

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 22ND JULY, 2024

PRESENT: Councillor A Khan in the Chair

Councillors E Carlisle, D Chapman,
B Flynn, P Grahame, S Hamilton,
T Hinchcliffe, W Kidger, A Parnham,
E Thomson and C Timmins

13 Appeals Against Refusal of Inspection of Documents

There were no appeals.

14 Exempt Information - Possible Exclusion of the Press and Public

There was no exempt information.

15 Late Items

There were no late items.

However, member's attention was drawn to the supplementary information on Item 7 Financial Health and on Item 9 the Organisational Plan, these were both circulated as supplementary information due to publication deadlines for this meeting in relation to similar papers being considered by Executive Board.

16 Declaration of Interests

There were no declarations of interest.

17 Apologies for Absence and Notification of Substitutes

Apologies received from:

Cllr Andrew Carter.

18 Minutes - 17 June 2024

RESOLVED – That the minutes of the previous meeting held on 17 June 2024 be approved as an accurate record.

MATTERS ARISING

In relation to the 17 June 2024 minutes the Principal Security Adviser highlighted Minute 110 which picked up board members suggestions on work programming. Both the Core Business Transformation and Civic Enterprise Leeds work programme suggestions have now been incorporated into the 2024/25 Work Programme.

19 Financial Health Monitoring 2023/24 - Outturn Financial Year Ended 31 March 2024 and Financial Health Monitoring 2024/25 - Quarter 1

The Board considered a report from the Head of Democratic Services providing the latest update on the in-year financial position in respect of the Revenue Budget and the Housing Revenue Account (HRA) and the financial outturn position for the financial year ended 31 March 2024 (financial year 2023/24).

In attendance for this item were:

- Cllr Debra Coupar, Executive Member for Resources
- Mariana Pexton, Director of Strategy and Resources
- Richard Ellis, Deputy Chief Officer Financial Services

To introduce the report the Board received a presentation from the Deputy Chief Officer Financial Services covering the following key points on the 2023/24 Outturn Report:

- The authority achieved a Balanced Position: Directorate Overspend £44.7m funded through WYCA £17.7m; £5.2m Merrion House reserve; £17.8m debt savings; £3.3m Earmarked reserves.
- There were budgeted Action Plans of £58.6m of which £45.7m were delivered.
- Additional £7.2m of budget action plans identified in year of which £4.9m were delivered.
- Therefore, the total saving realised was £50.6m.
- Housing Revenue Account had a £0.9m underspend.
- DSG (Dedicated Schools Grant) had a £2.6m overspend.
- On reserve balances these reduce by £44.5m from £219.1m to £174.6m, the general reserve increased by £3m to £36.2m.
- Council Tax collection rates were 93.94% in 2023/24 (£442m collected).
- Business Rates collection rates were 97.03% (£339.9m collected)

In respect of the in-year Quarter 1 financial position the following key points were covered:

- Projected Overspend of £19.9m.

- Adults and Health £7.97m overspend based on Demand pressures of £16.4m.
- Children and Families £17.9m overspend of which external residential placements accounts for £13.9m.
- Budgeted Action Plans of £63.9m of which £60.37m projected to be delivered.
- Further savings of £31.96m identified with a projected £17.23m to be delivered.
- Given budget pressure being experienced particularly in demand led services the Council is undertaking cross-directorate work to support and challenge the highest cost/spend areas and directorate action plans are being developed to address budget pressures.
- In addition, no travel is being undertaken unless it is required for the essential delivery of a service or in very exceptional circumstances and with exceptions e.g. social work roles, a recruitment freeze is now in place.
- Also, tighter controls are in place in respect of agency and overtime, and all spend that is not critical for the delivery of a service is not to be incurred. To assist in delivery of this all purchase orders need to be approved and no spend is to be incurred on Purchase Cards unless this is critical to the delivery of the service.
- Council Tax collection rates are currently at 18.25%.
- Business Rates Collection rates are currently at 21.37%.
- Dedicated Schools Grant has a £4.641m projected deficit.
- Housing Revenue Account is projecting a balanced budget position.
- Treasury Management Prudential Indicators - actual gross and net debt for the Council in 2024/25 remain within both the Operational Boundary and the Authorised Limit set by Council.

