
- 3 [USKPF Prospectus](#)
- 4 [West Yorkshire Investment Strategy](#)
- 5 [Strategic Economic Framework](#)
- 6 [UK Shared Prosperity Fund \(21 October WYCA report\)](#)

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UK Shared Prosperity Fund

Date: 19 October 2022

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief Summary

This report provides an update on the UK Shared Prosperity Fund (UKSPF) based on current guidance from Government. The prospectus for the UKSPF was launched on 13 April 2022 by the Government's Department of Levelling Up, Housing and Communities. The UKSPF provides £2.6 billion of new funding for local investment between this financial year and up to 2024/25, with funds required to be spent by March 2025.

The primary goal of the UKSPF is to 'build pride in place and increase life chances across the UK'. Places will be empowered to identify and build on their own strengths and needs at a local level. The funding can complement other funding such as the Levelling Up Fund and West Yorkshire Combined Authority (WYCA) gainshare funding.

The UKSPF is to fund new activities and must demonstrate the impact it will have in communities to add value to the local offer. A Lead Authority was identified for each part of the UK. In West Yorkshire the Lead Authority is WYCA. A significant amount of the SPF has been allocated to Local Authorities. There are three priorities for the UKSPF. These are:

- Local Communities and Place
- Support for Business
- People and Skills

Whilst this allocated funding predominantly covers priorities for Priority 1 Local Communities and Place, it is not limited to that Pillar and can be used for other local UKSPF priorities which are set out in the report.

The paper sets out high-level priorities which have been submitted for Leeds which form part of the West Yorkshire Local Investment Plan (LIP). The paper also seeks authority to accept the funding subject to UK Government approval and authority to procure year 1 activities due to in year delivery pressures.

Recommendations

- a) Executive Board is asked to note and endorse the high-level UKSPF priorities for Leeds.
- b) Executive Board is asked to delegate authority to the Director of City Development to accept UKSPF funding (including Multiply) and contract with WYCA subject to our priorities being accepted by UK Government.
- c) Authorise procurement and spend for year 1 delivery of the interventions, outputs and outcomes of UKSPF as set out in the West Yorkshire Local Investment Plan, subject to approval by UK Government.

What is this report about?

- 1 This report provides an update on UK Shared Prosperity Fund (UKSPF) and sets out high-level priorities for Leeds. This paper is to seek Executive Board's endorsement of the priorities outlined and delegate authority to accept funding and authorise year 1 procurement due to the risk it presents to in year delivery. A further report focusing on spend and implementation for year 2 and 3 of UKSPF will be brought to Executive Board in spring 2023.

Background

- 2 An Executive Board paper including detailed background on UKSPF and EU Structural and Investment Funds (ESIF) was provided to Executive Board in April 2022 and can be seen [here](#).
- 3 The prospectus for the UKSPF was launched on 13 April 2022 by the Government's Department of Levelling Up, Housing and Communities. The UKSPF provides £2.6 billion of new funding for local investment between this financial year and up to 2024/25, with funds required to be spent by March 2025. All areas of the UK will receive an allocation via a funding formula rather than a competition. The funding is split across three years as follows:
 - FY22/23: £0.4bn (all revenue)
 - FY23/24: £0.7bn (£0.6bn revenue, £0.1bn capital)
 - FY24/25: £1.5bn (£1.3bn revenue, £0.2bn capital)
- 4 The primary goal of the UKSPF is to 'build pride in place and increase life chances across the UK'. Places will be empowered to identify and build on their own strengths and needs at a local level. The funding can complement other funding such as the Levelling Up Fund and WYCA's Single Investment Fund which aims to maximise devolution funding. The UKSPF Prospectus states that:

'The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the Levelling Up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
 - Spread opportunities and improve public services, especially in those places where they are weakest.
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 - Empower local leaders and communities, especially in those places lacking local agency.'
- 5 UKSPF has three investment priorities: Local Communities and Place; Support for Business; and People and Skills (including Multiply, one of the first People and Skills programmes aimed at addressing low levels of adult numeracy).

Local Communities and Place

The objectives for this investment priority are:

- Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural, and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects.
- Building resilient, healthy, and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment and innovative approaches to crime prevention.

Support for Business

The objectives for this investment priority are:

- Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality, and leisure sector facilities.
- Promoting networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise, and resources, and stimulate innovation and growth.
- Increasing private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies, and techniques, and start or grow their exports.

People and Skills

The objectives for this investment priority are:

- Boosting core skills and support adults to progress in work, by targeting adults with no or low-level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers (Scotland, Wales, and Northern Ireland only. In England, this is delivered through the Department for Education's Multiply programme).
- Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants using one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.
- Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills.
- Supporting local areas to fund gaps in local skills provision to support people to progress in work, and supplement local adult skills provision e.g., by providing additional volumes; delivering provision through wider range of routes or enabling more intensive/innovative provision, both qualification based, and non-qualification based. This should be supplementary to provision available through national employment and skills programmes.

6 A Lead Authority was identified for each part of the UK. In West Yorkshire the Lead Authority is WYCA. As the Lead Authority WYCA, in partnership with the five Local Authorities, developed a Local Investment Plan which sets out the priorities for West Yorkshire for approval by UK Government. The West Yorkshire Local Investment Plan is based on the West Yorkshire Investment Strategy (WYIS) 2021-2024.

- 7 The WYIS sets out clear strategic Investment Priorities for the region which are evidence and outcome led and intended to inform decision making including how resources are allocated and what funding to bid for. This was approved by the Combined Authority Board in June 2021. The investment priorities are:
- Investment Priority 1: Good Jobs and Resilient Businesses (including entrepreneurialism)
 - Investment Priority 2: Skills and training for people
 - Investment Priority 3: Creating Great Places and Accelerated Infrastructure
 - Investment Priority 4: Tackling the Climate Emergency and Environmental Sustainability
 - Investment Priority 5: Future Transport
 - Investment Priority 6: Culture and Creative Industries.
- 8 WYCA Officers have undertaken work with Leeds City Council and the other West Yorkshire Local Authorities on the development of the WYIS pipeline and how that supports the development of the UKSPF Investment Plan. This includes discussions on what and how projects should be developed to help deliver the Investment Priorities. The approach is that projects are prioritised based on the WYIS and then funded through a 'menu of eligible options', choosing the best funding route to fit the project.
- 9 As the majority of UKSPF is revenue and the Fund allocation will be split annually, there will be increased pressures, if not allocated properly, to spend funding in-year i.e. UKSPF will be constrained on how much can be rolled over into the next financial year and may be at risk of being 'lost' – whilst for gainshare (devolution monies) there is some flexibility but Government will equally wish to see funding being spent. The role of local partners to help deliver the Fund therefore will also be a key factor in this consideration to ensure all resources are fully maximised and Leeds City Council needs to ensure that we have a position in relation to our own priorities and how we want to support the wider region to maximise the opportunity.
- 10 The priorities in this paper relate to any funding of programmes that Leeds City Council will be accountable for delivering, subject to approval, and form part of the West Yorkshire Local Investment Plan.

The Funding Allocation for West Yorkshire

- 11 The Allocation for West Yorkshire is £80,486,557 (£68,002,877 for Core SPF and £12,483,680 for Multiply). The Lead Authority can take a management fee from each element – up to a maximum of 4% for SPF and 10% for Multiply. The management fee will be shared in proportion to the work required by Local Authorities.
- 12 It has been proposed that a significant amount of UKSPF will be allocated to Local Authorities to be delivered through a pooled funding pot, subject to WYCA approval. Whilst this funding would predominantly cover priorities for Pillar 1 Local Communities and Place, it is not limited to that Pillar and can be used for other local UKSPF priorities in Pillar 2 (Supporting Local Businesses) and Pillar 3 (People and Skills). Most of the delivery for Pillar 2 and 3 will be managed at a regional level and is subject to separate approval processes. This paper sets out the high-level Leeds priorities for the locally allocated element. It is proposed that a significant

proportion of any funding allocated to Leeds will be awarded as grants to relevant organisations to deliver against these priorities.

- 13 The Local Investment Plan (LIP) detailing the strategic approach to the programme, interventions, outputs, and outcomes was submitted by WYCA to UK Government on 26th July 2022 for approval, with a decision expected in October/November 2022.

Priorities for the Funding Allocation for Leeds

- 14 Due to the extremely tight deadlines set by UK Government for the submission of the WY Local Investment Plan, local priorities were required to be identified in a very short period of time. Priorities were required to align with those set out in the UKSPF prospectus to be eligible for funding.
- 15 Priorities were identified by aligning to strategic fit at a local (for Leeds the Best City Ambition and Inclusive Growth Strategy), regional (WYIS) and national (UKSPF prospectus) level and consultation with service areas across the council.
- 16 In developing priorities for Leeds, the focus has been on targeting areas that are most in need across the city, with an emphasis on equality and diversity.
- 17 Leeds' priorities for UKSPF are therefore themed around four key areas for the initial 3-year funding period:
- a) Cost of living

Measures to support residents which will include advice, signposting and financial support to minimise the number of residents in poverty, increase digital inclusion, increase energy efficiency and enable the development of local food strategies and exploring concepts such as community supermarkets.
 - b) Community Infrastructure

Programmes to support pride of place and develop the social fabric of communities, including small capital investment and support for resident-led activity through increased engagement. Examples of this include, but are not limited to, Capable guardian programme which aims to reduce crime and improve confidence of local residents through officers supporting residents and local businesses, community safety and antisocial behaviour initiatives, the delivery of social action projects in communities, volunteering support and high street and district centre improvements.
 - c) Culture, Heritage and Engagement

Expanding our inclusive cultural and creative offer across the city to engage a wider and more diverse audience focusing on equality and diversity, social cohesion, celebrating difference and culture for health and wellbeing. Examples of this include expanding the museums offer to communities who do not typically access Leeds Museums and Galleries, increasing the amount of grant funding available to cultural organisations and initiatives.
 - d) Supporting Innovation, Businesses and Productivity

Measures to support the delivery of our Innovation Vision which is to 'stimulate innovation which drives and delivers measurable impact towards a healthier, greener and inclusive future for Leeds and the world'. This will include programmes to encourage

local businesses to adopt and develop innovative practices, attract investment, engage in knowledge transfer activity and bring new products to market, leading to increased productivity, business growth and enabling people to reach their potential. Measures also to support new and existing SMEs to support growth and viability, skills programmes and the city's talent pipeline. This includes the development of angel investor networks to increase investment, targeted SME start up support and growing the social economy.

We anticipate a significant proportion of the funding will be allocated through grants and commissioning to Voluntary, Community and Faith (VCF) Organisations, and Arts organisations.

- 18 Priorities for business support and employment and skills programmes previously funded through European Structural and Investment Fund (ESIF) are being separately developed regionally and are not included in the proposals detailed in this report. It is proposed that we will build on the core regional offer where there are Leeds specific priorities we need to support, for example providing support for start-ups from libraries in specific neighbourhoods.
- 19 The economic landscape has changed profoundly over the past few years as we recover from the pandemic, live with Covid, experience geopolitical impacts including higher inflation, high energy costs, supply chain problems and businesses adjusting to the post Brexit operating environment. We have also seen the acceleration of longer-term changes, including the move to net zero, the growing importance of digital in all sectors, the growth in online retail and the impact of changing working and shopping patterns on footfall.
- 20 Despite the current challenges, we continue to focus on building long-term resilience in the economy including through the review of the Inclusive Growth Strategy.
- 21 The current short term economic picture in the UK is very volatile. As of the end of September 2022, we see a lack of confidence in the markets following the Financial Statement on Friday 23 September. The result of this is currently being seen in higher borrowing costs for UK government and expectations of much higher interest rates in 2023. The current estimates are 6% by May 2023. CPI Inflation is currently at 9.9% and the Bank of England expects this to peak in October 2022. There is an expectation that the energy support for households will impact to reduce inflation, but we don't yet know by how much. However, we can say that this winter will see significant challenges for people and the cost of living crisis will continue to be felt in high interest rates and high inflation costs.
- 22 This financial year there is therefore a need for us to focus Leeds City Council's allocation of the Shared Prosperity Fund on activities that directly help with the cost of living crisis and resilience in our communities. For example, significant support will be provided to directly support residents through financial advice, signposting and financial support to minimise the number of people in poverty, increased focus on digital inclusion, support for energy efficiency measures and the development of local food strategies, as well as community infrastructure and support for volunteering programmes.
- 23 The programme of activities that will be delivered through SPF funding best meet our local needs, the Best City Ambition and the Council's key strategies, including our Inclusive Growth ambitions. The programmes are aligned to UKSPF interventions, outputs, and outcomes. For Year 1 we have where possible focused on projects and initiatives that are already in development to ensure we can meet delivery timelines and maximise the funding available to Leeds.

What impact will this proposal have?

- 24 The priorities that have been developed for UKSPF for Leeds enable investment in areas that are important to communities and to the future economy of Leeds over the next three years. Endorsing the priorities and enabling the acceptance of the funding means that we can implement the proposals quickly, ensuring in year spend and delivery of the priorities in a timely and efficient manner. A full implementation plan detailing programmes for year 2 and 3 will be presented to Executive Board for approval in Spring 2023.
- 25 A screening form for equality, diversity and inclusion is also available at Appendix 1,

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 26 This proposal is in line with the Best City Ambition and its mission to tackle poverty and inequality and improve quality of life; focusing on an economy that works for everyone; improving the health of the poorest the fastest and improving standards of living in all the city's communities. We work through our Team Leeds approach, working together with our partners to deliver on the UKSPF.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 27 The priorities and programmes have been developed with key officers from across the council including Communities, City Development, Adults and Health and Resources. Services have put forward programme and priority proposals across a wider range of areas which have been included where these are in line with WYIS and UKSPF priorities and where these are deliverable within the funding timetable.
- 28 At a regional level a Local Partnership Group has been established, made up of representatives of the 5 Combined Authority Committees, (Business, Economy and Innovation Committee, Employment and Skills Committee, Climate, Energy and Environment Committee, Place, Regeneration and Housing Committee and Culture, Arts and Creative Committee.) In addition, each Council has nominated an elected member for the group, and nominees have also been sought to represent Public Health, Policing and Crime, and the Voluntary, Community, and Faith (VCF) Sector.
- 29 There is a requirement to consult MPs on priorities for the UKSPF. WYCA have consulted on the UKSPF priorities with MPs and Leaders and have established an MP engagement group, made up of the 22 West Yorkshire MPs and Chaired by the Mayor of West Yorkshire. The MP Engagement group has met twice to date to gather views on the development of the West Yorkshire UKSPF Local Investment Plan and the overall approach to be taken, with the final draft circulated to all MPs for comment prior to submission to UK Government. The Group will continue to be engaged with throughout the delivery phase of SPF.

30 Further engagement on the programme and delivery will be carried out with the VCF sector and other partners during autumn/ winter 2022, which commenced with a webinar on 29th September hosted by WYCA to regional stakeholders outlining all Local Authorities priorities, approach, and commissioning intentions. This will be followed up with further local engagement led by LCC throughout the autumn.

What are the resource implications?

31 We anticipate that a significant proportion of UKSPF will be allocated to local organisations through a grant/commissioning process to deliver against our agreed priorities. This will comprise of a limited amount of capital as well as revenue funding. Local organisations will play an important role in ensuring the UKSPF achieves its aims and objectives due to the expertise held by these organisations in a range of areas such as directly supporting residents, their geographical location and their level of trust with residents in the community. A paper on resources and implementation will be brought to Executive Board in Spring 2023 once we have confirmation that UK government have agreed the priorities set out in the West Yorkshire Local Investment Plan. This paper will set out any grant programmes that will support partners across the city to deliver UKSPF programmes for 2023/24 and 2024/25.

32 The UKSPF is to fund new activities and provide additionality and must demonstrate the impact it will have in communities to add value to the existing local offer.

33 The UKSPF provides greater freedom and flexibility on what can be funded and delivered when compared to previous funding programmes covering wider communities and place priorities such as community safety, cultural programmes, and capital improvements. It also allows greater flexibilities in supporting a wider range of people who need it, not just those claiming unemployment related benefits. However, priorities still require strategic alignment to the West Yorkshire Investment Plan and UKSP priorities which has influenced the priorities put forward by LCC.

34 It must be noted that UKSPF represents a significant reduction in funding, compared to previous ESIF funding. With a significant number of council programmes and staff currently funded through ESIF schemes, UKSPF creates a significant risk to key employment and skills and business support programmes.

35 Risk assessments are in place for services with significant exposure to ESIF funding, to mitigate against potential loss of funding and the resulting impact on staff and programme delivery. Funding for Employment and Skills and Business Support programmes, currently funded through ESIF are subject to separate funding applications and risk levels are being managed accordingly.

36 This round of UKSPF provides less funding than current levels of ESIF. UKSPF also includes the additional priority focusing on Community and Place.

37 A programme board will be established with a range of stakeholders to provide strategic oversight of the programme and ensure continued alignment to the city's strategic objectives. This will be complemented by a small programme office that will oversee day to day management of the programme and will be funded through the management fee drawn down by WYCA.

38 It is proposed that a significant proportion of Leeds UKSPF allocation will be commissioned to local community-based organisations to deliver Leeds City Council's UKSPF priorities. This will comprise of primarily revenue funding, with a small amount of capital funding. The VCF sector will play an important role in ensuring the UKSPF achieves its aims and objectives due to the expertise held by these organisations.

- 39 Due to the value a key decision is required to authorise the procurement for Year 1 activities. All subsequent procurements and the awarding of contracts for Year 1 will take the form of Significant Operational Decisions which flow as a direct result of this key decision.

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

- 40 The majority of UKSPF is revenue and the fund allocation will be split annually, there will be increased pressures, if not allocated properly, to spend funding in-year i.e., UKSPF will be constrained on how much can be rolled over into the next financial year and may be at risk of being 'lost'.
- 41 Another risk is the coordination of the programme of activities across the organisation. The proposed UKSPF activities will take place across several directorates and to maximise the value being delivered throughout the programme it is important that where possible activities are aligned, complement one another, and continue to meet the needs of the organisation.
- 42 To mitigate the above a Programme Office funded through the management fee to manage the funding will be established. The Programme Office will monitor performance, manage risk, issue monitoring, and manage communications to ensure spending is delivered, maximum value is delivered, and funding is not lost, as well as liaising with WYCA to ensure we meet funding compliance and contracted targets.
- 43 There is a risk that the West Yorkshire Local Investment Plan is not agreed by UK Government. We have mitigated this by linking our priorities and the programmes within these to the outcomes specified by government in the UKSPF Prospectus.
- 44 Timing – we are currently in year one of funding and there is a challenge to delivery this year as any unspent funds will be reclaimed. The programmes have been structured in a way that minimises year one delivery challenges; and builds on successful approaches and programmes. This report seeks authority to proceed and procure with year 1 spend to mitigate this risk, and ensure we maximise the funding allocated to Leeds in Year 1. A full implementation plan will be presented to Executive Board in Spring 2023 for delivery in 2023/24 and 2024/25.

What are the legal implications?

- 45 A further report focusing on spend and implementation for year 2 and 3 will be brought to Executive Board in spring 2023. That paper will be a key decision.
- 46 The Council has the power under the Localism Act 2011 to do anything an individual can do provided that it is not otherwise prohibited from doing so. Compliance with any restrictions that the Council is subject to in relation to the proposals outlined in this report will be monitored as matters progress.
- 47 In administering any funding it receives from UKSPF the Council will have to ensure that it complies with the Subsidy Control Act 2022 (which sets out the circumstances in which subsidies can be provided). Subsidies occur when financial assistance is provided from public resources – whether directly or indirectly - and the assistance (a) confers an economic advantage on one or more enterprises (b) specifically benefits one or more enterprises over other enterprises in relation to the production of goods or the provision of services and (c) the assistance has, or is capable of having, an effect on competition or investment within the UK, trade between the UK and another country or territory or investment as between the UK and

another country or territory. The Act sets out the circumstances in which subsidies can be provided.

Options, timescales and measuring success

What other options were considered?

- 48 The UKSPF is a UK Government Fund meaning there is no alternative option.
- 49 We considered other possible priorities for the UKSPF, however the need for priorities to fit with WYIS and UK government priorities and delivery timescales means that the high-level priorities in this paper are the more viable.
- 50 We considered more extensive consultation with wider partners at this point. This was not viable given the timescales to submit the Local Investment Plan to Government. Greater consultation will be carried out as part of the implementation process.

How will success be measured?

- 51 All programmes funded through UKSPF will be subject to appropriate performance reporting. More detailed information on performance reporting will be given in the implementation paper later this year.
- 52 We will take the UKSPF to Strategy and Resources scrutiny committee later this Municipal year.

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

- 53 The overall responsibility for management of the UKSPF for Leeds sits with Director of City Development. Responsibility of the delivery of individual programmes sits with relevant Directors.
- 54 Responsibility for the management and delivery of UKSPF in West Yorkshire is with WYCA.

Timing	UKSPF Milestone
13-Apr	UKSPF launched
June to late July	WYCA consultation and co-production with Local Authorities
16-Jun	MP Engagement Group
23-Jun	Combined Authority approval of Multiply Investment Plan for submission to government
30-Jun	SPF Multiply Investment Framework Submitted to Government
1-8 July	WYCA consultation on UKSPF
14-Jul	Combined Authority Papers Published
22-Jul	Approval of UKSPF Investment Plan for submission to Government
26-Jul	UKSPF Investment Plan submitted to Government
Summer 2022	Plan operational delivery of priorities
End of August	Investment Plan for Multiply signed off by UK Government
Sep-22	Delivery starts for Multiply
29 th September	WYCA hosted webinar for UKSPF stakeholder engagement
Oct-22	Investment Plan for Core UKSPF signed off by UK Government
October / November 2022	Delivery starts for Core UKSPF

Appendices

55 Appendix 1 - Equality, Diversity, Cohesion and Integration Impact Assessment

Background papers

56 None.

Related Information

[UK Shared Prosperity Fund Prospectus](#)

[West Yorkshire Investment Strategy](#)

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Budget 2022/23 Financial Health Monitoring, Financial Challenge and Medium-Term Financial Strategy

Date: 7 November 2022

Report of: Head of Democratic Services

Report to: Strategy and Resources Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Scrutiny Board Strategy and Resources has a standing commitment to monitor financial performance throughout the financial year as part of its remit and to identify emerging issues and suggest alternative approaches as appropriate.
- Since the budget for 2022/23 was agreed in February 2022 inflationary pressures have increased exponentially with the Council and Leeds residents facing significant cost pressures linked to fuel, energy and food costs and in general the cost of living. In the case of the Council, and for many employers in the city, there is further pressure linked to the staff pay offer which is higher than assumed in the 2022/23 approved budget.
- Appendix 1 and Appendix 2 provide more detail on the Council's financial position in terms of the in year financial position through the Month 5 Financial Health Monitoring Report and through to 2027/28, the Medium-Term Financial Strategy, considered by Executive Board on 21 September, which provides a financial planning framework over the next five years.
- To illustrate the financial pressures faced by the Council the Month 5 financial health report highlights a projected overspend of £20.4m. This reflects inflationary pressures on fuel, energy and staff pay. The council also faces further pressures through increased costs in goods and services procured, increased demand on welfare services from Leeds residents and reduced income as residents choose to spend their income differently to take account of the cost of living.
- The impact of inflation and increased demand for the services provided by the Council closely follow an extended period of uncertainty brought about by the Covid-19 pandemic which the Council, and wider Leeds economy, is still recovering from.
- The role of scrutiny as a 'critical friend' on financial performance and management contributes to supporting the Best City Ambition in ensuring a sustainable and robust financial position from which to deliver against the objectives set out in the Three Key Pillars.

Recommendations

- Board members are asked to note the content of the report and appendices within the wider remit linked to financial sustainability and long-term budgetary robustness.
- Board members are also asked to highlight any future areas of scrutiny work should any arise during discussion of this item.
- Board members are asked to note the plan for a Working Group to take place in December 2022.

Why is the proposal being put forward?

- 1 Scrutiny Board Strategy and Resources has several key financial functions within its remit. These include scrutiny of the Council's functions with regard to the setting of the Budget and the Council's financial Strategy, i.e. ensuring effective financial management and controls; setting, supporting and monitoring the Council's policies and procedures for budgets; administering effective financial management and controls; and setting, supporting and monitoring the Council's financial strategy. As a consequence, the Board closely monitors financial performance as part of its remit. This report presents the latest iteration of the Medium-Term Financial Strategy (MTFS) at Appendix 2 and the latest financial health position in respect of the Revenue Budget and Housing Revenue Account (HRA) at Appendix 1.
- 2 The MTFS sets out a sustainable, robust and prudent financial basis on which the Council's services can be delivered. The strategy covers the period 2023/24 to 2027/28 and is subject to an annual update. The wider context of ongoing budget challenge is clearly set out, the MTFS identifies an estimated budget gap of £182.5m for the five-year period covered by the Strategy, of which £63.6m relates to 2023/24. The strategy also highlights the impact of inflationary pressures resulting from the ongoing cost of living crisis. The strategy sets out a £56.7m decrease in funding as a result of inflationary pressure again with a front loaded impact on 2023/24 of £33.1m.
- 3 As noted above the Council continues to face a period of significant financial challenge linked to funding reductions, increased demand for services, increase in the cost of living, increased pay award and the need to recover from the unprecedented impact of Covid-19. In addition to this challenge and as part of ongoing work to enhance budgetary robustness and sustainability, the Council's revenue budget is continuing the journey started in 2019 to become less reliant on one off sources of funding such as capital receipts, capitalisation and use of reserves to fund recurring expenditure.
- 4 Other notable measures contained in the MTFS, and linked to increasing budgetary sustainability, is a commitment to reduce internal recharging which can lead to the driving of wrong financial behaviours and sustaining inefficiencies along with a commitment to increase the General Reserve by £3m each year between 2023/24 and 2027/28.
- 5 The MTFS makes a number of assumptions when forecasting the financial envelope for future years and several uncertainties linked to external factors play a contributing role to this position. Long standing uncertainty about Government policy in relation to business rates reform, the planned Fair Funding Review, further impacts from the UK leaving the EU and the future funding of Social Care have now been added to by Geopolitical uncertainty linked to the war in Ukraine and ensuing cost of living crisis.
- 6 In respect of Month 5 financial health, the report considered by Executive Board in October sets out a projected overspend of £20.4m, reducing to £17.9m when Savings Action Plans

from Children and Families and Resources directorates totalling £2.39m are factored in. This position takes account of the pre-existing saving requirement for 2022/23 of £16.5m for which the majority of budget action plans have been implemented or mitigating actions found. The inflationary pressures outlined above, and which are primarily responsible for the projected overspend add to the already existing saving requirement and will require the development of Savings Action Plans to record pressures and monitor improvement. Two directorate Savings Action Plans are included as Appendix 4 to the Financial Health report and provide details on the savings that form part of the £2.39m of savings already identified.

- 7 An important element of financial sustainability and robustness is availability of reserves to deal with unexpected events and unplanned expenditure. Following the closure of the 2021/22 accounts, the Council's general fund reserve was £33.2m, an improvement of £5.4m on the position at the end of 2020/21. The 2022/23 budget assumes no contribution to this reserve during the current financial year, but as set out in the MTFS there is planned £3m contribution each year up to 2027/28 from the next financial year.
- 8 As referenced above the staff pay award is a significant issue as the offer made by employers is significantly higher than was budgeted for in February 2022, largely resulting from increased wage demands linked to the increasing cost of living. When agreed the 2022/23 budget allowed £9.5m for an assumed 2022/23 pay award incorporating a Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. On 22nd September the Real Living Wage was announced at £10.90 per hour, which will need to be incorporated into future budget plans as they exceed the £9.90 budgeted for in February, and the latest pay award offer from national employers is an increase of £1,925 per annum to all employees. The £1,925 pay offer was incorporated into financial planning at Month 4 and is also included in the Month 5 projections, but this figure has yet to be agreed and should it increase additional savings will be required to meet the additional cost.
- 9 The scale of inflation is perhaps best illustrated through increases in fuel costs between June 2021 and June 2022. During this time the average UK pump prices for diesel and unleaded petrol have seen increases of 40.0% and 36.4% respectively. Any impact above the £7.7m in the Council budget for fuel will have to be met through additional savings and given the scale of this increase it is easy to see the pressure this will apply on household budgets in Leeds, particularly when allied to other cost pressures.
- 10 A similar picture has emerged in terms of energy costs. However, the Council identified this as a potential pressure in 2022/23 by allowing for a 5% increase in costs and also an energy contingency of £3.94m that can be applied to costs over and above the budget. Despite these prudent measures the Month 5 projection assumes a cost of £22.6m against the budgeted £14.36m and after the application of the energy contingency an overspend of £4.3m is currently projected. The Government's six-month Energy Bill Relief Scheme for businesses and other non-domestic energy users, including charities and public sector organisations could also save the Council up to £2m. The estimated impact of the Scheme is reflected in the Month 5 projections. The Council has a policy of pre-purchasing 80% of its energy for winter and this pre-planning means that the cost of this is lower than the cap introduced by Government, albeit the prices secured are higher than the authority has ever paid before.
- 11 At its September meeting the Strategy and Resources Scrutiny Board discussed the Corporate Risk Management Annual Report and highlighted concerns about escalating poverty as a risk to the city in the context of increases in inflation. The financial health report highlights this issue and sets out the expectation that there will be increased

demand from Leeds residents for welfare services and support, it also suggests that due to changing priorities on spending residents will have to prioritise cost of living expenses, which in turn could lead to reduced income for the Council.

- 12 The Strategy and Resources Scrutiny Board will continue to monitor the Council's financial position in 2022/23 and will also focus on specific plans for 2023/24 through a Budget Working group in December which will look at both Business as Usual savings proposals and the planned service reviews that will deliver savings in the next financial year. Members will be informed of the date of this working group as soon as it is available.

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted? Yes No

- 13 Scrutiny Board Strategy and Resources has a clear interest in the financial health of the authority established through its remit. Ongoing scrutiny of budgetary matters will support the Council in terms of budgetary robustness and long-term sustainability and will support the delivery of the three pillars contained in the Best City Ambition.
- 14 Having a robust and sustainable budget over the medium term will help the Council to deliver against its wider ambitions to deliver inclusive growth and provides a sound foundation from which to identify priorities for spend.
- 15 In line with the Scrutiny Board Procedure Rules, Scrutiny Boards will also continue to ensure that equality and diversity/cohesion and integration issues are considered in decision making and policy formulation.

What consultation and engagement has taken place?

- 16 The Council's financial health monitoring is a factual report and is not subject to consultation.
- 17 The Authority's Financial Strategy is driven by its ambitions and priorities as set out in the Best City Ambition. The determination of these ambitions were subject to consultation with Members and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies.

What are the resource implications?

- 18 All resource implications are detailed in the main body of the attached Executive Board reports at Appendices 1 and 2.

What are the legal implications?

- 19 This report has no specific legal implications.

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

- 20 This report has no specific risk management implications.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

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

Appendices

- 1 Appendix 1 – This provides the latest Financial Health Report considered by the Executive Board at its October 2022 meeting.
- 2 Appendix 2 – Provides the Medium-Term Financial Strategy 2023/24 – 2027/28 considered by the Executive Board on 21 September 2022.

Background papers

- 3 None

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Financial Health Monitoring 2022/23 – Month 5 (August)

Date: 19th October 2022

Report of: Chief Officer Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- 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. At Month 5 (August) an overspend of £20.4m is projected for the Authority's General Fund services.
- Where Directorates are projecting an overspend, proposals to mitigate these pressures are included in this report to October's Executive Board at Appendix 4. If these savings action plans are achieved, the overspend would be reduced to £17.98m.
- In 2021/22 the Council received Government funding towards the costs of COVID-19. This was fully utilised in 2021/22 with no balance of funding available for 2022/23.
- Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.
- This report comments on financial performance against the 2022/23 budget, which has targeted resources towards the Council's policies and priorities as set out in the Council's Best City Ambition.
- The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The position remains challenging and the budget for 2022/23 requires delivery of £16.5m of savings. At Month 5 it is anticipated that the majority of budgeted savings will largely be delivered or mitigating actions found.
- Where known, increased inflation and the rising cost of living, including the 2022/23 pay offer, have been incorporated into this reported financial position. These pressures will continue to be assessed, with the latest position being incorporated into future reports to be received by this Board.
- At Month 5 the Housing Revenue Account is forecasting an overspend of £0.2m. Options to balance the significant price pressures facing the service have been reviewed bringing the HRA back to an almost balanced position.

Recommendations

Executive Board are asked to:

- a) Note that at Month 5 (August) the Authority's General Fund services are forecasting an overspend of £20.4m and that the Housing Revenue Account is forecasting an overspend of £0.2m. The General Fund position reduces to £17.98m when account is taken of additional budget actions plans received to date.
- b) Note that where an overspend is projected Directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures, in line with the Revenue Principles agreed by Executive Board in 2019. Proposals received to date are included in this report at Appendix 4 and further action plans will be received at the November meeting of this Board.
- c) Note that known increased inflation and known impacts of the rising cost of living, including the 2022/23 pay offer, have been incorporated into this reported financial position. These pressures will continue to be assessed, with the latest position being incorporated into future reports to be received by this Board.

What is this report about?

- 1 This report updates the Board on financial performance against the Council's 2022/23 General Fund and Housing Revenue Account budgets for the first four months of the financial year. At Month 5 (August) an overspend of £20.4m is projected for the Authority's General Fund and the Housing Revenue Account is forecasting an overspend of £0.2m.

What impact will this proposal have?

- 2 The budget proposals contained in the 2022/23 Budget have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures put in place or planned where appropriate. As such, an Equality Impact Assessment was provided at Appendix 6 to the 2022/23 Revenue Budget and Council Tax Report.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 3 The Best City Ambition is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The Three Pillars of health and wellbeing, inclusive growth and achieving zero carbon underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget.
- 4 This report needs to be seen in context of the requirement for the Council to be financially sustainable and deliver a balanced budget position in 2022/23 so that resources can continue to be targeted at the Council's priorities.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 5 This is a factual report and is not subject to consultation. Public consultation on the 2022/23 Revenue Budget was carried out between December 2021 and January 2022 and is detailed in the 2022/23 Revenue Budget and Council Tax report presented to this Board in February 2022.

What are the resource implications?

- 6 This is a revenue financial report and as such all resource implications are detailed in the report and appendices.

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

- 7 The reported budget position is considered in the context of risk to both the in year financial position and the potential impact on the Council's Medium Term Financial Strategy. These risks are included on the Council's corporate risk register.
- 8 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 2022/23.
- 9 Pay negotiations for 2022/23 are ongoing and this financial projection provides for the implications of the national employer's pay offer. Should any pay award above this level be agreed then there will be a requirement for the Directorate to identify further budget savings proposals in order that a balanced budget position can be delivered in 2022/23.
- 10 This reported position reflects the latest projections with regard to known inflationary pressures in respect of the increased cost of electricity, gas, fuel and the impact of the cost of living pressures on our residents or businesses which is likely to affect the cost of goods and services the Council procures, demand for support and welfare services the Council provides and it also impacts upon activity levels that support a wide range of income streams. These financial projections will continue to be closely monitored and any variations to the current assumptions will be required to be managed within the 2022/23 approved budget.

What are the legal implications?

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

Options, timescales and measuring success

What other options were considered?

- 12 None

How will success be measured?

- 13 Not applicable

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

14 Not applicable.

Appendices

15 The following appendices are attached to this report:

- d) **Appendix 1** – background information, detailed narrative regarding the projected financial positions for directorates, Dedicated Schools Grant (DSG) and the Housing Revenue Account HRA, update on Council Tax and Business Rates including collection performance.
- e) **Appendix 2** – Individual financial dashboards for directorates, DSG and the HRA.
- f) **Appendix 3** – Directorate Budget Action Plans.
- g) **Appendix 4** – Directorate Savings Action Plans.

Background papers

16 None

Financial Health Monitoring 2022/23 – Month 5 (August)

1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2022/23 at Month 5 (August).
- 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 fifth month of the year.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2022/23 was set at £521.9m.
- 2.2 Following the closure of the 2021/22 accounts, the Council's general fund reserve stands at £33.2m. The 2022/23 budget assumes no contribution to this reserve during the current financial year.
- 2.3 The Medium Term Financial Strategy 2023/24 – 2027/28, presented to the Executive Board in September 2022, assumed a balanced budget position for 2022/23 after the application of Government funding, the delivery of savings and the utilisation of earmarked reserves. Any adverse variation to a balanced budget position at the year-end will require the identification of further savings in 2023/24.
- 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 and key income budgets. This is 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 5 (August) an overspend of £20.4m is projected across directorates. As discussed in this report, this position reflects: the impact of the national employers pay offer for 2022/23; increased energy costs and the impact of the Government's Energy Relief Bill; and, where known, other inflationary rises and the wider impact of rising cost of living pressures.
- 3.2 As requested at September's Executive Board, directorates have been required to identify action plans to both address the reported overspend and absorb the financial impact of the national employers pay offer for 2022/23. These actions will include, with a small number of exceptions, a freeze on recruitment (including on agency staff and overtime), and a freeze on non-essential spend. Exceptions to this may include expenditure needed for health and safety reasons, to meet a statutory service requirement, to prevent further costs, or that helps generate income that more than outweighs the cost of recruiting to these roles
- 3.3 Further savings action plans are included at Appendix 4 to this report.

3.4 Directorate positions are summarised in **Table 1**.

3.5 Any Collection Fund income shortfall arising in 2022/23 will impact on the Revenue Budget in 2023/24.

Table 1: Summary Position Financial Year 2022/23 Month5 (August)

Directorate	Director	(Under) / Over spend for the current period				Previous Reported Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	2,193	12,231	(12,231)	0	0
Children and Families	Sal Tariq	296	9,387	2,468	11,855	6,575
City Development	Martin Farrington	182	432	(432)	0	882
Communities, Housing & Environment	James Rogers	2,816	(283)	146	(137)	0
Resources	Neil Evans	6,248	6,284	(1,792)	4,491	4,532
Strategic	Victoria Bradshaw	(76)	5,509	(1,353)	4,156	64
Total Current Month		11,657	33,560	(13,194)	20,365	12,053

Previous reported (under)/over spend	10,262	21,704	(9,653)	12,053
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3.5.1 **Managing the Overspend** – As noted in **Table 1**, at Month 5 the Council is projecting an overspend of £20.4m for the financial year 2022/23. Cross-directorate task and finish working groups are being set up to work with services projecting an overspend and support them to reduce cost pressures.

In order to monitor and identify progress on these working groups, savings action plans have been developed to record pressures and monitor improvement. For Directorates where an overspend is projected, Savings Action Plans are appended to this report (Appendix 4) where available.

The Savings Action Plans show a potential saving of £2.39m, which would result in a revised Month 5 (August) position of £17.98m. Proposals will continue to be developed to support Directorates to deliver a balanced position and further proposals will be incorporated into future Financial Health reports to be received at Executive Board. The incidence of additional savings proposals are as follows and as detailed in Appendix 4:

- Children and Families directorate present savings action plans of £0.8m identified to date;
- Resources directorate present savings action plans of £1.585m identified to date.

3.6 The major Directorate variations in **Table 1** are outlined below, with additional detail provided on the Directorate dashboards at Appendix 2 of this report.

