

SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 9th September, 2019 at 10.30 am

(A pre-meeting will take place for ALL Members of the Board at 10.00 a.m.)

MEMBERSHIP

Councillors

G Almass	-	Beeston and Holbeck;
P Carlill	-	Calverley and Farsley;
D Chapman	-	Rothwell;
S Firth	-	Harewood;
M Harland (Chair)	-	Kippax and Methley;
H Hayden	-	Temple Newsam;
D Jenkins	-	Killingbeck and Seacroft;
J McKenna	-	Armley;
M Robinson	-	Harewood;
S Seary	-	Pudsey;
E Tunnicliffe	-	Roundhay;

Please note: Certain or all items on this agenda may be recorded

Principal Scrutiny Adviser:
Angela Brogden
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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 DISCLOSABLE PECUNIARY INTERESTS</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 15TH JULY 2019</p> <p>To confirm as a correct record, the minutes of the meeting held on 15th July 2019.</p>	1 - 6
7			<p>MEDIUM TERM FINANCIAL STRATEGY 2020/21 - 2024/25</p> <p>To receive a report from the Head of Democratic Services presenting details of the Council's Medium Term Financial Strategy 2020/21 – 2024/25.</p>	7 - 52
8			<p>ANNUAL CORPORATE RISK MANAGEMENT REPORT</p> <p>To receive a report from the Head of Democratic Services presenting details of the Annual Corporate Risk Management Report.</p>	53 - 120

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9			<p>UPDATE ON LEEDS CITY COUNCIL'S PREPARATIONS FOR THE UK'S EXIT FROM THE EUROPEAN UNION</p> <p>To receive a report which provides the Scrutiny Board with an update on the preparations being made by the Local Authority regarding the UK's exit from the European Union.</p> <p>(Report to follow)</p>	
10			<p>RESILIENCE AND EMERGENCY PLANNING - FORMAL RESPONSE TO SCRUTINY RECOMMENDATIONS</p> <p>To receive a report from the Head of Democratic Services presenting a formal response to the recommendations arising from the previous Scrutiny review relating to resilience and emergency planning.</p>	121 - 128
11			<p>WORK SCHEDULE</p> <p>To consider the Scrutiny Board's work schedule for the 2019/20 municipal year.</p>	129 - 154
12			<p>DATE AND TIME OF NEXT MEETING</p> <p>Monday, 14th October 2019 at 10.30 am (Pre-meeting for all Board Members at 10.00 am)</p>	

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			<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. 	

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 15TH JULY, 2019

PRESENT: Councillor M Harland in the Chair

Councillors G Almas, P Carlill, D Chapman,
S Firth, H Hayden, D Jenkins, J McKenna,
M Robinson, S Seary and E Tunnicliffe

13 Declaration of Disclosable Pecuniary Interests

There were no declarations.

14 Minutes - 10th June 2019

RESOLVED – That the minutes of the meeting held on 10 June 2019 be confirmed as a correct record.

15 Financial Performance - Outturn financial year ended 31st March 2019

The report of the Head of Democratic Services informed the Board of the Council's financial outturn position for 2018/19.

A copy of the report submitted to Executive Board on 26 June 2019 was appended.

The following were in attendance for this item:

- Councillor James Lewis, Deputy Leader of the Council
- Victoria Bradshaw, Chief Financial Officer

In response to Members' comments and questions, the following was discussed:

- *Existing level of reserves* - it was reported that there was a planned £3m contribution to the Council's general reserve, which meant that the level of general reserve at 31st March 2019 was £28m.
- *Future management of reserves* – it was noted that the Council was coming to the end of a four year financial settlement from the Government. The level of reserves and balances will be considered when Full Council set the Revenue and Capital Budgets in February 2020. A risk assessment will be undertaken to inform the level of reserves required. This would then go to Full Council as part of the budget setting process.
- *Business rates pool* – particular reference was made to plans for utilising the provisional 2018/19 surplus of £1.5m linked to the former Leeds City Region Business Rates Pool.

- *Strategic and Central Account* – it was noted that whilst the £7.5m underspend was linked to a number of key variations, a particular factor was linked to PFI lifecycle costs.
- *Minimum Revenue Provision (MRP)* – the Board noted that there would be a report going to Executive Board in July which would further detail issues regarding MRP.

RESOLVED – That the report be noted.

16 Treasury Management Outturn for 2018/19

The report of the Head of Democratic Services provided Board Members with details of the Council's Treasury Management Outturn position for 2018/19.

A copy of the report submitted to the Executive Board in June 2019 was appended to the papers.

The following were in attendance for this item:

- Councillor J Lewis, Deputy Leader of the Council
- Victoria Bradshaw, Chief Financial Officer
- Bhupinder Chana – Head of Finance

The report reflected that the strategy had been undertaken in line with what was set in February 2018. It was noted that the net external debt was £2,063m, which was £63m lower than forecast and that this level of debt should be viewed in context of the Local Authority holding assets of £5.6 billion valued as at 31st March 2019. The Council had remained within their authorised and operational boundary as approved by Council. It was also reported that savings of £539k had been generated against the original budget, principally as short term borrowing had been undertaken reducing the cost of the debt and the use of internal balances.

In response to Members' comments and questions, the following points were also raised:

- The Board noted that a review of the capital programme was being undertaken which would include future borrowing requirements.
- A 0.25% rise in interest rates, dependant on the capital programme, would have an annual cost impact of £1.4 million.
- It was noted that if all the Councils debt was converted to long term borrowing, this would cost the Council a further £8 million per year.
- It was clarified that the assets of £5.6 billion included schools that were under control of the Council.