Responding to comments and questions from board members the following points were discussed:

- The Board requested more detail in terms of comparison on financial indicators with other core cities. Specifically on debt Leeds has a higher level than other core cities though it was noted that straight comparison can be difficult, Leeds is the second largest local authority in the country and operates a Housing Revenue Account that has associated debt, other authorities do not have any housing related debt. It was also noted that Leeds is performing well when debt is factored against overall assets.
- Members requested a briefing document on financial indicators to be shared with members. The Executive Board Member for Resources added that a session can be developed on finance for elected members and can be developed through colleagues in Democratic Services.
- Members asked about council tax collection rates, in response the board were informed that there is now a full complement of staff targeted at collecting debt and that direct debit numbers have increased which should improve the current collection position.
- In response to a query about the 2023/24 outturn and adult social care budget action plans and reserves. It was agreed that this information would be provided outside of the meeting.

- On overspending both in the last financial year and projected in year, members asked about the ongoing pressures in Children's Services which has seen significant overspending in recent years particularly on transport and external Children Looked After (CLA) placements. In response it was explained that actions are ongoing to mitigate those pressures but have been subject to delay linked to both internal and external factors. The pressures on CLA budgets linked to demand are a concern but Leeds is doing well in terms of prevention measures to manage demand and compares well with other local authorities both in overall CLA numbers and external placements. It was also noted that the cost of external placements has increased significantly in recent years for all authorities, due to increased costs within the private sector, as opposed to the numbers overall going up. Small group living arrangements are a key measure being introduced to reduce external placements and deliver improved care for children and young people who live in them.
- The Board acknowledged that Leeds has an open and transparent approach to monitoring financial health and budgetary matters with financial reporting considered at each Executive Board in the municipal year, which is not the case in many local authorities.
- The Board also noted that the current overspend figure is a projection and is subject to mitigation measures that are currently underway, so it is possible that the projections will change as the financial year progresses.
- The Board asked about outsourcing in legal services and the use of locums as opposed to having more FTE positions within the service. It was agreed that this would be followed up with a briefing note or discussion to provide details. A key issue here is problems with recruitment and retention.
- Members asked about budget planning within CLA budgets, and the problems faced in accurately projecting what are demand led budgets. In response the Board heard that the authority is always looking at ways to improve financial management and modelling however, the budgets are very much demand led and open to impacts from external factors in wider society. The Board were also informed that Executive Board considered and approved the CLA Sufficiency Strategy at the June Executive Board which set out the approach being taken to managing CLA placements in the city. The Children and Families Scrutiny Board has also recently considered an item on the same strategy. In addition, the difficulty of budget forecasting is illustrated by the possibility of high-cost care packages being required at short notice and that are very difficult to predict.
- Responding to a question on transport costs for children and young people it was explained that demand has been a key factor with EHCP volumes increasing exponentially and therefore associated transport costs also increasing.
- The Board acknowledged that within the existing budget envelope there are competing statutory requirements and demands such as those held by the Section 151 Officer around budgetary robustness and sustainability and those held by the Director of Children and Families around sufficiency of care for Children Looked After in the city.
- The Board asked about lobbying of the new Government on the possibility of additional funding for Children Looked After. It was confirmed that lobbying is ongoing through the various professional organisations, such as

- CIPFA and ADCS, where it is possible to address sector wide issues to make the case for additional funding. It was noted that the existing financial envelope available in Leeds was set out by the previous Government.
- The Board acknowledged the hard work being done by officers in all directorates on financial management and the difficult circumstances being faced in recent years.
 - Returning to the development of small group living accommodation for Children Looked After the Board heard that there had been unexpected delays to their implementation some of which are internal and are being worked on, but others are outside of the authority's control such as Ofsted registration which can take as long as 20 weeks or more to secure, this is being worked on by the Director of Children and Families in conjunction with other Directors regionally and nationally. There are obviously significant risks of placing children in unregistered homes so being able to speed up that process is an important area of work that is external to the Council.
 - Responding to a question on reserves it was explained that ear marked reserves are used for specific purposes, and it would be expected that these would fluctuate throughout a financial year. On the general reserve a calculation, as agreed with the council's external auditors, is carried out, taking account of risk and financial impact to determine a level of resource that is required for the general reserve, the current position of £36m in the general reserve is consistent with that calculation. The Board noted plans to contribute £3m in each year of the Medium Term Financial Strategy to enhance budgetary robustness.