3.6.1 **Adults & Health** – Adults & Health Directorate is projected to deliver a balanced budget, although there are significant risks around demand and income targets outlined below. The Net Managed Budget (NMB) for 2022/23 is £197.643m, comprised of £380.92m Gross Expenditure offset by £183.27m income. Reflected in the 2022/23 budget are Budget Action Plans totalling £6.994m.

The 2022/23 Original Budget assumed the use of £7.082m of Adult & Health reserves. As a result of the 2021-22 financial outturn position for Adults & Health, £11.1m of Health funding has been carried forward into the 2022/23 financial year via reserves, taking the currently identified use of reserves up to £18.188m. There are clear spending plans committed against the £11.1m, principally the LCC £5m NHS additional income target for 2022/23, £2m for uplifting the basic pay hourly rate for Homecare providers to £10.50 per hour, £2m Community Health and Wellbeing Project (new delivery model for Homecare provision), and £0.8m Leeds Older People's Forum (LOPF) community provision.

Budget Action Plans

At Month 5 there are concerns around the delivery of 3 Budget Action Plans (BAPs) with a forecasted impact of £0.936m. See the attached BAP report at Appendix 3:

- £0.341m relating to the strategic review for Social Work due to slippage in recruiting staff.
- £0.095m relating to slippage in the budget action plan for the refurbishment of the 3 LCC run residential homes
- £0.5m income shortfall against the £1m additional Client income BAP. This is additional to the 21-22 BAP for £1.24m also for additional Client income, primarily around 2:1 Homecare visits and removing the Maximum Assessed Charge (MAC) cap. This assumes client income collection increases significantly in the second half of the year from the phased roll out of implementing the above changes on a 25%, 50% and 75% phased basis (Exec Board report 15th December 2021 [Review of Non Residential ASC Charging Cover Report 061221.pdf \(leeds.gov.uk\)](#))

Mitigating actions have already been identified to ensure that the service is projected to deliver a balanced budget with no additional impact on the Medium Term Financial Strategy savings plan; principally the application of £0.97m of additional grant funding announced under the iBCF Social Care Grant funding stream

Demand

The 2022/23 demand related budgets reflect £17.774m additional funding for price, inflationary and demand & demography growth, taking the overall size of the demand led budgets up to £251.6m before reducing to £247.5m after netting off the £4.1m savings target reflected in the delivery of the 2022/23 Budget Action Plans; principally the Strategic Review for Adult Social Work. Overall, the Month 5 projection is on-target with the 2022/23 demand related budget but includes the following variances:

- Increased demand in all residential settings, £4.6m. During June and July there has been a sharp increase in the number of people across all residential settings, with the numbers plateauing in August and this forecast assumes a drop over the remainder of the financial year.

- Homecare and Community Support placements, £1.1m above budget. This projection is modelled on trend data from the last financial year. Current activity levels being paid via the Council's Client Information Service (CIS) are low, and it is still being determined whether this is accurate and timely: further work will be undertaken for P6 reporting.
- Separate paper highlighting impact of packages being paid above framework prices.
- Offset by savings on demand budgets in Supported Living £0.7m, Direct Payments £0.7m, £0.3m additional BCF Grant monies and additional income of £2.5m associated with demand led related expenditure reflected above.

Pay

This projection reflects the latest national employers 2022/23 pay offer of £1,925 per employee. The impact of this is an additional £2.4m pay related pressure, over and above the 2% budgeted position. This includes £0.3m for Passenger Transport pay costs. £0.6m will be recovered from higher charges to Partnerships and grant funding. The balance will be funded from realigning resources in Adults & Health and actioning the in-year proposals for delivering a balanced budget; reducing non-essential spend, reviewing recruitment and agency usage and reviewing fees and charges.

Partnerships and Grant funding

Included in the 2022/23 budget is £2.235m of new grant funding for Market Sustainability and Fair Cost of Care. This is new funding linked to the White paper, 'People at the Heart of Care – ASC Reform', that was announced earlier in the year. This is upfront funding in preparation of the new Care Act reforms going live in October 2023. A minimum of 75% must be allocated directly to support the market and 25% for resources to implement the requirements of the Care Act. Additionally, we've received a further £0.01m for ASC charging reform: implementation support funding grant determination for 2022/23 to support capacity for assessments and IT requirements for the Care Act.

Public Health (PH) Grant funding for 2022/23 is £47.126m; an increase of £1.288m from 2021/22 (2.7%). Since the 2022/23 budget was approved, new PH grant of £2.785m for 'Substance misuse funding for drug and alcohol treatment' has been awarded. This is a three-year announcement for which LCC will receive 2022/23 £2.785m, 2023/24 £4.445m and 2024/25 £8.445m. PH funding is a ring-fenced grant.

Hospital Discharge related pressures of £0.223m have been identified, offset by additional income under the iBCF Social Care Grant funding stream. Hospital Discharge related cost pressures for continuing the service at Elmet House of £0.447m have been identified, however these costs are funded 50:50 with the West Yorkshire Integrated Care Board (WY ICB), therefore the net impact for Leeds City Council is £0.223m. This is a joint funded partnership with the WY ICB with the operational timeline extended from 1st April 2022 to 30th September 2022. From 1st October 2022 a new joint funded operational delivery model will be introduced to establish sufficient reablement staffing resources to enable the discharge of people directly home, replacing the 15 beds at Elmet House.

£0.7m of COVID grant funding relating to Clinically Extremely Vulnerable (CEV) has been carried forward against which we are currently assuming associated expenditure.

3.6.2 **Children and Families** – The current year-end forecast for the Children and Families directorate is an overspend of £11.855m. This represents an increase of £5,275k since the last reported position at Month 4. This increase is primarily due to additional costs of:

- External residential placements £1.309m
- Foster Carers Fee Uplift £2.055m
- Transport Costs £0.915m

Overall the main variations included within the Month 5 position are:

	£m
Semi-Independent Living	1.554
CLA: In House Carers	0.673
CLA: External Residential Placement	1.566
Independent Support Work	0.400
Little Owls Nurseries	1.494
Transport	2.576
IFA Placements	0.313
Secure Welfare Placements	0.301
Projected Net Staff costs	0.044
Foster Carer Fee Uplift	2.055
Reduction in Learning Income	0.303
Other Variances	0.576
Total	11.855

Savings action plans have been developed by Childrens and Families to address these pressures and are presented at Appendix 4 to this report.

Semi-Independent Living:

The budget for Semi-Independent Placements is £5.8m. Currently there are 266 placements, including 100 placements for 16 and 17 year olds. The increased use of semi-independent living provision at an earlier age has been driven by a number of factors including an increase in over 16 year olds exiting foster care, and a continued flow of young people being remanded to our care by the courts or released from custody. These have resulted in higher average placement costs than anticipated, as these younger placements have higher needs resulting in increased costs.

The Our Way Leeds (OWL) contract has not delivered as much provision as anticipated, and they are still not seeing the expected throughput of placements as a result of a slowdown in the housing market following the COVID-19 pandemic which has not yet recovered. There is more competition for suitable council tenancies, and an oversaturated private rental market which is not easy to access for universal credit claimants.

The service has identified a number of mitigating action plans to reduce these pressures including:

- An initial review of the highest cost placements, which has already identified a number of care packages which could be re-negotiated and an estimated reduction of £500k has been assumed in the Month 5 projection.

- Identification of a process to facilitate a systematic review of the Semi-Independent provision to review packages offered, and the Service are in the process of increasing resources with the aim of implementing this system by the autumn.
- Continuing to work with OWL, who have a significantly lower unit cost, to improve their throughput and capacity. OWL are close to having the full number of units specified (close to on time as well), but have some long staying residents who should have moved out. Work is ongoing to unblock the exit for those residents.
- A review of the offer to 16 and 17 year old children who cannot live with their parents has recently been completed and there is a significant action plan as a result. This includes recommendations about developing the market in Leeds to vary our offer and increase lower cost provision, improving throughput and increasing prevention activity.

External Residential Placements:

The External Residential budgets for 2022/23 is £18.043m, supporting 74 External Residential placements. As of 28th August, there were 85 placements - assuming these placements stay in their current provision (same weekly £ rate) to year-end and those turning 18 in-year fall out, an overspend of £1.566m is forecasted. 5 placements have started since 1st August, these placements account for £1.2m of the projected overspend.

To mitigate this pressure a working group with representatives from across the services will be established to commence a review of the high cost placements.

Foster Carers Fee Uplift:

The Month 5 projections include the impact of the proposed uplift of the weekly fees and maintenance allowances paid to Leeds Foster Carers; if backdated to April 2022 this will equate to an additional £2.055m.

Little Owls Nurseries:

The Little Owls nursery settings are projecting a net pressure of £1,494k: a projected income pressure of £2,023k offset by projected staff savings of £529k. Whilst the Little Owls nurseries did experience some recovery in 2021/22, income levels are still not back to pre-pandemic levels due to the change in working patterns, and a continued reduction in nursery capacity / opening hours due to ongoing staff shortages and recruitment difficulties

To recognise increased costs, fees for Little Owls will increase by 5% from October to £51.70 per day, an increase of £2.50 per day. For comparison, the average market rate in Leeds is between £45 and £58 per day. The Little Owls fee increase is included in Month 5 projections and should generate projected additional income of £70k in 2022/23 with a full year impact of £135k. In addition to the increase in fees there is a more comprehensive review of the Little Owls provision ongoing. An initial business review was undertaken earlier this year by the Council's Procurement and Commercial Services function, and a brief for the next stage of the work is currently being agreed.

Transport:

The overall transport budget is showing a projected overspend of £2.576m. This position includes additional charges of £412k from WYCA due to increased drivers

pay and fuel costs, with a further £2.115m pressure due to increased charges from Passenger Transport within CEL as a result of increased pupil numbers and increased costs.

CLA In House Carers:

Whilst the overall placement numbers for Fostering, Family Placement, Placed for Adoption cohorts are aligned to the budgeted numbers this budget is projecting an overspend due to an increase in overall unit cost for mainstream fostering due to a change in the mix of skilled carers. There are more Level 4 carers than Level 3 and 2 than was expected, resulting in a pressure of £350k. For Kinship the current numbers are higher than what was budgeted for, resulting in a pressure of £258k

Independent Support Work:

There is a projected pressure of £400k against the Independent Support Work budget which reflects the projected costs of supporting the needs of one child. The complexity and level of support provided in this case is currently under review. A new provider has been approved, which should significantly reduce the weekly cost of provision and reduce this projected pressure.

Budget Action Plans

Of the £1.661m of budget action plans included within the base budget 2022/23 the Month 5 position assumes that £575k of the action plans will not be achieved as below:

- Diversifying Childrens Residential Provision £295k
- Passenger Transport £280k

Dedicated Schools Grants

The approved DSG budget 2022/23 assumed that there would be a carry forward surplus of £0.119m as at the end of the year. The position at Month 5 projects an in year underspend of £1,822k and a surplus balance to carry forward into 2023/24 of £2,230k.

The underspend is largely as a result of unallocated supplementary funding and an underspend on services provided by Children & Families due to vacancies and delayed recruitment.

- 3.6.3 **City Development** – at Month 5, City Development is forecasting a balanced position overall. This represents a reduction of £0.9m from the position reported at Month 4, mainly because the additional inflationary pressure in respect of energy is now being shown centrally within the Strategic accounts. The reported position does still include the estimated impact of the local government pay offer which is estimated at £1.7m for pay (net of amounts that will be charged on to capital schemes and grants).

There are some areas of risk within this position as described below but it is anticipated that these will largely be mitigated through the development and implementation of robust action plans to achieve the reported position at the year end.

It is envisaged that the implementation of further restrictions on spending across the Council, including tighter vacancy controls and restrictions on non-essential spending, will contribute towards achieving these action plans and achieving a balanced budget by the year end.

- **Active Leeds** – based on income achieved during the first five months of the year, a shortfall to budget of £0.85m is anticipated, primarily on swimming and membership income, although this is subject to a degree of variability and will continue to be carefully monitored as the year progresses. In addition, further pressures resulting from the impact of the pay offer are forecast at £0.75m. These pressures are partially offset by anticipated staffing and running cost savings of £0.45m and assumptions around further plans to mitigate of £0.9m, which includes income growth, a proposed review of fees and charges and further staffing savings, leaving a forecast year end overspend of £0.2m.
- **Arts & Heritage** – although the service is projecting a balanced position, this assumes the development and implementation of plans to mitigate the impact of the pay offer (£0.4m).
- **Asset Management & Regeneration** – an overspend of £0.2m is projected which largely reflects an anticipated shortfall in respect of the Strategic Investment Fund and Estate Rationalisation savings targets, partially offset by other one-off sources of income and other mitigating savings plans, including a review of commercial rental income and potential estate running cost savings.
- **Planning & Sustainable Development** – high volumes of caseloads and applications mean it is necessary to recruit to all vacant posts and it is anticipated that this will impact on the service's ability to achieve its budgeted vacancy factor. A projected staffing overspend of £0.4m is therefore currently projected, which includes the impact of the pay offer. However, additional planning and building control fee income is forecast to the year end and therefore an overall balanced position is anticipated for the service.
- **Highways and Transportation** – the net impact of the pay offer, after taking into account additional income from charge out rates, together with an anticipated increase in the cost of fuel has resulted in forecast pressures of £0.35m for the service.
- **Markets and City Centre** – a shortfall of £0.7m in respect of Markets income is estimated which reflects vacant units mainly within the Kirkgate and Outdoor markets. Whilst this position represents a variance from budget, the budget is based upon a surplus position, therefore the service is currently forecasting a relatively small deficit. In addition, income shortfalls of £0.3m are projected within City Centre in respect of city centre advertising income, income from street café licences and from hiring of event spaces in the city centre. Although the services will look to identify savings where possible to offset the income shortfalls, there is limited scope within these service areas.
- **Resources & Strategy** – staffing and running cost savings of £0.25m have been identified within Resources & Strategy to partially offset the pressures identified in other service areas. In addition, to further help mitigate pressures across the directorate, it is proposed to utilise £1.5m of commuted sum balances received from developers to meet the future maintenance cost

of adopted Highways, leading to an overall underspend of £1.75m within Resources & Strategy.

- **Staffing** – within the overall reported position described above there is a projected staffing overspend of £0.3m across the directorate including the estimated net impact of the pay offer.

Key Budget Action Plans

The 2022/23 budget contained £3.2m of new savings plans. At this stage of the year, it is anticipated that most have been delivered or are on track to be delivered, with only minor shortfalls forecast within the overall directorate position.

In addition, as referred to above, there are projected shortfalls on the existing Strategic Investment Fund and Estate Rationalisation budget savings plans. Although these may not be achieved within the current financial year as originally envisaged, mitigating savings will be identified where possible to offset these pressures.

3.6.4 **Communities, Housing & Environment** – At Month 5, the Directorate is projecting a small underspend of £0.1m, this is after accounting for the impact of the pay award offer, £4.3m, and fuel related pressures of £1.1m.

- **Staffing (Directorate wide)**

Total pressures are £2.8m, reflecting the pay award impact partially offset by additional charges to capital and grants, where it is appropriate to do so, and vacant posts.

- **Fuel (Directorate wide)**

The projections reflect an estimated pressure of £1.1m in these budgets. These will remain under review following recent reductions in the oil price which have yet to fully filter through.

- **Car Parking Income**

Income continues a recovery trajectory; however, based on 4 months of data in 2022/23 the projection suggests that receipts are projected to fall £1.0m below the budget (compared to £2.7m in 2021/22 and £7.7m in 2020/21). As full provision for this has been made within corporate contingencies, a nil variance has been reported within the Directorate's budget.

- **Waste Management (excluding staffing and fuel)**

Exclusive of staffing/fuel energy issues a £3.9m underspend is projected. Historically there is a net cost associated with the disposal of green bin recyclable materials, however currently the Council is receiving a net income for this material, with prices expected to remain high for the remainder of 2022. It is forecast that this could generate additional unbudgeted income of £1.9m in 2022/23.

Kerbside 'black bin' waste volumes are now reducing from the peak of lockdown period levels and are assumed to continue at 6% below the budgeted level for the remainder of 2022/23 which would generate a saving a £1.5m saving on disposal costs.

A PFI rebate and additional trade waste income totalling £0.6m are also anticipated.

- **Parks (excluding staffing and fuel)**

There are a number of variations within the service. Delays to construction of

the new Parks attractions are expected to reduce net income by £0.2m and Bereavement Services income is projected to fall £0.2m below budget. Other variations, partly due to inflationary pressures are a net £0.1m.

- **Customer Access and Welfare** (£0.3m underspend excluding staffing) £0.2m of income pressures are expected in Community Hubs with a further £0.1m in the Library and Information Service.

A £0.5m pressure on Housing Benefit Rent Allowances is anticipated where the Council cannot reclaim a 100% subsidy from the government. A project is ongoing to identify actions to reduce the instances of this going forward. However, £0.9m of additional funding for New Burdens Funding and other grant income is expected to cover staffing pressures within the services and £0.2m of net savings from reducing non-essential spend have been projected.

- **Other variations** – minor variations across the Directorate total less than £0.2m
- **Action plan** – Collectively these pressures amount to £0.3m and savings from reviewing non essential spend including the decision to cancel the 2022 bonfire programme, tighter vacancy control and a review of fees and charges are targeted to enable a balanced budget to be delivered.

3.6.5 **Resources** - Based on an examination of key risk budgets, the Resources Directorate is forecasting a pressure of £4.5m at this reporting period. This is an increase from the previous period of £0.14m. This increase is due to;

- Human Resources, improvement of £0.40m.
- Shared Services, improvement of £0.081m.
- Catering, expenditure projection increased by £0.118m.
- Finance, improvement of £0.080m.
- Procurement, income projection reduction £0.604m.
- Democratic Services, improvement of £0.058m.
- School Crossing Patrol, improvement of £0.033m.
- Facilities Management, improvement of £0.474m.

This is summarised into the following areas across the Directorate's services:

Procurement £1.9m

A target of £4m Procurement savings across the authority formed part of the 2022/23 approved budget. Whilst a proportion of these savings were set against specific contract areas, £2.3m had yet to be identified. Additional unbudgeted income from the Revolving Investment Fund is expected to mitigate some of this pressure and has therefore been included in the projection. In addition, the Procurement service has been successful in identify further savings of £0.25m across two large contracts. The PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate. The inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.

Leeds Building Services (LBS) £0.261m

The LBS financial model recovers almost all overheads via the direct labour rate however this does skew the costs of direct and subcontracted work, as a result of this it is severely impacted by any operative vacancies.

Due to the current labour market and number of leavers the operative vacancy level is much higher than forecast, consequently this has led to a shift in the ratio of work delivered by direct versus subcontractors.

The service will aim to mitigate the overall pressure through a re-examination of the overhead recovery model although the overall impact to budgets should be negligible as spend would just be shifted from direct to subcontractors. This mitigation has been included in the projection above.

Legal Services £0.205m

The overspend is due to a shortfall in income, which is partly offset by staff savings.

Sustainable Energy and Air Quality -£0.2m

Premises savings as a result of the decision in the Spring Statement to exempt District Heating networks from Business rates have resulted in a saving of £0.226m, offset by some income losses of £0.025m.

Shared Services £1.081m

Staffing overspends including Pay Award of £1.7m and Salary Sacrifice pressure of £0.289m are being offset by supplies and services savings of £0.386m, funded income posts of £0.550m.

Integrated Digital Services £Balanced

A pay award pressure of £1.074m and overspend on IT equipment of £0.1m are being offset by staffing and other expenditure savings along with an additional flexible use of Capital Receipts of £700k as a result of additional transformational work in IDS.

Facilities Management -£0.242m

£0.050m of savings relate to building running costs, and £0.3m procurement savings along with a pay award pressure of £0.1m.

Corporate Property Management £0.025m

A pay award pressure of £0.042m and security overspend of £0.095m are being offset by staffing savings of £0.110m.

Catering £0.588m

Staffing overspends of £0.405m, inflation increases on food and other costs of £0.423m offset by additional income of £0.240m.

Strategy and Improvement £0.080m

Staffing overspends of £0.142m offset by savings of £0.060m.

Finance £0.251m

Staffing overspends of £0.771m offset by additional Court Fee income of £0.304m, release of reserve £0.1m and other savings of £0.116m.

Democratic Services £0.060m

Pay award pressure of £0.108m offset by savings of £0.048m.

Human Resources £0.269m

Staffing overspends of £1.063m offset by government income to pay for interns and Kickstart posts of £0.795m.

CEL excluding Catering and Passengers £0.221m

A pay award pressure of approximately £1m is being partially offset by a budget action plan to review income opportunities of £0.750m.

3.6.6 **Strategic & Central Accounts** - At Month 5, the Strategic & Central accounts projection is for an overspend of £4.2m. The main factor in this position is a forecast £4.3m pressure for the increase in energy costs across the Council since period 4. The debt budget is now forecast to be in balance, an improvement of £0.3m since Month 4, and there are minor underspends in the Miscellaneous and the Joint Committees budgets.

3.7 Budget Action Plans

3.7.1 The budget for 2022/23 requires the delivery of £16.5m of savings. Detailed budget action plans have been developed to identify how these savings will be achieved and progress against these action plans will be monitored and reported throughout the year. Further detail is provided at Appendix 3.

At Month 5 it is anticipated that the majority of savings will be delivered in full through the identified saving plans or mitigating actions identified by each Directorate, the exceptions being:

- Children & Families – £0.575m shortfall expected on Passenger Transport savings.
- Resources - £2.046m shortfall in the anticipated level of procurement savings within PACS.

3.8 Inflationary Pressures

3.8.1 At the end of August (Month 5) an overspend of £20.4m is projected against the Council's 2022/23 revenue budget. This reported position now reflects the national employers' pay offer and known inflationary rises and cost of living pressures.

3.8.2 **Pay Award** – Pay negotiations for 2022/23 are ongoing. The 2022/23 budget allows £9.5m for an assumed 2022/23 pay award incorporating a Real Living Wage of £9.90 at pay scale points 1 and 2 and a 2% pay award for all other staff. On 22nd September the Real Living Wage was announced at £10.90 ph and this increased rate will be required to be incorporated into future Council's budgets. The national employers have now offered a pay increase of £1,925 to all employees and the additional cost associated with this pay offer was incorporated into the Council's reported financial position at Month 4 and remains at Month 5. Should the final pay award be above this offer then further savings will be required to be identified in order to fund these additional costs.

3.8.3 **Impact of Government announcements** – On 23rd September, the Chancellor of the Exchequer, Kwasi Kwarteng, delivered the Growth Plan 2022 to the House of Commons and reiterated recent steps taken by Government to tackle high energy bills. The government has committed to a new six month Energy Bill Relief Scheme for businesses and other non-domestic energy users, including charities and public

sector organisations, providing them with a discount on energy prices. As Leeds City Council has forward purchased over 80% of its energy for winter, the majority of its energy has been purchased at prices that are lower than the cap – although it should be noted that the prices secured are still significantly higher than we have ever paid before. However, the cap still provides the Council with protection against the extreme day ahead prices that we have seen for the balance of our energy and if these were to continue, the cap could save the council up to £2 million. This position will continue to be monitored and updates reported to Executive Board.

3.8.4 **Energy** – The 2022/23 budget allows for a 5% increase in energy costs for gas and electricity. In addition, the Council has set aside £3.94m of energy contingency funding. The Council’s Energy Unit have updated cost projections for 2022/23 and the reported position at Month 5 (August) assumes projected General Fund expenditure on energy of £22.60m against a budget of £14.36m. Applying the energy contingency funding of £3.94m reduces the projected General Fund overspend to £4.30m, which is currently reflected in the Strategic Directorate reported position. The reported position takes account of the Government’s energy cap announcement. Actions being taken to review energy usage across the Authority’s estate are anticipated to reduce this projected overspend.

3.8.5 **Fuel** – The average UK pump prices for diesel and unleaded petrol have seen increases of 40.0% and 36.4% respectively between June 2021 and June 2022. The 2022/23 budget did not allow for any increases in fuel prices. Any increase above the total 2022/23 budgeted amount of £7.7m will require an action plan to be developed for how this increase will be mitigated in year.

3.8.6 **Cost of Living Pressures** – Further to the inflationary pressures detailed here, there is likely to be a wider inflationary impact to the Council due to the impact of the increased cost of living on our residents and businesses. We would expect to see the impact of this in increased costs to the Council for the goods and services that we procure, increased demand for support and welfare services, and reduced income across a range of services as Leeds residents and visitors choose to spend differently as a consequence of rising inflation. The position will be closely monitored through the year.

4. Other Financial Performance

4.1 Council Tax

The Council Tax in-year collection rate at the end of August 2022 was 43.83%. For comparison, in August 2021 the in-year collection rate was 44.94%. In July 2019, a ‘normal’ year, the in-year collection rate was 45.60%. With the collection rate continuing to slow in this challenging economic environment it has been decided that, to be prudent, the collection rate target in the fullness of time should be reduced from 99% to 98.5%, at a cost to the Council’s share of the Collection Fund deficit of £2.0m.

Leeds’ share of the declared Council Tax deficit for 2021/22 (at 31st December 2021) has been incorporated into the 2022/23 budget. The declared deficit was £3.704m. This has been adjusted for the 3-year spreading legislated by Government in order that authorities can better manage deficits arising as a result of the economic impact of COVID-19. Consequently, the Leeds share of the deficit

that is budgeted to be repaid in 2022/23 is £2.249m. This repayment is now a fixed amount and does not impact on the 2022/23 in year position.

The actual closing deficit on the 2021/22 Council Tax Collection Fund was £8.7m, including the Police and Fire Authority shares. In 2022/23 it is projected there will be an in-year surplus on Council Tax at declaration of £0.3m. Whilst in-year income from Council Tax is almost as expected at the time the 2022/23 Budget was approved by Full Council in February 2022 which sets the precepts taken from the Collection Fund, and income to the Collection Fund is additionally increased by repayment of the declared deficit from 2021/22 as noted above, the increased cost of the provisions required to account for the reduced collection rate has reduced this surplus by £2.3m including the Police and Fire Authority's share. The closing deficit will therefore be £8.4m. Included in the projected deficit is the final instalment of the declared unfunded deficit from 2020/21 which, including the Police and Fire Authorities' shares, will be £5.3m. This therefore means that an additional deficit of £3.1m will have to be funded by the Council, the Police and the Fire Authority in 2023/24, Leeds share of which will be £2.6m.

The collection rate for Council Tax remains an area of concern as Council Taxpayers continue to struggle with the cost of living crisis and collection will require close monitoring over the coming months.

4.2 **Business Rates**

The Business Rates collection rate at August 2022 is 44.06% which is a 4.82% increase on 2021/22 and 3.65% behind performance in 2019/20, the last 'normal' year, although it is still quite early in the financial year and collection rates will be closely monitored over the coming months. The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £296.5m of business rates income.

The total rateable value of business properties in Leeds has increased from £923.8m at the time of the 2022/23 budget to £926.6m as at 31st August 2022, an increase of £2.8m. The 2022/23 budget includes an expected reduction in Rateable Value of £0.3m for the 2022/23 full year and the size of the Business Rates tax base in Leeds will also require close monitoring.

Leeds' share of the declared Business Rates deficit from 2021/22 (at 31st December 2021) has been incorporated into the 2022/23 budget. The total declared deficit on the Business Rates Collection Fund was £28.2m. Leeds' share of the unfunded declared deficit from 2020/21 was £36.7m, which has been spread over three years in accordance with Government legislation. The second of the three repayments of £12.2m will be paid in 2022/23 and is fixed and included in the £28.2m declared deficit.

Due to reassessing the level of the bad debt and appeals provisions, the actual closing deficit for 2021/22 is an improvement of £8.0m from the position declared and this improvement will be carried forward as a gain to the 2023/24 budget but will be required to offset future reduction in grant funding.

In 2022/23, a deficit of £4.4m has arisen due to an increased demand for the extended Retail Relief introduced by the Government to assist the High Street in the

wake of the pandemic. This relief is fully funded and this funding will be held in reserve to part meet the cost of the impact of the overall deficit to the 2023/24 General Fund.

Taking the £12.2m final repayment of the unfunded deficit from 2020/21, the £8.0m improvement from the end of 2021/22 and the £4.4m in-year deficit from 2022/23, the declared deficit for 2022/23 is projected to be £8.6m, which will impact the 2023/24 General Fund. Of this projected deficit, £5.4m is projected to be funded by grant received from Government for the extended Retail Relief.

The outlook for the in-year Business Rates deficit on the Collection Fund remains uncertain and will require close monitoring in the coming months.

4.3 Business Rates Appeals

The opening appeals provisions for 2022/23 is £24.2m, made up of £5.1m 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.

On 31st August 2022, there were 91 appeals outstanding against the 2010 ratings list. This financial year until 31st August 2022, 31 appeals have been settled, 10 of which have resulted in changes to rateable values. No new appeals have been received in 2022/23. Currently, 1.96% of the city's total rateable value on the 2010 list is subject to at least one appeal.

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

As at 31st August 2022, the Council is providing for a net of 362 Checks and Challenges against the 2017 ratings list.

Additionally, Government has now passed primary legislation to ensure that 'appeals' based on a Material Change of Circumstance due to the restrictions to economic activity during the COVID 19 lockdowns will not be successful and will not lead to a reduction in Rateable Value. Any outstanding appeals which had been deemed in this category have therefore been excluded from the Council's calculations.

In addition, the Authority has made provisions for specific issues such as the removal of ATMs located in shops from the 2017 list, expected reductions to hospitals, ambulance and fire stations and expected reductions to several GP surgeries.

4.4 Impact of Covid 19 and cost of living on the Collection Fund in 2022/23 and beyond

There is still some impact of COVID-19 on council tax and business rates income as recovery action is reintroduced and additional reliefs brought in to support

businesses during the pandemic are phased out. Council Tax collection rates are showing the effects of the cost of living crisis and the level of voids is a current concern. The team are monitoring the situation and working on ways to mitigate by improving void levels and working through the backlog of recovery action. For Business Rates, the reductions in reliefs granted are impacting on collection rates. The pressures of the cost of living crisis have become more noticeable over the last couple of months and the long-term impact of this on collection rates and tax base will require continued close monitoring.

5. Housing Revenue Account (HRA)

- 5.1 At Month 5, the HRA is projecting a pressure of £0.2m. Options to balance the significant price pressures facing the service have been reviewed bringing the HRA back to an almost balanced position.
- 5.2 **Dwellings Rent and service charges £2m** – there is a forecast reduction in rental income which is mainly due the number of void properties being higher than budgeted because of the ongoing impact of COVID-19. There is a recovery plan in place and it is projected that the void level will be back to pre-pandemic levels by the beginning of 2023.
- 5.3 **Employees £0.3m (and related charges)** – there is a forecast underspend against the employee budget of £0.2m due to vacant posts in the service; the forecast reflects the latest employee pay award offer. However, the underspend is offset with a reduction in capitalised salaries of £0.5m.
- 5.4 **Repairs to Dwellings £1.358m** – the budget is projected to be overspent due to the price pressures in the construction industry, although this will be funded from the repairs reserve.
- 5.5 **Disrepair provision £0.5m** – the budget is projected to overspend due to the continuing trend of increasing case numbers and the average cost of the cases.
- 5.6 **Premises £1.4m** – comprised of: £0.8m pressure on the energy budget due to the rising cost of gas and electricity, these costs are not passed on to tenants in year; £0.2m dilapidations costs at Navigation House; and £0.4m pressure on the cleaning agency recharge.
- 5.7 **Provision for doubtful debt £0.5m** – it is estimated that an additional amount will be added to the provision to cover potential increases in bad debt due to the cost of living crisis.
- 5.8 **Contribution to the Capital Programme £2.4m** – a reduction in the revenue contribution to the capital programme offset by utilising RtB balances to fund the investment programme.
- 5.9 **Supplies and services and Internal services £1.8m** – projected to underspend after a line by line review of the budgets.

Overall Summary Sheet

Month 5 (August 2022)

Financial Dashboard 2022/23 Financial Year

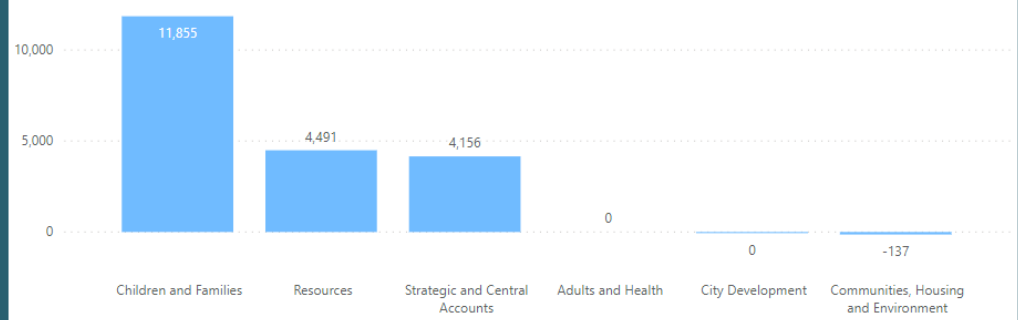


Budget Variation £000s

20,365

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	495,782	507,439	11,657
Premises	55,219	59,460	4,241
Supplies and Services	229,193	216,506	-12,687
Transport	47,994	49,839	1,845
Internal Charges	76,487	79,275	2,788
Third Party Payments	469,578	485,520	15,941
Transfer Payments	185,499	196,017	10,518
Capital	79,820	79,519	-301
Transfer to/from Reserves	-48,340	-48,783	-443
Internal Income	-312,878	-315,309	-2,431
External Income	-756,411	-767,175	-10,765
Total	521,943	542,308	20,365

Directorate	Change in Variance £000s
Adults and Health	0
Children and Families	5,280
City Development	-882
Communities, Housing and Environment	-137
Resources	-41
Strategic and Central Accounts	4,092
Total	8,313

Financial Dashboard 2022/23 Financial Year

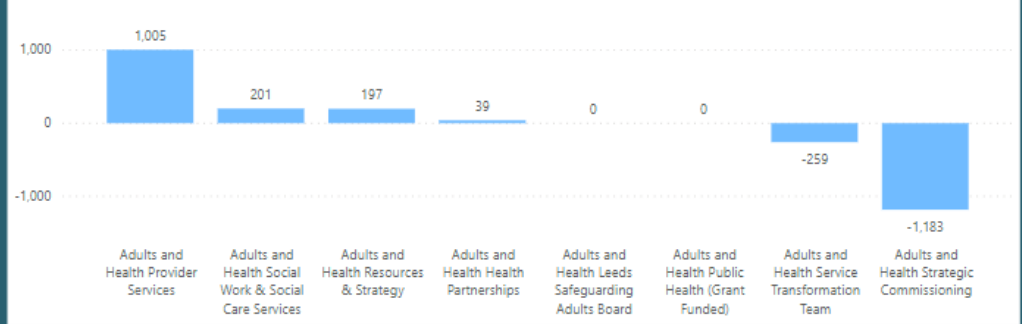


Budget Variation £000s

0

Overspend (+) / Underspend (-)

Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	62,179	64,372	2,193
Premises	1,029	1,164	135
Supplies and Services	5,762	6,887	1,124
Transport	906	964	57
Internal Charges	12,423	12,867	444
Third Party Payments	299,511	307,905	8,394
Transfer Payments	11,395	10,697	-697
Capital		0	0
Transfer to/from Reserves	-8,764	-8,183	581
Internal Income	-5,245	-5,439	-193
External Income	-181,553	-193,591	-12,038
Total	197,643	197,643	0

Directorate	Change in Variance £000s
Adults and Health	
Health Partnerships	-15
Leeds Safeguarding Adults Board	0
Provider Services	313
Public Health (Grant Funded)	0
Resources & Strategy	57
Service Transformation Team	2
Social Work & Social Care Services	-129
Strategic Commissioning	-227
Total	0

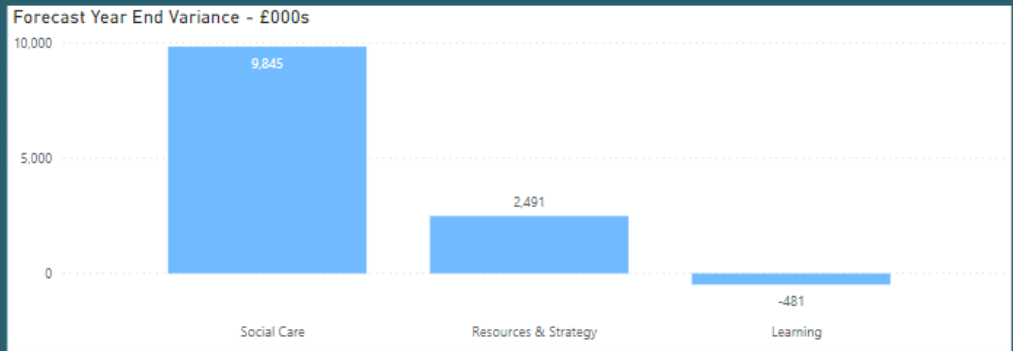
Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

11,855

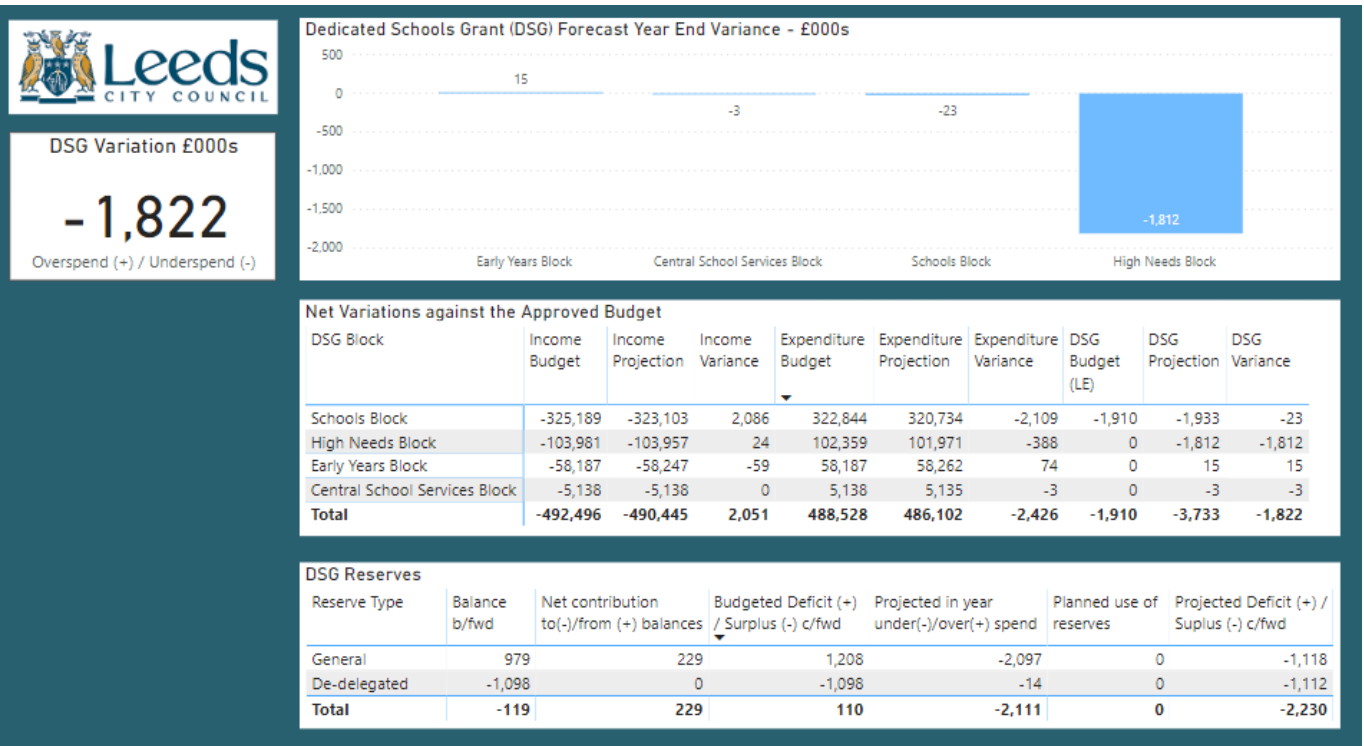
Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	104,584	104,880	296
Premises	3,337	3,329	-9
Supplies and Services	64,656	64,668	12
Transport	10,766	11,268	502
Internal Charges	29,076	31,681	2,606
Third Party Payments	111,302	117,209	5,907
Transfer Payments	2,040	2,150	110
Transfer to/from Reserves	-211	-248	-37
Internal Income	-32,261	-32,114	147
External Income	-160,258	-157,937	2,321
Total	133,030	144,885	11,855