RESOLVED – That the report be noted.

17 Embracing Digital Technology Solutions - formal response to scrutiny recommendations

The report of the Head of Democratic Services presented a formal response to the recommendations arising from the previous Scrutiny Inquiry around embracing digital technology solutions.

An appendix to the report outlined responses to the Scrutiny recommendations.

The following were in attendance for this item:

- Councillor James Lewis, Deputy Leader of the Council
- Jo Miklo, Head of Digital Efficiencies

In response to Members comments and questions, the following points were raised:

- It was reported that senior management from the Resources and Housing directorate had attended the one day Digital and Agile Awareness course run by the Government Digital Service and provided positive feedback. Moving forward, the aim is for over 100 senior leaders to complete this course by April 2020.
- The Board suggested that information on the use and costs associated with the ModGov system be shared with other public sector partners such as the Police and Fire Authority, particularly in view of the environmental and cost efficiencies linked to reduced paper and printing requirements.
- That digital technology was being developed and promoted to enable staff to work remotely and help address any unnecessary travelling requirements.
- It was noted that further analysis of the bids submitted for digital projects will be provided in future updates to the Board.
- It was noted that robust measures are put in place to ensure the security of digital records.

RESOLVED –

- (a) That the report and formal responses to the recommendations be noted.
- (b) That a further tracking report be brought back to the Board in November 2019.

18 The management and financial implications of void properties in Council ownership - formal response to scrutiny recommendations

The report of the Head of Democratic Services presented a formal response to the recommendations arising from the previous Scrutiny review surrounding the management and financial implications of void properties in Council ownership.

An appendix to the report detailed the response to the Scrutiny recommendations.

The following were in attendance for this item:

- Councillor James Lewis, Deputy Leader of the Council
- Mark Mills, Head of Asset Management

The following key issues were highlighted:

- There had been steps to develop an asset management forward plan which would highlight any changes to assets and give early notification of assets that became vacant.
- The implementation of an options appraisal approach for properties that were becoming void.
- Commencing earlier dialogue with Ward Members.
- Linking the void management process with the capital programme.
- Quarterly meeting to review all properties on the void list to monitor progress.

In response to Members comments and questions, the following points were raised:

- Additional properties that had come on the void list since the review had been smaller properties within local areas. It was likely that more substantial properties would come forward in the next two years.
- Garage sites tended to be under the Housing Revenue Account. There was more joined up work with colleagues in housing to look at these sites and areas of land.
- Engagement with Ward Members – initial contact would usually be via e-mail and briefing meetings would be arranged when necessary. Importance was placed on providing a consistent approach to Ward Member engagement.
- That a review of all locality buildings would be undertaken through the Changing the Workplace Programme.
- The need for Elected Members to have clarity on whom to contact regarding void properties and whether there could be a single point of contact.
- The Board requested information around the number of shop units managed by Council as part of the HRA portfolio and how many of these are vacant/void.

RESOLVED –

- (a) That the report and formal responses to the recommendations be noted.
- (b) That the information requested be provided and circulated to Board Members.
- (c) That a further tracking report be scheduled for January 2020.

19 Work Schedule

The report of the Head of Democratic Services presented the Scrutiny Board's work schedule for the remainder of the current municipal year.

As reflected within the work schedule, the Board agreed to undertake two key inquiries this year on the following issues:

- The reduction of energy consumption in Council buildings;
- Promoting sustainable travel for staff.

It was also noted that the work schedule would be updated to reflect the Board's earlier discussion and agreement to bring further updates on Digital Technology Solutions in November and Void Properties in January.

RESOLVED – That the work schedule be noted and updated as discussed.

20 Date and Time of Next Meeting

Monday, 9th September 2019 at 10.30 a.m. (pre-meeting for all Board Members at 10.00 a.m.)

(The meeting concluded at 11.50 am)

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Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 9th September 2019

Subject: Medium Term Financial Strategy 2020/21 – 2024/25

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

1. Purpose of this report

- 1.1 The purpose of this report is to provide Board Members with details of the Council's Medium Term Financial Strategy 2020/21 – 2024/25.

2. Background information

- 2.1 The 2019/20 budget report to Executive Board in February 2019 included an update of the Medium Term Financial Strategy 2020/21 to 2021/22. Within a set of assumptions, this identified an estimated budget gap of £37.2m and £28.2m in 2020/21 and 2021/22 respectively. It also stated the intention to present an updated Medium Term Financial Strategy to Executive Board at its meeting in July.
- 2.2 The Council's updated Medium Term Financial Strategy was reported to the Executive Board during its meeting on 24th July 2019 for approval.

3. Main issues

- 3.1 Setting, supporting and monitoring the Council's financial strategy falls within the remit of the Strategy and Resources Scrutiny Board and therefore a copy of the Executive Board report on the Medium Term Financial Strategy 2020/21 to 2024/25 is attached for Members' consideration.

- 3.2 Appropriate senior officers have been invited to the meeting to discuss the attached report and address any issues raised by the Scrutiny Board.

4 Corporate considerations

4.2 Consultation and engagement

- 4.2.1 The Authority's Financial Strategy is driven by its ambitions and priorities as set out in the Best Council Plan 2019/20 to 2020/21, approved by Full Council in February 2019. The Best Council Plan was 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.
- 4.2.2 The proposed Medium Term Financial Strategy has also been informed by the public consultation on the Council's Initial Budget Proposals for 2019/20. Details of this consultation are set out within the attached Executive Board report.