Resolved - The Board noted the content of the report and appendices in line with the wider Board remit linked to financial sustainability and long-term budgetary robustness.

20 Integrated Digital Service Update

The Board considered a report from the Chief Digital Information Officer providing an update on IDS Digital Strategy and progress made within the service since IDS last reported to the Strategy & Resources Scrutiny Board in 2021.

In attendance for this item were:

- Cllr Debra Coupar, Executive Member for Resources
- Mariana Pexton, Director of Strategy and Resources
- Andrew Byrom, Chief Digital Information Officer
- David Halligan, Chief Technology Officer

To introduce the report the board received a presentation covering the following key points:

- Governance - new governance arrangements for IDS to improve decision-making within the Council and prioritise programs and projects across

Directorates. A good example being the establishment of a new Digital Board attended by Chief Officers from each Directorate, to align digital enablement with the City Ambition and Council's organisational plan.

- Structure - IDS Senior Leadership Team, the Director of Strategy & Resources, and the wider service has been working to reset and establish a new baseline for IDS, including creating a new Technology Strategy approach and integrating it into the organisational plan.
- Financial and Capital Schemes – the Board were informed about the Essential Services Programme (ESP), Cloud & Application Compliance Programme (CACP) and Digital Efficiencies Programme (DEP).
- Technology Strategy – This is aimed at transforming the way Leeds City Council operates by using digital technology to make the organisation more efficient.
- The Board were also informed of key developments and achievements delivered through the service such as digital change, the work on 100% digital Leeds, improvements in service desk performance and the work on the Office of Data Analytics.

Responding to comments and questions from Board members the following issues were discussed:

- Members raised a query around customer contact and effectiveness of telephony services. In response it was noted that customer contact was considered by the Board in 2023/24 and that item showed improved performance across a range of metrics with the new Genesys system being delivered and now being rolled out more widely. It was also noted that customer contact now sits within the Environment, Housing and Communities Scrutiny Board.
- The Board asked about the use of multiple systems in housing services which creates multiple steps and a lack of alignment in the services provided on housing. The Board suggested this could be linked to sufficiency of licenses. Members heard that Genesys was being rolled out currently and that work is ongoing. A note will be provided to members on the specific issue linked to housing.
- On the use of Artificial Intelligence (AI) the Board inquired about the results of the Microsoft Co-Pilot trial and whether it could come back to the Board. It was also noted that other AI technologies are being trialled with an aim to improve 'front door' services. The main benefits to date around Co-Pilot has been content based so generating emails and interpreting and understanding large reports and e-mail correspondence. In the main the benefits are in services or tasks with large administrative processes which might mean that roll out is targeted to areas where specific savings can be made.
- Members heard that Co-Pilot is very much in its infancy in terms of a technology, for example at present it cannot analyse MS Excel spreadsheets yet as the technology advances it has the potential to be transformational in the way the authority works. It was noted that there are also wider information governance implications associated with the use of AI any use of the technology would need to be appropriate and safe.

- The Board wanted to know more about cyber security and the recent outage that occurred linked to Crowd Strike software. The Council does not use the software, so the impact was not the same as for other organisations. Only one system which is an outsourced service was impacted, more widely the impacts were limited to services that the Council uses such as banks, for example.
- Members acknowledged the investment made by the authority on cyber security and the work that goes on to ensure that the Council is always on the front foot in terms of responses to cyber threats, but that complete safety cannot be guaranteed and the authority is not complacent in this area.
- On Spam emails the board were informed that it is difficult to prevent all spam emails, but the volume is significant, up to hundreds of thousands of emails per day so unfortunately some do get through.
- The Board were informed about digital change and the focus on delivering software solutions that provide broader benefits across services as opposed to more service specific solutions. In addition, the use of digital forms is being developed more widely to deal with higher volume issues to free up front line services to focus on more complex cases.
- The Chair asked about how digital contact could adapt to residents who do not have English as a first language and for those who do not have access to digital contact methods. In response the Board were informed that AI could have the capacity to respond to contact that is not in English and that those who cannot access digital means will have channels to contact the Council.
- The Executive Board Member for Resources added that the emphasis when it comes to AI is around ensuring it is fit for purpose and that the clear benefits it could bring are balanced against possible issues around issues such as Information Governance. In addition, it was noted that cyber security is listed in the authority's corporate risk management approach.
- The work of the IDS team was acknowledged along with their key role in service transformation linked to digital change. The Executive Member and Board passed on their thanks to the service.