Directorate	Change in Variance £000s
Children and Families	5,280
Total	5,280

Financial Dashboard 2022/23 Financial Year



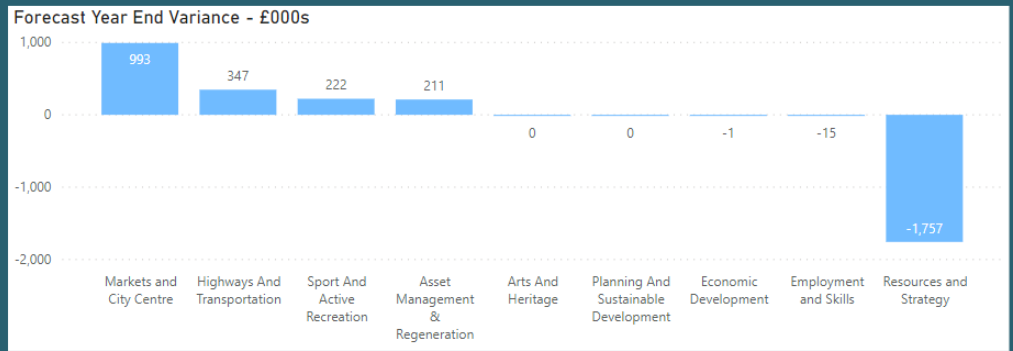
Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

0

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	68,169	68,351	182
Premises	25,661	25,667	7
Supplies and Services	44,462	44,375	-87
Transport	5,887	6,050	163
Internal Charges	10,037	10,152	116
Third Party Payments	192	192	0
Transfer Payments		0	0
Capital		0	0
Transfer to/from Reserves	-2,939	-2,886	53
Internal Income	-42,480	-42,652	-172
External Income	-75,621	-75,881	-260
Total	33,367	33,366	0

Directorate	Change in Variance £000s
City Development	-882
Total	-882

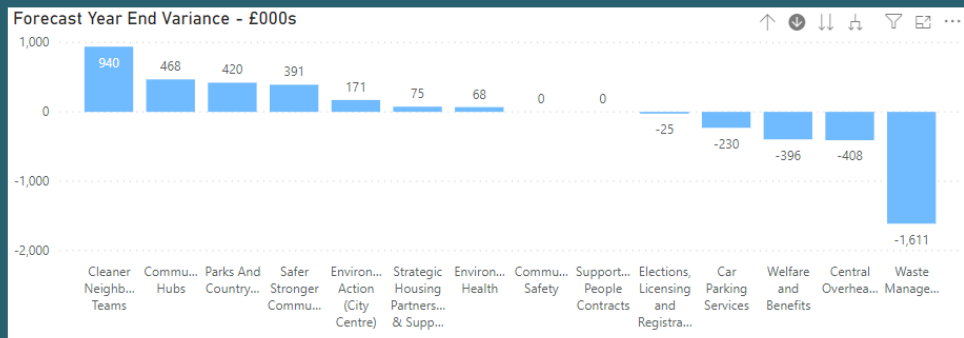
Financial Dashboard 2022/23 Financial Year



Budget Variation £000s

-137

Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	96,578	99,394	2,816
Premises	9,720	9,757	37
Supplies and Services	56,995	41,221	-15,775
Transport	10,141	11,289	1,148
Internal Charges	16,312	16,063	-249
Third Party Payments	21,455	23,148	1,693
Transfer Payments	171,096	182,201	11,105
Capital		0	0
Transfer to/from Reserves	-1,536	-2,594	-1,058
Internal Income	-37,606	-39,885	-2,279
External Income	-258,104	-255,679	2,425
Total	85,050	84,914	-137

Directorate	Change in Variance £000s
Communities, Housing and Environment	-137
Total	-137

Financial Dashboard 2022/23 Financial Year



Surplus (-) / Deficit (+) £000s

242

Overspend (+) Underspend (-)

HRA Income	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲ Dwelling Rents	-216,541	-214,733	1,808	88
Non Dwelling Rents	-3,306	-3,234	72	32
Service Charges	-9,335	-9,171	164	-1
Internal Income	-10,359	-9,900	459	-45
Grants	-21,644	-21,598	46	-3
External Income	-1,598	-1,598	0	0
Total	-262,784	-260,235	2,549	71

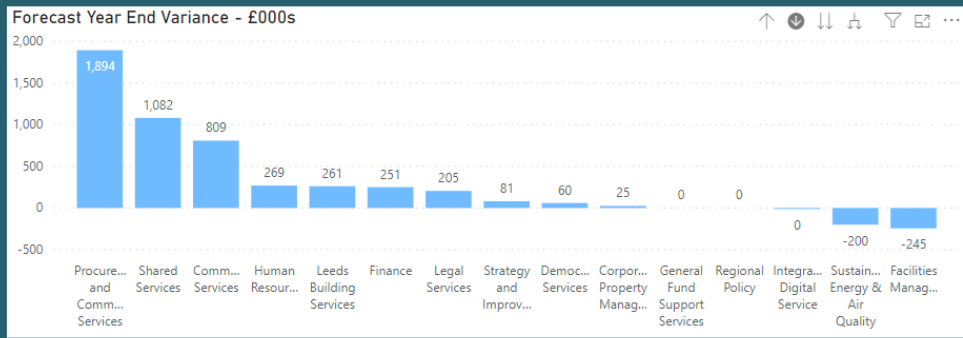
HRA Expenditure	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▲ Disrepair Provision	2,400	2,900	500	0
Repairs to Dwellings	46,795	48,153	1,358	0
Employees	31,572	31,403	-169	116
Premises	9,729	11,123	1,394	559
Supplies and Services	3,744	3,594	-150	0
PFI Unitary Charge	10,953	10,953	0	0
Transport	298	298	0	0
Internal Services	45,105	43,459	-1,646	-1,500
BITMO Management Fee	3,235	3,235	0	0
Provision for Doubtful Debts	1,136	1,593	457	457
Capital Charges	45,942	45,942	0	0
Contribution to Captial Programme	62,543	60,143	-2,400	-2,400
Total	263,453	262,797	-656	-2,768

Surplus (-) / Deficit (+)	Budget (LE) £000s	Projection £000s	Variance £000s	Change in Variance £000s
▼ Net Position	669	2,562	1,893	-2,698
Appropriation: Sinking Funds	-412	-412	0	0
Appropriation: Reserves	-257	-1,908	-1,651	-151
Total	0	242	242	-2,849

Financial Dashboard 2022/23 Financial Year



Budget Variation £000s
4,491
Overspend (+) / Underspend (-)



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	159,536	165,783	6,248
Premises	15,473	15,271	-202
Supplies and Services	48,921	49,362	441
Transport	20,293	20,268	-24
Internal Charges	4,355	4,276	-79
Third Party Payments	28	28	0
Transfer Payments	40	40	0
Capital		0	0
Transfer to/from Reserves	-90	-190	-100
Internal Income	-153,111	-151,866	1,245
External Income	-17,095	-20,132	-3,037
Total	78,350	82,841	4,491

Directorate	Change in Variance £000s
Resources	-41
Total	-41

Financial Dashboard 2022/23 Financial Year

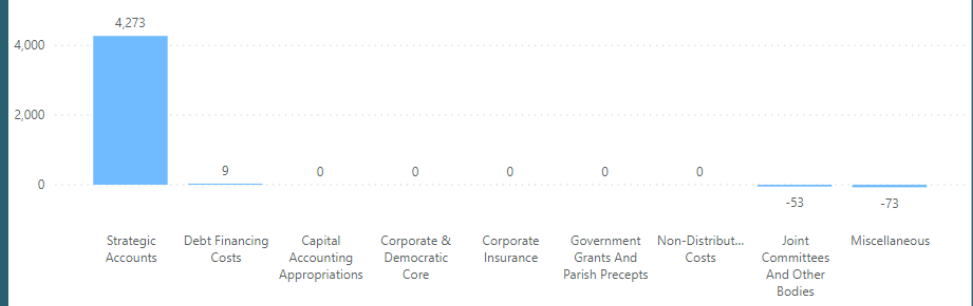


Budget Variation £000s

4,156

Overspend (+) / Underspend (-)

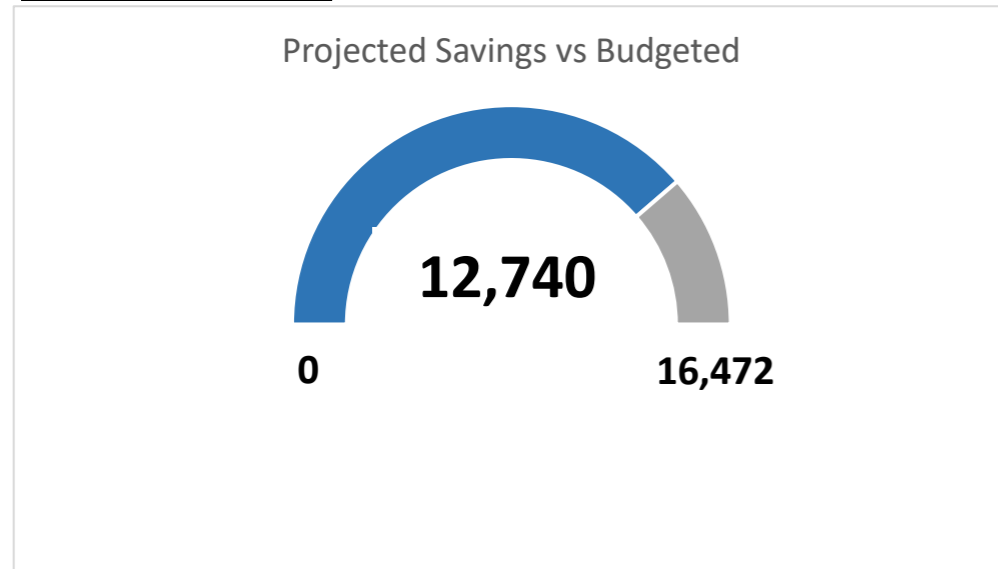
Forecast Year End Variance - £000s



Expenditure Type	Budget (LE) £000s	Projection £000s	Variance £000s
Employees	4,736	4,660	-76
Premises		4,273	4,273
Supplies and Services	8,397	9,994	1,597
Internal Charges	4,285	4,236	-49
Third Party Payments	37,091	37,039	-53
Transfer Payments	928	928	0
Capital	79,820	79,519	-301
Transfer to/from Reserves	-34,800	-34,682	118
Internal Income	-42,174	-43,352	-1,178
External Income	-63,780	-63,955	-175
Total	-5,497	-1,341	4,156

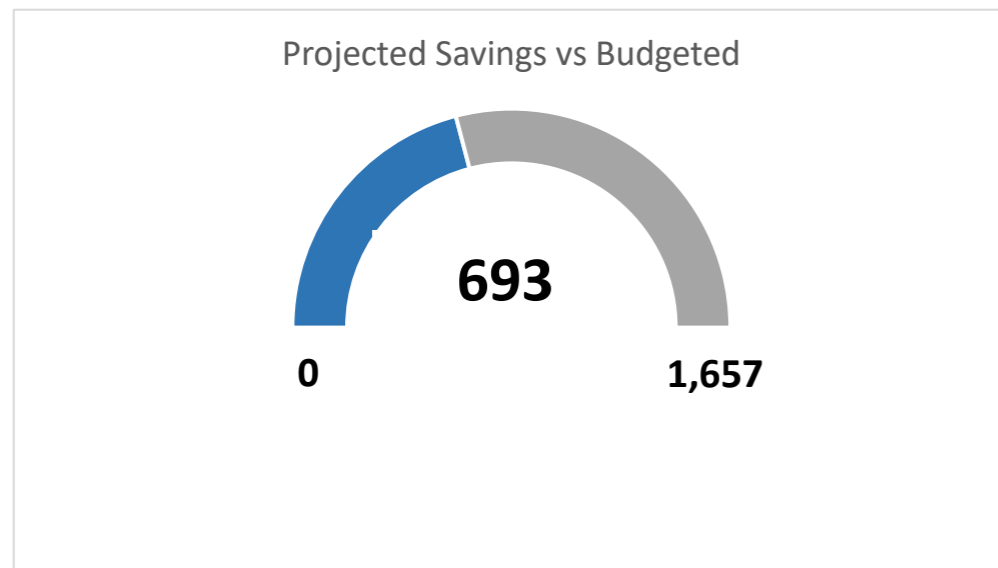
Directorate	Change in Variance £000s
Strategic and Central Accounts	4,092
Total	4,092

August (Month 5)



LEEDS CITY COUNCIL - SUMMARY

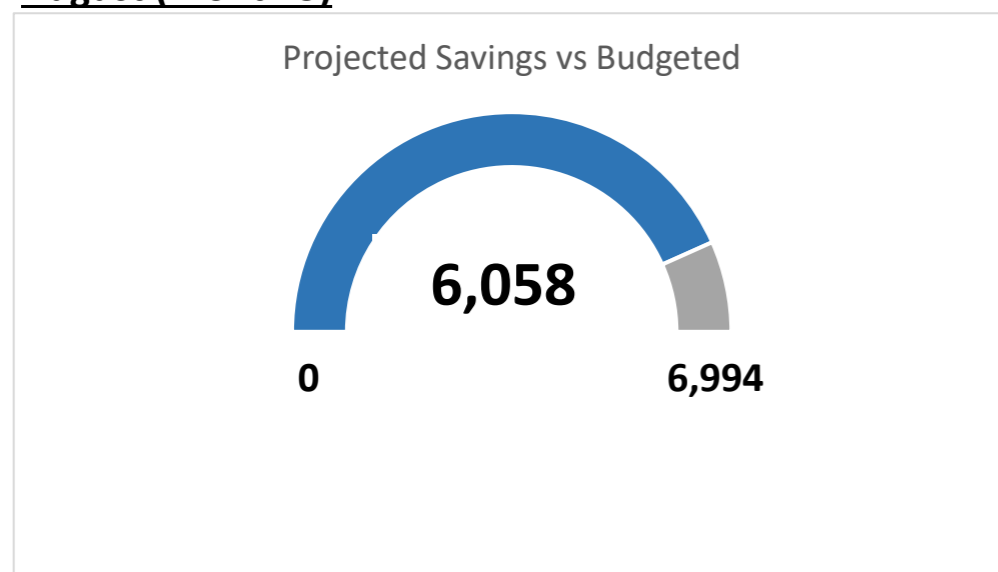
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	6,649	6,649	0
Some risk	2,393	1,842	551
High risk	4,111	930	3,181
Cancelled	0	0	0
Total	16,472	12,740	3,732



LEEDS CITY COUNCIL - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	60	300
High risk	664	0	664
Cancelled	0	0	0
Total	1,657	693	964

August (Month 5)



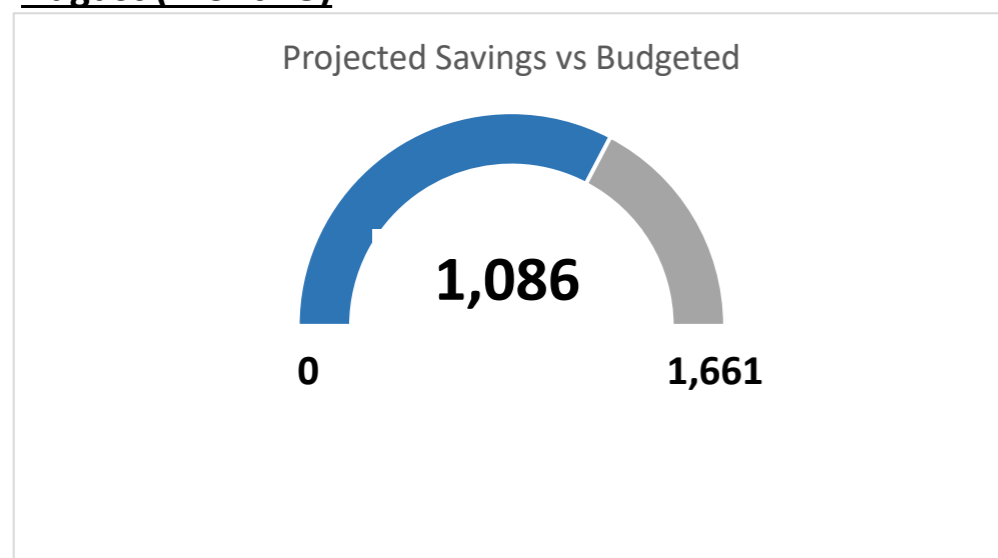
ADULTS & HEALTH - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	3,319	3,319	0
On track, no issues	1,120	1,120	0
Some risk	1,555	1,119	436
High risk	1,000	500	500
Cancelled	0	0	0
Total	6,994	6,058	936

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Enhance awareness/desirability of in-house provision to encourage attendance and reduce external procurement (against fixed running cost)	Shona McFarlane	Some risk	190	95	95	Slippage in timetable for refurbishment programme. Key decision went live 1.6.22 for 30 day call in. Final governance clearance.
Budgeted savings	BAU	Improved collection of financially assessed client income	John Crowther	High risk	1,000	500	500	Additional income target linked to EB report re 2:1 and MAC charges. Phase 1 letters sent out to Clients end of May 2022. Actions are to take place in the second half of the year which should generate income and bring BAP on line. £0.5m of the £1m expected in 22/23 with full amount in 23/24.
Budgeted savings	SR	Strategic Review of Adult Social Work:	Shona McFarlane	Some risk	1365	1024	341	3-month slippage in the implementation of the social work review for the Front Line and Assessment Teams. Governance process now cleared and posts set up on the SAP system. Staff recruitment is ongoing which is affecting assessments. Depending upon recruitment times, savings may therefore decrease, beyond the shortfall already reported.

August (Month 5)



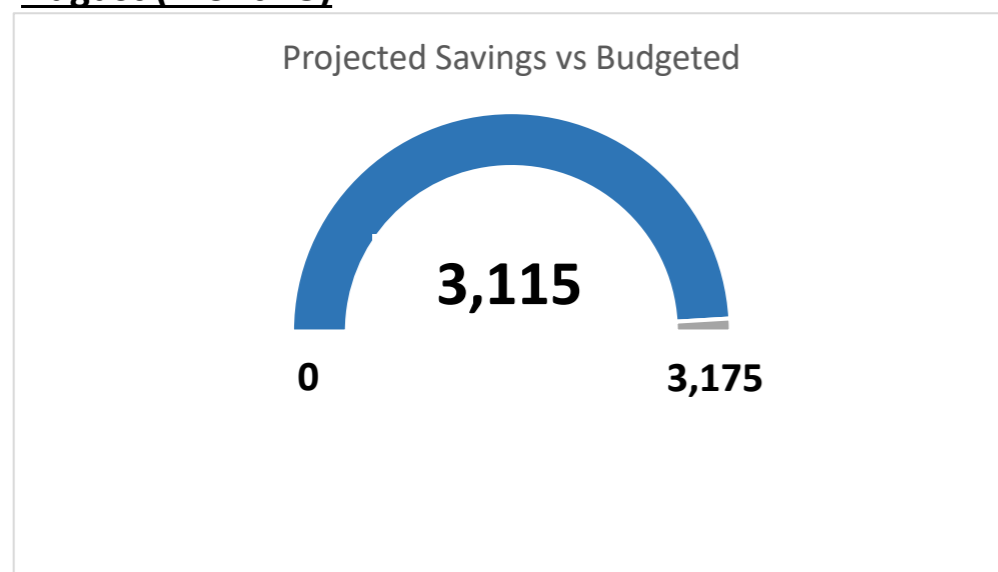
CHILDREN & FAMILIES - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,086	1,086	0
Some risk	0	0	0
High risk	575	0	575
Cancelled	0	0	0
Total	1,661	1,086	575

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	CF SR 22-24	Diversifying children's residential provision	Ruth Terry	High risk	295	0	295	Children and Families are currently reviewing the delivery plans and identifying actions required to deliver savings.
Budgeted savings	CF BAU 22-24	Passenger Transport	Tim Pouncey	High risk	200	0	200	The actions associated with this saving have been completed. However demand and inflation have exceeded original expectations, leading to an overall overspend on the transport budget. Actions to mitigate the overspend are detailed in the report.
Budgeted savings	CF BAU 22-24	Passenger transport-continuation from 21/22	Tim Pouncey	High risk	80	0	80	The actions associated with this saving have been completed. However demand and inflation have exceeded original expectations, leading to an overall overspend on the transport budget. Actions to mitigate the overspend are detailed in the report.

August (Month 5)

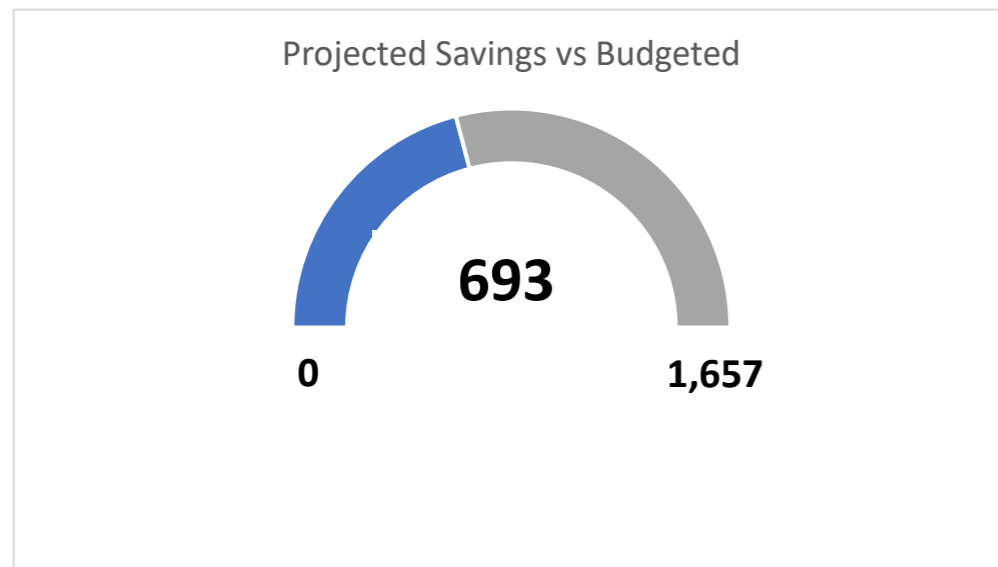


CITY DEVELOPMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	2,660	2,660	0
Some risk	275	275	0
High risk	240	180	60
Cancelled	0	0	0
Total	3,175	3,115	60

CITY DEVELOPMENT - Other Savings Measures

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	633	633	0
Some risk	360	60	300
High risk	664	0	664
Cancelled	0	0	0
Total	1,657	693	964

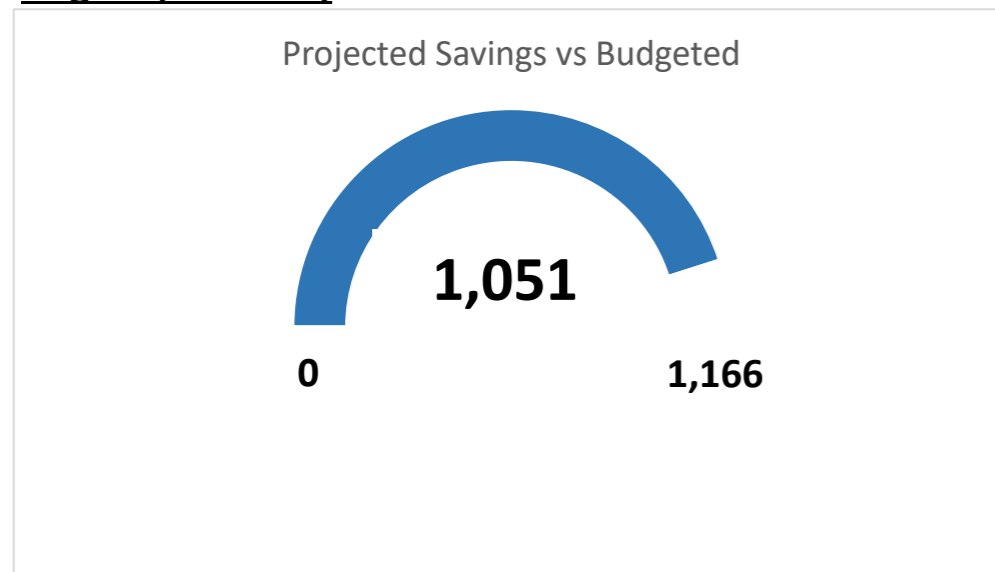


Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Active Leeds - Increase in swimming tuition income	Phil Evans	Some risk	150	150	0	Some risks regarding capacity but no shortfall currently anticipated
Budgeted savings	BAU	Active Leeds - Procurement savings	Phil Evans	Some risk	125	125	0	Subject to Insurance savings being identified by Procurement
Budgeted savings	BAU	Arts, Events, Venues - ticketing solution	Eve Roodhouse	High risk	80	55	25	Risks regarding achievement of required turnover but alternative savings identified to offset

Budgeted savings	SR	Leeds Museums & Galleries Invest to Save: Kirkstall Abbey Admissions (Non-Leeds Residents)	Eve Roodhouse	High risk	160	125	35	Admission income currently below anticipated level, to be closely monitored
Other savings measures	0	Estate Rationalisation	Angela Barnicle	Some risk	360	60	300	Plan to achieve required savings to be developed
Other savings measures	0	Strategic Investment Fund	Angela Barnicle	High risk	664	0	664	Plan to identify mitigating savings to be developed

August (Month 5)



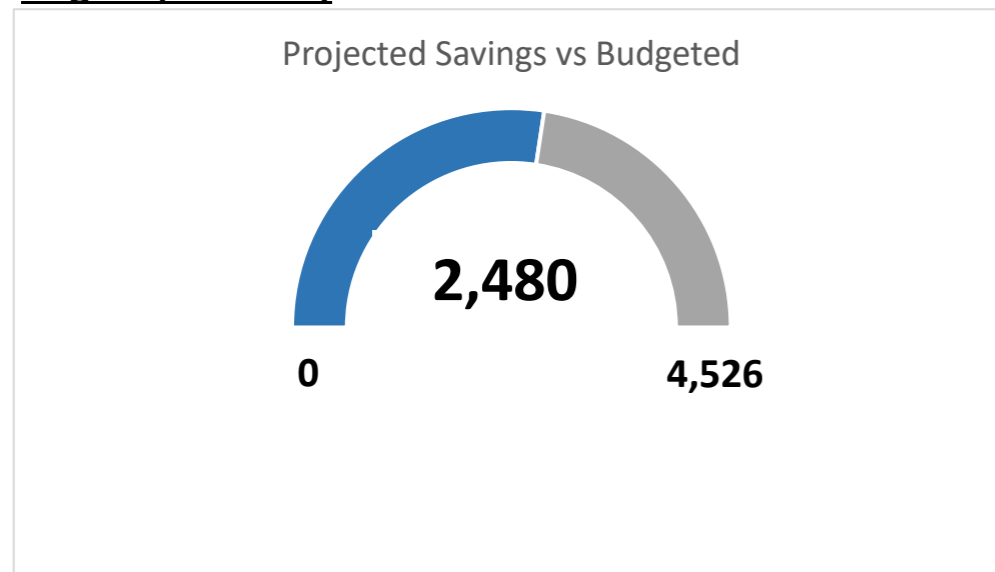
COMMUNITIES, HOUSING & ENVIRONMENT - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	988	988	0
Some risk	178	63	115
High risk	0	0	0
Cancelled	0	0	0
Total	1,166	1,051	115

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	Support for In Bloom	Sean Flesher	Some risk	31	10	21	Delayed implementation. TBC with BH
Budgeted savings	BAU	Parks attractions income	Sean Flesher	Some risk	78	18	60	£12k Arium on track for floor expansion. Delay in Playbarn opening.
Budgeted savings	BAU	Income - traded services & partner income-continuation	Sean Flesher	Some risk	41	30	11	Planning permission delayed.
Budgeted savings	SR	Efficiencies-continuation from 21/22	Sean Flesher	Some risk	28	5	23	Delays in camera infrastructure meaning 2 staff remaining in post. Saving anticipated in 23/24.

August (Month 5)



RESOURCES - SUMMARY

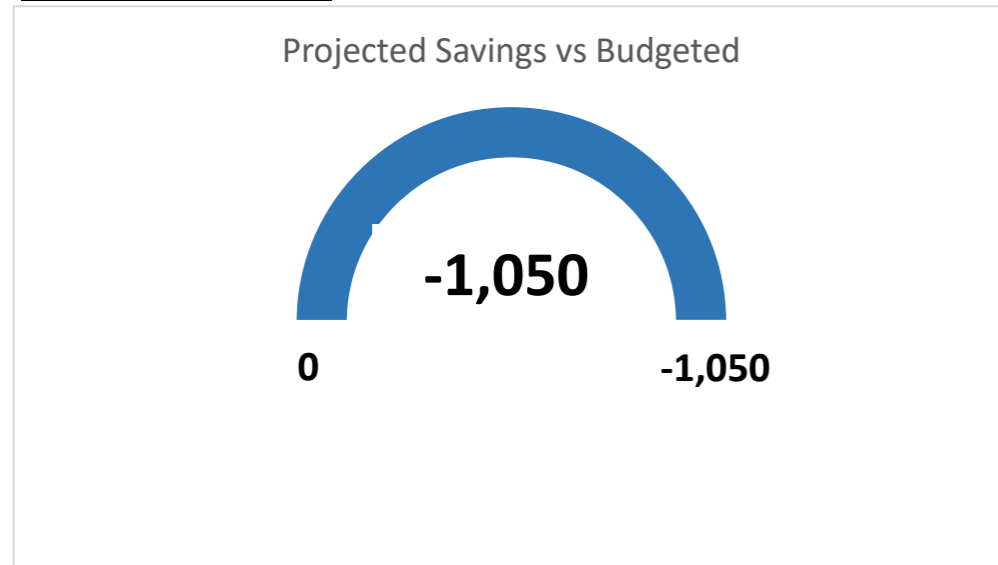
RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	1,845	1,845	0
Some risk	385	385	0
High risk	2,296	250	2,046
Cancelled	0	0	0
Total	4,526	2,480	2,046

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers
Budgeted savings	BAU	BSC Shared Cost AVC	Mariana Paxton	Some risk	130	130	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Electrical Goods Salary Sacrifice.	Mariana Paxton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Shared Cost Additional Voluntary Contributions (AVC).	Mariana Paxton	Some risk	55	55	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.
Budgeted savings	BAU	BSC Lease Car Salary Sacrifice.	Mariana Paxton	Some risk	100	100	0	Whilst there is some risk in these areas due to the need for technical solutions, increased publicity for the schemes may mitigate the risk by the year end.

Budgeted savings	SR	Procurement - 2022/23 allocations (23/24 + to follow)	Victoria Bradshaw	High risk	2296	250	2046	Whilst there may be some mitigating areas of additional unbudgeted income from the Revolving Investment Fund and the Social Value Fund, and the PACS service will continue to identify opportunities to increase income and reduce costs across the Directorate, the inflationary pressures experienced across a range of contracts since the setting of the budget mean that a pressure is likely in this area.
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August (Month 5)



STRATEGIC - SUMMARY

RAG Status	Budgeted Savings £'000s	Year End Projected Savings £'000s	Shortfall/ (Surplus) £'000s
Savings achieved	0	0	0
On track, no issues	-1,050	-1,050	0
Some risk	0	0	0
High risk	0	0	0
Cancelled	0	0	0
Total	-1,050	-1,050	0

Amber & Red Risk Areas

Budgeted savings / Other savings measures	Service Review / Business as Usual	Savings title	Accountable Chief Officer	Latest	Budgeted £'000s	Projected £'000s	Projected Shortfall / (Surplus) £'000s	Including mitigating actions for Reds & Ambers

CHILDREN & FAMILIES SUMMARY

			2022/23 Savings / Income			
Savings title	Planned action / Description	Budget Pressure P5 £000s	Savings Target	Projected £'000s	Projected Shortfall / (Surplus) against savings target £'000s	RAG Rating
Semi Independent Living	<p>Ensure all young people are placed in provision that meets their needs. Identify 40 young people in Our Way Leeds (OWL) provision who are ready to move in to their own housing and take steps to move them on.</p> <p>Identify young people who can move on to OWLs provision and take appropriate steps to move them on.</p> <p>Identify young people with high-cost packages and review those packages with a view to reducing costs where appropriate.</p> <p>Work with the Housing Growth and Choice Board to support the development of alternative provision for our 16 plus young people ready for semi-independent and full independent living and away from costly unnecessary supported accommodation.</p> <p>New framework tender for providers not part of OWL.</p> <p>Consider joint funding opportunities from external partners.</p> <p>Consider an integrated commissioning approach with Adults and Health.</p> <p>Increase capacity in Children's Commissioning to undertake market management and market development activity.</p>	1,554	-500			
CLA In House Carers	<p>Create a level 5 foster carer. Recruit 30 at this level over a three year period. Recruit 15 in the next 18 months.</p> <p>Develop a placement stability service to avoid and prevent placement breakdown.</p> <p>Support moves to Special Guardianship for long term carers.</p> <p>Increase numbers of internal foster carers.</p>	673	TBC			
CLA External Residential Placements	<p>Regular review and scrutiny of high-cost packages.</p> <p>Consider resuming the joint council and health panel and use as a vehicle for scrutinising packages as well as the placement cost.</p> <p>Reunification - consider review of MST/FIT model.</p> <p>Joint work with Adults and Adults commissioning.</p> <p>Increase our internal estate by 8 new smaller homes.</p> <p>Develop an emergency support and accommodation provision for young people with the most complex needs who we are unable to place externally.</p>	1,566	-300			

Independent Fostering Agency (IFA) Placements	Increase numbers of inhouse foster carers by 200 over the next three years. We have proposed an increase in maintenance, fee and extended policy payments which will further enhance our ability to recruit carers as maximise placements in house.	313	TBC			
Foster Carer Fee Uplift	Whilst we can't mitigate the cost increases, delivering these will mean that we are better able to maximise children in our care which will impact on the external costs associated with IFA. We have had an indication from our fostering community that many would considered third children but for the difference in payment levels which we have recommended for increase.	2,414	TBC			
Little Owls Nurseries	Identifying opportunities for a consolidation of sites in close proximity to each other and reviewing provision in areas of least need and where there have been long term challenges with financial sustainability.	1,494	TBC			
Transport	Review how mainstream school bus costs and income from swimming transport are shared between the council and WYCA. Independent Travel Training - train more young people in receipt of transport assistance to use public transport. Also aim to generate more income from other LAs through 'train the trainer' courses. Consult with parents whose children are in receipt of transport assistance to understand if they would prefer a Personal Transport Allowance. Investigate IT options to improve on the current reporting and scheduling system.	2,576	TBC			
Children's and Families Remaining Overspend at P5		1,265				
		11,855	-800	0	0	
Savings still to find		11,055				

RESOURCES SUMMARY

				2022/23 Savings / Income			
Savings title	Planned action / Description	Accountable Chief Officer	Budget Pressure P5 £000s	Savings Target	Projected £'000s	Projected Shortfall / (Surplus) against savings target £'000s	RAG Rating
Revolving Investment Fund	Additional income	Victoria Bradshaw		-345	-345	0	
Contract Management	Waste management	Victoria Bradshaw		-40	-40	0	
National Insurance	1.25% saving	Various		-1,200	-1,200	0	
Energy Strategy	Review of energy use, closures of facilities and alternative income. To be noted, this will link with current energy pressures.	Polly Cook		TBC			
Review of vacancies	Enhanced recruitment control	Various		TBC			
Resources Overspend at P5			4,673				
			4,673	-1,585	-1,585	0	
Savings still to find				3,088			

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The Medium Term Financial Strategy 2023/24-2027/28

Date: 21st September 2022

Report of: Chief Officer – Financial Services

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report provides Executive Board with an update of the Council's Medium Term Financial Strategy for the period 2023/24 to 2027/28. The attached Medium Term Financial Strategy (MTFS) provides a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are delivered.

The Medium Term Financial Strategy is one of the key strategies of the Council and is a five year strategy which sets out the Council's commitment to provide services that meet the needs of people locally, that the Council is financially resilient, stable and sustainable for the future and that the use of resources represent good value for money.

This report sets out both the context and the factors that influence the shape of this financial plan. In addition, not only does it provide an update on the level of resources available to the Council over the five year period of the Strategy, but it also details both the impact of budgetary pressures upon the Council's revenue budget position and provides an update on the Financial Challenge savings programme which will contribute towards the Council being able to present a balanced revenue budget for 2023/24.

This Medium Term Financial Strategy for 2023/24-2027/28 identifies an estimated General Fund budget gap of £182.6m for the five year period of which £63.6m relates to 2023/24.

For the Housing Revenue Account (HRA) there is a cumulative deficit of £38.8m to 2027/28 of which £12.4m relates to 2023/24.

This Medium Term Financial Strategy also incorporates both a ten year Capital Programme and a five year projection with regard to the level of resources available through the DSG (Dedicated Schools Grant).

There are a number of risks to the assumptions in the MTFS. The global energy and fuel crisis has resulted in a cost of living crisis and high inflation, meaning that estimates of budgetary pressures are made in a highly volatile environment. This, combined with uncertainty around Government funding and the political landscape means that not only is the Council looking at significant budget gaps in future years, but also that there is no certainty around economic recovery or Government support. The MTFS makes significant additional provision for energy and fuel in 2023/24, based on current inflation projections in light of the global energy crisis.

Another key driver of the budgetary pressures the Council is facing is Adult and Children's Social Care. The Strategy reflects the increased cost of commissioned services for Adults and provides for the ongoing impact of demand and demography in social care.

Provision of 2% for pay awards has been made in each of the years covered by this Medium Term Financial Strategy. If future pay awards are greater than this assumption, including acceptance of the National Employer's offer in 2022/23, then this will add a significant additional pressure to this Strategy and the requirement to identify additional income or savings in order to balance the budget in each of these years.

Recognising the challenge of bridging the estimated budget gaps for the period of the Strategy, whilst at the same time seeking to ensure that the Council's budget is robust, resilient and sustainable, another savings programme has been established. Reviews are underway across the Authority to identify opportunities to continue to modernise and improve services, reduce costs and generate additional income. This work will lead to a number of savings proposals for consideration by Executive Board during the Autumn of 2022. Those approved for implementation, or consultation as required, will subsequently be built into the 2023/24 Budget and Provisional Budgets for 2024/25 and 2025/26.