4.3 Equality and diversity / cohesion and integration

- 4.3.1 The Council is fully committed to ensuring that equality and diversity are given proper consideration when we develop policies and make decisions. In order to achieve this, the Council has an agreed process in place and has particularly promoted the importance of the process when taking forward key policy or budgetary changes. Equality impact assessments also ensure that we make well informed decisions based on robust evidence. Further details are set out within the attached Executive Board report.

4.4 Council policies and the Best Council Plan

- 4.4.1 The refreshed Best Council Plan 2019/20 – 2020/21 sets out the Council's priorities, aligned with the Medium Term Financial Strategy and the annual budgets. Developing and then implementing the Best Council Plan will continue to inform, and be informed by, the Council's funding envelope, staffing and other resources.

Climate Emergency

- 4.4.2 There are no specific implications for the climate emergency resulting from this Medium Term Financial Strategy.

4.5 Resources, procurement and value for money

- 4.5.1 All financial implications are detailed in the main body of the Executive Board report.

4.6 Legal implications, access to information, and call-in

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

4.7 Risk management

- 4.7.1 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 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. Further details are set out in the attached Executive Board report.

5 Conclusions

- 5.1 The Council's updated Medium Term Financial Strategy was reported to the Executive Board during its meeting on 24th July 2019 for approval and this report is now appended for the Scrutiny Board's consideration in accordance with its terms of reference.

6 Recommendation

- 6.1 That the Scrutiny Board considers the attached Executive Board report and agrees any specific scrutiny actions that may be appropriate.

7 Background documents¹

- 7.1 None.

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

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Report of the Chief Officer – Financial Services

Report to Executive Board

Date: 24th July 2019

Subject: Medium Term Financial Strategy 2020/21 – 2024/25

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

Summary

1. Main issues

In the absence of the Government's spending plans from April 2020, this Financial Strategy reflects the Council's best estimate of the level of resources that will be available to Leeds through the Settlement Funding Assessment (SFA) after this date. In addition, it includes assumptions around business rate retention and continuation of the current 75% pilot, future Council Tax increases as well as taking account of increasing costs from rising demand for services, inflation and other cost pressures.

However largely due to the uncertainty arising from the Conservative Party leadership election and the uncertainty over the likely Brexit outcome, it is looking increasingly unlikely that there will be a three year Spending Review presented in the Autumn 2019 Budget. Instead, this Strategy assumes a single year Settlement for 2020/21 to bridge the gap to a three year Settlement commencing in 2021/22. As a consequence of this assumed delay, it is also anticipated that the outcome of the Government's Fair Funding Review, Business Rates Retention Reform and the move to 75% Business Rates retention nationally will also be delayed until 2021/22. Until the outcome of the Spending Review is known, the Strategy assumes that

changes would be revenue neutral and that transitional arrangements will be in place.

The issuing in 2018 of two Section 114 (Local Government Finance Act 1999) notices at Northamptonshire County Council, combined with both CIPFA's planned implementation of its Financial Resilience Index in the autumn of 2019 and the implementation of its Financial Management Code of Conduct emphasises the requirement to undertake sound longer-term planning. This is a fundamental element of robust financial management to ensure the Council's financial position is financially sustainable and resilient. Therefore the Medium term Financial Plan is to be over a five year period.

The Council is facing continued financial pressures through uncertainties with regard to the level of future funding, rising costs and growing demand. The scale of the funding gap between 2020/21 and 2024/25 is projected to be £93.7m with £36.8m and £43.5m falling in 2020/21 and 2021/22 respectively.

In recognition of the levels of savings that have been delivered since 2010, combined with both the challenge faced by estimated budget gaps identified in this Medium Term Financial Strategy and the requirement to ensure that the Council's revenue budget position is both financially sustainable and financially resilient, the Council has embarked on a series of service and budget reviews which have been largely informed by the benchmarking work stream. The outcome of these reviews will be reported to Executive Board in advance of the Initial Budget Proposals to be received by the Board in December.

The Medium Term Financial Strategy also recognises the synergies between the revenue budget and the Council's Capital Programme and a planned review of the Capital Programme will result in an affordable 10 year programme that aligns itself with the priorities of the Council.

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

- The Best Council Plan is the Council's strategic plan, setting out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The City ambitions set out in the Best Council Plan are: the Council, working in partnership, will continue to tackle poverty and inequalities through a combination of strengthening the economy and doing this in a way that is compassionate and caring. Three pillars underpin this vision: inclusive growth, health and wellbeing, and – more recently following the Council's 27th March declaration – climate change emergency which aims to embed sustainability across the Council's decision-making. The Authority's internal 'Best Council' focus remains on becoming a more efficient, enterprising and healthy organisation. Together, these 'Best City' and 'Best Council' ambitions set the strategic context for the Medium Term Financial Strategy.
- The Best Council 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 policies against financial constraints. This is a primary purpose of the Medium Term Financial Strategy which also provides the financial framework for the annual budget. Initial proposals for the 2020/21 refreshed Best Council Plan and supporting

Budget will be brought to the Executive Board in December 2019, with final proposals being considered by the Board and subsequently Full Council in February 2020.

3. Resource implications

- This report explains the significant uncertainties and pressures around local government funding which, against a backdrop of ongoing national political and economic uncertainty, means the Council will continue to have to make some difficult decisions on how and where it allocates its capital and revenue resources in order to deliver its priorities as set out in the Best Council Plan.
- In the absence of any certainty about the implications of the Government's next spending review, the implications of the Government's national 75% business retention scheme, the outcome of the Government's Fair Funding Review and delays to the Government's Green Paper in respect of adult social care, a number of assumptions have had to be made as to the likely level of resources that will be available to Leeds City Council and these assumptions are detailed in this report.
- The financial position set out in this report identifies an estimated budget gap of £93.7m and work is being progressed to identify budget savings options which will be reported to Members.