Resolved

The Board:

- a) Noted the changes within IDS structure during 2024.
- b) Further noted the progress made within IDS as described in the report, and the future technology strategy direction and approach to culture within the service.
- c) Recognised the ongoing challenges to recruit and retain skilled technical specialists and how this is being addressed.

21 Being Our Best - Organisation Plan Refresh

The Board considered a report from the Director of Strategy and Resources setting out details on the Council's Being Our Best Organisation Plan refresh.

In attendance for this item were:

- Cllr Debra Coupar, Executive Member for Resources
- Mariana Pexton, Director of Strategy and Resources
- Alexandra McEwan-Hannant, Head of Corporate Support

To introduce the item the Board received a presentation which covered the following key points:

- The Best City Ambition is the overall vision for the future of Leeds, with the key mission to tackle poverty and inequality and to improve the quality of life for all residents in the city. The Being Our Best Organisation Plan is the Council's response to the Best City Ambition.
- The Team Leeds ethos is based on credible, trusted leadership and clear shared values underpinning delivery.
- The key principles of the approach focus on partnership working, including around prevention, community power, a strengths-based approach, and being led by the evidence.
- The key themes of the Being Our Best Organisation Plan are being a well-run organisation, delivering high quality public services and leading a growing and inclusive city.
- The key challenges faced by the authority around finance, service demand, cost of living and pressures on workforce.
- Key ambitions for the organisation include being more integrated on the frontline, having more integrated support services, trading where it makes sense to do so, developing a proactive approach to workforce planning, making more efficient use of shared assets such as buildings and fleet and whilst being smaller in size becoming bigger in influence to deliver the city and council ambitions.
- The aim to be more financial efficient by taking a longer-term approach to savings plans and budget planning, improving procurement, maximising income and developing clear workforce plans and enhanced working with partners such as the third sector.

Responding to comments and questions the following areas were discussed:

- Members asked about timescales for responses to queries from members which are almost exclusively on behalf of residents. A concern being that sometimes responses take too long and occasionally it requires contact with a line manager to get a response. In response members heard that work is underway to develop the customer strategy in recognition of some of the issues raised. This includes the use of digital solutions such as a

possible new customer relations management system which would assist with work prioritisation and casework management. There are challenges around the size of the organisation and the many different services that are provided by the authority.

- The Executive Board Member for Resources noted that there is a ten-day response period to elected members but that if there are specific issues with services then contact should be made with the Executive Member to discuss and seek a resolution.
- A query was also raised about notification of when casework related tasks have been completed and it was noted that this could be picked up through discussion with the Executive Board Member.
- In terms of wider context, the Board were informed that the organisation has gone through a significant reduction in staffing levels, linked to budget challenges, which has had a consequent impact on workloads and the need for officers to pick up additional tasks.
- The Board highlighted that there are now a number of members specific casework channels for frequently used services which prioritise elected member casework enquiries.

Resolved

The Board:

- a) Noted the updated Being Our Best – our organisation plan 2024/25, that also responds to the UK Government Productivity Plan requirements.
- b) Noted that the Being Our Best Organisation Plan will be considered by Executive Board on 24 July 2024.
- c) Noted that graphic design work will be developed prior to publication of the updated Being Our Best – our organisation plan 2024/25 in August 2024, which may include some amendments to wording.

22 Work Programme

Members considered the Scrutiny Board's work programme for the 2024/25 municipal year.

The following issues were raised:

- The Board were informed of plans being developed for a finance briefing for all scrutiny members in September.
- The Board agreed to look in more detail at the proposed changes to employee pay date.

Resolved - Members considered and discussed the Scrutiny Board's work programme for the 2024/25 municipal year.

23 Date and Time of Next Meeting

The next public meeting of the Board will take place on 16 September 2024 at 10.30am. There will be a pre-meeting for all board members at 10.00am