The MTFs aims to improve the Council's financial sustainability in order that the Council can withstand economic shocks in the future. The Strategy proposes to use reserves in 2023/24 to support the Council to deal with the pressures faced due to the cost of living crisis. However, the use of one-off funding, such as reserves, to support ongoing budgetary pressures is not financially sustainable. As such, the Strategy provides for a base budget increase to the General Reserve from 2023/24 to improve future financial resilience.

The Strategy reflects the limitations on the ability of local authorities to raise local funding. The Council is currently restricted to a 2% increase on core Council Tax, before the requirement for a city-wide referendum. Should referendum limits be increased by Government this could help to meet the reported budget gap. Likewise, the MTFs makes prudent assumptions about the level of multiplier cap compensation, whereby local authorities are compensated for the Government's decision not to increase business rates by inflation. Should compensation be paid at the current high levels of inflation, this will help to meet the reported budget gap.

Recommendations

Executive Board is recommended to:

- a) Note the updated Medium Term Financial Strategy for 2023/24 to 2027/28.

What is this report about?

- 1 Executive Board members are required to recommend a balanced Revenue Budget and Capital Programme for 2023/24 to Full Council in February 2023. The Medium Term Financial Strategy provides a key part of the budget setting process.
- 2 This report presents an updated Medium Term Financial Strategy for 2023/24 to 2027/28 and the budget assumptions underlying that Strategy for Executive Board to note.

What impact will this proposal have?

- 3 The Medium Term Financial Strategy informs the annual budget process. The 2023/24 budget proposals will be presented to Executive Board and to Full Council in February 2023.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 4 The Best City Ambition is the Council's strategic plan which sets out the ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The Three Pillars of inclusive growth, health and wellbeing and the climate change emergency underpin this vision, and these can only be delivered through a sound understanding of the organisation's longer term financial sustainability, which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium Term Financial Strategy, which provides the framework for the determination of the Council's annual revenue budget.
- 5 This report needs to be seen in the context of the requirement for the Council to be financially sustainable and to be able to set a balanced budget for 2023/24.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 6 The Authority's Financial Strategy is driven by its ambitions and priorities as set out in the Best City Ambition. The determination of these ambitions were subject to consultation with Members and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies.
- 7 The proposed Medium Term Financial Strategy has also been informed by the public consultation on the Council's Proposed Budget for 2022/23. Whilst the consultation covered the key 2022/23 proposals, it also incorporated questions around the Council's priorities and the principles that underlie the Authority's financial plans and so the results are relevant to this report. The full results of the consultation are publicly available in the [2022/23 Revenue Budget and Council Tax report](#) considered by Full Council on 24th February 2022

What are the resource implications?

- 8 All resource implications are considered within the attached Medium Term Financial Strategy document.

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

- 9 This Medium Term Financial Strategy needs to be seen in the context of significant inherent uncertainty for the Council in terms of future funding and spending assumptions.
- 10 The Council's current and future financial position is subject to a number of risk management processes. Not addressing the financial pressures in a sustainable way is identified as one of the Council's corporate risks, as is the Council's financial position going into significant deficit in any one year. Both of these risks are subject to regular review.
- 11 Risks relating to some of the assumptions contained within this Medium Term Financial Strategy are addressed specifically in the appended Financial Strategy.

What are the legal implications?

12 There are no legal implications arising from this report. The report recommends that Executive Board note the Medium Term Financial Strategy itself. Any proposals resulting from ongoing service / policy reviews will be subject to specific decision-making processes in which the legal implications, access to information and call-in will be considered in accordance with the Council's decision-making framework. This includes compliance with the legal requirements around managing staffing reductions.

Options, timescales and measuring success

What other options were considered?

13 Not applicable.

How will success be measured?

14 Not applicable

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

15 Not applicable.

Appendices

16 The Medium Term Financial Strategy 2023/24-2027/28

Background papers

17 None.



Medium Term Financial Strategy 2023/24 to 2027/28





Contents

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[Part 1: The Context for Leeds City Council's Medium Term Financial Strategy](#)

[Part 2: The Five Year Financial Plan](#)

[Part 3: Financial Assurance](#)

[Part 4: Financial Strategies](#)

Annexe A: Financial Strategy 2020-2025





Introduction and Overview

The Medium Term Financial Strategy (MTFS) is a five-year rolling strategy which informs the annual budget process. The Council has a legal requirement to set a balanced budget each year.

The MTFS brings together the key areas which affect our Revenue and Capital budgets and plans for these over the medium-term.

This Strategy considers:

- The influences affecting our Council
- Local factors which affect the Council's aims and priorities
- The resources available to the Council
- The requirements to deliver value for money services to the residents of Leeds
- How we safeguard public money

The key objectives of the MTFS are as follows:

- To ensure that effective financial planning and management contribute to the Authority achieving its strategic ambitions to be the Best Council in the Best City in the UK
- To ensure that the Council is financially resilient, stable and sustainable for the future
- To maximise the income from Council Tax and Business Rates revenue to support the priorities of the Council
- To forecast the influences on the resources available to the Council and to plan for the reduction in these resources over the life of the Strategy
- To estimate the expenditure requirements over the life of the Strategy to ensure value for money is achieved and resources are utilised where outcomes are measurable and have real impact
- To continue to improve value for money – managing our people and money more efficiently and effectively to continue to improve value for money, standardise, streamline, and share best practice, getting better value from commissioning and procurement, whilst seeking to minimise the impact of budget savings on priority services
- To bring together the key issues affecting the Revenue Budget, the Housing Revenue Account, Dedicated Schools Grant and the Capital Programme





Part 1: The Context for Leeds City Council's Medium Term Financial Strategy

1.1 Background

- 1.1.1 The Financial Strategy sets out the overall shape of the Council's budget by determining the level of resources that will be available and how these are prioritised. This strategy provides a financial planning framework through to 2027/28 and forecasts the budget for the next five years. The medium term framework enables members and officers to develop detailed annual budget allocations after considering the facts discussed below.
- 1.1.2 Since 2010/11, the Council has faced a reduction in Government funding and significant demand-led cost pressures, especially within Adult Social Care and Children's Services. To date, the Council has responded successfully to the challenge since 2010 through a combination of stimulating good economic growth, managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies, including reducing staffing levels since 2010/11 by 2,784 FTEs (full time equivalents) up to 31st July 2022.
- 1.1.3 Inevitably, managing the large reduction in Government funding combined with increasing cost pressures has meant that the Council has had to make some difficult decisions around the delivery of services, and it will remain increasingly difficult over the coming years to identify further financial savings without significant changes in what the Council does and how it does it. This will have significant implications for directly provided services and those commissioned by the Local Authority, impacting upon staff, partners and service users.
- 1.1.4 In order to deliver the Council's ambitions of tackling poverty and reducing inequalities, consideration may have to be given to stopping, delivering differently or charging for those services that are no longer affordable and are a lesser priority than others. This will be achieved through a continuing process of policy and service reviews across the Council's functions and ongoing consultation and engagement.
- 1.1.5 The financial challenge now facing the Council is to manage these pressures alongside the significant impact caused by the current cost of living crisis and increased inflation, within a backdrop of economic recovery from COVID-19. The needs of the communities served by Leeds City Council have already increased and will continue to do so, and the various funding streams that support local government will undoubtedly be affected by longer-term economic scarring as a result of the virus and the war in Ukraine. As disposable income becomes further reduced, the Council's traded and commercial income is expected to suffer. With





retention and recruitment pressures within the Council the ability to identify sufficient resources to support service transformation remains challenging.

- 1.1.6 This Financial Strategy provides a financial planning framework through to 2027/28 and forecasts the budget for the next five years. It should be stressed that, under the Council's constitution, decisions to set the annual budget, the Council Tax base and the rate of Council Tax can only be taken by Full Council and therefore these decisions will continue to be made as part of the Council's annual budget-setting process.

1.2 **Risks**

- 1.2.1 The Medium Term Financial Strategy makes assumptions in respect of the level of resources that are receivable through Council Tax, Business Rates and Government Grant. Any variation from these assumptions has implications for the level of resources available to the Council.

- 1.2.2 This includes:

- **Economic Risks** – underlying risks caused by the aftermath of COVID-19 catalysed by the global energy and fuel crisis that has resulted in a cost of living crisis, cumulated with the national economic issues due to Levelling Up and Spending Review uncertainties.
- **Risks to Funding** – the outcome of the Government's future spending plans covering the period from 1st April 2023 won't be known until the Autumn and the spending intentions for local government could differ from assumptions contained in this MTFS. Any differences will, in turn, impact upon the level of resources available to the Council. Further, there remain uncertainties around Business Rates reform, the Government's Fair Funding review, how the Government's Levelling Up policies will support local authorities in the future, further impacts of the UK leaving the EU, and also the Government's intentions for the future funding of social care.
- **Energy and Fuel Inflation** – the current assumption in the MTFS is for inflation on utilities of 37.5% and fuel of 34.5% above initial budgets for 2022/23, with an increase of more than 46% above initial MTFS projections for utilities inflation in 2023/24 and 3.4% for fuel inflation (which assumes that fuel inflation will be in line with CPI projections in future years). These are significant risks to the council and will need to be monitored regularly. In-year monitoring reports will review the level of inflation assumed in these areas.
- **Employer Offer Pay Award** – the current assumption in the MTFS is that the Pay Award will be 2% per annum for the life of the Strategy. However, the final employer offer for the 2022/23 pay award includes a flat £1,925 increase for all NJC and JNC staff. Whilst this has been rejected by one of the Unions,





we await the outcome of further discussions. The Pay Award for 2023/24 is still to be discussed, and we also await further announcements about the Real Living Wage. The outcome of all of these discussions will indicate the extent of any additional pressures in the MTFS.

- **Resource Risk** – the long term impact of restructuring to reduce staff numbers and make savings, reduced availability of skilled workers, lack of funding and other shortages will impact on the Council’s ability to deliver services to the people of Leeds. This risk also includes social care demand led cost pressures and income shortfalls due to reduced uptake of services that are chargeable.
- **Interest Inflation Risk** – increased interest rates, which would push up the costs of borrowing for the Council and across the local economy, impacting on many businesses and families. In the Council this could include costs associated with managing the Council’s debt being higher than budgeted assumptions, for example as a consequence of higher than assumed interest rates
- **Demand and Demography Risk** – this Medium Term Financial Strategy contains a number of inherent risks including estimating demand and demographic pressures within services such as Adult Social Care and Children’s Services, determining key income budgets that rely on the number of users of a service, and inflation on the cost of demand and demography being higher than assumed in the Strategy.
- **Political Landscape** – Liz Truss MP was announced as the new Prime Minister on 5th September. Further information is awaited on the priorities of the Government they form and whether there is synergy with the Council’s priorities and funding expectations. An Emergency Budget is expected during the Autumn.
- **Risks to Capital Assumptions** – one of the main risks in developing and managing the capital programme is that insufficient resources are available to resource the impact of inflationary pressures such as the cost of materials. Current high inflation is impacting on the cost of delivering capital projects in a number of ways, and these pressures need to be managed appropriately so as to limit the revenue impact associated with requiring increased borrowing to fund these costs.

1.2.3 **Section 2.14** of this report gives more detail of the financial risks relating to these assumptions.

1.3 Overarching Principles of the MTFS

1.3.1 The Best City Ambition sets out the Council’s ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. This Plan can only be delivered





through a sound understanding of the organisation's longer term financial sustainability, which enables decisions to be made that balance the resource implications of the Council's ambitions against the financial constraints. This is a primary purpose of the Medium Term Financial Strategy, which also provides the financial framework for the annual budget.

- 1.3.2 The Strategy contains provision for the Council's Revenue Budget to become both more financially resilient and sustainable, reducing the risks associated with funding recurring revenue expenditure through a requirement to generate capital receipts and making provision to unwind the utilisation of reserves and capitalisation of staffing costs, reducing the extent to which the Revenue Budget is supported by these mechanisms.
- 1.3.3 The purpose of the general reserve policy is to aid this longer-term financial stability and mitigate the potential impact of future events or developments which may cause financial difficulty. General and useable reserves are a key measure of the financial resilience of the Council, allowing the Authority to address unexpected and unplanned pressures.
- 1.3.4 One of Leeds City Council's values relates to "spending money wisely" and ensuring that maximum value is extracted for every £1 spent. External Audit provides independent assurance that value for money is being achieved and the 2019/20 Annual Audit Letter from Grant Thornton concluded that "if Covid-19 had not taken place, the Council's financial position would have continued to be sufficiently stable to manage the financial impact of small unforeseen events as in previous years, however, the financial impact of Covid-19 has been significant and highlights the inadequacy of the Council's General Fund Reserves and balances to cushion the impact of major events, requiring the Council to take a range of unplanned and short-term measures to manage the additional costs. This situation indicates weaknesses in the level of General Fund Reserves to deal with significant unforeseen circumstances resulting from the Council's arrangements for financial management. Except for this matter, the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources."
- 1.3.5 This Medium Term Financial Strategy recognises the requirement to keep the level of the Council's reserves under review to ensure that they are adequate to meet the identified risks. Grant Thornton's Annual Audit Letter for the year ended 31st March 2020 noted "that the Council should consider the adequacy of its reserves going forward and the appropriate level of balances which should be linked to the approved MTFS, and which should be reviewed each year." In accordance with this recommendation, this Medium Term Financial Strategy provides for a £3m annual contribution to the General Reserve from 2023/24 onwards. As a result, the balance on the General Reserve is projected to be £48.2m by 2027/28.
- 1.3.6 In addition, as detailed in the 2021/22 revenue budget outturn report, there is a balance of £37.5m in the Strategic Contingency reserve, established to provide for





any unforeseen events requiring additional resources. The 2022/23 budget assumes a net use of £6.6m and further commitments of £2.3m have been agreed to date in year. As such £28.6m would be carried forward into next year when the Strategy assumes use of a further £15m to contribute to balancing the Council's budget, should this be approved by Council.

- 1.3.7 The 2021/22 budget also provided for the creation of COVID and Energy reserves which, alongside the Strategic Contingency Reserve, contribute towards the Council's revenue budget becoming more financially sustainable and resilient in the short term, vital in a period of such significant financial uncertainty. The COVID Reserve (currently £3.5m) can be applied to specific pressures arising from the ongoing impact of COVID in 2022/23, whilst the Energy Contingency Reserve (currently £3.9m) provides contingency funding should energy costs exceed provision in the budget.
- 1.3.8 In addition, the Medium Term Financial Strategy reflects the need to make the Council's financial position more resilient, reducing the extent to which internal charging and capitalisations are used to support the revenue budget. These measures are discussed further in **Section 2.8**.
- 1.3.9 Whilst the Government's spending plans for the forthcoming financial period were set out in the Comprehensive Spending Review in early Autumn 2021, it is not known whether these plans will change under the new Prime Minister, and full details will not become clear until the Provisional Local Government Finance Settlement in December. This Medium Term Financial Strategy assumes no growth in the Settlement Funding Assessment (Business Rates baseline plus Revenue Support Grant) for the period 2023/24 to 2027/28. It is assumed that the 50% Business Rates Retention Scheme will apply for the whole period of this Financial Strategy.
- 1.3.10 Business Rates receivable over and above the Business Rates baseline have been projected forward with account being taken of the ongoing impact of COVID-19 and the economic uncertainty caused by the subsequent cost of living crisis on the forecast level of Business Rates receivable. In respect of core Council Tax, a 1.99% per annum increase is forecast each year with the Council Tax base growing by 1.50% in 2023/24 rising to 1.57% by 2027/28. It should be noted that if either of these funding streams were higher than reflected in the Strategy this would be an additional resource towards meeting the current gap.
- 1.3.11 The Strategy assumes a 2% pay award for all employees. The cost of the Employer offer for 2022/23, not yet agreed, significantly exceeds this provision and it is possible that later years will also exceed 2%. This MTFS does not include the probable additional costs for the 2022/23 proposed Pay Award or the impact in future years as agreement has not yet been reached. **Paragraph 2.5.4** explains the potential financial impact of the current Employer Pay Offer.





- 1.3.12 Previously, the Strategy has only provided inflation where there is a contractual commitment. Fees and charges were anticipated to rise by 3% where this could be borne by the market. The current cost of living crisis has impacted on this approach given the financial impact of current high rates of inflation, and this Financial Strategy now includes additional inflation where it is deemed necessary, as further discussed at **Paragraphs 2.5.5-2.5.9**.
- 1.3.13 The Medium Term Financial Strategy considers the impact of international, national and regional factors. In summary, these include: the Economy, including the current cost of living crisis, economic forecasts, and the UK's exit from the EU; Government announcements about funding for the Public Sector; National Policy such as the "Levelling Up" agenda; Regional working and the West Yorkshire metro mayor; the new operating context resulting from the economic impact of COVID-19; and Health and Social Care funding. These are further detailed in **Section 1.4** below.
- 1.3.14 The Strategy reviews the key issues affecting the Housing Revenue Account (HRA) and includes the five-year strategy for the ringfenced account. **Section 2.12** details this further.
- 1.3.15 Further, this Strategy includes the issues affecting the Dedicated Schools Grant (DSG). **Section 2.13** details this further.
- 1.3.16 The approach to the determination of the Capital Programme considers the affordability of the Programme and the capital spending requirements over a 10 year period. The greater integration of the Capital Programme within the Strategy better reflects a more co-ordinated approach to capital investment requirements, whilst ensuring that affordability remains a key priority within the Medium Term Financial Strategy. The Capital Programme is currently undergoing a process of review, with new capital scheme proposals being assessed to decide which are of sufficient priority to add to the Council's programme and how these might be funded, so as to appropriately manage the overall cost of the programme.

1.4 The Influences, Strategies and Priorities affecting the Medium Term Financial Strategy

International, national and regional influences

- 1.4.1 The funding available to local authorities, and the way this is used, can be affected by factors at a regional, national and international level. Our Medium Term Financial Strategy has been produced at a time when Leeds is facing significant change and challenges, some of which come as a result of developments far beyond the city's borders.





Economy

- 1.4.2 **Cost of Living** – the Council’s and City’s economic and fiscal position is clearly impacted by the wider national and international economic context. The United Kingdom’s cost of living crisis started in 2021, when prices for many essential goods increased faster than household incomes, resulting in a fall in real income. Global and local factors have contributed to this. Global factors include (but are not limited to): economic impact of COVID-19, the energy crisis and rising energy prices, a supply chain crisis and Russia’s invasion of Ukraine in 2022. Local factors, some unique to the UK, include high inflation, labour shortages (in part caused by the exit from the EU), additional taxes on households, increase in the household energy price cap, increase in National Insurance and rises in Council Tax. Household incomes have not kept pace with rising prices.
- 1.4.3 **Office for Budget Responsibility forecasts** – previous analysis of data provided by the Office for Budget Responsibility (OBR) showed that the economy was recovering following the relaxation of COVID-19 lockdown restrictions. However, in the March 2022 Economic and Fiscal Outlook, the OBR acknowledged the “unusually high uncertainty around the outlook” as the economy recovers from COVID-19 and deals with the impacts of the war in the Ukraine. At the time, the OBR anticipated UK real GDP to grow by 3.8% in 2022 then by 1.8% in 2023, 2.1% in 2024, 1.8% in 2025 and 1.7% in 2026. Further to this, February 2022 CPI inflation was at 6.2%, broadly in line with the euro area. Also at this time, the OBR forecast that CPI inflation would average 7.4% in 2022 and then fall to 4% in 2023, returning to more usual levels of 1.5% in 2024, 1.9% in 2025 and 2.0% in 2026. Actual CPI in 2022 rose to 10.1% in the 12 months to July 2022, up from 9.4% in June.
- 1.4.4 **Exit from EU** – while Leeds remains prepared to take advantage of the opportunities the EU exit presents, it is important to recognise the potential impact of the loss of European Structural and Investment Funds (ESIF). As a member of the European Union, the UK received structural funding worth about £2.1 billion per year, used for boosting aspects of economic development, including support for businesses, employment and agriculture. In April 2022, Government launched the UK Shared Prosperity Fund (UKSPF)¹ to succeed the EU structural funds. The UKSPF has the overarching objective of “building pride in place and increasing life chances” with funds to be invested in three local priorities: communities and place, support for local businesses and people and skills. Government stated that funding would increase from £400 million in 2022/23 to £1.5 billion a year by 2024/25, with total funding of £2.6 billion over this period.

Annual Government Announcements

- 1.4.5 **2022 Spring Statement** – in March 2022, the then Chancellor of the Exchequer, Rishi Sunak, made a statement to the House of Commons outlining plans to support households with the increased cost of living following the coronavirus outbreak and during a period of increased global inflation and supply chain

¹ [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/prospectus/uk-shared-prosperity-fund)





- The Spending Review showed an increase in annual local government funding (Resource DEL) of £3.6bn between 2021/22 and 2024/25, an average annual cash terms increase of 13%.
- However, the increase in spending on local government includes the funding generated by the Health and Social Care Levy, which comes with accompanying new duties and costs. Excluding social care reform funding, further analysis estimates that the net rise in annual Local Government funding between 2021/22 and 2024/25 is an annual average increase of 6%.
- Analysis also suggests that Core Spending Power (excluding social care reform) will increase by £4.9bn between 2021/22 and 2024/25, an average annual increase of 3.2%.
- The threshold for “core” council tax increases remains at 1.99% and the adult social care precept by a further 1%.
- The 2022/23 Small Business Rates Multiplier was frozen at 2021/22 levels. Local authorities were fully compensated for any loss of income caused by this.
- There were various smaller allocations within the core funding announcement, including £200m for the “cross-government Supporting Families programme”, £37.8m for cyber security, and £34.5m to “strengthen local delivery and transparency”.
- The Comprehensive Spending Review provided £639m by 2024/25 as part of the Government’s commitment to end rough-sleeping.
- The Spending Review announced the reduction of the taper rate in Universal Credit from 63% to 55%.
- Following the recommendations of the independent Low Pay Commission, it was announced that the National Living Wage would increase by 6.6% from £8.91 to £9.50 effective from 1st April 2022. This did not add a further pressure to the Council’s budget assumptions as the then Medium Term Financial Strategy provided for an estimated Real Living Wage increase to £10.39 per hour.
- There was confirmation of an additional £4.7bn by 2024/25 for the core schools’ budget in England – broadly equivalent to a cash increase of over £1,500 per pupil by 2024/25 compared to 2019/20.
- Over the Spending Review period £2.6bn was committed for new school places for children with special educational needs and disabilities (SEND).





- An additional £1.6bn by 2024/25 was announced for 16-19 year olds' education in England, maintaining funding rates in real terms per student.
- There was no further announcement about planned local government funding reforms.

National Policy

- 1.4.9 “Levelling Up” has been one of the Government’s flagship policies. It is intended to “level up opportunities across all parts of the United Kingdom, supporting jobs, businesses and economic growth and addressing the impact of the pandemic on public services.”² A Levelling Up Fund was announced at the 2020 Spending Review, initially making £4.8bn available for UK local infrastructure through a competitive bidding process, with this funding delivered through local authorities, and is intended to run until 2024/25. In February 2022 Government published a White Paper on its ‘levelling up’ strategy³ and provided further detail on how the Fund would operate from 2022-23 onwards, including the first steps: Boosting pay and productivity, especially in places where they are lagging; Spreading opportunities and improving public services, especially where they are weakest; Restoring local pride; and Empowering local leaders.
- 1.4.10 Leeds City Council bid successfully for the ‘Connecting West Leeds’ scheme, a travel corridor scheme in the Pudsey constituency, receiving £20m from Round 1 of the Fund. The Council has recently submitted a further 6 bids (one for each Leeds constituency) totalling £120.8m to the Levelling Up Fund Round 2 with the aim of delivering transformational change for communities across Leeds, with outcomes expected in Autumn 2022.

Regional Working – West Yorkshire Combined Authority

- 1.4.11 In May 2021 Tracy Brabin, the first West Yorkshire metro mayor, was elected following the agreement of a devolution deal between the Government and West Yorkshire Leaders in Spring 2020. This has resulted in devolved powers across adult education, skills, and transport, and with access to a range of new funding streams from Government. The presence of a new regional body with significant funding naturally impacts on how services are delivered regionally, and the Council may need to think differently about the way in which services are organised, funded, and delivered as regional collaboration continues to be strengthened. This will influence the Medium Term Financial Strategy in future years.
- 1.4.12 New funding streams from Government will be unlocked due to this devolution deal, including the Transforming Cities Fund, the Brownfield Regeneration Fund and the West Yorkshire Heritage Fund, which will support delivery of a new British Library North facility in Leeds. The devolution deal also provides £38m of

² The Levelling Up Agenda, House of Commons, LGA Briefing, 15 June 2021

³ [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk/levelling-up-the-united-kingdom)





gainshare funding each year for the next 30 years, to be spent flexibly in line with local priorities.

- 1.4.13 Most of the new funding will be directed to WYCA in the first instance, with Leaders playing a central role as voting members of the Combined Authority in deciding how much of it should be allocated. In many cases the Council and Combined Authority will need to work in partnership as before to deliver against shared regional priorities. However, the Combined Authority will also be one of the Council's funders in a way it hasn't been previously – for example in adult education and skills, as a result of powers devolved from the Department for Education and the Education and Skills Funding Agency (ESFA).
- 1.4.14 This is the first West Yorkshire devolution deal and there may be opportunities to expand and consider the scope and model of devolved powers and funding in future deals. The Levelling-Up and Regeneration Bill is currently at the committee stage in the House of Commons. The Council may also want to consider further opportunities to bring services more closely together across West Yorkshire when they are aligned to priorities being agreed and pursued across that geography. There are likely to be opportunities both to further strengthen collaboration and to explore re-organising services to maximise use of the limited resources for all partners involved.

COVID-19 and a new operating context

- 1.4.15 COVID-19 fundamentally affected the way in which the Council works, and the spread of recent variants is a reminder that it continues to present a health challenge. Whilst the impact of COVID-19 on the Council's financial position in both 2020/21 and 2021/22 was significant, the Medium Term Financial Strategy published in September 2021 (for 2022/23-2026/27) had assumed that the economy would then recover to nearly pre-COVID levels in the early years of that Strategy. This expected recovery has clearly been affected by the current cost of living crisis and high levels of inflation, which are discussed further in **Paragraphs 1.4.2-1.4.3**.
- 1.4.16 It is assumed that the Council will not be required to incur specific additional expenditure relating to COVID-19 over the life of this Strategy. In addition, it is assumed that the majority of income realisable from sales, fees and charges returns to pre-COVID levels. As such, this Medium Term Financial Strategy document does not specifically provide for the ongoing impact of COVID-19. The Strategy does, however, allow for new trends relating to changing life/work practices as a result of the longer-term effects of the pandemic. The Strategy also makes some allowance for a loss of income from sales, fees and charges in light of the cost of living crisis.





- 1.5.3 The current cost of living crisis is also further exacerbating more deep-rooted inequalities. Poverty and deprivation remain significant challenges. Despite very strong performance in job creation in recent years, low pay is a stubborn problem, with people caught in a loop of low pay, low skills and limited career progression. These challenges not only limit the opportunities for individuals, but hold back the economy, affect productivity, cause skills' shortages, and create additional costs for businesses and the public sector.

Population

- 1.5.4 Leeds has a population estimated at 812,000 (Census 2021), an increase of over 60,000 or 8% since the 2011 Census. Intelligence regarding the demand for services confirms sometimes very rapid demographic changes, particularly in our most deprived communities.
- 1.5.5 The city's population has continued to become more diverse since the 2011 Census, in terms of age, countries of origin and ethnicity. International immigration has been an important factor behind this change, with EU countries such as Romania, Poland, Italy, and Spain continuing to make up a significant proportion of new arrivals, as do countries from better-established migration routes from south Asia and parts of Africa. Uncertainty continues as to the precise impact of Brexit on patterns of international migration.
- 1.5.6 Drawing on GP records for insights into how our city is increasingly diverse, these show that the BAME population represents almost a third of all those registered in 2021. The most notable difference in registrations is in the significant growth in economic immigration from the EU over the last decade.
- 1.5.7 The Leeds birth rate increased rapidly from the early 2000s and plateaued at around 10,000 per annum for eight years until 2016, after which the number of births fell consecutively. However, early data from the Census 2021 suggests the child population is still growing at a faster rate than the population of Leeds as a whole, but the growth is now concentrated in secondary school-age groups. The wider increasing diversity in the city's population is reflected in our young people.
- 1.5.8 Accompanying this increasing diversity is the broader trend of the city's ageing population. As the baby-boomer generation grows older there will be a range of implications for service provision. With the 65+ age group continuing to expand, the distribution of the city's older population should also be considered. There are currently higher numbers of older people living in the city's outer areas, however this could change as the recent shifts in the composition and spatial concentration of the population work through, resulting in a far more ethnically diverse older population, with a greater concentration in the city's inner areas.





Economy

- 1.5.9 Leeds is well established as the main driver of economic growth for the city-region, and has key strengths in financial and business services, advanced manufacturing, health, and creative and digital industries, with a strong knowledge-rich employment base. These strengths, linked to the city's universities and teaching hospitals, are major innovation assets for Leeds. Leeds has also performed well in terms of business start-ups in recent years, with significant growth in digital and medical technologies, telecoms and creative industries.
- 1.5.10 The pandemic has brought unprecedented changes, accelerating trends around digital transformation, remote working, and the shift from the high street to on-line retail. The extent to which these changes are sustained and develop remain uncertain. The initial impacts of COVID-19 restrictions were immediate and significant, with home-working, furlough and the changes in consumer patterns resulting in a major drop-off in economic activity in the city centre. Leeds was particularly affected in comparison with our neighbouring economic centres across the city-region, though in line with other Core Cities⁵. However, economic activity did increase significantly once restrictions eased, with data suggesting that Leeds' bounce-back has been faster than neighbouring localities.
- 1.5.11 The relative diversity of the Leeds economy has been a key asset in the city's resilience to economic shocks, with Leeds being able to retain its manufacturing strength as well as consolidate its position as a major centre for finance and business services. It is likely that this diversity will be a key factor as we continue to recover from the pandemic.
- 1.5.12 However, pre-COVID-19 there were some concerns around slowing growth and low productivity, with many new jobs offering relatively low-skilled, low-paid work in consumer services. Leeds is not alone in these trends, although Leeds does relatively well in terms of productivity per worker (GVA per head), perhaps a reflection of our significant knowledge-based economy, consistently being the strongest performing Core City after Bristol. Our economic output growth has only been mid-table in relation to Core Cities in recent years, a possible hangover from the 'great recession', since when key sectors - particularly in financial and business services - have faced prolonged challenges.

Labour Market

- 1.5.13 While our economic output growth over the last decade has only been mid-table, the city fared better than some of its neighbours and other Core Cities during the pandemic. In June 2022, unemployment in Leeds stood at 23,000 (4.4%), compared to a high point of 37,000 (7%) in March 2021, though remains above pre-pandemic levels. This could reflect the current pessimistic macro-economic climate driven by the cost of living crisis

⁵ The Core Cities comprise eleven UK major regional cities outside London: Belfast, Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield





- 1.5.14 Latest ONS data from the 2021 Annual Population Survey suggest that 408,000 people work in Leeds, of whom around three quarters are employed in the private sector, making Leeds one of the top cities nationally with a working population employed in the private sector. Indeed, Leeds has witnessed very strong private sector growth over the last decade.

Deprivation

- 1.5.15 Leeds' diversity is reflected across all its communities and neighbourhoods, both in the physical identity of our neighbourhoods and in the variety of cultures and ethnic identities of our residents. However, it is the divergence in economic characteristics that is most prominent, and perhaps more so than most other Core Cities.
- 1.5.16 The Index of Multiple Deprivation (IMD) 2019 confirms this divergence, with almost a quarter of Leeds' Lower Layer Super Output Areas (LSOAs – areas with populations of around 1,500 people) mainly in the inner east and inner south of the city, falling within the most deprived 10% nationally; but also showing significant areas of the city which are relatively affluent.
- 1.5.17 COVID-19 and more recently the current cost of living crisis has compounded these deep-rooted inequalities, with young people and low earners being primarily affected to date as they are most prevalent in the hardest hit sectors. Many families are struggling with uncertainty and the potential of mounting debt. The longer-term economic fallout is likely to have an adverse impact on already significant health inequalities, with those individuals and communities at most disadvantage hit hardest.
- 1.5.18 Please visit the Leeds Observatory online [here](#) for more data about the Leeds population and Leeds economy, including for further information and analysis on the IMD 2019.

1.6 About Leeds City Council

Leeds City Council and WYCA Mayoral Changes

- 1.6.1 Leeds City Council was established in 1974, with the first elections being held in advance in 1973. Under the Local Government Act 1972, the area of the County Borough of Leeds was combined with those of the Municipal Borough of Morley, the Municipal Borough of Pudsey, Aireborough Urban District, Horsforth Urban District, Otley Urban District, Garforth Urban District, Rothwell Urban District and parts of Tadcaster Rural District, Wetherby Rural District and Wharfedale Rural District from the West Riding. The new Leeds district was one of five metropolitan districts in West Yorkshire and was granted a borough and city status to become the City of Leeds.





Health and Wellbeing, Inclusive Growth, and Zero Carbon. These pillars, and the areas of focus that cut across them all, capture the things that will make the biggest difference to improving people's lives in Leeds. The Best City Ambition aims to help partner organisations and local communities in every part of Leeds to understand and support the valuable contribution everyone can offer – no matter how big or small – to making Leeds the best city in the UK.

1.7.3 Underpinning everything we do and how we work to achieve our ambitions are our Values:

- Being open, honest and trusted
- Treating people fairly
- Spending money wisely
- Working as a team for Leeds
- Working with all communities

1.7.4 Helping deliver our ambitions are our core organisational strengths: strong place leadership, effective partnership working and commissioning, ongoing engagement with communities and individuals, asset-based approaches based on early intervention and prevention and making the best use of our resources. These resources include:

- Our **finances**: our *Medium Term Financial Strategy* is helping us become more financially sustainable and resilient, safeguarding public funds while achieving value for money. This will ensure we are well placed to respond to the significant funding uncertainties and pressures we face and to target our money to where it can make the most difference
- Our **people**: our *People Strategy* (available online here: [People Strategy 2020 to 2025](#)) sets out our ambition to be the best place to work, through exceptional employee experience, talented managers and leaders, and a culture underpinned by fairness, diversity and collaboration.
- Our **digital capabilities** play a central role in maximising the use of tools and technology to improve and transform the way the council works, provides services and engages with citizens.
- Our **land and buildings**: our *Estate Management Strategy* (available here: [Estate Management Strategy 2021 to 2025](#)) explains our vision and approach to managing the Council's land and buildings across the city, helping us deliver a modern, efficient, sustainable estate and workplaces that remain fit for purpose as the world continues to adapt to new ways – and places – of working.
- Our **evidence and insights**, drawn from listening to our citizens and effective use of data, help us identify and understand the challenges and opportunities





we face, assess progress in delivering our ambitions and priorities, and drive improvement.

- Our **communications** enable us to clearly explain the challenges and opportunities to our citizens, partners and other key stakeholders, and to engage them in being a part of the solutions, further strengthening these vital relationships and collaborative working.





Part 2: The Five Year Financial Plan

2.1 Introduction to Five Year Financial Plan

- 2.1.1 This document presents the updated MTFS position. The Five Year Plan needs seen in the context of the factors that have influenced and been taken account of in the development of this Medium Term Financial Strategy and which are detailed in Part 1 of this document.
- 2.1.2 This Plan takes account of the range of socio-economic conditions and the policy drivers that shape our Medium Term Financial Strategy. The plan incorporates international, national and regional influences which include: economic impacts, such as the cost of living crisis, the UK exiting the European Union; Government announcements on funding and policy, such as the latest Spending Review and Chancellor's statement, the Levelling Up White paper, Health and Social Care reform, and implementation of devolution across West Yorkshire; and the socio-economic context of the city, including demography, the national and local economy, the local labour market and impact of deprivation across the city.
- 2.1.3 In addition, the Five Year Financial Plan also incorporates the ambitions and priorities of the Council. The socio-economic conditions and the policy drivers that shape our Medium Term Financial Strategy that had been affected by COVID-19 are now also impacted by the current cost of living crisis, which has a major impact at all levels, international, national and local. It has also severely impacted upon the Council's operating environment both in terms of the demand for services and the level of resources available to the Council that support the delivery of services provided to the citizens of Leeds.
- 2.1.4 The Plan has also been shaped by the financial challenges it has had to overcome in the past, with a reduction in Government funding since 2010 and the financial challenge that is detailed in this document.
- 2.1.5 The Strategy for 2023/24 and 2024/25 was previously presented to Executive Board in February 2022, as part of the 2022/23 Revenue Budget and Council Tax Report. Since then, the gap for 2023/24 has widened, from £32.9m to £63.6m and the 2024/25 gap has widened from £25.0m to £37.8m. The majority of this increase is due to inflationary pressures, as demonstrated in **Table 2.1**. The table shows the updated position for the Medium Term Financial Strategy. In summary, the three year gap is now £123.6m and the five year gap is £182.6m.




Table 2.1: Summary Updated Medium Term Financial Strategy 2023/24-2027/28

	2023/24	2024/25	2025/26	3 Year Total £m	2026/27	2027/28	5 Year Total £m
	£m	£m	£m		£m	£m	
Movement in Funding (Increase)/Decrease <i>Sections 2.2 to 2.4</i>	(8.623)	(9.893)	(18.627)	(37.142)	(14.429)	(18.329)	(69.900)
Inflation due to Cost of Living Crisis (Increase)/Decrease	33.186	6.602	6.882	46.671	4.850	5.270	56.790
Other Cost Pressures (Increase)/Decrease <i>Sections 2.5 to 2.8</i>	62.156	46.599	38.179	146.933	40.658	41.925	229.516
Savings Proposals (Increase)/Decrease <i>Section 2.9</i>	(23.107)	(5.546)	(4.181)	(32.834)	(0.850)	(0.150)	(33.834)
Updated Gap	63.613	37.762	22.253	123.628	30.228	28.716	182.572

2.1.6 Part 2 of this Medium Term Financial Strategy provides the information regarding the resources available to the Council, including the forecasts and assumptions underpinning these resources and it also details the pressures that the Council faces during the period covered by this strategy.

2.2 Financial Resources

Settlement Funding Assessment (SFA) and Changes in Local Funding

2.2.1 Settlement Funding Assessment (SFA) is the aggregate of core general government grant (Revenue Support Grant), the funding a local authority is expected to retain from locally collected business rates, known as the business rates baseline, and a tariff paid from locally retained business rates to Government. It is provisionally announced as part of the annual provisional Local Government Finance Settlement (LGFS) usually in December and confirmed in the Final LGFS in February.

2.2.2 The first SFA was set in 2013/14 when the Business Rates Retention Scheme was introduced and formed the starting point for setting the Revenue Support Grant. This first SFA was allocated through a funding formula using estimates of the relative local needs and resources of all local authorities across England, such as the ability to raise Council Tax, and the relative demand for local services.

2.2.3 The business rates baseline and the tariff were also first set in 2013/14 based on the level of business rates collectable in an area and both are usually increased annually by CPI in line with the Small Business Rates Multiplier. The difference between total SFA and the sum of the business rates baseline and the tariff (known as baseline funding) is the amount the Council receives as Revenue Support Grant. Between 2013/14 and 2019/20 SFA was reduced every year and





therefore, as the business rates baseline and tariff are fixed in real terms, this has meant that all these reductions in SFA have disproportionately reduced Revenue Support Grant. In 2020/21 both RSG and the business rates baseline increased by CPI (1.7%), however in 2021/22 only RSG was increased by CPI (0.6%), with the business rates baseline frozen because the Small Business Rates Multiplier was frozen to assist businesses during the COVID-19 crisis. Local authorities were compensated for any losses in income caused by the freezing of the business rates baseline separately by a specific grant.