Recommendations

Executive Board is recommended to:

- a) Approve the 2020/21 – 2024/25 Medium Term Financial Strategy for both General Fund services and the Housing Revenue Account;
- b) Note that budget saving proposals to address the estimated budget gaps will be brought to Executive Board in advance of the Initial Budget Proposals to be received by the Board in December.
- c) Note that the Chief Officer – Financial Services will be responsible for implementing these recommendations.
- d) Approve the adoption of the revenue and capital principles, as set out in Annex 1, which must be complied with in respect of the arrangements for the financial management of both the revenue budget and the Capital Programme.

1. Purpose of this report

- 1.1 The 2019/20 budget report to Executive Board in February 2019 included an update of the Medium Term Financial Strategy 2020/21 to 2021/22. Within a set of assumptions, this identified an estimated budget gap of £37.2m and £28.2m in 2020/21 and 2021/22 respectively. It also stated the intention to present an updated Medium Term Financial Strategy to Executive Board at its meeting in July. The financial position of the Council will be updated through the budget setting process as more information is made available.
- 1.2 In accordance with this requirement, this report presents the Council's updated Medium Term Financial Strategy which has now been extended to cover the five year period 2020/21 – 2024/25 for Executive Board's approval.
- 1.3 The report also provides an update of the process for the determination of an affordable 10 year Capital Programme.

2. Background information

- 2.1 The environment in which local government operates continues to be one which presents significant financial challenges to all local authorities, including some areas of significant uncertainty.
- 2.2 In accepting the Government's four year settlement agreement in 2015, the Council has had some certainty as to the level of resources it would receive through its Settlement Funding Assessment between 2016/17 and 2019/20. This certainty has now come to an end and, at the time of writing this report, the Council has not received notification of the level of resources it will receive for 2020/21 and future years. During the current settlement period the Council's core funding has reduced by £85m which was in addition to the core funding reduction of £182m between in 2010/11 and 2015/2016. It is worth noting that a recent County Councils Network publication identified a cumulative funding gap of £51.8bn by 2025 in national council finances.
- 2.3 The Chancellor of the Exchequer's Spring Statement on the 13th March 2019 gave an update on the overall health of the economy and the level of public debt. On top of predicted GDP growth of 1.4%, 1.6% and 1.6% in 2020/21, 2021/22 and 2022/23 respectively, borrowing continues to be forecast to fall in every financial year to £14.4b in 2022/23. The Chancellor also announced that, assuming an orderly Brexit, a full three year spending review would go out to consultation before the summer recess, with the outcome to be announced at the 2019 Autumn Budget. With a Conservative Party leadership contest and continuing uncertainty over the likely Brexit outcome the assumption around a full three year spending review looks increasingly unlikely. Therefore, combined with recent comments of the Chief Secretary to the Treasury that the spending review is unlikely to start before the parliamentary summer recess, we have concluded that there will be a delay to the Spending Review and that instead a single year settlement will be required for 2020/21 to bridge the gap between the current spending settlement and the next full settlement which we anticipate will not be implemented until 2021/22 at the earliest. Similarly, it is anticipated that both the outcome of the Government's Fair Funding Review and the move to 75% Business Rates retention nationally will be delayed until 2021 at the earliest. It is in this context that the Council's Medium Term

Financial Strategy has been set and with the Government's future spending plans for the public sector being unknown it is unclear both to what extent "austerity" will continue after 2019/20 and how Government will seek to reset local authorities' Settlement Funding Assessments. All of this inherent uncertainty, which won't be resolved until the autumn at the earliest, needs to be seen in the context of the Council's requirement to publish its Initial Budget and Final Revenue Budget proposals in December 2019 and February 2020 respectively.

- 2.4 In addition to these reductions in core funding, the Council faces continuing growth in demand for many of its services, particularly for adult and children's social care. In balancing its budget the Council must also deal with inflationary increases in costs and uncertainty with regards to income from specific Government grants, particularly in respect of adult social care. Whilst we have responded successfully to these financial challenges to date, it is important that the Council has a robust Financial Strategy in place to address these continuing financial pressures. The Medium Term Financial Strategy needs to ensure that the Council's financial position is sustainable and resilient to withstand pressures such as variations in funding or increased demand for the services that it offers. It is more important than ever that we continue with our programme of becoming a more efficient and enterprising organisation, our stated 'Best Council' ambition.
- 2.5 In December 2018, the Government notified the Council that the North and West Yorkshire Business Rates Pool application to pilot 75% retention in 2019/20 had been successful. The estimated additional business rates, reduction in the levy and Section 31 grant was built into the 2019/20 budget. To date the Council has been notified that the Pilot is for 2019/20 only. Reform of the Business Rates system was expected to be completed for the 2020/21 financial settlement. This is now looking increasingly unlikely, and it is unclear whether the current 75% Business Rates retention pilot will roll forward into 2020/21 or, failing this, if there will be opportunity for Pools to bid again for 2020/21. If there is such an opportunity the outcome will not be known until December 2019, which is also when the Council's Initial Budget Proposals for 2020/21 are being received at Executive Board. If the current budget assumption that the 75% pilot will continue does not materialise there will be an estimated additional pressure of £10.2m in 2020/21. Greater certainty from Government with regard to the future of Business Rates Retention reform would provide more certainty to Local Authorities at a time when they are determining their financial strategies.
- 2.6 In December 2017, the Government launched its Fair Funding Review of Local Government finance. Current funding baselines for Local Authorities are based on an assessment of relative needs and resources, using a methodology introduced over ten years ago and data which has not been refreshed since the introduction of the 50% business rates retention system in 2013/14. Since then, demographic pressures and costs have affected local areas in different ways, with the Government themselves recognising that "introducing the new needs and resources formula could result in significant changes to the funding baselines of some Local Authorities". The Fair Funding Review is dependent on the outcome of the delayed Spending Review 2019. Therefore, the result of the Fair Funding Review won't be known until later than anticipated. It is increasingly unlikely that the outcome will be known in time to inform the level of resources available to support budgets from 2020/21 onwards. As such, the Strategy assumes that the Spending Review will be delayed, resulting in a single year settlement in 2020/21, with a three year settlement commencing in

2021/22. Until the outcome of the Government's spending review is known the Strategy also assumes that any such changes will be revenue neutral during the life of this Plan as transitional arrangements are anticipated to be put in place.