2.2.4 **Table 2.2** shows SFA and the other sources of funding included in the Council's Net Revenue Budget. These are Council Tax income and Business Rates growth income and are discussed in further detail in **Section 2.3**.

2.2.5 Additionally, the Council receives specific grants from Government. Although these can be announced alongside the LGFS they do not form part of the SFA. Changes in the levels of specific grants receivable are discussed in more detail at **Section 2.3**.

2.2.6 Table 2.2 Estimated Level of Financial Resources

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Final	Indicative	Indicative	Indicative	Indicative	Indicative
	£m	£m	£m	£m	£m	£m
Revenue Support Grant	29.3	29.3	26.1	22.9	19.6	16.2
Business Rates Baseline	158.4	158.4	161.6	164.8	168.1	171.5
Settlement Funding Assessment	187.7	187.7	187.7	187.7	187.7	187.7
Net Cumulative Business Rates Growth	(4.7)	2.2	5.4	9.5	12.4	15.3
Business Rates Surplus/(Deficit)	(28.2)	(8.1)	0.0	0.0	0.0	0.0
Council Tax: Core	327.4	340.4	354.3	368.9	384.0	399.6
Council Tax: Adult Social Care Precept	42.0	45.7	49.6	49.6	49.6	49.6
Council Tax Surplus/(Deficit)	(2.2)	(7.0)	0.0	0.0	0.0	0.0
Net Revenue Budget	521.9	560.9	597.0	615.7	633.7	652.2
Change in Resources	86.7	39.0	36.1	18.7	18.0	18.5

2.2.7 The Council's Net Revenue Budget, as shown in **Table 2.2**, is the net funding requirement to be met by general government grant and from local funding - Business Rates and Council Tax income. It is calculated as the amount by which the Council's gross expenditure exceeds its income from sales, fees and charges, specific grants and contributions and from all other income sources for that particular year. This gap between gross income and gross expenditure is then partly met by SFA and Business Rates Growth. After taking account of any Collection Fund surplus or deficit brought forward from the previous year, any remaining gap is funded from Council Tax income – the Authority's 'Council Tax Requirement'. Each of these elements is discussed further in **Section 2.3**.





- 2.2.8 **Table 2.2** shows that the Net Revenue Budget for the Council is forecast to increase over the life of the Strategy, from £521.9m in 2022/23 to an estimated £652.2m in 2027/28. However, this overall increase includes the continued effect of the reductions in local funding that occurred during the COVID 19 pandemic, which impacts the Net Revenue Budget. As discussed in **Section 2.3**, it is not expected that local funding will return to pre-COVID levels until 2023/24.
- 2.2.9 Government can award additional grant funding to local authorities using ministerial discretion under Section 31 of the Local Government Act 2003. This mechanism has continued to be used in 2022/23 to mitigate the impact of COVID-19 on local funding primarily compensating the Council for the cost of Government mandated reliefs given to retail and leisure businesses in that year. Businesses were offered 50% relief up to a maximum of £110,000 per business nationally. This created uncertainty for local authorities in budgeting for the cost as businesses could decide where to claim this relief if they had more than one establishment. In Leeds it was estimated £10m would be claimed, however £17.3m was claimed in the city during 2022/23. The Leeds share of the additional deficit caused by this relief will be a cost to 2023/24 budget, however the Council will receive additional Section 31 grant to cover this cost in 2022/23 of £5.0m. It is proposed in this Strategy that this additional funding will be placed in a reserve to be applied in 2023/24 to meet the deficit from 2022/23 caused by the increased reliefs claimed.

2.3 Budget Assumptions

- 2.3.1 The Government's previous four-year funding settlement period ended in 2019/20 and was replaced by single-year settlements in 2020/21, 2021/22 and 2022/23. For 2023/24 and beyond, there is little clarity about the future of local government funding. The Spending Review published by the Government in early autumn 2021 covered the years 2022/23 to 2024/25 and initially it was indicated that the next Local Government Finance Settlement 2023/24 would cover the years 2023/24 and 2024/25, i.e. the rest of the Spending Review period. However, with there being a new administration in Government from September 2022, the prospect of this two-year Settlement is now in some doubt. The introduction of long anticipated reforms to the local government finance system, such as a Business Rates Baseline reset, the introduction of a new distributional scheme, known as the Fair Funding Review, and the introduction of 75% Business Rates Retention, are also now all highly uncertain. It is therefore not assumed that these reforms will be implemented during the period of this Strategy.
- 2.3.2 A Revaluation of all non-domestic properties for the purposes of business rates will be implemented in 2023/24. In theory the Government will adjust authorities' payments (top ups and tariffs) under the Business Rates Retention Scheme in order to ensure locally retained income from Business Rates are not affected by a Revaluation. However, experience of the 2017 Revaluation evidenced that these adjustments could allow some changes in retained income to be under-





compensated. Unfortunately, it is not possible to estimate any such impact until December 2022 when the new draft ratings lists are published by the Valuation Office Agency for comments.

- 2.3.3 Changes in local funding, i.e. Business Rates Retention and Council Tax, are discussed in **Paragraphs 2.3.4 to 2.3.26.**

Business Rates Retention

- 2.3.4 The five West Yorkshire authorities, including Leeds, plus Harrogate and York, reformed the Leeds City Region Business Rates Pool in April 2021 after piloting 75% Business Rates Retention in the North and West Yorkshire Business Rates Pool previously. Returning to 50% retention pooling arrangements, the Leeds City Region Pool retains levy payments on growth which three member authorities would, outside the Pool, have paid to Government. These pooling arrangements will continue until 31st March 2023, at which time Harrogate will have to leave the Pool following local government re-organisation in North Yorkshire. The remaining Pool members will have the opportunity to re-apply and form a new Pool in 2023/24 at the discretion of the Secretary of State. Even if the Pool does not continue in 2023/24, Leeds City Council will have to pay the same levy payments only to Government instead of the Pool.
- 2.3.5 Assuming pooling arrangements continue in 2023/24, pooled levy payments are spent locally by a Joint Committee made up of representatives of the member local authorities. The Council is currently projected to contribute levy payments to the Pool of £1.1m in 2023/24, £1.3m in 2024/25, £1.7m in 2025/26, £2.0m in 2026/27 and £1.9m in 2027/28 based on current projections of income from the Business Rates Retention Scheme.
- 2.3.6 In the previous Strategy, in September 2021, it was assumed that 75% retention would be introduced in 2024/25. Given the lack of any other indication from the Government, and that the Business Rates Working Groups set up to develop the new system are only now meeting on an ad hoc and infrequent basis, this Strategy assumes the 50% Business Rates Retention Scheme will continue until the end of 2027/28.
- 2.3.7 In addition, the COVID-19 crisis has placed considerable strain on the Business Rates system and on the income that local authorities retain through the Business Rates Retention Scheme. Further to this, the continuing cost of living crisis and the economic downturn forecast later in the year by the Bank of England in August 2022 will undoubtedly exacerbate these trends in locally generated income. Areas of particularly high risk for the Council reflected in this Strategy include increases in provisions for non-collection (bad debts), the continuing shock to businesses resulting in a reduction in the tax base in the city and likely reduced growth in Gross Rates payable in future years.





- 2.3.8 The assumptions used to forecast business rates income in the Strategy are shown in **Table 2.3**.

Table 2.3 Assumptions used to forecast business rates income

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
Estimated immediate reduction in taxbase	-1.3%	-	-	-	-	-
In-year growth in taxbase	0.4%	0.7%	1.1%	1.5%	1.4%	1.3%
Level of bad debts	-2.9%	-2.2%	-1.6%	-0.9%	-0.9%	0.9%
Level of Empty Rates relief	-5.7%	5.0%	4.5%	-4.5%	-4.5%	4.5%
Multiplier compensation factor	2.4%	2.0%	2.0%	2.0%	2.0%	2.0%
Level of retention	50%	50%	50%	50%	50%	50%

- 2.3.9 The Budget for retained Business Rates income is set annually in January of the preceding financial year and this determines the precept transferred from the Collection Fund to the General Fund each year. Any shortfall in business rates income received in comparison with the budget set is carried through into the following year as a surplus or deficit. An estimate of any such surplus or deficit is also made in January in the year preceding that in which it is to impact the budget, known as the 'declared deficit'. In addition to this, in 2023/24, the Council will have to fund the final one third of the declared business rates deficit from 2020/21, which was not funded by section 31 compensation grants for reliefs introduced in that year. This one third is £12.2m.
- 2.3.10 In January 2022, the Council's share of the deficit declared for 2021/22 was £28.2m, £12.2m being the second instalment of the deficit from 2020/21 and £16.0m being the in-year deficit from 2021/22, largely caused by the 2021/22 extended Retail and Leisure and Childcare reliefs announced by the Government after the Council had set its 2021/22 Budget. However, between the £28.2m deficit being declared and the end of the financial year, collection of business rates improved dramatically as the city emerged from the pandemic lockdowns. Although the allowances for non-collection remained significantly higher than normal, at 4.5% compared to 0.9% pre-pandemic, this was a significant improvement and allowed the Council to reduce its bad debt provisions by £6.8m. Alongside this there was a reduction in the need for appeals provisions of £1.0m as the Valuation Office Agency settled a large number of appeals with no cost to the Council's Collection Fund and an improvement in the Net Rates raised in the city of £0.2m. This meant that the 2022/23 Collection Fund opened with a balance £8.0m better than expected. This can be set against the £12.2m that has to be paid in 2023/24 for the final one-third instalment from the 2020/21 deficit.
- 2.3.11 In 2022/23 it is currently projected that there will be an in-year deficit of £3.9m, entirely caused by the extended Retail Relief for 2022/23 being in more demand in the city than forecast, as explained in **Paragraph 2.2.9**. This relief is, however, fully funded by Government through a Section 31 grant and the Council will receive £5.0m in excess Section 31 grant in 2022/23. It is proposed in this





Strategy that this funding be held in a reserve and be applied in 2023/24 to meet the cost of the additional deficit caused by the extended Retail Relief in 2022/23.

- 2.3.12 Therefore, taking into account the £12.2m deficit instalment from 2020/21, the £8.0m improvement in the position at the end of 2021/22, the £3.9m in-year deficit projected for 2022/23 and the £5.0m in additional section 31 grant funding to be applied in 2023/24, it is estimated that the deficit that effectively remains to be funded in 2023/24 will be £3.1m.
- 2.3.13 It is assumed that the in-year business rates income retained in 2024/25 to 2027/28 will be as budgeted and that therefore the Collection Fund will return to balance with no further deficits. At the time of writing the Council is not aware of any additional Government support in response to the impact of COVID-19 or the Cost of Living Crisis for businesses on business rates income, thus no further support is assumed in the Strategy from 2023/24. The cessation of extended Retail Relief will increase the budgeted income from Business Rates by £4.9m from 2023/24.
- 2.3.14 Based on the assumptions in **Table 2.3**, the Strategy assumes that budgeted in-year Business Rates income retained by the Authority in 2022/23 (£153.7m) will increase to £160.6m in 2023/24 (excluding the repayment of the 2020/21 deficit on the Collection Fund) as increased costs against this income caused by the pandemic, particularly bad debts and Empty Rate Relief, continue to reduce. In 2024/25 this recovery is assumed to continue with in-year retained Business Rates income rising to £167.0m. £174.4m in 2025/26, £180.5m in 2026/27 and £186.8m in 2027/28.
- 2.3.15 Taking account of the impact of the deficit carried forward and the three-year spread, the total budgeted income retained from the Business Rates Retention Scheme will increase from £125.6m in 2022/23 (supplemented by £32.1m of Section 31 grant funding for reliefs from 2021/22 held in reserve) to £152.5m in 2023/24, supplemented by £5.0m compensation for reliefs brought forward in reserve from 2022/23 (as detailed in paragraph 2.3.12) making a total of £157.5m of resources for 2023/24. In 2024/25 this is expected to significantly rise to £167.0m with the dropping out of the £12.2m deficit from 2020/21. Finally, the contribution of Business Rates to the Net Revenue Charge will increase to £174.4m in 2025/26, £180.5m in 2026/27 and £186.8m in 2027/28.
- 2.3.16 Business Rates growth above the baseline represents the growth in retained Business Rates income achieved by the Authority since the start of the Retention Scheme in 2013/14. Originally Government stated that the growth achieved nationally would be pooled in 2020/21 and redistributed following the Fair Funding Review along with further reforms to the Retention Scheme, a process known as a 'reset'. The reset has been repeatedly postponed due to Brexit and the COVID 19 crisis and now it is highly uncertain when it will take place. However, any estimation of the amount of growth to be distributed by any reset is almost impossible to estimate due to the volatility of Business Rates income since the





pandemic. Therefore, this Strategy assumes that any effects of these processes will be revenue neutral.

- 2.3.17 In the years 2020/21 to 2022/23 increased risks around bad debts, Empty Rates Relief, continued reductions to the current tax base (the aggregate Rateable Value of all business premises in Leeds) and reduced in-year growth in future years due to the pandemic in 2020/21 more than reversed all the accumulated growth achieved since 2013/14. 2023/24 will see the return of growth above the baseline of £2.2m. Details of the underlying assumptions for each of the elements are given in **Table 2.3**. The net effect of these assumptions on growth above the baseline is detailed in **Table 2.4**.

Table 2.4: The net effect of losses on Business Rates growth above the baseline

	2023/24	2024/25	2025/26	2026/27	2027/28
	Indicative	Indicative	Indicative	Indicative	Indicative
Leeds share of growth above the baseline	49%	49%	49%	49%	49%
Growth above baseline assumed in previous year (£m)	-4.7	2.2	5.4	9.5	12.4
Reduction in current taxbase in 2022/23 (£m)	-2.9	0.0	0.0	0.0	0.0
Change in cost of bad debt provisions (£m)	1.0	1.2	1.2	0.0	0.0
Change in cost of empty rate relief (£m)	2.3	0.1	0.1	0.0	0.0
In-year growth of business rates yield (£m)	1.2	1.9	2.7	2.7	2.7
Ending of expanded Retail Relief (£m)	4.9	0.0	0.0	0.0	0.0
Other changes in the tax base (£m)	0.3	0.0	0.1	0.2	0.2
Growth above baseline assumed in current year (£m)	2.2	5.4	9.5	12.4	15.3

- 2.3.18 The risks posed by appeals against the 2010 ratings list continue to reduce as the number of outstanding appeals is anticipated to reduce over the forthcoming months. The 2017 ratings list was introduced alongside a new appeals process and, before COVID-19, the number of appeals against this list had been much lower than the 2010 ratings list. During the pandemic a large number of appeals were received claiming the lockdowns should reduce Rateable Values, but Parliament legislated to ensure these appeals would not be successful. Going forward the 2017 ratings list will come to an end on 31st March 2023. The Strategy currently includes additional provisions for any appeals that may be received prior to the end of the list. After this time ratepayers will no longer be able to appeal their Rateable Values on the 2017 list. This will be closely monitored prior to the 2023/24 budget estimates being made.
- 2.3.19 There remain many uncertainties around the future of Business Rates Retention within the local government finance system. It is no longer clear whether the move to 75% retention will go ahead at all and if it does when this will happen and what further reforms will be required before its implementation. This Strategy therefore assumes that 50% retention will remain in place throughout the period covered. The timing and mechanism of any baseline reset remains uncertain, as does





whether the Government will centralise any of the growth to be redistributed to local government to fund other initiatives.

- 2.3.20 The Government launched a 'Call for Evidence' on a fundamental review of the business rates system itself in 2020/21, the results of which include the promise of further reliefs for high street retail establishments and a move to three-yearly revaluations. The move to three-year revaluations will involve adjustments to the Business Rates Retention Scheme every year from 2023/24 which will mean that the Councils tariff will no longer remain constant in real terms. This adds another layer of complexity to the Business Rates Retention Scheme as it is not possible to quantify either the value of the new reliefs in Leeds or the impact of the revaluations.

Council Tax

- 2.3.21 This Medium Term Financial Strategy is written in the context of the cost of living crisis and a forecast economic downturn. As such, the Strategy assumes a slightly lower than average underlying growth in the taxbase (excluding the impact of Local Council Tax Support) in 2023/24 of 1.31% which will not recover to pre-pandemic levels until 2025/26 at a growth of 1.41%, as shown in **Table 2.5**. The taxbase is the number of Council Tax band D equivalent residential properties in the City of Leeds less any discounts and exemptions that have to be applied according to statute.
- 2.3.22 The Strategy further assumes that the number of Local Council Tax Support claimants will remain above average until 2025/26 in line with the forecast unemployment rate from the Office for Budget Responsibility. **Table 2.5** projects that unemployment, the main driver of working age claims for Council Tax Support, is expected to gradually fall from 4.8% in 2022/23 to 4.2% by 2025/26. The effect of the cost of living crisis on Local Council Tax Support claims will remain under review. Additionally, the Strategy assumes that collection rates will remain at 99% throughout the period to 2027/28, however this remains an area of high risk given the economic situation.
- 2.3.23 The Strategy projects that councils will be able to raise core Council Tax by 1.99% in 2023/24 and in future years. It is assumed there will be an additional precept for Adult Social Care of 1% in 2023/24 and 2024/25 in line with comments in the Spending Review 2021, alongside real terms increases in funding provided through government grants for Adult Social Care in 2023/24. Any increase above these assumptions would generate additional resources that could be used to contribute towards closing the estimated budget gap.
- 2.3.24 As with Business Rates, any shortfall or surplus between budgeted and actual Council Tax income is a cost or gain that must be carried forward to the following year. In 2020/21 Government made it mandatory for billing authorities to spread the cost of the declared deficit not funded by grant over three years. The final third of that deficit will therefore have to be funded from the 2023/24 Budget. For Leeds City Council this amounts to £4.5m. In 2022/23 it is estimated that there will also





be an in-year deficit generated for Council Tax of £2.5m because of pressures on the collection rate in that year. The 2022/23 Budget for the Council assumed a collection rate of 99% however, this has had to be revised in-year to 98.5% creating the £2.5m in-year deficit which will also have to be funded in 2023/24. This makes a total projected deficit of £7.0m to be funded in 2023/24.

2.3.25 After 2023/24 it is assumed that actual income will be as budgeted and therefore no surplus or deficit is included.

2.3.26 Table 2.5 Assumptions used to forecast council tax income

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	%	%	%	%	%	%
Core increase to LCC precept	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Underlying taxbase growth from previous year	0.82%	1.31%	1.37%	1.41%	1.42%	1.40%
Levels of Bad Debt	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Unemployment assumptions impacting on levels of LCTS	4.80%	4.30%	4.30%	4.20%	4.20%	4.20%

2.4 Other Funding Changes

2.4.1 The paragraphs below outline the key changes to other funding that the Council receives, summarised in **Table 2.6**, in addition to changes to the Settlement Funding Assessment and to local funding outlined above. In summary, funding is expected to increase by £37.1m over the three years to March 2026, and increase by a total of £69.9m over the five years of the Strategy.

Table 2.6: Summary of Funding Changes

	2023/24	2024/25	2025/26	3 Year Total	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m	£m
Change in Resources due to Settlement Funding Assessment and Local Funding <i>Table 2.2 Paragraph 2.2.6</i>	(38.954)	(36.080)	(18.734)	(93.768)	(17.987)	(18.480)	(130.235)
Specific Grant Funding Changes <i>Paragraphs 2.4.2 to 2.4.16</i>	22.101	6.745	0.589	29.435	(0.343)	(0.721)	28.371
Other Changes in Resources <i>Paragraph 2.4.17</i>	0.296	0.084	0.633	1.013	0.000	0.000	1.013
Movement on use of Reserves <i>Paragraphs 2.4.18 to 2.4.22</i>	7.935	19.358	(1.115)	26.178	3.901	0.872	30.951
Total Funding Changes	(8.623)	(9.893)	(18.627)	(37.142)	(14.429)	(18.329)	(69.900)





Specific Grant Funding Changes - New Homes Bonus

- 2.4.2 Since 2011/12, the Council has received New Homes Bonus, an incentive grant based on housing growth. In 2018/19, the Government announced their intention to review the operation of the Bonus to better align the scheme with local authorities' performance in meeting local housing demand beyond 2019/20. No further detail has yet been provided and the existing scheme was simply rolled forward in 2020/21 and 2021/22. Consequently, this Strategy assumes that the one further payment for new housing growth will continue in 2022/23 although this will not be confirmed until the Provisional Local Government Finance Settlement is received in December 2022. From 2023/24 it is assumed there will be no further payment of New Homes Bonus for the rest of the period of this Strategy.
- 2.4.3 The income from New Homes Bonus in 2023/24 is currently projected to be zero, £2.2m below the level budgeted for in 2022/23 as the final year of payment for new housing growth drops out of the system.

Specific Grant Funding Changes – Adult Social Care

- 2.4.4 The final 2021/22 Local Government Finance Settlement confirmed Government's intention to roll forward all social care grants that had been receivable in 2020/21, including Improved Better Care Fund, the Winter Pressures Grant and the Social Care Support Grant, with an additional injection of £300 million of new Social Care grant funding in 2021/22 for adults and children's services. Leeds received an allocation of £4.5m of this funding in 2021/22. These allocations were included in the 2022/23 Budget and have been rolled forward in the Strategy for 2023/24 and beyond.
- 2.4.5 As a part of the 2022/23 final Local Government Finance Settlement the Government introduced a new grant, Market Sustainability and Fair Cost of Care Fund, with a national allocation of £162m in 2022/23. The Leeds share of this was £2.2m. In 2023/24 and for the next two years a further £600m will be made available (each year). The Leeds share of this is estimated to be £8.2m, an increase of £6.0m on the 2022/23 allocation. It is assumed that the funding will continue for the life of the Strategy as the Government continue to support the reform of social care. The funding is part of the Council's Core Spending Power and relates to the Government's planned reforms of the social care system. It is therefore expected that it will fund new burdens arising from the new duties the Council will have to undertake. As such it is expected to be neutral to the Council overall, with the expenditure being shown in **Paragraph 2.5.23** of this report.
- 2.4.6 The Strategy also includes an inflationary increase of £1.1m for the improved Better Care Fund, reflecting inflationary rises in 2022/23 (not previously budgeted for) and 2023/24.





- 2.4.7 The Strategy continues to assume Council's will be able to raise an Adult Social Care Precept in 2023/24 and 2024/25. This is reflected in the Council Tax section at **Paragraph 2.3.23**.

Specific Grant Funding Changes – Children and Families

- 2.4.8 As discussed at **Paragraph 2.4.4**, the final 2021/22 Local Government Finance Settlement confirmed the Government's intention to roll forward all social care grants receivable in 2020/21. This Strategy assumes continuation of all existing Children's Social Care grants, including the 2020/21 Social Care grant allocation, the School Improvement Monitoring and Brokerage Grant and the Troubled Families Programme: Earned Autonomy grant. If the assumed levels of grant funding are not realised, the directorate will be required to reduce their expenditure budget accordingly. These allocations were included in the 2022/23 Budget and have been rolled forward in the Strategy for 2023/24 and beyond.
- 2.4.9 Leeds is one of three authorities to receive funding through the Department for Education (DfE) Strengthening Families Protecting Children (SFPC) Programme to support the spread of innovation programmes across 20 local authorities over five years. The 2022/23 budget for the Children and Families Directorate included the third tranche of additional grant of £1.6m. The remaining funding and the fallout of this grant in 2024/25 are reflected in the Strategy.
- 2.4.10 As such, the Medium Term Financial Strategy assumes no increase in Children's Social Care grant resources over the period 2023/24 to 2027/28 and reflects the fallout of the £1.6m per annum Strengthening Families grant in 2024/25.

Specific Grant Funding Changes – Communities, Housing and Environment

- 2.4.11 The Housing Benefit and Local Council Tax Support Administration Subsidy grants are anticipated to continue to reduce by a further £1.162m over the period of the Strategy up to 2025/26. This reflects the continuing reductions in the national quantum of funding allocated to Local Authorities. These are indicative assessments at this stage as the final allocations for 2023/24 will not be made until late 2022/early 2023. No other grant funding changes are assumed.

Specific Grant Funding Changes – Section 31 grants

- 2.4.12 Section 31 grants are received from Government to compensate local authorities for the costs of business rates reliefs introduced by the Government since the start of the Business Rates Retention Scheme and increases to the Small Business Rates multiplier being capped at CPI rather than RPI.
- 2.4.13 Government has awarded local authorities funding to meet the cost of the increased Business Rates reliefs, as discussed at **Paragraph 2.2.9**, although this was at a much lower level than in 2021/22. Section 31 grant of £5.0m will be held in reserve by the Council and carried forward to be applied to the Business Rates





deficit in 2023/24, which is £27.1m lower than was applied in 2022/23. It has been assumed that this is a one-off grant, falling out completely in 2023/24.

- 2.4.14 In 2023/24 it is projected that Government will continue to compensate councils for historic changes to reliefs and capping of the multiplier. Historically, the Government has placed a cap on the annual increase in the multiplier of less than RPI. The Government has then compensated authorities for all losses that have been incurred up to the full RPI rate. However, with the rate of RPI being currently 12.3% (July 2022) and CPI being currently 10.1% (July 2022) it is uncertain if this will happen again. It would pose a serious risk to the Strategy if this compensation were assumed to be received and subsequently it was not (compensation even to CPI would result in an additional £17m in funding to the Council). The Strategy therefore does not assume any further income beyond the continuation of historic compensation. It is therefore estimated that the compensation for the multiplier cap in 2023/24 will reduce by £0.5m. However, should increases in the multiplier cap be more akin to the current levels of RPI/CPI, the additional resource realised will contribute towards addressing the estimated budget gaps detailed in this report.
- 2.4.15 It is assumed that extended Retail Relief offered to businesses in 2022/23 will not be continued in 2023/24. Therefore, the Section 31 grant received for Retail Relief in 2022/23 will also fall out of the Council's budget in 2023/24. This represents a further reduction in Section 31 grant funding of £4.5m for 2023/24. The total reduction in Section 31 grant funding for 2023/24 is therefore £4.9m. After 2023/24 it is projected that Section 31 grant relief funding will increase by £1m in 2024/25 and £0.6m in each of the years between 2025/26 and 2027/28.

Other Funding Changes – Strategic Accounts

- 2.4.16 Local authorities pay a levy on Business Rates growth, either to the Government or to a local Pooling arrangement where one exists, as discussed in paragraph 2.3.4. It is estimated that levy payments will increase from £0.9m in 2022/23 to £1.1m in 2023/24, £1.3m in 2024/25, £1.7m in 2025/26, £2.0m in 2026/27 and £1.9m in 2027/28. Should 75% retention be introduced during the period of this Strategy, it is thought that the levy calculation will be reformed and only applied to 'extraordinary' Business Rates growth, however this has not yet been defined by Government.

Other Changes in Resources

- 2.4.17 In February 2021, the Secretary of State announced, alongside the Local Government Finance Settlement, the continuation of the capital receipts flexibility programme for a further three years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. In 2022/23, additional planned expenditure of £7.1m relating to transformational work that meets these criteria was funded through the





but removed in 2023/24 including £3m relating to the Energy Contingency Reserve.

2.5 Budget Pressures

2.5.1 **Table 2.7** summarises the cost pressures identified as part of the Strategy for 2023/24 to 2027/28. Given the impact of pay and price pressures upon the Council's financial position these have been shown as either "Inflationary Pressures" or "Non-Inflationary Pressures" in order to separately identify the impact of inflation in addition to the other pressures noted.

Table 2.7: Summary of Cost Pressures

	2023/24	2024/25	2025/26	3 Year Total	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m	£m
<u>Inflationary Pressures:</u>							
Pay Award and the Leeds Living Wage	10.263	9.113	10.601	29.977	11.213	11.469	52.659
National Living Wage for Commissioned Services	18.443	18.719	19.532	56.694	21.090	22.815	100.599
Energy	10.699	0.063	1.170	11.932	1.239	1.305	14.476
Fuel	1.645	0.095	0.116	1.855	0.121	0.123	2.100
Other General Price Inflation <i>Paragraphs 2.5.2-2.5.9</i>	20.842	6.444	5.597	32.883	3.490	3.841	40.214
<u>Non-Inflationary Pressures:</u>							
Employers Local Government Pensions Contributions	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Severance & Capitalised Pension costs	(0.776)	(0.563)	(1.806)	(3.144)	(4.473)	(0.220)	(7.838)
Demand and Demography	4.107	5.802	4.421	14.330	4.410	3.758	22.498
Income Pressures	1.190	(0.330)	(0.150)	0.710	0.950	(0.100)	1.560
COVID-19	(5.845)	0.000	0.000	(5.845)	0.000	0.000	(5.845)
Other Cost Pressures	23.588	12.820	0.195	36.602	0.167	2.327	39.097
Debt <i>Paragraphs 2.5.10 to 2.6</i>	11.186	1.038	5.385	17.609	7.301	1.876	26.786
Total Funding Changes	95.342	53.201	45.061	193.604	45.507	47.195	286.306

Inflationary pressures

2.5.2 **Pay Award and the Leeds Living Wage:** At the time of writing this Strategy, agreement had not been reached between the National Employers and Trade Unions regarding the 2022/23 Pay Award. The Final Offer from the National Employers was a pay increase of £1,925 for all NJC and JNC staff which will be required to be funded by the Council. Further, the offer included an additional day's leave from 1st April 2023/24 for NJC staff, which has implications for





incoming earning roles and those roles which would require shift cover. In response to this offer, the Trade Unions are consulting with members on whether it should be accepted or rejected. A response from the Unions, as a result of these consultations, is expected in late October.

- 2.5.3 The financial position in this Strategy does not make assumptions about the Pay Award for 2022/23 or beyond. Instead, the position shown makes provision of £52.7m for the costs of 2% annual pay awards for both NJC and JNC staff for the period covered by the Medium Term Financial Strategy. The Strategy also assumes that increases in the Real Living Wage will remain consistent with the current differential (59p per hour) with estimated National Minimum Wage levels.
- 2.5.4 As such the impact of the 2022/23 Employer Pay Offer is not shown in the summary of cost pressures at **Table 2.7**, but if agreed would cause a significant budget pressure in the Strategy. The estimated impact on the Council's financial position is shown in **Table 2.8** – the figures assume a 4% pay increase in 2023/24 and later years. It should be noted that every increase of 1% equates to a cost to the Council of around £4.0m.

Table 2.8: Additional pressure due to Employers Offer on Pay Award

	2023/24	2024/25	2025/26	3 Year Total	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m	£m
Estimated impact in 2023/24 of £1,925 Pay Award in 2022/23	19.473	0.000	0.000	19.473	0.000	0.000	19.473
Estimated later year impact of Pay Award and ongoing inflation	9.905	11.608	12.850	34.363	13.101	13.891	61.355
Estimated impact of Extra Day's Leave from 2023/24	0.920			0.920			0.920
Total Funding Changes	30.298	11.608	12.850	54.756	13.101	13.891	81.748

National Living Wage for Commissioned Services: In respect of services commissioned from external providers, provision has been made for £18.4m in 2023/24, £18.7m in 2024/25 and £19.5m in 2025/26. As such over the first three years of the Strategy, provision is made of £56.7m for this area of work. The remaining two years of the Strategy are estimated to require over £21.1m and £22.8m, meaning that the five year Strategy makes a total provision of £100.6m for Commissioned Services. The majority of this sits in the Adults and Health Directorate, with £0.6m per annum provided for in the Children and Families Directorate.

- 2.5.5 The increased costs in the Adults and Health Directorate reflect an estimated Real Living Wage rate of £10.50/hour and a further 40p/hour for Homecare in 2023/24





and for future increases in Real Living Wage. The Strategy also provides for projected National Living Wage increases. The increased costs associated with both paying our staff the Real Living Wage and encouraging the services we commission to pay their staff the National Minimum Wage, have been resourced by the Council without any additional funding from the Government.

- 2.5.6 **Energy:** The previous Strategy made an allowance for 5% inflation each year for the life of the Strategy. For this Financial Strategy 2023/24 – 2027/28 these assumptions have been reviewed and reflect revised inflation assumptions. A significant increase is estimated in 2023/24 where the cost of energy is estimated to be £10.7m higher than in 2022/23. The estimated cost of energy is then expected to stabilise over the remaining years of the Strategy. In total, the Strategy allows for £14.5m of energy inflation over the five year span.
- 2.5.7 **Fuel:** In recent years the Strategy has not allowed for inflation on fuel. However, reflecting increasing fuel prices, £1.6m is provided in 2023/24. This in part provides for increased prices in 2022/23, to reset the base budget in 2023/24 to 2022/23 prices. In subsequent years the Strategy assumes that inflation will fall in line with Office for Budget Responsibility forecasts and makes provision for increases of around £0.1m per annum. Over the life of the Strategy total additional provision of £2.1m is provided.
- 2.5.8 **Other general inflation:** In recent years, the Strategy has not provided for general price inflation, reflecting prevailing low rates of inflation, and the only inflationary allowance have been made where there is a contractual commitment. Whilst this can vary from contract to contract, it is often index linked to CPI or RPI which are both forecast to be high in 2022 (September forecast for CPI is 7.48% and RPI is 9.95%). Where PFI schemes are linked to CPI or RPI the Council will need to provide for the increase accordingly. Due to the significant inflationary pressures in the economy this Strategy also makes allowance for general price inflation in 2023/24. In summary, in 2023/24 contract and general inflation of £20.8m is provided for as follows: Adults and Health £5.0m, Children and Families £8.3m, City Development £3.6m, Communities, Housing and Environment £2.3m and Resources £1.7m. As inflation is expected to return to more normal levels over time, the Strategy reflects this, reducing to £6.4m Council-wide in 2024/25 and to £3.8m by the fifth and final year.
- 2.5.9 The Strategy has assumed an inflationary uplift on fees and charges where it was considered they could be borne by the market. However, given the significant financial pressures faced by the Council, proposed levels of fees and charges are currently being reviewed to identify potential to increase income.

Non-inflationary budget pressures

- 2.5.10 The Financial Strategy makes allowance for non-inflationary pressures, and these are summarised below.





by small increases in income reflecting the planned Elections schedule (£0.1m) and schools catering income (£0.1m).

COVID-19 Pressures

- 2.5.21 The impact of COVID-19 on the Council's budget in recent years was significant and has been reported through to the Council's Executive Board accordingly. However, the Council's Medium Term Financial Strategy 2022/23-2026/27 (published in September 2021) assumed that the economy would recover to nearly pre-COVID levels and in accordance with the Government's current assumptions it does not provide any provision for any ongoing impact of COVID-19, but does reflect the 2023/24 fallout of pressures funded in 2022/23 (£5.8m).
- 2.5.22 If COVID-19 continues to have an impact on the Council's revenue budget, and no additional Government support is forthcoming, then the impact will need to be managed within the Council's approved budget.

Other pressures

- 2.5.23 Over the life of the Medium Term Financial Strategy 2023/24-2027/28 other cost pressures amount to £39.1m, £23m of which relates to reduced reliance on capitalisation and internal charging arrangements. This is further discussed at **Section 2.8**. Other significant variances over the life of the Strategy include: Expenditure of £6m funded through the Fair Cost of Care in Adults and Health, as noted in Paragraph 2.4.5; SEND Transport pressures of £2.3m in Children and Families; and £5.2m in Communities, Housing and Environment which largely reflects a £2m reduction in Benefits overpayment income which is as result of the continued roll out of Universal Credit, Grounds Maintenance costs for the City's parks £1.0m and the cessation in 2027/28 of the seven year reduction in the Waste Management PFI unitary charge (£2.2m). These other pressures, analysed by Directorate, are included in **Table 2.10** below:

Table 2.10 Other Pressures

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Adults & Health	6.06	0.01	0.01	0.01	0.02	6.12
Children & Families	2.99	0.07	(0.98)	0.02	0.02	2.13
City Development	0.96	(3.58)	0.05	0.02	0.02	(2.54)
Communities, Housing & Environment	2.03	1.18	1.02	0.02	2.23	6.48
Resources	1.55	0.14	0.08	0.09	0.05	1.90
Strategic Accounts	10.00	15.00	0.00	0.00	0.00	25.00
	23.59	12.82	0.19	0.17	2.33	39.10





2.6 Debt

2.6.1 Over the life of the Strategy, additional provision of £26.78m is required to service debt over the life of the Strategy as detailed in **Table 2.11**. Of this, £9.02m relates to the net requirement to increase the level of budgetary provision for MRP as detailed in **Table 2.12**. PFI related provision in **Table 2.11** covers the use of capital receipts to fund PFI liabilities including MRP on these arrangements, together with a provision for the impact of the capitalisation of PFI lifecycle costs.

The increase in core treasury provision includes several elements such as external interest payable, offset by costs rechargeable to Departments for departmentally determined schemes. This provision also includes a number of other distinct headings such as interest payable to or receivable from the HRA for its debt costs and use of its revenue balances, brokerage and external interest receivable. The provision for core treasury amounts to an additional provision of £16.68m within a total increase of £26.78m. The most significant factor within this for 2023/24 is the anticipated increase in external interest costs being provided for.

Table 2.11 Provision for Debt

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Core Treasury	6.19	2.54	7.59	(0.46)	0.82
MRP	2.64	0.65	0.20	3.63	1.90
PFI related	2.36	(2.16)	(2.41)	4.14	(0.85)
	11.19	1.03	5.38	7.31	1.87

The following table shows the gross MRP and external interest payable by the General Fund included within the MTFS but does not include any interest or voluntary set aside payable by the HRA.

Table 2.12 Minimum Revenue Provision and External Interest

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Gross MRP	64.71	65.36	65.56	69.19	71.09
External Interest - General Fund	60.03	60.67	62.28	62.99	63.11

2.7 Summary of resources and estimated pressures

2.7.1 After taking account of changes to the Settlement Funding Assessment, changes in local funding plus other cost and funding changes as outlined above, but before savings agreed to date, there is a requirement to deliver £156.5m of savings in the three years 2023/24-2025/26 and £216.4m of savings over the full five period covered by the Medium Term Financial Strategy. The scale of the overall savings





respectively, further embedded the requirement to make the Council's revenue budget affordable and sustainable.

- 2.8.2 This 2023/24 to 2027/28 Strategy reflects the requirement to make the Council's financial position more resilient with the inclusion of ongoing planned budgeted contributions to the General Reserve. Further to this, the Strategy provides for a reduction in both the reliance on the capitalisation of revenue expenditure and reduction in the extent to which internal charging mechanisms are used in the Council's revenue budget, where the application of internal charging is driving the wrong financial behaviours and sustaining inefficiencies.
- 2.8.3 The financial position of the Council has been reviewed over the longer-term with the intention of increasing financial sustainability and resilience. **Table 2.14** shows the latest position assumed for a range of financial sustainability measures and use of those measures to reduce reliance on one-off funding sources. **Paragraphs 2.8.4-2.8.10** discuss this in more detail.