- 2.7 Since 2017/18, the Government has provided additional resources to adult social care through a combination of additional adult social care grants, "Spring Budget grant", the improved Better Care Fund (iBCF), the Winter Pressures grant and the Adult Social Care precept on Council Tax. Local Authorities are often unaware that additional resources, such as Winter Pressures grant which was announced in the Chancellor's Autumn Statement, are to be provided and consequently this makes financial planning challenging. For 2020/21 and beyond, there is no certainty that additional resources for adult social care will be receivable or that some of the current funding streams, such as the Winter Pressures grant announced in the Chancellor's Autumn Statement, will continue. In the identification of funding solutions for adult social care, in March 2017 the Government said that it would publish a Green Paper on social care in order to allow a public consultation to be held. This followed the decision in July 2015 to postpone the introduction of a cap on lifetime social care charges and a more generous means test as had been proposed by the Dilnot Commission. The Government has said that the proposals in the Green Paper will "ensure that the care and support system is sustainable in the long term". The continued delay in the publication of the Green Paper has added to the uncertainty in respect of the Government's intentions around the future funding of adult social care.
- 2.8 Looking more widely, the potential impact that the vote by the British public to leave the European Union may have upon the Council (and indeed on the economy as a whole) still remains unclear although the projected impact will have to be factored into the Government's Spending Review. Similarly this financial strategy does not take account of the financial impact of any devolution proposals that may emerge during this period.
- 2.9 Nationally, many councils are reporting increasing financial pressures on children's services. The Care Crisis Report, published this year, noted that in England and Wales the number of care order applications reached a record level in 2017 and the number of looked after children was at its highest since the Children Act 1989. The recent County Councils Network publication reviewing council finances identified a cumulative funding gap of £51.8bn and also recognised that by 2025 council spend on children's services will need to rise by £3.9bn a year compared to what they were spending in 2015. For 2020/21 and beyond there is no certainty that the current Social Care Support grant announced in the Chancellor's Autumn Statement will continue.
- 2.10 The Council has significant capital aspirations to fulfil in investing in its existing estate and new capital investment, to ensure that it has the right infrastructure in place to support its ambitions. The Council has underpinned this investment by taking advantage of low borrowing rates. However, the reducing revenue funding envelope and the prospects that interest rates will start to rise has required the Council to consider a different approach where capital spending decisions are taken at the same time as when the revenue budget is set. Allied to this the Council is now reviewing its capital requirements and developing a 10 year capital programme with a view to assessing affordability over the longer period.

- 2.11 Between 2016/17 and 2019/20 Councils were required by the Welfare Reform and Home Act (2016) to reduce social housing rents by 1% per annum. Properties within PFI areas have been exempt from this requirement. From 2020/21, and for a five year period, the Government are allowing councils to return to the rent formula of CPI+1% for future rent increases. These increases in rent will help the Council deliver its housing priorities.
- 2.12 In the autumn of 2019, CIPFA's intention is to launch their Financial Resilience Index which will contain a number of indicators including "reserves depletion time", "level of reserves", "change of reserves", "council budget flexibility" and "council tax to net revenue". The purpose of the indicators is to allow local authorities to assess whether they are in a financially stable position or if there is some potential risk to their financial stability.
- 2.13 Similarly, in order to ensure that each local authority has in place appropriate financial management arrangements, CIPFA has issued a Financial Management Code which will be applicable from 1st April 2020. The code has been issued in the context of the two Section 114 notices that were issued at Northamptonshire County Council in 2018 and a number of other local authorities reporting that they are facing significant financial challenges. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Local Authorities will be required to demonstrate that the requirements of the Code are being satisfied. Both the Financial Resilience Index and the Financial Management Code will complement one another.
- 2.14 In addition to the two CIPFA initiatives described in 2.12 and 2.13 above, the Council is proposing to adopt a number of principles for the management of its revenue and capital budgets, provided at Annex 1. The revenue principles have been developed to support both the process for determination of the budget and the financial management arrangements for delivery of a balanced revenue budget position. The capital principles have been developed to enable the Capital Programme resource to achieve the priorities within the Best Council Plan and will support the development and monitoring of the Capital Programme for 2020/21 and future years.
- 2.15 In the determination of both this Medium Term Financial Strategy and subsequent annual budgets, it needs to be ensured that our processes and assumptions are sufficiently robust. The issuing of Section 114 notices by Northamptonshire County Council in February 2018, combined with the planned implementation of CIPFA's Resilience Index and Financial Management Code, has increased the focus on local authorities' financial resilience and sustainability. The decision to extend the Medium Term Financial Strategy to cover a five year period will contribute towards ensuring that the decisions that the Council makes are sustainable over a longer planning period.
- 2.16 In the context of these uncertainties and financial challenges, the Council will need to continue to make difficult decisions around the level and quality of our services to ensure the delivery of the ambitions and priorities for the city and the Authority set out in the Best Council Plan. Both the development and implementation of the Best Council Plan will continue to inform and be informed by the Council's core funding, staffing and other resources, ongoing collaboration and engagement with partners across all sectors and the communities and citizens of Leeds. Initial proposals for the

2020/21 Best Council Plan and supporting budget will be brought to this Board in December 2019.