Table 2.14 Financial Sustainability Measures

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
<i>Included in Funding Changes (Table 2.6):</i>					
General Fund Balances	3.0	0.0	0.0	0.0	0.0
Strategic Resilience Reserve	2.0	2.0	0.0	0.0	0.0
Provision for Insurance	0.0	2.0	0.0	0.0	0.0
Provision for MMI	0.0	1.0	0.0	0.0	0.0
<i>Included in Cost Increases (Table 2.7):</i>					
Capitalisation	5.0	10.0	0.0	0.0	0.0
Internal Charging	4.0	4.0	0.0	0.0	0.0
Repayment of Borrowing from Ring Fenced Resources	1.0	1.0	0.0	0.0	0.0
Total Financial Sustainability Measures	15.0	20.0	0.0	0.0	0.0

- 2.8.4 Under the 2003 Local Government Act, the Council's Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves as a part of the annual budget setting process. The Medium Term Financial Strategy recognises the requirement to keep the level of the Council's reserves under review to ensure that they are adequate to meet identified risks. Grant Thornton's "Annual Audit Letter" for the year ended 31st March 2020 noted "that the Council should consider the adequacy of its reserves going forward and the appropriate level of balances which should be linked to the approved MTFS and which should be reviewed each year." The MTFS provides for a £3m base budget contribution to the General Reserve each year from 2023/24 to 2027/28. The impact is to provide General Reserves of £36.2m in 2023/24, £39.2m in 2024/25, £42.2m in 2025/26, £45.2m in 2026/27 and £48.2m in 2027/28.





- 2.8.5 Whilst the current cost of living crisis presents a significant risk to the level of resources available to the Council there may be further impacts in addition to those provided for in this Medium Term Financial Strategy. It is therefore prudent to contribute to the Strategic Resilience reserve to mitigate against any potential further impacts, increasing the base budget contribution to this reserve to £4m per annum by 2024/25.
- 2.8.6 In recognition of the requirement to adequately provide for insurance claims against the Council and specific insurance liabilities arising from having been a member of Municipal Mutual Insurance (MMI) the MTFS provides for a base budget increase in the level of the insurance provision in 2024/25 of £3m.
- 2.8.7 Previous years' budgets have utilised the capitalisation of revenue expenditure to mitigate the impact of the Government's austerity agenda and the resultant reduction in funding to local authorities since 2010. In order for the Council's Revenue Budget to become more financially resilient, whilst at the same time reducing the risks associated with funding recurring revenue expenditure from capitalisation, this Strategy contains provision to further unwind the extent to which the Revenue Budget is supported by these mechanisms. Consequently, as detailed in **Table 2.14**, the base budget provision has increased by £9m from 2023/24 and then by a further £14m per annum from 2024/25.
- 2.8.8 Of this, £8m reflects the requirement to reduce the extent to which internal charging mechanisms are used in the Council's revenue budget, where the application of internal charging is driving the wrong financial behaviours and sustaining inefficiencies.
- 2.8.9 Against a background of reductions in Government funding the Council has used its balance sheet to support its Revenue Budget. In the context of making the Revenue Budget financially sustainable a planned reduction in the reliance on ringfenced resources on the balance sheet, as detailed in **Table 2.14**, has been provided for in the revised budget position (£2m increase in base budget provision by 2024/25).
- 2.8.10 The impact of these variations on the estimated budget gaps each year which are incorporated into **Table 2.13** and detailed in **Table 2.14**, shows that the measures agreed increase the base budget by £35m in total over the life of this Financial Strategy.

2.9 Savings in the MTFS

- 2.9.1 In recent years it has been necessary for the Council to undertake savings reviews to meet the financial challenges in the Strategy at that time. This Medium Term Financial Strategy recognises the longer-term full year impact of savings agreed in previous years' budgets. These have been reviewed and updated where necessary to ensure deliverability, so that the latest position is reflected in **Table 2.15** below. Following review, these savings identified in prior years total £20.9m





over the life of the Strategy. £13.5m of these are due to Business as Usual savings, and £7.3m are due to Service Reviews.

- 2.9.2 During the planning process for the 2023/24 – 2027/28 Financial Strategy, directorates have identified routine efficiencies that could be made whilst maintaining “Business as Usual”, having no impact on service delivery or on the workforce. These reduce the budget gap for 2023/24 by £11.2m, and over the life of the Strategy by £13.0m.
- 2.9.3 After recognition of these routine efficiencies, there remains a requirement to deliver £182.6m of savings over the life of the Medium Term Financial Strategy. This includes £123.6m of savings over the first three years covered, £63.6m of which is required in 2023/24.

Table 2.15 Estimated Budget Gap less Prior Year Savings and Efficiencies

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Estimated Budget Gap	86.7	43.3	26.4	31.1	28.9	216.4
Prior Year Directorate Savings						
Business As Usual	(7.682)	(1.902)	(3.249)	(0.700)	0.000	(13.533)
Service Review	(4.239)	(3.092)	0.000	0.000	0.000	(7.331)
Routine Efficiencies	(11.186)	(0.552)	(0.932)	(0.150)	(0.150)	(12.970)
Total Savings/Efficiencies	(23.107)	(5.546)	(4.181)	(0.850)	(0.150)	(33.834)
Gap after Savings/Efficiencies	63.613	37.762	22.253	30.228	28.716	182.572

Bridging the Revised Gap – the Savings Programme

- 2.9.4 Recognising the challenge of bridging the estimated budget gaps for the period 2023/24 to 2027/28, whilst at the same time seeking to ensure that the Council’s revenue budget is robust, resilient and sustainable, another savings programme has been established, focusing primarily on the three-year period 2023/24 to 2025/26. This builds on the ‘Financial Challenge’ savings programmes carried out over the last two years, with the cross-council senior officer group established in 2020 to provide support and ensure a co-ordinated, consistent approach across the programme continuing its role. Further support and challenge to identify new proposals and consider options put forward by officers will again be provided by Scrutiny Board working groups.
- 2.9.5 Reviews are underway across the Authority to identify opportunities to continue to modernise and improve services, reduce costs and generate additional income.





The outcome of this work will lead to a number of savings proposals for consideration by the Executive Board during the Autumn of 2022. Those approved for implementation, or consultation as required, will subsequently be built into the 2023/24 Budget and Provisional Budgets for 2024/25 and 2025/26.

- 2.9.6 Through the Financial Challenge programme, a range of proposals have, and will continue to be, identified that will contribute towards the delivery of a balanced budget position in each of the financial years covered by the MTFS. Through last year's savings programme, which focused on the three-year period 2022/23 to 2024/25, savings of £9.633m were approved for 2023/24 and a further £4.373m for 2024/25. These have been built into the revised position presented in this Medium Term Financial Strategy.

2.10 The Capital Programme

- 2.10.1 The Council's 10 year capital programme considers the need for capital investment against affordability within the MTFS. The programme identifies annual programmes across the Council that aim to provide investment in assets to ensure that the Council can continue to operate effectively. The Council also has a number of major programmes that provide investment in line with the Council's best plan objectives.
- 2.10.2 Capital investment needs are assessed on an annual basis under the direction of the Council's Financial Challenge: Strategic Investment Board (SIB) with final approval sought from Executive Board and Full Council in February each year. Capital investment proposals that deliver savings or generate additional income can come forward throughout the year and are subject to a robust business case approval. Schemes funded by external resources can also come forward throughout the year.
- 2.10.3 A detailed review of the whole capital programme, covering the period up to 2023/24, was undertaken in the lead up to the Capital Programme being approved by Executive Board and Full Council in February 2021. A key principle of that review was to replace borrowing with external funding sources where possible and that principle continues, for example in the Council's recent bids to the Government's Levelling Up Fund.
- 2.10.4 In May 2022 SIB agreed an overarching Capital Strategy to support a further review of the capital programme, whereby new borrowing would not exceed budgeted MRP, except where this would prevent the delivery of savings or robust prudential borrowing proposals. Further, SIB refreshed the capital programme priorities to be used to assess the priority of new projects/pressures and inform which should be added to the Capital Programme. Consequently, a further review of the Capital Programme will be undertaken in the Autumn of 2022 to consider whether all elements of the existing programme remain priorities in the current financial climate and to agree whether further proposed schemes are of sufficient





transformational costs is permitted under a specific Government Direction allowing 'Flexible Use of Capital Receipts' – this provision currently extends to 2024/25, however the current strategy assumes that, as in previous year, the Direction will be extended. Should this not be the case these costs will revert to being a pressure on the revenue budget.

- 2.11.3 The MTFS recognises the intention to use future generation of capital receipts mainly to invest in capital infrastructure and therefore reduce the Council's future borrowing requirement and to support the delivery of organisational transformation. The revenue resource requirements reflect this strategy.
- 2.11.4 The current forecast capital receipts and associated capital receipts requirement are shown in **Table 2.17**. Over the life of the Strategy the forecast receipts are sufficient to meet all associated revenue and capital commitments. Work continues to identify additional receipts in the later years of the Strategy.

Table 2.17: Capital Receipts Requirement

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Useable capital receipts	48,616,783	23,283,334	16,924,815	2,550,000	2,585,000
Ringfenced capital receipts (FWOW Programme)	442,900	0	0	0	0
Flexible use of capital receipts (ELI & Digital)	12,359,900	12,191,000	9,343,800	8,219,000	8,219,000
Revenue budget requirement (PFI & Lifecycle)	25,666,000	28,293,000	30,720,000	34,095,000	39,363,000
Charging PFI over asset life	(18,155,000)	(19,766,000)	(21,016,000)	(23,097,000)	(26,027,000)
Total Revenue budget requirement	20,313,800	20,718,000	19,047,800	19,217,000	21,555,000
In Year Surplus/(deficit)	28,302,983	2,565,334	(2,122,985)	(16,667,000)	(18,970,000)
Useable capital receipts surplus b/fwd	12,711,523	35,194,651	37,759,985	35,637,000	18,970,000
Useable capital receipts surplus c/fwd	(35,194,651)	(37,759,985)	(35,637,000)	(18,970,000)	0
Used to fund Capital Spend	5,819,855	0	0	0	0

2.12 Housing Revenue Account

Background

- 2.12.1 The Housing Revenue Account (HRA) includes all expenditure and income incurred in managing the Council's housing stock and, in accordance with Government legislation, operates as a ring-fenced account. The total resources available to the HRA is forecast at around £1.4bn over the next 5 years, with 87% of this being derived from rent and service charges to tenants.
- 2.12.2 Since all housing priorities are funded through the HRA, any variations in the rental income stream will directly impact upon the level of resources that are available for the delivery of housing priorities. Throughout the life of this plan, resources will be directed towards key priority areas which include fulfilling the plan to improve the homes people live in, expanding and improving older person's





housing and improving estates to ensure that they are safe and clean places to live.

2023-2028 Deficit

- 2.12.3 Over the 5 years of the plan, there is an initial gap, prior to savings proposals, of £12.4m in 2023/24 and a cumulative deficit of £38.8m by 2027/28. This is summarised in **Table 2.18**.

Table 2.18: 5 year summary 2023/24 – 2027/28

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Income	(273.68)	(283.77)	(289.43)	(296.56)	(305.11)
Expenditure	286.15	293.17	298.08	302.46	306.60
Appropriations	(0.07)	0.51	0.38	0.23	(0.18)
In Year Pressure (Saving)	12.40	9.91	9.03	6.13	1.31
Cumulative Balance	12.40	22.31	31.34	37.47	38.77

2.12.4 Key Income Assumptions 2023 – 2028

- **Rental Income.** In February 2019 the Government confirmed that a return to a rent formula of CPI+1% for 5 years from 2020/21. With CPI inflation for September 2022 forecast at around 10%, this would have given an allowable rent increase in rent of up to 11%.

However, on 31st August 2022 DLUHC announced a consultation to cap social housing rent increases for the next two financial years. DLUHC are consulting on rent increases in the range of 3% to 7% with the draft directive proposing a 5% ceiling on rent increases. The consultation closes on October 6th 2022 with the directive to be issued thereafter.

This plan therefore assumes an increase in rental income of 5% in 2023/24 and 2024/25, in line with the draft directive. The following 3 years increases are based on the Office of Budget Responsibility (OBR)'s long term forecast of CPI plus 1%.

Total forecast rental income is also adjusted for the net difference between forecast Right to Buy (RtB) sales and new build properties from the Housing growth programme.





- **Right to Buy Sales** The current plan assumes 560 sales for next year, reducing by 50 a year in 2024-25 and later years until reaching 400 a year. Whilst this reflects the expectation that the recent increase in sales will diminish at some point, RtB discounts remain a considerable incentive for many people and as such sales may remain at a higher level, which would put further pressure on the rental income budget. Conversely additional sales increases capital receipts which can be partly utilised for funding Council Housing growth.
- **Other Income.** The financial plan assumes service charges will rise in line with rental income at 5% for 2023/24.
- **PFI Grant.** This grant remains fixed at £21.4m over the life of the PFI contract.

2.12.5 Key Expenditure Assumptions:

- **Pay Award and Price Inflation.** The plan provides for a pay award in 2022/23 of £1,925 per employee as per the current offer and makes appropriate provision for future pay rises. Price inflation is generally assumed at CPI levels in the plan.
- **Energy Costs** Gas and electricity are forecast based on the latest energy unit assumptions; for 23/24 alone, the budget reflects the total impact of price pressures arising since April 2022 estimated at £1.3m.
- **Repairs.** The repairs budget is assumed to be inflated by 11% for 2023/24, this is an increase of £5.2m compared with the budget in 2022/23. The following years assume a return to increases of CPI, adjusted to reflect the forecast changes in stock numbers.

Table 2.19 Proposed Repairs Budget 2023/24 to 2025/26

	OE 2022/23	2024/25	2024/25	2025/26
	£000s	£000s	£000s	£000s
Repairs	46,795	51,942	53,163	53,694

- **Disrepair Provision.** Resolving disrepair remains a priority for the service. The financial plan assumes an annual budget of £1.4m for disrepair is provided for. Contained within these assumptions is a targeted reduction in the number and value of disrepair claims. If this targeted action is not successful, then there will be a corresponding pressure upon the repairs budget.





- **Provision for Bad Debt.** The budget has been kept at £1.1m, the same level as in 2022/23 and it is assumed that this level of provision will remain static in the financial plan. This will be kept under continual review as universal credit is rolled out further.
- **Capital Programme - (Annual Investment).** The revenue contribution to the capital programme (RCCO) is approximately 25% of the total HRA budget.

This contribution, along with external funding and the use of reserves combine to provide the funding for the HRA Capital Programme. Currently, the capital programme from 2023/24 to 2025/26 is gross spend of £256m. This plan assumes that the RCCO will be increased, as other funding streams reduce, and the total level will be increased to £263m as shown in **Table 2.20** below. The fall out of other funding places greater pressure on the revenue account to increase its funding to maintain the total level of investment in the stock.

Table 2.20 HRA Capital Programme 2023/24 to 2025/26

	2022/23	2024/25	2024/25	2025/26
	£000s	£000s	£000s	£000s
Capital Programme	95,000	91,424	86,000	85,788
HRA Revenue Contribution (RCCO)	(60,769)	(70,808)	(72,899)	(73,571)
RtB Receipts (Allowable Debt)	(16,346)	(14,175)	(12,287)	(10,637)
Government Grant / EU Grant	(17,885)	(6,257)	0	0
Other Funding	0	(184)	0	0

- **Additional interest on borrowing charges.** The plan reflects increased costs associated with servicing the HRA's debt to fund the Council's Housing Growth Programme. The Council House Growth Capital Programme is budgeted at £324m and at the end of August 2002 £106.1m has been spent.

The table below shows the planned spend and the need to borrow circa £140m over the next 5 years. There is a risk that rising interest rates will add further pressures to the current gap within the HRA.

However, it is important that the Council spends at this level on the CHGP to ensure that Right to Buy Receipts are fully spent and not returned to Government.





Table 2.21 Council Housing Growth Programme 2023/24 to 2025/26

	2022/23	2024/25	2024/25	2025/26	2026+
	£000s	£000s	£000s	£000s	£000s
Capital Programme	72,682	63,862	63,836	23,133	15,692
Borrowing (additional each year)	(42,963)	(37,125)	(37,110)	(12,688)	(8,771)
RtB Receipts	(27,861)	(26,737)	(26,727)	(10,445)	(6,921)
Other Funding	(1,858)				

- **Recharges to the HRA.** Recharges to the HRA relate to services provided from other parts of the Council on behalf of the HRA. These include, for example, back-office services such as HR, Finance, and IDS as well as front facing services such as the contact centre, hubs, community safety and environmental services. All of these costs will be subject to an annual review to ensure that only appropriate elements are charged to the HRA.
- **Contribution to General Reserve.** The level of HRA general reserve is £7.4m. The plan assumes that there will be a pause in making further contributions to the general reserve until this becomes affordable.

2.12.6 The strategy to mitigate this cumulative deficit (£12.2m in 2023/24) on the Housing Revenue Account is in line with the approach being taken for the rest of the Council. Options for balancing will include savings that can be generated from business-as-usual proposals and those that require more specific service reviews options to deliver savings.

2.12.7 All areas of HRA spend and income will be considered when finalising the detail of the 2023/24 budget with appropriate consultation:

- Service charges will be reviewed with an option to increase these above the current assumptions to reflect the increased costs, specifically on energy prices. The consultation on rent caps does not apply to service charges.
- The investment programme will be reviewed with options presented to reduce or realign the programme.
- Other capital programmes could be delayed or reduced.





- A review of staffing levels and removal of budgeted vacant posts could be considered.
- All expenditure lines, including repairs, will be reviewed to ensure resources are directed into priority areas of the budget.
- A review of HRA earmarked reserves will be completed as a mechanism to help smooth out specific one off pressures to be paid back later.

2.13 Dedicated Schools Grant

Background

- 2.13.1 The Dedicated Schools Grant (DSG) is allocated by the Education and Skills Funding Agency (ESFA) and is the main source of income for local authorities' schools' budgets. It consists of four funding blocks: schools, high needs (special educational needs), early years and central school services (provided by the Council). The Council is forecast to receive DSG Funding of £2,107m over the next 5 years and further details are provided in **Table 2.22**.
- 2.13.2 Along with many other local authorities, Leeds is currently not receiving the full allocation of DSG due under the national funding formula, as there is a cap on some of the funding increases and this has created pressures on the DSG account. If the cap on gains had not been in place, Leeds would have been allocated an additional £32.2m of funding between 2018/19 and 2022/23 across the schools block (£9.5m) and high needs block (£22.7m). A further funding cap of £1.86m will apply in 2023/24 to the high needs block, based on provisional funding allocations released by the ESFA. Leeds is one of the 30 local authorities out of 150 that will continue to have their funding capped in 2023/24. Further detail is provided in the sections that follow.
- 2.13.3 In accordance with the Education Act, some of the DSG can be retained by the Council to provide services for schools, though the majority is passed directly on to schools and other educational settings. Funding arrangements are reviewed annually, taking into account available funding and priorities set out with the Best City Ambition and supporting strategies. A number of funding allocations are agreed following consultation with schools and the Leeds Schools Forum, a statutory board with some decision making powers. The high needs budget is however a Council decision and is approved by Full Council each year.
- 2.13.4 There is some flexibility within the regulations in how funding is allocated out to schools and it is also currently possible to move a small proportion of funding between the different blocks of the DSG to offset overspends, although this is subject to strict regulations and requires annual consultation with schools and Schools Forum approval.





Projections

- 2.13.5 As shown in **Table 2.22** below, the schools block and early years block budgets are expected to balance over the next five years, based on previous trends and forecast data.
- 2.13.6 In line with national trends, the key pressure anticipated in the MTFS for DSG relates to the high needs block, which provides funding in relation to pupils with special educational needs. The assumptions and risks associated with the projections for this funding block and plans to address the overspend are set out in further detail in the sections that follow. There is also a small pressure on the central school services block due to the phased reduction in DSG for any historical council expenditure no longer deemed eligible for funding.
- 2.13.7 **Table 2.22** provides details for each funding block and **Table 2.23** shows the projected cumulative DSG deficit at the end of each year.
- 2.13.8 **Table 2.22 – Dedicated Schools Grant projected income and expenditure**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Schools Block					
DSG Income	(340.4)	(350.5)	(357.0)	(363.0)	(368.0)
Individual Schools Budgets	333.0	342.9	349.4	355.2	360.1
De-delegated budgets	5.6	5.7	5.8	5.9	6.0
Growth Fund	1.9	1.9	1.9	1.9	1.9
	0.1	(0.0)	0.1	0.0	0.0
Central School Services Block					
DSG Income	(5.1)	(5.1)	(5.2)	(5.3)	(5.3)
CSSB Expenditure	5.2	5.3	5.4	5.5	5.6
	0.1	0.2	0.2	0.2	0.3
Early Years Block					
DSG Income	(59.0)	(57.2)	(55.4)	(53.7)	(52.0)
3 and 4 year old entitlement	48.7	47.1	45.7	44.3	42.9
2 year old entitlement	7.4	7.2	7.0	6.8	6.6
Other early years provision	3.0	2.9	2.7	2.6	2.5
	0.1	0.0	0.0	0.0	0.0
High Needs Block					
DSG Income	(108.3)	(111.0)	(113.7)	(116.7)	(119.8)
Funding passported to institutions	101.7	112.9	125.4	139.6	154.3
Commissioned services	2.7	2.8	2.9	3.0	3.0
Directly Managed by Children & Families	7.1	7.2	7.3	7.5	7.6
	3.2	11.9	21.9	33.4	45.1
Total DSG Income	(512.8)	(523.8)	(531.3)	(538.7)	(545.1)
Total Expenditure	516.3	535.9	553.5	572.3	590.5
Total Dedicated Schools Grant overspend	3.5	12.1	22.2	33.6	45.4





2.13.9 Table 2.23 – Dedicated Schools Grant projected deficit

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
DSG balance brought forward	1.0	4.5	16.6	38.8	72.4
In year deficit (from table above)	3.5	12.1	22.2	33.6	45.4
Total deficit on General DSG before further actions	4.5	16.6	38.8	72.4	117.8
Potential additional funding, if Schools Forum continued to agree a transfer 0.5% of schools block funding to the high needs block	(3.2)	(3.3)	(3.4)	(3.4)	(3.5)
Potential revised cumulative deficit	1.3	10.1	28.9	59.1	101.0

Assumptions and risks

SEND green paper

2.13.10 The Government released a SEND Green Paper for consultation in 2022, which could have significant implications for how support for pupils with SEND is delivered and funded. The consultation has now closed and we are awaiting the Government response to this. The outcome could have an impact on the projections for the high needs block, but this is too early to quantify. The Green Paper does however indicate local authorities will be required to provide additional support in certain areas, for example elective home education.

Funding Increases

2.13.11 In 2019/20, the Government also announced a three year funding settlement for the schools and high needs blocks of the DSG, providing a combined national rise of £7.1bn by 2022/23 compared to 2019/20. Local authority allocations are released on an annual basis and it is not yet known what increases may be available beyond 2023/24.

2.13.12 If increases were not as high as expected for the schools and early years blocks this would be matched by a reduction in funding allocated out to settings.

2.13.13 In relation to the central school services block funding, these projections are based on the current funding mechanism however the Department for Education (DfE) has advised there will be a future consultation on the services this block funds, and some services may become traded arrangements with schools and therefore DSG funding may reduce.

2.13.14 In relation to high needs, in the past Leeds was significantly underfunded for and in 2017/18 the high needs block funding for Leeds was 25% lower per pupil than





the national average. Since 2018/19 the Government has been moving towards a national funding formula to address historical funding differences. This is currently in a transitional phase and while the funding for Leeds has increased it is not yet at the full allocation in the national formula. In recent years Leeds received a funding increase of at least 8%, however this will reduce to 7% in 2023/24 and beyond this the DfE has advised local authorities should assume a 3% increase.

2.13.15 To provide some context for the potential impact of funding changes, every 1% change in the high needs allocation is equivalent to approximately £1.1m of funding.

Cap on gains

2.13.16 Although funding has increased since the move towards the national funding formula, some DSG funding increases have been subject to a cap on gains during the transitional period. Although this cap has been removed from the schools block from 2020/21 onwards, it is still in place for the high needs block until at least 2023/24. It is not currently known whether a cap will continue to be applied to the high needs block beyond 2023/24.

2.13.17 Although Leeds has been receiving the maximum increases allowed under the cap on gains, it is less than the national funding formula entitlement. If the cap on gains had not been in place, Leeds would have been allocated an additional £32.2m of funding between 2018/19 and 2022/23 across the schools block (£9.5m) and high needs block (£22.7m). A further funding cap of £1.86m will apply in 2023/24 to the high needs block, based on provisional funding allocations released by the ESFA. Leeds is one of the 30 local authorities out of 150 that will continue to have their funding capped in 2023/24.

High needs demand and complexity

2.13.18 In line with the national picture, Leeds has experienced an increase in high needs demand and complexity in recent years, with this trend expected to continue. However as noted above there is currently still a cap on funding increases and to date any additional funding received by Leeds has been exceeded by increased costs.

2.13.19 The projections in **Tables 2.22 and 2.23** are based on the current data for forecast population changes in special educational needs in Leeds, combined with trend analysis over the past three years. The projected increases in demand exceed the 3% increase in funding forecast beyond 2023/24. However, there are risks that increases in demand and complexity could be higher than projected, particularly in relation to the long term impact of COVID on learning and deprivation, the effects of which may only become apparent after a number of years.





Funding paid to high needs settings

- 2.13.20 For 2023/24 the ESFA has introduced a requirement for local authorities to increase funding for high needs settings by a minimum of 3% per pupil compared to 2021/22 baselines. We have assumed this continues to be the case for future years.
- 2.13.21 Places will need to be created to meet future high needs demand, and the rates payable will vary according to the type of need and setting. As some future provision is still to be developed, the projections assumes that funding rates for the increased demand will be in the middle cost band for existing settings. The modelling will continue to be updated as work continues to develop capacity for future demand.

Inflationary pressures

- 2.13.22 Current inflationary pressures will have an impact on schools and other settings, as well as on the cost of council services funded by DSG, which may in turn place more pressure on DSG.

Funding transfers between DSG blocks

- 2.13.23 Since 2017/18 a total of £15.81m has been transferred to the high needs block from other funding blocks of the DSG, in order to redirect funding to settings to support special educational needs pressures (£14.16m from the schools block and £1.65m from the central school services block).
- 2.13.24 Beyond 2023/24 it is not known whether funding can continue to be moved between DSG blocks in this way, as the DfE has indicated the ability for local authorities to do this in future will become more limited.
- 2.13.25 If funding transfers are still allowed in future, any transfers from the schools block to the high needs block would require annual consultation with schools and approval by the Leeds Schools Forum.
- 2.13.26 **Table 2.23** shows the estimated funding available if a transfer of 0.5% of schools block funding to the high needs block continued. The 0.5% transfer is in line with the current limit that Schools Forums can agree without further approval from the Secretary of State.

DSG savings plan

- 2.13.27 With effect from the end of 2019/20, new provisions were added to the School and Early Years Finance Regulations which required local authorities to carry forward any DSG overspends or deficit balances to the following year. Such deficits were to be dealt with from future DSG income, rather than being funded by the Council, unless otherwise authorised by the Secretary of State. In practice Leeds, along





with many local authorities, has historically dealt with any overspends on DSG in this way. However, the regulations are due to change at the end of the 2022/23 financial year following which local authorities will need to have sufficient funding available in other reserves to offset any DSG deficit. The government has recently consulted local authorities on the impact of this DSG provision ending at the end of 2022/23. A response to this consultation has not yet been issued.

- 2.13.28 Under the current regulations any local authority with an overall deficit on its DSG account, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in managing that situation. This includes providing information on plans for managing the DSG account and meeting with officials from the DfE as and when requested. The Secretary of State may also impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where they believe that they are not taking sufficient action to address the situation. The council has prepared an initial plan outlining existing work to manage DSG pressures and other areas to be reviewed. This will be developed further during 2022/23.

2.14 The Financial Risks

- 2.14.1 The Council's current and future financial position is subject to a number of risk management processes. Not addressing the financial pressures in a sustainable way, in that the Council cannot balance its Revenue Budget, is identified as one of the Council's corporate risks as is the Council's financial position going into significant deficit in any one year resulting in reserves (actual or projected) being less than the minimum specified by the Council's risk-based reserves strategy. Both of these risks are subject to regular review and reporting.

The Economy

- 2.14.2 The Council's and City's economic and fiscal position is clearly impacted upon by the wider national and international economic context. The performance of the UK economy in a global context will have implications for the level of resources available to the government. Any change in forecast assumptions will have implications for the government's spending plans and this in turn will impact upon the level of resources available to the public sector. Similarly changes in the government's national spending priorities or responding to particular economic pressures such as inflation may have implications for the level of resources available to local government.

Risks to funding

- 2.14.3 The Medium Term Financial Strategy makes assumptions in respect of the level of resources that are receivable through Council Tax, Business Rates and Government Grant. Any variations from these assumptions has implications for the level of resources available to the Council.





- 2.14.4 The impact of COVID-19 upon the Council's revenue budget in 2020/21 and 2021/22 was significant and the receipt of specific financial support from the Government was necessary to deliver a balanced budget position in both of those years. The Medium Term Financial Strategy 2022/23-2026/27 noted fallout of this funding. This Medium Term Financial Strategy does not provide for the ongoing impact of COVID-19. It is assumed that there will not be a requirement for further lockdowns and therefore the Council will not be required to incur specific additional expenditure relating to COVID-19. However, if the ongoing impact is greater than assumed, and no government support is forthcoming, there will be a requirement for contingency actions to be identified and implemented.
- 2.14.5 The 2021 Spending Review was published in early Autumn 2021 and covered the Government's spending plans for the years 2022/23 to 2024/25. This was followed by the Local Government Finance Settlement initially published in December 2021. However, this Settlement only covered 2022/23. Therefore, the details of how public spending on local councils would be allocated in 2023/24 and 2024/25 remain to be finalised. In addition to this, since 6th September 2022 there has been a new administration in Government, and it is uncertain whether this new administration will continue with the plans set out in the 2021 Spending Review. Therefore, the assumptions made in this Strategy are subject to change and any variations will impact upon the level of resources available to the Council either positively or negatively.
- 2.14.6 The Provisional Local Government Finance Settlement for 2023/24 is expected in December 2022. It was originally understood that these documents would cover a two-year period and would detail the Government's allocations to individual local authorities in line with the Spending Review 2021. With the new administration it is now not clear if this will be the case.
- 2.14.7 Over the period up to 2027/28 there remain uncertainties with regard to Business Rates reform, the Fair Funding Review, reforms to the New Homes Bonus Scheme and also the Government's intentions for the future funding of social care and these could impact upon the assumptions contained in this document.

Key Risks to cost assumptions

- 2.14.8 The Medium Term Financial Strategy contains a number of inherent risks which include the requirement to implement budget plans, budgets which are subject to both fluctuating demand and demographic pressures, inflation being higher than forecast and key income budgets that rely upon the number of users of a service.
- 2.14.9 In particular the war in the Ukraine has already had a significant impact upon the global price of fuel, energy and commodities and this has been realised as significant inflationary pressures in the economy. The uncertain nature and length of this conflict may yet have further implications for inflation and the pay and price assumptions contained in this financial strategy.





- 2.14.10 Specifically, there are risks that demographic and demand pressures in Adult Social Care and Children's Services could be greater than anticipated, that inflation is higher than that assumed in the Medium Term Financial Strategy and that the costs associated with managing the Council's debt is higher than budgeted assumptions. There is also significant reform on the horizon across social care. For Adults, there will be the impact of the care reforms, for which there will be additional costs however the level of Government funding for this is uncertain. For Children, the Independent Review of Children's Social Care was published earlier this year and recommended a radical reset of the Children's Social Care system. The government intends to publish an implementation strategy in response to the review before the end of the year. Key risks for the Dedicated Schools Grant (DSG) projections relate mainly to the high needs block of the DSG, which provides funding in relation to pupils with special educational needs. Future demand has been estimated based on trends and forecasts, both for population growth and increases in complexity of need, however actual demand may vary from these assumptions and the availability of places may also affect costs. In particular, the long-term impact of COVID-19 on these trends is not yet known. In addition, funding allocations are confirmed on an annual basis and there is a risk that actual funding increases will differ from the amounts assumed in the MTFS. Specifically, funding increases are currently capped, and it is not yet known how this cap will operate in future years. Lastly, a number of DSG funding decisions are made by the Leeds Schools Forum, a statutory body of education representatives from across the city, and there is a risk these decisions may impact on future DSG pressures.
- 2.14.11 There are a number of risks that are specific to the Housing Revenue Account. These include CPI being lower than the percentage figure assumed in the calculation of the rent increase in each of the years covered by this Medium Term Financial Strategy. Every 0.1% variation equates to a reduction of £0.21m in the level of resources available to support the services provided to Leeds tenants.
- 2.14.12 In addition, the position contained in this Strategy makes assumptions around rent collection rates and tenant arrears. The ongoing impact of COVID-19, a second wave of COVID-19 and the impact of the cost of living crisis upon household budgets will have implications for these assumptions and ultimately the amount that must be set aside for bad debt provision.

Capital risk

- 2.14.13 One of the main risks in developing and managing the capital programme is that insufficient resources are available to fund the programme. A number of measures are in place to ensure that this risk can be managed effectively:
- Monthly updates of capital receipt forecasts prepared, using a risk based approach, by the Director of City Development;





- Monthly monitoring of overall capital expenditure and resources forecasts alongside actual contractual commitments;
- Quarterly monitoring of the Council's VAT partial exemption position to ensure that full eligibility to VAT reclaimed can be maintained;
- Ensuring written confirmation of external funding is received prior to contractual commitments being entered into;
- The capital programme includes a central contingency to cater for any unforeseen circumstances. In addition, individual programmes and schemes contain a risk provision for unexpected circumstances; and
- Compliance with Financial Procedure rules, Financial Regulations and Contract Procedure Rules to ensure the Council's position is protected.

2.14.14 The Chief Officer – Financial Services will continue to work with service directors to ensure that capital schemes are properly developed and that a rigorous business case process is operated to demonstrate investment is aligned to Council best Ambition objectives and will deliver best value.

2.14.15 In managing the overall funding for the programme particular emphasis is placed on ensuring that contractual commitments are only made when there is reasonable certainty that the appropriate resources are available.

2.14.16 The Council recognises a number of pressures and development schemes that bring economic and wider benefits that have implications for the level of debt. The Council will look to manage these pressures and limit the impact on debt costs by ensuring where possible that new schemes are fully funded (either by external resources or departmental prudential borrowing) or are essential (under health and safety grounds or in order to ensure Council assets are maintained for continued service provision). A revised approach to ensuring that new capital schemes are prioritised and injected at two points in the year has been implemented. This strategy does however allow for spend to save schemes that are supported by robust business cases or those of an immediate health and safety nature to be injected throughout the year. These principles continue to be key to the review of the Capital Programme being undertaken in Autumn 2022.

2.14.17 The Council's capital programme faces significant inflationary pressures as the result of a range of factors – not least the impact of EU exit and the COVID-19 pandemic on supply chains, increased labour costs and energy price pressures affecting the availability and cost of key construction materials such as steel, cement and bricks which require high energy use for their production. The Autumn review will include consideration of the impact of current high rates of inflation on schemes currently being delivered and those planned. In year pressures arising





Part 3: Financial Assurance

3.1 Assurance

3.1.1 This section of the Strategy details the arrangements that the Chief Officer – Financial Services has established to provide assurance that, in respect of the management of public financial resources that the Council has in place effective and robust arrangements for financial planning, financial control and other financial management activities. These provide the assurance that the current arrangements set out below comply with the requirements of the Chief Finance Officer protocol as set out in Section 5k of the Council's constitution.

3.2 Governance Structure

- 3.2.1 In the context of the terms of reference for the Council's Corporate Governance and Audit's Committee, which is to review the adequacy of policies and practices to ensure compliance with statutory and other guidance, the Chief Officer – Financial Services produces an annual report which provides assurance that the Council has in place effective and robust arrangements for financial planning, financial control and other financial management activities.
- 3.2.2 The role of the Chief Officer – Financial Services, the Section 151 officer, is critical in ensuring that the financial resources of the Council are safeguarded. In accordance with CIPFA's statement on the role of the Chief Financial Officer in local government, the Chief Officer – Financial Services reports directly to the Director of Resources; is a member of the Council's Leadership Team, attends Executive Board; has advance notice (including receiving agendas, minutes, reports and related papers) of all relevant meetings of the Authority; has the right to attend any meeting of the Authority; and has sufficient resources to enable them to address any matters concerning their Section 151 functions.
- 3.2.3 The Budget Accountability Framework, approved in October 2014 and amended in March 2015, sets out how the Council manages its budget. The framework sets out these key roles, the way in which they inter-relate and how budget management accountability is exercised and evidenced.
- 3.2.4 The revenue budget principles, approved by Executive Board in July 2019, support the budget process and need to be complied with in conjunction with compliance with the Council's Budget and Policy Framework, the Budget Management Accountability Framework and detailed guidelines provided for setting budgets. The capital programme principles have been developed to enable focus on the purposes of the Capital Programme and to seek agreement for the use of limited resources.
- 3.2.5 The Chief Officer – Financial Services, as Section 151 officer, is responsible for systems of financial control and, as a part of this system of control, Financial





Regulations provide a framework for managing the Council's financial affairs. This system of control ensures that the financial transactions of the Council are recorded as soon as, and as accurately as, reasonably practicable, they enable the prevention and detection of inaccuracies and fraud and ensure that risk is appropriately managed.

- 3.2.6 The Council's Contract Procedure Rules (CPRs) set out the key responsibilities and actions that Council staff must follow when undertaking procurements. They support staff to meet legislative requirements and to meet the Council's ambitions for procurement, the Council's procurement strategy, and related policies and procedures. They also support staff to deliver effective procurement.
- 3.2.7 A report received at July 2020's Corporate Governance and Executive Board detailed the process the Council must follow for the submission of an emergency budget and provides assurance that the proposed measures would be both agreed by Council's Executive Board and consulted upon prior to Full Council consideration of the proposals.
- 3.2.8 The Council has tried and trusted arrangements for treasury management which comply with CIPFA's Code of Practice on Treasury Management and Prudential Code. An annual Treasury Management Governance Report which reports on the robustness of these arrangements is received at the Council's Corporate Governance and Audit Committee.

3.3 Internal Audit and Systems of Control

- 3.3.1 The Public Sector Internal Audit Standards outline that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. On behalf of the Corporate Governance and Audit Committee and the Section 151 Officer, Internal Audit acts as an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. The work of Internal Audit contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing Best City Ambition objectives in an efficient and effective way. The independent check and challenge provided by Internal Audit provides an important source of assurance for the Section 151 Officer in exercising statutory responsibility for the financial administration of the Council.
- 3.3.2 Each financial year, a risk based Internal Audit Plan is put together incorporating a review of information from a range of sources including strategic plans and risk registers. The Internal Audit Plan is designed to promote the effective and efficient use of resources across the organisation and is subject to constant review throughout the financial year to ensure that coverage is prioritised and directed towards the areas of highest risk. This ensures that audit and consultancy work is aligned with new projects, emerging risks and shifting medium-term priorities.