- 2.17 In July 2018, Executive Board received the Council's Medium Term Financial Strategy which detailed a funding gap of £96.8m for the period 2019/2020 to 2021/22 of which £13.8m related to 2019/20. The 2019/20 Revenue Budget and Council Tax report which was received at Executive Board and Council in February 2019 required the identification of £22.6m of budget savings in order to address corresponding cost and funding pressures. The same report also provided an update in respect of 2020/21 and 2021/22 and this showed a revised gap of £37.2m and £28.2m in 2020/21 and 2021/22 respectively.
- 2.18 Given the known risks associated with the level of funding available for 2020/21 to 2021/22, the increased demand for services, the impact of business rate appeals and increasing cost pressures there is a requirement to refresh the Medium Term Financial Strategy to take account of the impact of all these issues on the overall level of resources available to support the Council's budget, and to roll the strategy on for a further three years so that it now incorporates the years to 2024/25.
- 2.19 While this Financial Strategy provides a financial planning framework through to 2024/25, it does not represent the proposed 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.

3. Main Issues

3.1 Settlement Funding Assessment (SFA) and changes in Local Funding

3.1.1 Table 1 Estimated Level of Resources

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Final £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m	Indicative £m
Revenue Support Grant	0.0	0.0	0.0	0.0	0.0	0.0
Business Rates Baseline	183.7	183.7	199.3	199.3	199.3	199.3
Settlement Funding Assessment	183.7	183.7	199.3	199.3	199.3	199.3
Business Rates Growth	16.8	17.5	2.3	-0.2	-1.3	-0.7
Business Rates Surplus/(Deficit)	-0.6	-2.5	-7.8	-6.5	-5.0	-3.5
Council Tax: Core	296.0	310.4	325.5	341.3	357.8	375.0
Council Tax: Adult Social Care Precept	22.0	22.0	22.0	22.0	22.0	22.0
Council Tax Surplus/(Deficit)	-1.1	-1.2	-1.0	-0.8	-0.6	-0.4
Net Revenue Budget	516.7	530.0	540.3	555.0	572.2	591.7
Change in Resources		13.3	10.3	14.7	17.1	19.5

- 3.1.2 Local government is now in the final year of a four year settlement period. For 2020/21 and beyond, there is little clarity about the future of local government funding. Previous Government announcements indicated that Spending Review 2019 would allocate funding to local government for the three year period 2020/21 –

2022/23. The Fair Funding Review and Business Rates Retention Reform were then intended to follow on from a published three year settlement. However, as referred to above, delays to the Spending Review and uncertainties caused by Brexit have led us to conclude that there will be a single year settlement covering 2020/21, with a three year settlement period commencing in 2021/22. This leads us to assume a likely delay in the two local government reviews: the Fair Funding Review and Business Rates Retention Reform. It is within this context that the resources available, shown in **Table 1** above, have been assessed.

- 3.1.3 Further to this, it is assumed that the 2020/21 Settlement Funding Assessment (SFA) will not change from 2019/20. In 2021/22 SFA will increase by £15.6m following the redistribution of accumulated business rates growth across England. The Strategy assumes that this accumulated business rates growth will not be reduced or top-sliced before redistribution. It is then assumed that SFA remains static for the remainder of this Strategy.
- 3.1.4 No separate figures for Revenue Support Grant (RSG) are shown in **Table 1** as authorities piloting 75% retention forego RSG and the value of the grant foregone is then taken into account in setting their new Business Rates Baseline, increasing it so that their SFA remains unchanged. It is Government's stated intention to continue to 'roll in' RSG alongside the national implementation of 75% retention, discussed at paragraph 3.2.2 below.
- 3.1.5 Changes in local funding, i.e. Business Rates Retention and Council Tax, are discussed in more detail below. After taking account of the overall changes in the level of funding available to the Council, **Table 1** shows that the Net Revenue Budget for the Council will increase over the life of the Strategy, from £516.7m in 2019/20 to an estimated £591.7m in 2024/25.

3.2 Business Rates Retention

- 3.2.1 In December 2018, Government notified the Council that the North & West Yorkshire Business Rates Pool bid to pilot 75% Business Rates Retention in 2019/20 had been successful. This followed the success of the Leeds City Region 100% business rates retention pilot in 2018/19. The new pilot scheme allows Pool member authorities to retain 75% of growth in business rates, and associated Section 31 grants, above the business rates baselines as determined by Government, whereas non-pilot authorities only retain 50% of that growth. To date, the Council has been notified that this Pilot is for 2019/20 only. Further information is awaited about the future of pooling arrangements in the light of the possible introduction of 75% retention across England in 2020/21.
- 3.2.2 As a consequence of delays in amending relevant legislation, it was not possible for Government to introduce 100% Business Rates Retention nationally in 2020/21. They instead signalled their intention to roll out a 75% retention scheme in that year and to continue to work towards greater business rates retention. However, the introduction of 75% retention nationally in 2020/21 is now considered to be unlikely and Business Rates figures in the Medium Term Financial Strategy for 2020/21 reflect the assumption that the current 75% retention pilot will continue into next year with 75% business rates retention implemented nationally in 2021/22. However, there remains a risk that the North & West Yorkshire Pool will be ended by the

Government in March 2020 and member authorities returned to 50% retention for 2020/21. The potential financial losses for Leeds City Council are estimated to be around £10.2m in 2020/21, relating to both retained Business Rates income and its associated grants. It is possible that the Authority will not know the final position on business rates in 2020/21 until December 2019.

- 3.2.3 The Strategy assumes that budgeted Business Rates income retained by the Authority in 2019/20 (£199.8m) will reduce to £198.7m in 2020/21 and further decrease to £193.8m in 2021/22 and £192.5m in 2022/23 before increasing to £193.0m in 2023/24 and to £195.1m in 2024/25. This medium term increase reflects: the forecast Consumer Price Index of 2%; that SFA will remain constant in cash terms throughout the period; that national accumulated Business Rates growth to 2019/20 will be redistributed through SFA in 2021/22 following a baseline reset, reflected in the £15.6m increase in **Table 7**; and that any further estimated business rates growth will be retained locally from 2021/22. It also includes any estimated business rates deficit on the Collection Fund during those years. Further reforms to the administration of the Business Rates Retention Scheme, currently being considered by the Government, remain too uncertain to anticipate at this time.
- 3.2.4 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, the 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'.
- 3.2.5 Both the Fair Funding Review and reforms to the Scheme now seem unlikely in 2020/21 and therefore it is assumed that this reset will also be delayed by a further year. Based on current projections and including estimates of in-year growth, growth above the baseline of £17.5m is included in 2020/21, decreasing to £2.3m in 2021/22 following an assumed reset, after which it is expected that business rates income will be £0.2m below the baseline in 2022/23, £1.3m below the baseline in 2023/24 and £0.7m below the baseline in 2024/25. All estimates assume the Authority will retain 75% of growth above the baseline.
- 3.2.6 This decline in net Business Rates Growth above the baseline in later years, as can be seen in **Table 1**, continues to reflect an underlying assumption that there will be annual in-year growth of approximately £10m in Rateable Value in the City. The net decline in growth above the baseline is due to a number of factors, including reductions brought about by successful appeals submitted by ratepayers and the ongoing impact of increasing deficits in later years.
- 3.2.7 The shortfall between budgeted business rates income and actual in-year income becomes a cost that has to be met in the following year. In 2019/20, this deficit fell to £0.6m, the lowest since 2013/14. In 2020/21 the deficit is expected to rise to £2.5m taking into account a shortfall in receipts of business rates since the 2019/20 deficit was calculated. Given the uncertainties about business rates yield in future years, it is expected this deficit will increase significantly with a deficit of £7.8m estimated for 2021/22, £6.5m in 2022/23, £5.0m in 2023/24 and £3.5m in 2024/25.

- 3.2.8 The risks posed by appeals against the 2010 ratings list will reduce as the number of outstanding appeals reduces over the forthcoming months. The 2017 ratings list was introduced alongside a new appeals process and to date the number of appeals against this list has been much lower than the 2010 ratings list, although it remains uncertain as to whether this situation will continue.
- 3.2.9 There remain many uncertainties around the future of business rates retention within the local government finance system. It is uncertain whether the 2019/20 75% retention pilots will continue into 2020/21 or whether constituent authorities will return to 50% retention, which would represent an estimated loss of £10.2m to this Authority. 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. Further, it remains uncertain whether fundamental reforms to the administration of the Business Rates Retention Scheme, currently under consideration by the Government, will be implemented. This Financial Strategy assumes that 2019/20 75% pilots will continue into 2020/21, that national growth will be redistributed in full in 2021/22 according to need and that the current retention scheme will continue during the period of this Strategy. However, the underlying uncertainties persist throughout this period.

3.3 Council Tax

- 3.3.1 This Medium Term Financial Strategy assumes Council Tax base growth of 1.5% per annum (around 3,400 Band D properties in 2020/21), which is 0.1% above the tax base increase in 2019/20. Further, the Strategy assumes that councils will continue to be able to raise core Council Tax by up to 2.99% in 2020/21, following the announcement of increased referendum limits for both 2018/19 and 2019/20. This would be subject to parliamentary approval and would likely be addressed in the annual consultation on the Local Government Finance Settlement. It is further assumed that the referendum limit will continue at this level in subsequent years. The Provisional Local Government Finance Settlement 2017 confirmed the continuation of the Adult Social Care precept between 2017/18 and 2019/20, capping the total increase at 6%. Leeds City Council have maximised this flexibility and the Strategy assumes no further precept in 2020/21 and beyond.
- 3.3.2 As with Business Rates, any shortfall between budgeted and actual Council Tax income is a cost that must be met in the following year. In 2019/20 this deficit is £1.1m. The Strategy assumes that the deficit will reduce to £0.4m over the five year period up to 2024/25.

3.4 Other Funding Changes

- 3.4.1 The paragraphs below outline the key changes to other funding that the Council receives, which are detailed in **Table 7**.

3.5 Specific Grant Funding Changes - New Homes Bonus

- 3.5.1 In 2011/12, the Government introduced an incentive scheme to encourage housing growth across the country. Councils received additional grant equivalent to the average national Council Tax for each net additional property each year and this was to be received annually for six years. The 2015 Spending Review made a number of

changes to the scheme, including the grant being receivable over a reduced period of 4 years and the imposition of a national growth baseline before any reward is paid.

3.5.2 In 2018/19, the Government announced that they were intending to review the operation of the Bonus with the intention of introducing reforms to better align the scheme with local authorities' performance in meeting local housing demand beyond 2019/20. No further detail has been provided since this announcement. Consequently, this Strategy assumes the current Scheme will continue, although this will not become clear until the provisional Local Government Finance Settlement is published in December 2019.