- 3.3.3 The challenging financial climate that provides the backdrop for the Medium Term Financial Strategy underlines the importance of effective financial control and resilience. The Internal Audit Plan includes annual reviews of the council's key financial systems, providing assurance that the financial systems that are fundamental to the Council's operations remain effective and work well in practice.
- 3.3.4 Internal audit coverage is spread across directorates and risk areas, ensuring that there is a balance between breadth (taking a broad look at governance and risk management) and depth (drilling down into specific areas where internal audit can provide a valuable insight). The reviews undertaken throughout the year cover a range of functions including finance and procurement. The achievement of value for money is a primary consideration throughout each piece of Internal Audit work, providing valuable assurance on the effective use of the Council's resources.
- 3.3.5 Each piece of audit work results in an audit report that provides, where appropriate, an assurance opinion along with highlighting areas for improvement and recommended actions to address the identified risks. A follow up audit is undertaken to provide assurance on the actions implemented for all reviews that have resulted in limited or no assurance opinions. This helps to contribute to a culture that is geared towards continual improvement.
- 3.3.6 Leeds City Council is committed to the highest standards of openness, probity and accountability. To underpin this commitment, the Council takes a zero tolerance approach to fraud and corruption and is dedicated to ensuring that the organisation operates within a control environment that seeks to prevent, detect and take action against fraud and corruption. As custodians of the Council's anti-fraud and corruption policy framework and owners of the fraud and corruption risk, Internal Audit adopts an overarching responsibility for reviewing the Council's approach to preventing and detecting fraud. This is fundamental to safeguarding financial resources at a time when it is vitally important to make every pound go further.

3.4 Financial Assurance and Resilience

- 3.4.1 The Council has a proven and comprehensive approach to the development of its Medium Term Financial Strategy, its annual budget setting and the identification of savings plans. The Medium Term Financial Strategy covers a five year period and incorporates the Council's capital strategy. This Medium Term Financial Strategy recognises the requirement for the Council's revenue budget to become more financially resilient and sustainable whilst at the same time reducing the risks associated with funding recurring revenue through mechanisms such as capital receipts and capitalisation.
- 3.4.2 Budget management and monitoring is a continuous process which operates at a number of levels throughout the Council. The Council's budget accountability framework clearly articulates roles and responsibilities and aligns financial





- In recognition of the financial challenge the Council faced in 2021/22 from an unprecedented event the Council established a Strategic Contingency Reserve in 2020/21 which will be used to fund future unforeseen budget pressures and to ensure the Council becoming more financially resilient. In addition, two specific reserves have been established as part of these proposals to deal with variations in assumptions with regard to the recovery from COVID and the impact of higher energy costs.
- In addition to specific directorate/service risks, the collection of council tax and the generation of business rate yields are two key risks which need to be closely monitored.
- Where the budget assumes the generation of additional capital receipts from property and land sales which are utilised to offset PFI liabilities and fund transformational programmes using the government's capital receipts flexibilities, the timing of the delivery of these receipts needs to be closely monitored and contingency actions identified should there be any slippage to budgeted assumptions.
- Under the Business Rates Retention Scheme, the Council's local share of business rates is exposed to risks both from collection and from reductions in rateable values.
- Business rates income continues to be a significant risk, however, as is also the case for council tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the current financial year, although this will be an issue in future financial years.
- The Council's financial controls are set out in the Council's financial regulations as described in the previous section. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate and corporate levels. Each month Executive Board receives a risk-based financial health report from each directorate and action plans are utilised to manage and minimise any significant variations to approved budgets.
- In July 2019 Executive Board agreed the adoption of principles which were developed to support both the determination and management of the revenue budget. Adoption of these principles results in a more robust and accountable approach to budget management which closely aligns itself with the principles set out in CIPFA's Financial Management Code which was fully implemented by the start of the 2021/22 financial year.

3.5.4 In determining whether a budget is robust and that the level of reserves is adequate in any of the financial years covered by the Medium Term Financial Strategy, the Chief Officer – Financial Services will consider that a proposed budget is robust and that the level of reserves are adequate when:





- Directors and other budget holders accept their budget responsibilities and subsequent accountability.
- The level of reserves is in line with the risk based reserves strategy, but their enhancement will be a prime consideration for the use of any fortuitous in-year savings. As such, this Medium Term Financial Strategy provides for further contributions to the Council's reserves.
- Risk based budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action.
- The budgets which contain a number of challenging targets and other actions should be clearly identified and as such are at this time considered reasonable and achievable.
- Budget risks are identified and recorded and will be subject to focused control and management.
- For each of the financial years covered by the Medium Term Financial Strategy that Directorates have in place budget action plans which set out how they will deal with variations during the year.
- There is a clear understanding of the duties of the Council's statutory financial officer and that the service implications of these being exercised are fully understood by Members and senior management alike.

3.5.5 Any ongoing impact of COVID-19 has not been factored into the Council's financial assumptions for the period covered by this Medium Term Financial Strategy. . It is assumed that there will not be a requirement for further lockdowns and therefore the Council will not be required to incur specific additional expenditure relating to COVID-19. In addition, it is assumed that income realisable from sales, fees and charges returns to pre-COVID levels. These assumptions are consistent with the Government's current level of financial support which assumes that there will be no ongoing financial impact of COVID. .

3.5.6 The impact of the inflation (pay and price) key assumptions in each financial year covered by the Medium Term Financial Strategy is detailed within this report. However, this is only an estimate of the likely impact of inflation and the impact of events and changes in policy at both national and international levels will have implications for these assumptions.

3.5.7 The statement by the Chief Officer – Financial Services on the robustness of the 2023/24 budget, which will be received at Full Council in February 2023, will reflect that if COVID-19 and inflationary pressures have an impact upon the Council's revenue budget and no additional Government support is forthcoming, then the impact will need to be managed within the Council's approved budgets.





3.6 Level of Reserves and Balances

- 3.6.1 Under the 2003 Local Government Act, the Council's Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves as a part of the annual budget setting process. It is also good practice for the Authority to have a policy on the level of its general reserve and to ensure that it is monitored and maintained.
- 3.6.2 The purposes of the general reserve policy are to help longer-term financial stability and mitigate the potential impact of future events or developments which may cause financial difficulty. General and useable reserves are a key measure of the financial resilience of the Council, allowing the Authority to address unexpected and unplanned pressures.
- 3.6.3 The general reserve policy encompasses an assessment of financial risks both within the Medium Term Financial Strategy and also in the annual budget. These risks should include corporate/organisation wide risks and also specific risks within individual directorate and service budgets. This analysis of risks should identify areas of the budget which may be uncertain and a quantification of each "at risk" element. This will represent the scale of any potential overspend or income shortfall and will not necessarily represent the whole of a particular budget heading. Each assessed risk will then be rated and scored in terms of impact and probability.
- 3.6.4 Whilst the Council maintains a robust approach towards its management of risk, and especially in the determination of the level of reserves that it maintains, it is recognised that our reserves are lower than those of other local authorities of a similar size. However, as detailed in this Medium Term Financial Strategy the Council has made provision to address this position while having minimum impact on front line services.
- 3.6.5 The Medium Term Financial Strategy recognises the requirement to keep the level of the Council's reserves under review to ensure that they are adequate to meet the identified risks. Grant Thornton's Annual Audit Letter for the year ended 31st March 2020 noted that "the Council should consider the adequacy of its reserves going forward and the appropriate level of balances which should be linked to the approved MTFS, and which should be reviewed each year."
- 3.6.6 In accordance with this recommendation this Medium Term Financial Strategy assumes that reserves will be at £33.2m in 2022/23 and will rise to £48.2m by 2027/28. The indicative general reserve levels from 2022/23 to 2027/28 are set out in **Table 3.1**. This position assumes that a balanced budget position is delivered in 2022/23.





the carry forward of budget into the following financial year; the requirement for Directors to deliver a balanced budget; the requirement to manage budget pressures with no overspend in budgets unless there is a safeguarding/statutory need and; the requirement to manage a required reduction in expenditure where a revenue grant ceases in year.

- 3.7.5 The capital principles have been developed to enable focus on the purpose of the capital programme and to seek agreement for the use of limited resources. These principles cover the requirement for the Programme to be compiled at project level for a 10 year period; the profiling of capital expenditure into the correct financial years; and when a capital scheme has been completed the business case and outcomes reviewed to ensure that the targeted outcomes have been achieved.
- 3.7.6 The capital principles also cover the utilisation of capital resources and the approval process for capital projects. These principles also contain the requirement for the revenue implications of the proposed scheme to be clearly identified and include ongoing operating costs and lifecycle costs as well as the cost of any prudential borrowing including MRP and interest.
- 3.7.7 Adoption of these revenue and capital principles results in a more robust and accountable approach to budget management which closely aligns itself with the principles that are set out in CIPFA's Financial Management Code, which all local authorities were required to fully implement by 1st April 2021.

3.8 Assurance Statement

- 3.8.1 The Head of Internal Audit is required to deliver an annual internal audit opinion and report that can be used by the Council to inform its Annual Governance Statement, which is reported to Councillors and must accompany the statement of accounts.
- 3.8.2 The annual internal audit opinion is a culmination of the work performed by Internal Audit during the course of the year and provides the Head of Audit's opinion based on an objective assessment of the framework of governance, risk management and control.
- 3.8.3 Effective governance, risk management and control arrangements are key to enabling the Council to achieve its strategic outcomes and provide services in a cost effective way. The continual review of these arrangements and the annual assurances delivered by the Head of Audit help to provide confidence in the conditions that exist to support the successful delivery of the Medium Term Financial Strategy.





Part 4: Financial Strategies

4.1 Financial Strategies

4.1.1 The purpose of the Council's financial strategies are that they provide the framework within which the Council will plan, procure, prioritise and manage its capital investment and financing decisions in support of the delivery of the council's priorities which are set out in the Best City ambition and delivered through this Medium Term Financial Strategy.

4.2 Capital Strategies

4.2.1 The requirement for a Capital Strategy is included in the revised Prudential Code for Capital Finance in Local Authorities 2017. The Prudential Code was developed by CIPFA (Chartered Institute of Public Finance and Accountancy) as a professional Code to support Councils in taking their decisions. Councils are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003

4.2.2 The Capital Strategy sets out the principles that support the Council's 10 year capital programme and as such how it supports corporate priorities and objectives.

4.2.3 The Capital Strategy sets the framework for all aspects of the Council's capital expenditure and capital investment decisions. It will support strategic planning, asset management and proper option appraisal.

4.2.4 The key aims of the Strategy are to:

- Ensure that decisions are made within the framework, CIPFA codes and statutory legislation;
- Prioritise and deploy capital resources in line with corporate priorities;
- Support service plans;
- Address major infrastructure investment;
- Support the review of the Council's estate and provide investment to ensure that it is fit for purpose;
- Enable investment on a spend to save basis;
- Create sustainable income streams through capital investment;
- Support the revenue budget and assist in the delivery of budget decisions;
- Support economic growth and outcomes; and
- Attract investment in the City through third party, grants or private matched funding.





4.2.5 Capital investment decisions should be undertaken with regard to:

- Service objectives;
- Proper stewardship of assets;
- Value for money – through option appraisal;
- Prudence and sustainability;
- Affordability; and
- Practicality – achievability of the forward plan

4.2.6 The Investment Strategy brings together information on all of the council's investment activities, covering its Treasury Management investments, other service related loans and investments and non-financial investment activity such as the acquisition of investment properties.

4.2.7 The aim of the strategy is to enhance transparency and accountability by presenting a clear picture of all of the council's investment activity, including the contribution made by investments to the council's objectives, the decision-making process for entering into investments, the exposure to risk, and the risk management arrangements in place.

4.3 Procurement Strategy

4.3.1 The Procurement Strategy 2019 to 2024 was updated in June 2019 and detailed on the Council web site. The Council currently spends approximately £1 billion externally each year, across revenue, capital, HRA and grant monies. The purpose of the procurement strategy is to ensure that the Council continually seeks to improve outcomes and deliver value for money from the goods, works and services that it buys. The Procurement Strategy is a "living" document which is kept under constant review, and annual procurement assurance reports are provided to Corporate Governance and Audit Committee

4.3.2 The Strategy identifies the following 5 key areas for procurement:

- **Value for money and efficiency.** The strategy ensures that the Council gets maximum value from its contracts through best value and innovative procurement practice by adopting a consistent corporate approach to commissioning; adopting a clearly identified savings strategy and continuing to use a category management approach to procurement.
- **Governance.** We will ensure compliance with the Contract Procedure Rules, the Council's Constitution and public procurement law (including the Public Contracts Regulations 2015) in order to manage procurement risk and to comply with legal requirements. Having good governance means our contracts are procured properly thereby ensuring we are testing the market with clear terms and conditions and avoiding the cost of legal challenge from failing to abide by the procurement rules.





- **Social value and Living Wage.** We will seek to improve economic, social and environmental wellbeing from our contracts, over and above the delivery of the services directly required. By including social value outcomes in our contracts and encouraging our contractors to pay the Foundation Living Wage we ensure that we are making every £ spent go further.
- **Commercial opportunities.** In many cases market development is led by the commissioning teams within directorates and, in collaboration with Procurement and Commercial Services, those teams will continue to seek new ways to develop and create commercial opportunities, not just by promoting revenue generation, but by looking at how we engage with, and influence, the marketplace and potential suppliers in order to drive innovation and develop new ideas around service delivery.
- **Supplier engagement and contract management:** Within the Council responsibility for contract management lies firmly within directorates and this will continue. All directorates manage their strategic supplier relationships through continuous engagement with their suppliers and ensure effective management of all contracts from beginning to end in order to control costs, obtain the quality outcomes and performance levels set out in the contract (including in respect of social value), and minimise the level of risk. By engaging with suppliers and undertaking robust contract management we ensure that the council gets what it is are paying for.

4.4 Treasury Management Strategy

4.4.1 The Treasury Management Strategy seeks to manage the long-term borrowings of the council and the short-term cash flow resources of the council consistent with maximising opportunities for delivering value consistent with the low risk appetite of the Council. The strategy also sets out how it will fund the requirements of the capital programme. Specific objectives are to:

- Reduce the cost of debt management;
- Ensure that the management of the HRA and general fund is treated equally, and new accounting principles are examined to provide benefits where possible;
- Effect funding at the lowest point of the interest rate cycle;
- Maintain a flexible approach regarding any financial matters that may affect the Authority;
- Keep under constant review advice on investment/repayment of debt policy;
- Maintain a prudent level of volatility dependent upon interest rates;
- Set upper and lower limits for the maturity structure of its borrowings and to





maintain a reasonable debt maturity profile;

- Specifically ensure that Leeds City Council does not breach Prudential Limits approved by the Council;
- Ensure that the Treasury Management Policy Statement is fully adhered to in every aspect.

4.4.2 In accordance with CIPFA Code of Practice on Treasury Management fully revised fifth Edition 2021 the Council is adopting, as part of their standing orders and financial procedures, the following clauses:

- This Authority will create and maintain, as the cornerstones of effective treasury management:
 - A Treasury Management Policy Statement (TMPS), stating the policies and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMP's), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. A full set of TMP's are maintained on the Treasury Section
- The Executive Board will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a half year update and an annual report after its close, in the form prescribed in its TMP's.
- This organisation delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive Board, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's TMPS and Treasury Management Practices and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
- This organisation nominates the Corporate Governance and Audit committee to be responsible for ensuring the effective scrutiny of the treasury management strategy and Policies
- The 2021 Codes are currently being reviewed in detail and the main impact is in relation to the commercialisation agenda and borrowing primarily for investment for yield. It is anticipated that any changes will be in place for the setting of the Annual Treasury Management Strategy for 2023/24.





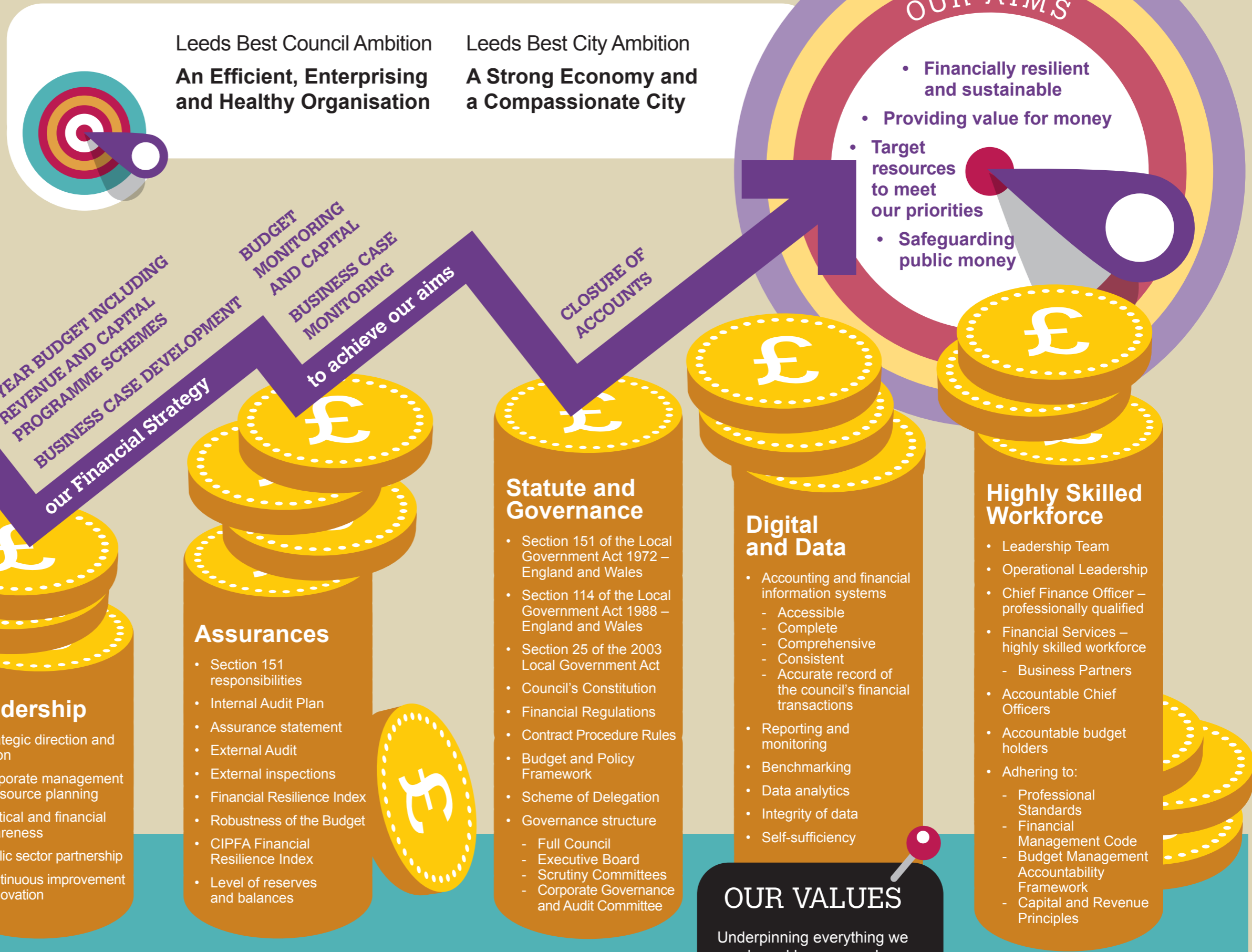
- 4.4.3 Whilst this Treasury management Policy Statement outlines the procedures and considerations for the treasury function as a whole, requiring revision occasionally, the Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. The strategy is submitted to the Executive Board for approval before the commencement of each financial year.
- 4.4.4 The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates (for instance, the Council may postpone borrowing if fixed interest rates are falling).
- 4.4.5 The Treasury Management Strategy is also concerned with the following elements:
- the prospects for interest rates;
 - the limits placed by Council on treasury activities (per this TMPS);
 - the expected borrowing strategy (including forward start borrowing);
 - the temporary investment strategy;
 - the expectations for debt rescheduling.
- 4.4.6 The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using published forecasts where applicable) and highlight sensitivities to different scenarios.



FINANCIAL STRATEGY 2020 – 2025

HELPING DELIVER THE BEST COUNCIL PLAN

Our Financial Strategy is helping us become more financially sustainable and resilient, safeguarding public funds whilst achieving value for money. This will ensure we are well placed to respond to the significant funding uncertainties and pressures we face and to target our money to where it can make the most difference.



Leeds Best Council Ambition
An Efficient, Enterprising and Healthy Organisation

Leeds Best City Ambition
A Strong Economy and a Compassionate City

OUR AIMS

- Financially resilient and sustainable
- Providing value for money
- Target resources to meet our priorities
- Safeguarding public money

OUR VALUES

Underpinning everything we do and how we work

Financial Strategies

- Capital Strategy
- Procurement Strategy
- Treasury Strategy
- Risk Management Strategy

Leadership

- Strategic direction and vision
- Corporate management – resource planning
- Political and financial awareness
- Public sector partnership
- Continuous improvement / innovation

Assurances

- Section 151 responsibilities
- Internal Audit Plan
- Assurance statement
- External Audit
- External inspections
- Financial Resilience Index
- Robustness of the Budget
- CIPFA Financial Resilience Index
- Level of reserves and balances

Statute and Governance

- Section 151 of the Local Government Act 1972 – England and Wales
- Section 114 of the Local Government Act 1988 – England and Wales
- Section 25 of the 2003 Local Government Act
- Council's Constitution
- Financial Regulations
- Contract Procedure Rules
- Budget and Policy Framework
- Scheme of Delegation
- Governance structure
 - Full Council
 - Executive Board
 - Scrutiny Committees
 - Corporate Governance and Audit Committee

Digital and Data

- Accounting and financial information systems
 - Accessible
 - Complete
 - Comprehensive
 - Consistent
 - Accurate record of the council's financial transactions
- Reporting and monitoring
- Benchmarking
- Data analytics
- Integrity of data
- Self-sufficiency

Highly Skilled Workforce

- Leadership Team
- Operational Leadership
- Chief Finance Officer – professionally qualified
- Financial Services – highly skilled workforce
 - Business Partners
- Accountable Chief Officers
- Accountable budget holders
- Adhering to:
 - Professional Standards
 - Financial Management Code
 - Budget Management Accountability Framework
 - Capital and Revenue Principles

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Work Programme

Date: 7 November 2022

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy & Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The report sets out the 2022/23 work programme for the Scrutiny Board (Strategy & Resources) and is reflective of board member discussions to date.

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.

Members will be invited to review and discuss the work schedule at each public Scrutiny Board meeting that takes place during the 2022/23 municipal year.

Recommendations

- a) Members are requested to consider and discuss the Scrutiny Board's work schedule for the 2022/23 municipal year.

What is this report about?

- 1 A draft work schedule for the Strategy & Resources Scrutiny Board is presented at Appendix 1 for consideration and discussion. Reflected in the work schedule are known items of scrutiny activity, including performance and budget monitoring, identified Budget and Policy Framework items and recommendation tracking.
- 2 The latest Executive Board minutes from the meetings held on 21 September and 19 October 2022 are also attached as Appendix 2 and 3. 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 consider any matter where specific scrutiny activity may also be warranted.
- 3 For information, the Scrutiny Board Procedure Rules state that, where appropriate, all terms of reference for work undertaken by Scrutiny Boards will include a review of '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'.

Changes to the Work Programme since the last meeting

- 4 As the work of the Board evolves changes to the Work Programme become necessary to prioritise and fit agenda items in at appropriate times. Since the last meeting in September only minor adjustments have been made. The Board will have one working group in December focussing on budget savings proposals for 2023/24 which forms part of the consultation with Scrutiny that is undertaken in line with the Council's Budget and Policy Framework. The date for this meeting will be communicated to Board members as soon as it is agreed.
- 5 Following adjustments to Scrutiny Board remits undertaken earlier this year Civic Enterprise Leeds now falls under Strategy and Resources. It is now planned that an item from Civic Enterprise Leeds will be brought to the Board in February to reflect the adjustment in remits and receive an update from that service.

What impact will this proposal have?

- 6 All Scrutiny Boards are required to determine and manage their own work schedule for the municipal year.
- 7 The draft work schedule is reflective of the requests to date from members of the Strategy & Resources Scrutiny Board.

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

Health and Wellbeing Inclusive Growth Zero Carbon

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

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 9 To enable Scrutiny to focus on strategic areas of priority, it is recognised that each Scrutiny Board needs to establish and maintain an effective dialogue with relevant Directors and Executive Board Members.
- 10 The Vision for Scrutiny also states that Scrutiny Boards should seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources prior to agreeing items of work.

What are the resource implications?

- 11 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.
- 12 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.
- 13 Consequently, when establishing their work programmes Scrutiny Boards should:

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

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

14 This report has no specific risk management implications.

What are the legal implications?

15 This report has no specific legal implications.

Options, timescales and measuring success

What other options were considered?

16 The work programme is reflective of the requests of the Scrutiny Board members to date and will be reviewed by the Scrutiny Board at each meeting of the municipal year.

How will success be measured?

17 The work of all Scrutiny Boards will be reviewed and summarised in an Annual Report, which is presented for consideration by Council at the start of the next municipal year.

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

18 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.

Appendices

- Appendix 1: Draft work programme 2022/23
- Appendix 2: Executive Board minutes 21 September 2022
- Appendix 3: Executive Board minutes 19 October 2022

Background papers

- None

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Appendix 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2022/23 Municipal Year

June	July	August
<u>Meeting Agenda for 20 June 2022</u>	<u>Meeting Agenda for 25 July 2022</u>	No Scrutiny Board meeting scheduled.
Scrutiny Board Terms of Reference / Sources of Work (DB) / Co-opted members reports Performance Update (PM) Financial Outturn (PM) Procurement update: contracts, T&Cs and monitoring of those T&Cs.	Digital Strategy Update Agile Working and Estate Realisation Recruitment and Retention Area based income assessment (council tax and business rates)	
Working Group Meetings		
	4/7/22 – remote session: budget assumptions & impact of external factors such as inflation	
Site Visits		

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 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2022/23 Municipal Year

September	October	November
<u>Meeting Agenda for 26 September 2022</u>	No meetings	<u>Meeting Agenda for 7 November 2022</u>
Electoral Services Update (PM) Annual Corporate Risk Management Report (PM) Customer Contact (PDS)		Leeds 2023 including update on Community Committee / ward member engagement (PM) Financial Health Monitoring & Impact of Inflation and Medium term financial strategy (PM) Replacement for the UK Shared Prosperity Fund (PM)
Working Group Meetings		
Site Visits		

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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 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2022/23 Municipal Year

December	January	February
<u>Meeting Agenda 12 December 2022</u>	<u>Meeting Agenda for 16 January 2023</u>	<u>Meeting Agenda for 20 February 2023</u>
Devolution – one year on (PM) Staff Inclusion: to include staff network representation (PM) Consultation & Communication (PSR) Core Business Transformation (PSR)	Performance Report (PM) 2023/24 Initial Budget Proposals (PDS)/ Financial Health Monitoring (PSR) Best City Ambition update (PSR) Waste Strategy for Leeds [joint inquiry follow-up] (PDS)	FOI: progress on performance, potential for automation (PSR) Procurement update (2) (PM) Civic Enterprise Leeds – Update Report (PM)
Working Group Meetings		
Budget Working Group [TBC]		
Site Visits		

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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 1 Scrutiny Board (Strategy & Resources) Work Schedule for 2022/23 Municipal Year

March	April	Notes
Meeting Agenda for 27 March 2023	No Scrutiny Board meeting scheduled.	Items to be scheduled
Statement of Recommendations / Actions: Procurement Understanding the extent of works included within service planning that remains unfunded. End of Year Summary Statement		
Working Group Meetings		
Site Visits		

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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

EXECUTIVE BOARD

WEDNESDAY, 21ST SEPTEMBER, 2022

PRESENT: Councillor J Lewis in the Chair

Councillors S Arif, A Carter, S Golton,
D Coupar, M Harland, H Hayden, J Pryor,
M Rafique and F Venner

39 **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 1 to the report entitled, ‘Design and Cost Report, Proposed Redevelopment of 6-32 George Street’, referred to in Minute No. 50 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 this appendix contains financial details and commercial information which, if disclosed, would adversely affect the business of the Council and the business affairs of Town Centre Securities, and as such it is deemed that in all circumstances of the case, the public interest in maintaining the exemption from publication outweighs the disclosure of such information contained within the appendix.

40 **Late Items**

Due to the period of national mourning that followed the passing of Her Majesty Queen Elizabeth II and the public holiday within that to mark the day of her Majesty’s State Funeral on Monday 19 September 2022, and given the unforeseen and fast paced nature of such matters, the meeting had been convened at short notice, under the provisions of the Executive and Decision Making Procedure Rule 2.2.

Supplementary Information – Agenda Item 8 – Local Plan Update 1 (Publication Draft)

Prior to the meeting Board Members had been provided with supplementary information in the form of a revised ‘Water 6A: Safe Access and Egress’ policy section within Appendix 1 to that report, which had been updated in light of the Government’s amended Planning Practice Guidance of 25 August 2022. (Minute No. 46 refers).

Supplementary Information – Agenda Item 16 – Financial Health Monitoring 2022/23 - Month 4 (July)

Prior to the meeting Board Members had been provided with supplementary information in the form of an updated Appendix 3 to that report. (Minute No. 53 refers).

41 Declaration of Interests

There were no interests declared at this stage of the meeting, however, during the consideration of agenda item 8 (Local Plan Update 1 (Publication Draft)), Councillor Golton drew to the Board's attention the fact that he was Vice President of Leeds Allotment Federation. (Minute No. 46 refers).

42 Minutes

RESOLVED – That the minutes of the previous meetings held on 27th July 2022 and 5th September 2022 respectively, be approved as correct records.

RESOURCES

43 Taxi & Private Hire Licensing - Results of consultation on suitability (minor motoring convictions)

Further to Minute No. 95, 16th October 2019, the Director of Communities, Housing and Environment submitted a report on the regional and national initiatives to review and update hackney carriage (taxi) and private hire policies and ways of working which the Council had participated in, with specific reference to the Council's approach to suitability and whether an individual was a fit and proper person to hold a licence. The report set out the results of consultation undertaken regarding proposed changes to one of the criteria within the Council's Suitability and Convictions policy for taxi and private hire licence holders which related to points on individuals' driving licences for minor motoring convictions, and which presented the Licensing Committee's recommendation for a revised criterion on such matters, as considered by that Committee at its meeting on 9th August 2022 (Minute No. 18 refers).

In introducing the report, the Executive Member for Resources emphasised the key role played by the taxi and private hire trade across the city, provided details on the actions and range of consultation and engagement which had taken place since the Council's adoption of the Suitability and Convictions policy in 2019 which had led to the current position, and highlighted the proposals which were submitted for consideration to the Board regarding its policy for minor motoring convictions, as recently recommended by the Licensing Committee.

In considering the matter, a Member raised concerns regarding the proposals and questioned whether they were a proportionate response when considering the number of drivers which would be affected by such proposals. Concerns were also raised in respect of elements of the consultation undertaken, and as such made a request that this issue be referred to the appropriate Scrutiny Board prior to any final decisions being taken, so that the

matter, together with any findings from Scrutiny Board, could be revisited and determined by Executive Board at the appropriate time.

In response, it was highlighted that the proposals being put forward were in line with Statutory Guidance, as issued by the Department for Transport, and would be consistent with the approach which had been adopted by other West Yorkshire and York Authorities.

The Board acknowledged the comments made during the discussion, including the specific request to refer this matter to the relevant Scrutiny Board, however, in conclusion, it was

RESOLVED –

- (a) That following consideration of this matter by the Licensing Committee on 9th August 2022, the following be agreed as the basis for the Council's new policy for minor motoring convictions:-
- (i) Applications for a new taxi or private hire driver licence will not be granted when an applicant has 7 or more points for minor motoring convictions showing on their driving licence;
 - (ii) Existing licence holders reaching 7 or more points for minor motoring convictions will receive a warning and will only be required to attend appropriate training;
 - (iii) Existing licence holders reaching 9 points or more for minor motoring convictions and who have previously attended training under this policy may have their licence refused or revoked dependent on the individual circumstances of the driver concerned and offences committed. In considering such action, the intention of the policy will be to only refuse or revoke a licence where there are very clear concerns for public safety.
- (b) That it be noted that the Licensing Committee has determined that for an initial 12-month pilot, any decision to revoke a licence on the basis of minor motoring convictions will be determined by a Licensing Sub Committee.

(Under the provisions of Council Procedure Rule 16.5, Councillor A Carter required it to be recorded that he voted against the decisions referred to within this minute)

ADULT AND CHILDREN'S SOCIAL CARE AND HEALTH PARTNERSHIPS

44 Ombudsman's Public Report

The Director of Adults and Health submitted a report informing the Board of the Local Government and Social Care Ombudsman's findings and recommendations, as contained within a public report, in respect of a complaint made against the Council regarding the standard of residential care provided to an individual and with regard to charges made for care. The report provided an update on, and assurance regarding the effective actions which the Council was taking in response to the Ombudsman's recommendations,

as detailed within the associated Action Plan, presented as Appendix 2 to the submitted report.

The Executive Member for Adult and Children's Social Care and Health Partnerships introduced the report, emphasising that the Council accepts the Ombudsman's findings and has proactively responded to them via the action plan, presented to the Board. The Executive Member also took the opportunity to reiterate the Council's apology to the family affected, for the distress caused to them. Further detail was then provided on the key findings of the Ombudsman's report together with the actions being taken in response to them.

In response to a Member's enquiry, the Board was provided with assurance that all necessary measures, as recommended by the Ombudsman, had been put in place, and that the care home sector had been informed of the Council's resultant changes in practice, which would require changes in practice for the care home sector also.

RESOLVED –

- (a) That the actions being taken by the Council in response to the Local Government and Social Care Ombudsman's recommendations, be noted, with the associated Action Plan, as detailed at Appendix 2 to the submitted report also being noted;
- (b) That the Local Government and Social Care Ombudsman's Report (Appendix 1) together with the Ombudsman's comments (under point 90 of the submitted report), be noted; with it being acknowledged that both the Council and the Care Home Provider have accepted the Ombudsman's findings and agreed to implement the recommendations.

ECONOMY, CULTURE AND EDUCATION

45 Outcome of the consultation on a proposal to establish a resource provision at Iveson Primary School

The Director of Children and Families submitted a report presenting the outcomes from the stakeholder consultation undertaken between June and July 2022 on a proposal to establish a resource provision at Iveson Primary School with effect from September 2023. The report summarised the consultation responses received and sought approval for the publication of a statutory notice on a proposal to establish a resource provision which would support pupils who had Education Health and Care Plans.

RESOLVED –

- (a) That in noting the outcomes from the informal consultation undertaken, as detailed within the submitted report, the publication of a statutory notice on a proposal to establish a resource provision at Iveson Primary School from September 2023, be approved;

- (b) That it be noted that the responsible officer for the implementation of such matters is the Head of Learning Inclusion.

INFRASTRUCTURE AND CLIMATE

46 Local Plan Update 1 (Publication Draft)

Further to Minute No. 14, 23 June 2021, and further to the consideration of such matters at Development Plan Panel (6th September 2022), the Director of City Development submitted a report which sought endorsement of the Local Plan Update 1 Publication Draft policies, as submitted, and which sought approval to undertake public consultation on the Publication Draft, as well as accompanying consultation documentation. The report outlined how the Plan looked to introduce new, or revised planning policies to help further address the imperative of the climate emergency, improve health and wellbeing and address the ecological emergency. In addition, the report included a summary of the proposed draft policies as well as details of previous statutory and non-statutory consultation that had informed them.

Prior to the meeting Board Members had been provided with supplementary information in the form of a revised 'Water 6A: Safe Access and Egress' policy section within Appendix 1 to this report, which it was noted, had been updated in light of the Government's amended Planning Practice Guidance of 25 August 2022.

By way of introduction to the report the Executive Member for Infrastructure and Climate highlighted the key aspects and objectives of the draft policies, how they were ambitious and aspirational in nature, and how they were consistent with the Council's relevant existing plans and strategies. In conclusion, the Executive Member extended her thanks to all who had contributed towards developing the policies to date.

Responding to a Member's comments regarding the importance of ensuring that the associated consultation process was meaningful and fully accessible, assurance was provided that this would be the case, that different methods of consultation would be undertaken to maximise the response received, and that an engagement plan was being drawn up to support such matters.

A Member commented upon the key role played by developers in the delivery of sustainable developments and housing. In response, the importance of the Council's relationship with developers across the city was highlighted, and how the development of the policies being presented together with the associated engagement with developers, alongside consultation with communities and other key stakeholders, was key to ensuring that progress continued to be made in the field of sustainable development.

Also, a Member highlighted the importance of ensuring that further consideration was given to the ways in which greenspace and landscaping, which formed part of developments, were maintained in the longer term and, where appropriate, how the community could influence how it was utilised, and how such matters could be factored into the Local Plan process. In

response, Members' comments were noted and whilst it was acknowledged that there were challenges in this area, it was envisaged that the proposed policies would strengthen the Council's position in terms of place making and greenspace.

RESOLVED –

- (a) That subject to the incorporation of the updated 'Water 6A: Safe Access and Egress' policy section within Appendix 1, as referenced above, the proposed Publication Draft policies and supporting paragraphs of the Local Plan Update 1, as set out in Appendix 1, and the Sustainability Appraisal, as set out in Appendix 2, be endorsed;
- (b) That subject to the incorporation of the updated 'Water 6A: Safe Access and Egress' policy section within Appendix 1, as referenced above, 8 weeks consultation of the proposed Publication Draft policies and supporting paragraphs as set out in Appendix 1, together with supporting technical information (comprising Sustainability Appraisal at Appendix 2, Habitat Regulations Assessment at Appendix 3, Report of Consultation at Appendix 4 and Duty to Co-operate Statement at Appendix 5), be approved; with it being noted that this will be accompanied by additional draft supporting consultation documentation, including the Council's evidence base and background papers alongside accessible summary material for consultation purposes;
- (c) That the necessary authority be delegated to the Chief Planning Officer, in consultation with the Executive Member for Infrastructure and Climate, in order to enable the Chief Officer to approve any detailed technical or drafting amendments to the consultation material in advance of public consultation;
- (d) That it be noted that the Chief Planning Officer is responsible for the implementation of the resolutions above.

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

(During the consideration of this item, Councillor Golton drew to the Board's attention the fact that he was Vice President of Leeds Allotment Federation)

- 47 Leeds Affordable Housing Growth Partnership Action Plan 2022-25**
The Director of City Development submitted a report presenting the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 which had been developed following the wide-ranging consultation undertaken and which aimed to make a step-change in the scale and quality of affordable housing delivery over the next three years.

In introducing the report, the Executive Member for Infrastructure and Climate provided an overview of the key aspects and objectives of the action plan.

Members welcomed the consultation which had been undertaken with Ward Members.

Further to the comments made as part of consideration on the Local Plan Update 1 (Publication Draft) report (Minute No. 46 refers), a Member reiterated the importance of ensuring that greenspace and landscaping which formed part of such developments was maintained in the longer term.

Responding to a Member's enquiry, the Board received further information on the role of registered providers in this area and it was requested that the relevant service be made aware of any specific cases that required further action in relation to registered housing provision.

In discussing the importance of ensuring that the delivery of affordable housing was located in the most appropriate location, a Member highlighted the importance of local Ward Members in such matters to help ensure that the needs of the community were met.

Members discussed the Council's performance in the delivery of affordable housing over recent years and the partnership approach which continued to be taken in this area. The Board considered the potential role which could be played by a Local Housing Company, which as the report highlighted, was a matter that remained under review and could be utilised in the future, should appropriate and viable delivery opportunities arise.

RESOLVED –

- (a) That the progress made regarding the delivery of affordable housing, together with the challenges the sector faces in meeting housing needs in the city, as detailed within the submitted report, be noted;
- (b) That the Leeds Affordable Housing Growth Partnership Action Plan 2022-25, as appended to the submitted report, be endorsed together with the Council's role in its delivery, including use of land; and that the final approval of the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 be delegated to the Director of City Development;
- (c) That updates on progress be received at the end of the plan period; with the role of the Infrastructure, Investment & Inclusive Growth Scrutiny Board, together with the Strategic Housing Board in the annual governance of the plan, as set out within the submitted report, be noted;
- (d) That the Council's approach towards the use of Commuted Sums, as set out within paragraphs 62-64 of the submitted report, be supported;

- (e) That the opportunity for Affordable Housing to be considered within the scope of the Local Plan Update 2, be recognised, together with the opportunity for the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 to be used as evidence in its scoping, subject to further consideration by Development Plans Panel;
- (f) That it be noted that the creation of a Joint Venture or Local Housing Company delivery model remains under review and may be utilised, should appropriate and viable delivery opportunities arise aligned with meeting the city's housing needs.

48 Council Housing Growth Programme

The Director of City Development submitted a report which provided an update on the progress being made with regard to the Council's direct housing delivery programme. In addition, the report proposed the introduction of several additional sites and set out proposals for revised and updated principles for rent setting and viability appraisal of schemes.

In presenting the report, the Executive Member provided an update on the progress being made in the delivery of Council housing across the city and the key aspects of the growth programme.

Members discussed the high level of demand which continued to exist for Council housing and considered the performance of the Authority and the approach it was taking in the delivery of Council house provision across the city.

Responding to a Member's specific enquiry, the Board received an update regarding the Oldfield Lane site, as referenced in the programme summary within appendix 1 to the report.

With regard to the Richmond House site within Calverley and Farsley Ward, clarification was provided by the Executive Member who represented that Ward on the specific proposals he would be supportive of, as they differed from what had been outlined within the report. Such comments were acknowledged and officers undertook to keep Ward Members updated on progress in relation to this site.

RESOLVED –

- (a) That the progress made in delivering the Council Housing Growth Programme, as detailed within the submitted report, be noted;
- (b) That the addition of the sites presented in Table 2 to the submitted report as a key decision to meet the needs of the programme, be approved, with it being noted that subsequent procurement and contract approvals will be approved by the Director of City Development under the Council's existing approved scheme of delegation;

- (c) That the revised rent setting principles, the approach to determining scheme viability for new homes, as set out within the submitted report, and those proposed for acquisitions and the extra care housing programme, be approved;
- (d) That the proposed realignment of acquisition funds to enable the Council's property buyback programme to continue for a further 2-3 years, as detailed within the report, be noted.

49 Leeds Safe Roads Vision Zero 2040 Strategy and Action Plan (2022-25)

Further to Minute No. 120, 9th February 2022, the Director of City Development submitted a report regarding the Leeds Safe Roads Vision Zero 2040 Strategy which set out the Council's ambition that by 2040 no one is killed or seriously injured on the roads in Leeds. The report sought approval to adopt the Leeds Safe Roads Vision Zero 2040 Strategy and associated Action Plan 2022-25.

The Executive Member for Infrastructure and Climate outlined the approach proposed to be taken by the strategy, and in doing so, extended her thanks to the significant contribution which had been made by the Infrastructure, Investment and Inclusive Growth Scrutiny Board in its development.

In considering the report, Members supported the proposals to work towards the ambition that by 2040 no one is killed or seriously injured on the roads in Leeds.

Responding to Members' comments about the role of the Council in the delivery of the strategy, the Board received further information on the approach that would be taken to implement the ambitions within it and the provision of resource for that. In response to Members' comments regarding the vital role played by the Council in such matters, it was highlighted that although the Council would continue to play that role, the success of the strategy would also require a behavioural shift in the community, which would be supported and promoted by the Council together with relevant partners via a range of actions. It was noted that this would include further reports being submitted to Executive Board, as appropriate.

Specific enquiries were also made in relation to the introduction and enforcement of new speed limits on specified roads, with further information being provided on the established procedure relating to such matters and the role played by the Council in partnership with the Police as part of that. In response to a specific case, officers undertook to look into that matter further and respond to the Member in question.

In conclusion, thanks was extended to officers and partners who had helped develop the proposed strategy to its current position.

RESOLVED –

- (a) That the adoption and publication of the Leeds Safe Roads Vision Zero 2040 Strategy and first Action Plan 2022-25, as appended to the submitted report, be approved;
- (b) That it be noted that an Annual progress report regarding the strategy will be presented;
- (c) That it be agreed that the Director of City Development alongside the Chief Officer Highways and Transportation will lead on the implementation of the delivery of the Leeds Safe Roads Vision Zero 2040 Strategy and Action Plan;
- (d) That it be noted that future funding required to achieve the Council's Vision Zero ambition in Leeds will be identified through work on delivery plans.

50 Design and Cost Report, Proposed Redevelopment 6-32 George Street

The Director of City Development submitted a report on the Council's long-held ambition to regenerate George Street and create both a new 'front door' to Kirkgate Market and improve connectivity and linkage with the Victoria Gate development, Leeds Central Bus Station and beyond to the new developments on Quarry Hill. The report sought approval to a revised, post-pandemic delivery structure for the redevelopment of George Street, with the City Council taking the role of developer of a 143-bed hotel over ground floor commercial units and a potential Council operated leisure and wellbeing facility.

In welcoming the proposals, Members highlighted the beneficial impact from the redevelopment of George Street upon Kirkgate Market.

Following consideration of Appendix 1 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 be noted, and that the proposed post-pandemic delivery structure for the redevelopment of George Street, as detailed within the submitted report, be endorsed;
- (b) That an injection of £9.261m into the Capital Programme (existing Scheme No, 32544/GEO) be authorised, and that Authority to Spend of the same for the proposed redevelopment of George Street, be approved;
- (c) That the provisionally agreed Heads of Terms for the grant of an Agreement for Lease and Lease to the proposed hotel operator, as detailed in exempt Appendix 1 to the submitted report, be approved;

- (d) That the necessary authority be delegated to the Director of City Development, to enable the Director to take all subsequent decisions that may be necessary for the delivery of the redevelopment of George Street, with the concurrence of the Executive Member for Infrastructure and Climate.

COMMUNITIES

51 Equality Improvement Priorities Progress Report 2021 - 2022

The Director of Communities, Housing and Environment submitted a report which sought approval of the Equality Improvement Priorities Annual Report 2021 – 2022, including agreement to a proposed refreshed equality improvement priority for 2022 – 2025 for the Children and Families directorate.

In introducing the report, the Executive Member for Communities provided an overview of the progress which had been made against each priority over the past year, and highlighted the actions which were being taken in response to the challenges that continued to be faced. With regard to the development of the Council's 'Vision for Equality Diversity and Inclusion', it was noted that work on the Vision continued and that it was expected to be submitted to the Board for consideration in the coming months.

Responding to a Member's comments, the Board received an update regarding the work of the Equalities Champions.

RESOLVED –

- (a) That the Equality Improvement Priorities Annual Report 2021 – 2022, as detailed at appendix 1 to the submitted report, be approved;
- (b) That approval be given to the Children and Families directorate's request to shift the focus of the Educational Attainment priority onto racial equality, as outlined in appendix 2 to the submitted report;
- (c) That it be noted that the Director of Communities, Housing and Environment is responsible for the implementation of the resolutions above.

LEADER'S PORTFOLIO

52 Leeds City Council's response and recovery to the Coronavirus (Covid-19) pandemic

Further to Minute No. 22, 27 July 2022, the Chief Executive submitted a report which presented an update on the current estimated position of Covid-19 in the city and its ongoing impact; a brief review of the pandemic since March 2020; an overview of the seven Response and Recovery Plan's themes; together with details of the ongoing work within the Council and with partners in response to the pandemic, which was now largely under 'business as usual' arrangements. It was also noted that this was anticipated to be the final Covid-19 update report to the Board.

In introducing the report, on behalf of the Board, the Leader highlighted that Members' thoughts continued to be with all those who had lost loved ones to Coronavirus throughout the pandemic.

In considering the report, Members paid tribute to all Council officers and Members, together with partner organisations who had contributed towards the city's response and recovery from the pandemic. In addition, it was highlighted that the partnership approach which had been so effective throughout the pandemic continued to be reflected within the Council's Best City Ambition.

Further to this, Members received an update on the actions which continued in response to Covid-19, with reference being made to the ongoing preparations for winter pressures. In conclusion, Members highlighted the need to ensure that all partners remained vigilant with regard to the circulation of the virus.

RESOLVED –

- (a) That the ongoing key issues identified, together with their continual progression as part of regular working arrangements, as detailed within the submitted report, be noted;
- (b) That the tragedy of lives lost to Covid-19 and to all those who have been impacted both personally and professionally, be recognised and remembered;
- (c) That thanks be extended to all Council staff and partners for their relentless efforts, which ensured the system-wide partnership supported communities and organisations as far as possible with the resources and information available at the time;
- (d) That the lessons learnt be noted, together with how they have been incorporated into wider work, such as the Best City Ambition; with it also being noted that the series of Covid reports which have been submitted to Executive Board will inform any response required as part of the upcoming UK Covid-19 Inquiry.

RESOURCES

53 Financial Health Monitoring 2022/23 - Month 4 (July)

The Chief Officer (Financial Services) submitted a report providing an update on the financial health of the Authority in respect of both the General Fund revenue budget and the Housing Revenue Account, as at month 4 of the 2022/23 financial year.

Prior to the meeting Board Members had been provided with supplementary information in the form of an updated Appendix 3 to the submitted report.

By way of introduction to the report, the Executive Member for Resources provided an overview of the key information within it, which included reference to the fact that an overspend of £12.1m was projected for the Authority's General Fund services, as at month 4 of 2022/23.

Regarding a recent Government announcement relating to a cut in energy bills for non-domestic customers including public sector organisations, a Member requested that further detail be provided to Executive Members on the implications of this announcement for the Council, once it was known. Also, it was requested that further information be provided to Executive Members regarding the implications for the Council in relation to the pay award, should there be any further developments on such matters in advance of the next scheduled Executive Board meeting. In response, it was undertaken that Executive Members would continue to be briefed on relevant matters, as appropriate.

Responding to specific enquiries, the Board received further information on the actions being taken and progress being made by directorates in response to their respective budgetary pressures. Members also received an update on the current position regarding targeted savings in terms of procurement, how the current financial situation was impacting upon those targets, and the actions which were being taken in mitigation.

With regard to service reviews being undertaken by directorates, a Member highlighted the benefit of a consistent approach being taken towards the presentation of such individual reviews, whilst a Member reiterated the importance for the Board to be made aware of details regarding 'Business As Usual' plans also.

RESOLVED –

- (a) That the contents of the submitted report, including the updated appendix 3, as referenced above, be noted;
- (b) That it be noted that as at Month 4 (July) of the 2022/23 financial year the Authority's General Fund services are forecasting an overspend of £12.1m and that the Housing Revenue Account is forecasting an overspend of £3.1m;
- (c) That where an overspend is projected, it be noted that directorates, including the Housing Revenue Account, will be required to present action plans to mitigate their reported pressures, in line with the Revenue Principles as agreed by Executive Board in 2019, with it also being noted that these proposals are to be received at the October 2022 Executive Board;
- (d) That it be noted that known increased inflation and known impacts of the rising cost of living, including the 2022/23 pay offer, have been incorporated into the submitted reported financial position, with it also being noted that these pressures will continue to be assessed, with the

latest position being incorporated into future reports to be received by Executive Board.

54 Medium Term Financial Strategy 2023/24 - 2027/28

The Chief Officer (Financial Services) submitted a report presenting an update on the Council's Medium Term Financial Strategy for the period 2023/24 to 2027/28, and which set out both the context and the factors that had influenced the shape of the strategy.

Members highlighted the fast-paced nature in which the financial position continued to evolve.

Responding to an enquiry regarding the Capital Programme, a Member requested that further information be provided regarding the level of Capital expenditure which was being proposed that was not supported by external sources.

With regard to a Member's specific enquiry regarding the Housing Revenue Account (HRA), the Board received further information regarding the potential implications for the HRA as a result of the evolving economic position.

In conclusion, given the current position, emphasis was placed upon the need for the Council, and the sector as a whole, to receive details of the Local Government Finance Settlement at the earliest opportunity in order to enable appropriate planning and consultation to be undertaken, with it being highlighted that collectively, the case needed to be made to Government for the Local Government sector to receive the appropriate resource.

RESOLVED – That the updated Medium Term Financial Strategy for 2023/24 to 2027/28, as appended to the submitted report, be noted.

55 Health, Safety and Wellbeing Performance and Assurance Report

The Director of Resources submitted a report which presented details of the Council's performance regarding health, safety and wellbeing matters over the period 1 April 2021 to 31 March 2022. The report provided context and assurance on how such matters were being managed by the Council and highlighted what had been achieved over the past year, whilst also detailing the challenges and priorities which had been identified moving forward.

The Executive Member for Resources extended her thanks to the officers who had worked throughout the pandemic to enable Council services to continue in environments where risk from Covid was minimised.

RESOLVED –

- (a) That the contents of the submitted report, be noted;
- (b) That the robust, yet proportionate approach towards risk management being taken within the Council, be recognised.

56 Review of West Yorkshire Joint Services Agreement

The Director of Resources submitted a report which sought approval of proposed governance changes at West Yorkshire Joint Services (WYJS) together with changes to the underpinning legal agreement. Specifically, the report highlighted how the WYJS Joint Committee was recommending a slimmed down model of governance which would deliver the statutory functions of the five Councils, whilst at the same time minimising bureaucracy and increasing accountability and visibility of the services provided.

The Board highlighted that the review which had been undertaken together with the proposals within the report were timely and welcomed. Members also extended thanks to the Leeds City Council representatives upon the West Yorkshire Joint Services Committee for the work they undertook in carrying out those roles.

RESOLVED – That the refreshed Joint Agreement, as presented at Appendix A to the submitted report, and the Addendum, as presented at Appendix B, be approved.

DATE OF PUBLICATION: FRIDAY, 23RD SEPTEMBER 2022

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M., FRIDAY, 30TH SEPTEMBER
2022

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EXECUTIVE BOARD

WEDNESDAY, 19TH OCTOBER, 2022

PRESENT: Councillor J Lewis in the Chair

Councillors S Arif, D Coupar, S Golton,
H Hayden, J Pryor, M Rafique and
F Venner

APOLOGIES: Councillors A Carter and M Harland

SUBSTITUTE MEMBER: Councillor R Stephenson

57 **Substitute Member**

Under the provisions of Executive and Decision Making Procedure Rule 3.2.6, Councillor R Stephenson was invited to attend the meeting in a non-voting capacity on behalf of Councillor A Carter, who had submitted his apologies for absence from the meeting.

At this point in the meeting, the Board also noted Councillor Harland's apologies for absence from the meeting.

58 **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 A to the report entitled, 'Core Business Transformation Programme', referred to in Minute No. 65 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 this appendix contains commercially sensitive information and as such, the public interest in maintaining the exemption in relation to the appendix is deemed to outweigh the public interest in disclosing the information and financial details within it, as if disclosed it would adversely affect the business of the Council.

59 **Late Items**

There were no late items of business submitted to the meeting for consideration.

60 Declaration of Interests

There were no interests declared at this stage of the meeting, however, during the consideration of agenda item 16 (Leeds Food Strategy and Food Procurement Guidelines), Councillor Golton drew to the Board's attention the fact that he was Vice President of Leeds Allotment Federation. (Minute No. 72 refers).

61 Minutes

RESOLVED – That the minutes of the previous meeting held on 21st September 2022 be approved as a correct record.

RESOURCES

62 Financial Health Monitoring 2022/23 - Period 5 (August)

The Chief Officer (Financial Services) submitted a report presenting an update on the financial health of the Authority in respect of both the General Fund revenue budget and also the Housing Revenue Account, as at Month 5 of the 2022/23 financial year.

In presenting the report, the Executive Member for Resources provided an overview of the key information within it, which included reference to the fact that an overspend of £20.4m was projected for the Authority's General Fund services, as at month 5 of 2022/23.

In response to an enquiry about the proposals responding to financial pressures on the Little Owls nursery provision, it was noted that further detail on such proposals would be presented to the Board in the coming months.

Members welcomed the approach being taken to present savings proposals to the Board, as detailed within the submitted report, and also welcomed the cross-directorate working that continued to be undertaken in looking to address the financial pressures across the Council.

In conclusion, it was reiterated that the financial pressures being felt by the Council, as outlined in the report, were being experienced throughout the sector, with it being noted that work continued with the Local Government Association and other partner organisations to highlight the sector-wide challenges being faced.

RESOLVED –

- (a) That it be noted that at Month 5 (August) of the financial year, the Authority's General Fund services are forecasting an overspend of £20.4m, and that the Housing Revenue Account is forecasting an overspend of £0.2m, with it also being noted that the General Fund position reduces to £17.98m when account is taken of additional budget actions plans received to date;
- (b) That it be noted, that where an overspend is projected, directorates, including the Housing Revenue Account, are required to present action plans to mitigate their reported pressures, in line with the Revenue

Principles agreed by Executive Board in 2019; with it also being noted that proposals received to date are included within the submitted report at Appendix 4, and that further action plans will be received at the November 2022 meeting of Executive Board;

- (c) That it be noted that known increased inflation and known impacts of the rising cost of living, including the 2022/23 pay offer, have been incorporated into this reported financial position, with it also being noted that these pressures will continue to be assessed, with the latest position being incorporated into future reports to be received by Executive Board.

63 Revenue Savings Proposals for 2023/24 to 2025/26

The Chief Officer (Financial Services) submitted a report which presented the Council's financial position for 2023/24 to 2025/26 together with a number of 'Business as Usual' savings proposals in response to that financial position, with the report highlighting the intention for such proposals to be taken by the relevant Director or Chief Officer in accordance with the relevant Officer Delegation Scheme.

The Executive Member for Resources presented the report, highlighting that it provided an overview of the initial directorate savings proposals for the three year period, with it being noted that further proposals were scheduled to be submitted to the December 2022 Board meeting. The collaborative approach being taken with Scrutiny Boards on such matters was highlighted, with the Executive Member emphasising the scale of the financial challenges which were being faced by the Council and the difficult decisions which were required as a result.

Responding to an enquiry, the Board was advised that internal charging levels for services had been reviewed, but it was deemed reasonable that where appropriate, levels were increased to reflect increased delivery costs.

Regarding the proposed savings in the report around street lighting consumption, in response to a question the Board received further information on this, with officers undertaking to provide the Member in question with a more detailed note on such matters.

Responding to an enquiry regarding the financial impact upon the Council as a result of employee absence rates, it was noted that work had been undertaken on such matters, and whilst the Board received further information on this, it was undertaken that officers would provide the Member in question with further detail in terms of the financial and other costs associated with absence rates.

Members discussed the income generating services in the Council and the approach being taken to address financial pressures in these areas whilst also preserving such vital income generation. It was noted that the Council was doing everything it could to strike the correct balance on such matters,

however, the scale of the financial challenges being faced by this Council and the sector as a whole were reiterated.

RESOLVED –

- (a) That the Council's financial position for 2023/24 to 2025/26, as outlined within the submitted report, be noted, with it also being noted that further savings are required to deliver a balanced budget position for 2023/24 and contribute towards closing the projected gaps in the years 2024/25 and 2025/26;
- (b) That the 'Business as Usual' savings put forward in the submitted report, be noted, with it also being noted that decisions to give effect to them shall be taken by the relevant Director or Chief Officer in accordance with the Officer Delegation Scheme (Executive functions);
- (c) That it be noted that additional savings proposals will be brought to Executive Board for consideration at its meeting on 14th December 2022.

64 Leeds City Digital Strategy

The Director of Resources submitted a report presenting the Leeds City Digital Strategy which provided an overview of the aims and priorities of the strategy, detailed the collaborative approach taken in the development of the strategy and referenced how it aligned to the Best City Ambition and the three pillars within that.

As part of the introduction to the report, the Board received further information on the key principles of the strategy, whilst Members also noted the extensive consultation which had been undertaken as part of its development and the fact that it had been written from a 'whole city' perspective.

Responding to a Member's enquiry, the Board received further information on the range of actions being taken by the Council and partners to ensure that the digital sector and the opportunities arising from it were inclusive and accessible to all.

Members acknowledged the 18-month timeframe for the associated innovation programme.

On the issue of connectivity, a Member suggested that more isolated and harder to reach communities were prioritised during the roll out of the 5G network and also the provision of super-fast broadband. In response, the Board acknowledged the vital importance of quality connectivity in all communities across the city and the challenges faced in some settings, and as such, it was noted that a collaborative approach on such matters would continue.

RESOLVED –

- (a) That the approach being outlined in the digital strategy, the digital transformation approach and the innovation programme, as detailed within the submitted report and appendices, be supported;
- (b) That the Leeds City Digital Strategy, as detailed within the submitted report and appendices, be approved, and that agreement be given for the strategy to be published.

65 Core Business Transformation Programme

The Director of Resources submitted a report that provided an update on, and proposals regarding the Core Business Transformation (CBT) Programme, which aimed to transform Finance, Procurement, HR and Payroll activities across the Council. Specifically, the report sought approval to progress with phase 1 of the programme's delivery which was to replace the finance system, together with other related approvals to facilitate this.

In considering the report, as presented by the Executive Member for Resources, the Board recognised the need to replace the current finance system, which was phase 1 of the programme, as recommended in the report.

Following consideration of Appendix A 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 Core Business Transformation Programme to proceed with phase 1 of delivery, with the required additional Authority to Spend of £9.47m, funded from Capital Receipts, also being approved; with the total cost estimate to deliver Phase 1 being £10.48m;
- (b) That the change for the overall technical requirement from a single Enterprise Resource Planning (ERP) solution to a core technology platform, plus a number of best of breed applications in order to better meet the Council's requirements now and in the future, be noted, with it also being noted that this approach will enable the Council to benefit from the rapidly changing technology market;
- (c) That it be noted that all of the programme costs, whether revenue or capital are included under the banner of transformational change, and as such can be capitalised under the Government's Flexible Use of Capital Receipts Directive; with it also being noted that this funding source cannot be used to cover frontline revenue costs;
- (d) That it be noted that Phase 1 is part of a wider programme of works estimated to cost £18.48m, inclusive of phase 1; with it also being noted that additional approvals will be sought for the subsequent phases;

- (e) That it be noted that the Chief Officer (Financial Services) is the responsible officer for the procurement and implementation of phase 1 of the programme which is focused upon Financial Services; with it also being noted that the cross-Council programme board, chaired by the Chief Officer (Financial Services), will continue to provide oversight and challenge, and that Internal Audit are also reviewing such matters on a 3-monthly cycle and providing recommendations to the programme board.

ENVIRONMENT AND HOUSING

66 Future of the Alderton Heights and Gipton Gates high rise and resident rehousing

The Director of Communities, Housing and Environment submitted a report presenting proposals regarding the three Alderton Heights high rise blocks in Alwoodley, and the two Gipton Gate West and East blocks in Gipton. The report outlined the proposed approach, including the proposal for all residents to be rehoused, with appropriate support being provided, and for subsequent demolition to clear the sites in order to enable the development of new modern housing.

In presenting the report, the Executive Member for Environment and Housing outlined the key aspects of the proposed approach, highlighting the positive resident engagement which had taken place to date.

Responding to a Member's enquiry, the Board received further information on the proposal to award 'Band A' housing priority and direct let status to tenants of the blocks.

Members also received further information on the costings associated with the options considered, and the reasons as to why the option of demolition to clear the sites to enable the development of new modern housing was being proposed.

Regarding the carbon footprint of the proposed approach, it was noted that, should the recommendations in the report be approved, then the intention would be to submit a further report to the Board around proposals for the development of new housing, with it being undertaken that further information regarding the carbon impact could be included within that. In addition, and in response to a Member's specific enquiry, the Board also received further information regarding the number of quality, energy efficient homes that were proposed to be developed, subject to a further report being submitted to the Board.

RESOLVED –

- (a) That the rehousing of residents of secure tenanted flats in the affected blocks, as detailed within the submitted report be approved, and that approval be given for Home Loss and Disturbance payments to be made to qualifying residents, with it being noted that such matters will

be supported by ongoing engagement with residents during implementation;

- (b) That the awarding of 'Band A' housing priority and direct let status to tenants of the blocks, be approved;
- (c) That the affected properties be declared as surplus, and that the suspension of lettings (to the flats and nearby garages), be approved, with any void properties being taken out of charge;
- (d) That approval be given for the negotiation and undertaking of the re-purchase of the leasehold flats, with approval also being given for compulsory purchase to be pursued, if a voluntary approach is unsuccessful;
- (e) That agreement be given that the buildings should be safely demolished, in order to create clear sites for future housing development;
- (f) That in parallel to the resolutions above, agreement be given that activity should be progressed to explore options for developing each site for new modern housing, and that this activity will inform a future report to the Executive Board presenting the revised proposals and the recommended options for the sites;
- (g) That expenditure of £5,339,200 from the Housing Revenue Account Capital Programme to deliver re-housing and building emptying activity, together with the development of design proposals for the redevelopment of the cleared sites for new modern housing, be authorised;
- (h) That it be agreed that Initial Demolition Notices and Final Demolition Notices will be served by the Council at the appropriate time.

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

ADULT AND CHILDREN'S SOCIAL CARE AND HEALTH PARTNERSHIPS

67 Implementation of Changes to the Adult Social Care Charging Policy 2022-23

Further to Minute No. 97, 15th December 2021, the Director of Adults and Health submitted a report providing an update on the implementation of the changes to the Leeds City Council Charging Policy for non-residential Adult Social Care, as previously agreed by the Board, and which came into effect in April 2022.

In presenting the report, the Executive Member provided an overview of the key elements, including the current position regarding the income / savings

achieved by the changes made to the charging policy, updated information regarding the number of service users affected and details of support arrangements which had been put in place to accompany the changes.

In response to a Member reiterating concerns previously raised around the changes made to the charging policy, the Board received further detail and assurance around the principle of the changes which had been made.

RESOLVED –

- (a) That the successful implementation of the changes to the Charging Policy, as approved by the Board on 15th December 2021 (Minute No. 97 refers), be noted;
- (b) That the impacts on affected service users, together with how any risks have and continue to be mitigated, as detailed within the submitted report, be noted;
- (c) That it be noted that the revised expectation for potential income / savings achieved by the changes to the charging policy are £1,687,895 for the current financial year, with a potential full year effect of £2,974,528.

68 Thriving: The Child Poverty Strategy for Leeds

Further to Minute No. 141, 20th April 2022, the Director of Children and Families submitted a report providing a further overview of '*Thriving: The Child Poverty Strategy for Leeds*', and the ongoing work that sat underneath the strategy, including work that had occurred during and following the Covid pandemic. This report presented an update on each of the workstreams in terms of recent activities, outcomes and next steps, and also considered the impact that the national cost of living crisis continued to have upon local levels of poverty.

In presenting the report the Executive Member highlighted that the submitted report should be read alongside the 'Cost of Living' update report found later in the agenda within the Communities portfolio (Minute No. 73 refers).

As part of the introduction, the estimated scale of child poverty in Leeds was highlighted, together with the links between increased demand for social care support and the rise in the levels of those living in poverty. Further detail was also provided on the range of actions which continued to be taken in response to the issue of child poverty.

In considering the report and acknowledging the scale of the issues raised, a Member highlighted the importance of continuing to deliver preventative measures where possible, in order to support those in need. In response, the Board received assurances around the investment in preventative work which continued.

In response to a Member's enquiry regarding the potential for future reports to reflect upon educational attainment, the Board discussed the challenges that continued to be faced in the area of education provision.

RESOLVED –

- (a) That the strategic framework in place to mitigate the impact of child poverty, together with the work being undertaken by the Council and other partners in the key areas of activity, be endorsed;
- (b) That the need to promote the work of the 'Thriving' strategy across the city and in particular in each respective Executive Member's portfolio, in order to highlight the impact of poverty on children and their families, be acknowledged;
- (c) That it be noted that the responsible officer for such matters is the Deputy Director Children and Families.

69 Recommendation to increase levels of Fee and Maintenance payments to Leeds Foster Carers and implement revised finance policy arrangements

The Director of Children and Families submitted a report which presented recommendations for providing an uplift in the weekly fees and maintenance allowances paid to Leeds foster carers to ensure that cost-of-living increases did not disadvantage and impact negatively upon Leeds foster carers. The report also set out the proposed amendments and revisions to the foster carers finance policy which had been refreshed to address inequities in payment arrangements and to establish better certainty of payments in different circumstances.

In presenting the key points of the report, the Executive Member highlighted the vital role played by foster carers in Leeds, emphasised the importance of ensuring that the Authority remained competitive in this field to retain and recruit foster carers and noted that such finance arrangements had not been reviewed since 2014. Given the budget pressure that this proposal would create, it was acknowledged that directorate-wide work would continue to identify other budget savings.

In considering the report, the Board discussed a Member's comments regarding the levels of revised fee arrangements proposed to be paid to a foster carer for looking after a third and any subsequent children, and also regarding whether there was potential for such reviews of the finance arrangements to be undertaken more frequently.

In discussing the role of the private sector care providers in this field, and the high costs often associated with them, Members reiterated the crucial role played by the Council's foster carers, and the need to ensure that the Council remained competitive in this field to retain and recruit foster carers.

Responding to a Member's enquiry, clarification was provided on the reasons for the financial pressure which had emerged in relation to costs associated

with in-house foster carer provision, which was due to a change in the mix of skilled carers, when compared to what had been budgeted for. In addition, it was emphasised that all Looked After Children required skilled care, and as such the Authority would always look to encourage carers to continue to develop their skills in this area.

RESOLVED –

- (a) That the recommendation and associated funding for a 7% increase of maintenance allowances paid to Leeds foster carers, as detailed within the submitted report, be approved, and that approval be given to the uplift being implemented retrospectively, from the 1st April 2022;
- (b) That the recommendation and associated funding for a 5% increase for the fee element paid to Leeds foster carers, to be implemented retrospectively from the 1st April 2022, as detailed within the submitted report, be approved;
- (c) That the costs associated with the implementation of updated finance policies regarding costs associated with caring for Children Looked After by Leeds City Council and also the support arrangements for Leeds foster carers, be approved;
- (d) That it be noted that the associated costs arising from the resolutions above are greater than budgeted, with it also being noted that whilst the Children and Families directorate will draw up action plans to identify other savings to offset this, there is a risk that reserves may need to be used if other savings cannot be identified.

ECONOMY, CULTURE AND EDUCATION

70 UK Shared Prosperity Fund

Further to Minute No. 143, 20th April 2022, the Director of City Development submitted a report which provided an update regarding the UK Shared Prosperity Fund (UKSPF) and set out proposed high-level priorities for Leeds. The report sought endorsement of those priorities and agreement to delegate necessary authority to the Director of City Development to accept UKSPF funding and also to authorise year 1 delivery.

Responding to a Member's enquiry, the Board received further details on the breakdown of the funding allocation, the levels of funding being received when compared to that of the EU Structural and Investment Funds (ESIF), the timeframes by which such allocations would need to be spent and how the allocation would align to the 3 investment priorities. The Board also received further information on the provision of other complementary funding streams which were available.

In response to an enquiry, the Board received an update on the activity of the MP Engagement Group, in line with the requirement to consult with local MPs.

Members also received further detail on the process by which the added value arising from the investments made via this funding stream would be monitored and assessed.

RESOLVED –

- (a) That the high-level UKSPF priorities for Leeds, as detailed within the submitted report, be noted and endorsed;
- (b) That the necessary authority be delegated to the Director of City Development, in order to enable the Director to accept UKSPF funding (including Multiply) and contract with the West Yorkshire Combined Authority, subject to our priorities being accepted by UK Government;
- (c) That the Board authorise procurement and spend for year 1 delivery of the interventions, outputs and outcomes of UKSPF, as set out within the West Yorkshire Local Investment Plan, subject to approval by UK Government.

71 Destination Marketing and International Relations Plan

The Director of City Development submitted a report which sought approval to the Destination Marketing and International Relations Plan 2022- 2025: '*Connecting the Local to the Global*'. The report noted that the plan was part of an ongoing programme to reset and renew the work being undertaken in the current challenging economic environment and to reflect changes which had taken place regionally with the election of the first West Yorkshire Mayor in May 2021 and the closure of 'Welcome to Yorkshire' in early 2022.

The Board noted a comment made regarding the need to increase the provision of premium hotels in the city centre in order to enhance Leeds' status as a preferred conference destination, with Members being provided with an update on what had been achieved to date in this area, but with an acknowledgement that there was further work to do.

Responding to a Member's enquiry regarding the marketing of the Yorkshire brand following the closure of 'Welcome to Yorkshire', the Board received an update on the range of actions that continued to be taken collaboratively with partner organisations, with it being noted that active discussions continued on how regional marketing would be delivered in the longer term.

RESOLVED –

- (a) That the Destination Marketing and International Relations Plan 2022- 2025: '*Connecting the Local to the Global*', as detailed at Appendix 1 to the submitted report, be approved;
- (b) That the necessary authority be delegated to the Director of City Development, to enable the Director to implement the Plan.

INFRASTRUCTURE AND CLIMATE

72 Leeds Food Strategy and Food Procurement Guidelines

The Director of Resources submitted a report presenting a draft Leeds Food Strategy and which also provided the Food Procurement Guidelines, which had been introduced by the Council. The report highlighted the key themes and aims of the food strategy, noted the development work which had been undertaken to date and sought approval to undertake public consultation on the draft food strategy.

In presenting the report, the Executive Member highlighted the comprehensive consultative work which had been undertaken with stakeholders to help develop the draft strategy.

A Member highlighted the importance of encouraging public engagement in, and awareness of local food production, and in response to a specific enquiry, the Board received clarification on a statistic within the report that 'Leeds produces 49% of the calories it demands', with it being noted that this was purely from a calorific perspective, rather than in terms of the specific food consumed in the city.

RESOLVED –

- (a) That the draft Leeds Food Strategy, as detailed at appendix A to the submitted report, be approved;
- (b) That a public consultation exercise on the draft Leeds Food Strategy, be approved;
- (c) That the introduction of the food procurement guidelines at Leeds City Council, as presented at Appendix B to the submitted report, be noted.

(During the consideration of this item, Councillor Golton drew to the Board's attention the fact that he was Vice President of Leeds Allotment Federation)

COMMUNITIES

73 Cost of living update report

Further to Minute No. 25, 27th July 2022, the Director of Communities, Housing and Environment submitted a report providing an updated position on the Council's response to the cost-of-living situation in Leeds which built upon the report submitted to the Board in July 2022, and which detailed the actions being taken in response to new developments, both local and national, since the consideration of that previous report.

The Executive Member for Economy, Culture and Education introduced the report in the absence of the Executive Member for Communities. In doing so, the significant changes which had been experienced since the previously submitted report in July were highlighted, together with the key actions taken to mitigate against the impact of the cost of living issues being experienced. The scale of the challenges being faced and the levels of demand for relevant

services being experienced across the city were also highlighted. Finally, it was brought to the Board's attention by the Executive Member that due to recent changes in Government policy, sections 10 and 17 of the submitted report were no longer up to date.

In considering issues arising from the report, Members discussed the causes of the current financial challenges being experienced in the UK, whilst concerns were raised regarding the scale of the significant financial difficulties being faced in communities across Leeds. The Board also discussed the Government's current position regarding the Energy Price Guarantee, with a Member highlighting the importance of ensuring that communities were signposted to the support available to them.

The Board highlighted how communities were supporting each other in response to the challenges being faced, with emphasis being placed upon the need to ensure that where such community initiatives were being delivered, the Council looked to play a supportive role.

RESOLVED –

- (a) That, subject to acknowledging that sections 10 and 17 of the submitted report were no longer up to date (as referenced above) due to recent changes in Government policy, the contents of the submitted report, be noted, and that the approach being adopted, as detailed, be endorsed;
- (b) That it be noted that the Director of Communities, Housing and Environment will be responsible for overseeing and implementing any actions arising from the submitted report.

74 Annual update on migration activity in Leeds

Further to Minute No. 65, 20th October 2021, the Director of Communities, Housing and Environment submitted a report which provided a comprehensive update on migration activity in Leeds, including how Leeds, as a welcoming and compassionate city continued to respond to the range of migration issues being experienced through the collaborative work of the Council and its partners.

The Chief Officer, Safer Stronger Communities introduced the report in the absence of the Executive Member for Communities. In doing so, Members were provided with an overview of the key issues within the report, including the implications arising from national policy changes and global events, and the collaborative approach being taken by the Council and its partners in response to such matters.

RESOLVED –

- (a) That the contents of the submitted annual update report on migration, together with the full overview and insight, as detailed at Appendix 1, be noted, and that the approach adopted within the Migration in Leeds Strategy, as presented at Appendix 2, be endorsed;

- (b) That the responsibility of the Director of Communities, Housing and Environment for leading this work through the Council's Safer Stronger Communities programme, be noted;
- (c) That the responsibility of the Chief Officer for Safer, Stronger Communities in leading the work of the Leeds Strategic Migration Board which oversees delivery on the strategic, co-ordinated and inclusive approach towards migration in Leeds, be noted, together with the Chief Officer's responsibility for the work of the Council's migration and resettlement team which provides strategic and operational direction for the city;
- (d) That the intention to provide a further annual report in 2023 on migration activity in Leeds, be noted.

75 Anti-Muslim Prejudice

The Director of Communities, Housing and Environment submitted a report which set out a Council and citywide approach towards supporting Muslim communities by addressing anti-Muslim prejudice, and which sought the Board's endorsement to adopt the Leeds definition of anti-Muslim prejudice, as presented within the report.

The Executive Member for Resources introduced the report in the absence of the Executive Member for Communities. In doing so, it was emphasised that a comprehensive and wide-ranging consultation exercise had been undertaken as part of the development of the Leeds definition of anti-Muslim prejudice. It was also noted that whilst the agreement of the definition would be a significant step forward, it was acknowledged that there was much work to do in the tackling such prejudice in society.

Members welcomed the proposals within the report and the work which had been undertaken to date, highlighted that the establishment of such a definition was needed, and looked forward to the work which continued in this area, including the establishment of the associated action plan.

In noting the Council's previous adoption of the International Holocaust Remembrance Alliance's working definition of Antisemitism, together with the work currently being undertaken in relation to anti-Muslim prejudice, it was suggested by a Member that next steps should include consideration of further actions which looked to address prejudice in other faiths and religions.

In considering the work which had been undertaken to develop the definition within the report, Members discussed the differences between the terms Islamophobia and anti-Muslim prejudice and the reasons for the approach being proposed.

In conclusion, Members welcomed the proposals and thanked all those who had contributed to the work in this area to date.

RESOLVED –

- (a) That the work of the Council undertaken to better understand the extent and perceptions of Anti-Muslim prejudice in the city, as detailed within the submitted report, be noted;
- (b) That the adoption of the Leeds definition of Anti-Muslim prejudice, as set out in paragraph 15 of the submitted report, be endorsed;
- (c) That it be noted that the Elected Members responsible for this work are the Executive Member for Communities, the Executive Member for Resources, and the Chair of the Hate Crime Strategic Board;
- (d) That the Board's endorsement be given to the Chief Officer, Safer and Stronger Communities to develop and implement an action plan, and report to the appropriate Elected Member led boards and the Director of Communities, Housing and Environment on this matter.

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**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M., FRIDAY, 28TH OCTOBER 2022

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