3.5.3 The income to be earned from New Homes Bonus in 2019/20 is currently projected to be £0.4m below the £10.0m budgeted for in 2019/20. As income earned in 2019/20 will be paid for a further three years under the current Scheme, this shortfall causes a reduction in the income estimated for 2020/21 of £0.5m persisting until this lower than average year falls out of the projections in 2023/24.

3.6 Specific Grant Funding Changes – Children and Families

3.6.1 In 2019/20, Government provided £5.6m of one-off Social Care Support Grant, which Leeds allocated to the Children & Families Directorate to recognise their significant budget pressures. Whilst Government has not indicated a continuation of this funding in 2020/21, it is difficult to think that there will not be some continued recognition of the demand pressure facing social care services. As such, this Medium Term Financial Strategy assumes that funding equivalent to this £5.6m will continue to be receivable.

3.6.2 Current guidance suggests that the Troubled Families Programme Earned Autonomy grant allocations end in March 2020, with the Strategy showing a £2.7m impact of this grant falling out in 2020/21. Likewise, School Improvement and Brokerage grant, which supports school improvement, is anticipated to cease in 2020/21 resulting in a further £0.3m reduction in funding.

3.7 Specific Grant Funding Changes - Adult Social Care Grants

3.7.1 In November 2016 Government announced increased funding for adult social care through the improved Better Care Fund (iBCF). The £10.1m due in 2019/20 represents the final year of the additional funding announced. Whilst Government has not indicated that any further such monies will be receivable in 2020/21 it is difficult to think that there will not be some continued recognition of the demand pressure facing the service, particularly as the Government's Green Paper on the future funding of social care has not yet been published.

3.7.2 In February 2017, Government announced a total of £2.021bn nationally as supplementary funding to the improved Better Care Fund (iBCF) to be spent on social care. 2019/20 is the final year of this three year funding stream leading to £4.7m falling out for the Council in 2020/21.

3.7.3 Government made available one-off Adult Social Care Support Grant in both 2017/18 and 2018/19, £3.3m and £2.1m respectively for Leeds. In 2019/20, alongside the £5.6m of Social Care Support Grant discussed at paragraph 3.6 above, Government provided additional Winter Pressures grant totaling £3.3m for Leeds.

3.7.4 As such, this Medium Term Financial Strategy assumes that additional funding equivalent to iBCF (£10.1m per annum) will continue to be receivable over the period of the Strategy and also that funding equivalent to £3.3m of Winter Pressures grant will continue to be receivable.

3.8 Specific Grant Funding Changes - Public Health grant

3.8.1 In the 2015 Spending Review, the Government indicated its intention to make savings in local authority public health spending over a fixed-term period, with a final £1.2m reduction reflected in the 2019/20 budget. Future allocations are not yet known and this Strategy assumes no further reductions. Some of this reduction was offset by £0.4m of Public Health grant carried forward on the balance sheet in 2019/20. Such additional funding is not available in 2020/21 and later years.

3.9 Specific Grant Funding Changes - Communities and Environment

3.9.1 The Housing Benefit and Local Council Tax Support Administration Subsidy grants are anticipated to continue to reduce, by a further £0.5m in each of the years 2020/21 to 2022/23, reflecting 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 2020/21 will not be made until late 2019/early 2020.

3.9.2 Individual Electoral Reform (IER) funding, used in previous years to support the costs of activities aimed at increasing the completeness and accuracy of the electoral register, is assumed not to continue and if no funding is available, the net impact on the budget is £70k. However, if funding is subsequently confirmed, this pressure will be mitigated.

3.9.3 The Prime Minister announced in March 2018 that parents would no longer have to meet the costs of burials or cremations. The fees are to be waived by all Local Authorities and met instead by a Government Funeral Fund for grieving parents who have lost their child, although implementation of the fund has been delayed. Leeds City Council has already abolished these fees for Under 18's and an assumption has been made that, from 2020/21, funding from the Funeral Fund of £0.2m will be available to offset the loss of income already provided for.

3.10 Specific Grant Funding Changes – Strategic Accounts

3.10.1 The Government announced that £56.5m nationally would be made available to help councils carry out Brexit preparations. Of this total, Leeds received £0.1m in both 2018/19 and 2019/20. The strategy assumes that no further grant is receivable in 2020/21 onwards, but also that any related costs will no longer be incurred.

3.11 Specific Grant Funding Changes –Section 31 grants

3.11.1 Section 31 grants are received by the Authority from the Government. They are intended to be compensation for the cost of a series 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.

3.11.2 As a result of the assumption that the 75% retention pilot will continue into 2020/21, the Strategy recognises an increase of £0.9m in Section 31 grants payable to the

Authority. This reflects the projected increase in the Small Business Rates multiplier which will contribute to the Council's Strategic accounts.

3.12 Movement on the use of reserves

3.12.1 The Strategy assumes that £4.5m will be contributed to the general reserve in 2019/20 and that subsequently £10m from the general reserve is used to support the 2020/21 budget. No further movements are currently anticipated in this Strategy.

3.12.2 This Strategy assumes a £7.8m pressure relating to earmarked reserves in 2020/21. It proposes the creation of two new reserves – an Innovation Fund and Investment Fund, setting aside £1m for each. The Investment Fund would focus on service improvement or transformation or additional income generation where an initial investment would generate cost reductions or income for the Council. The Innovation Fund would support those more conceptual schemes which need to be developed further. Not all of these schemes would be successful, and there would be a requirement for successful schemes to repay the Fund with the aim of it becoming self-financing. The schemes supported by these funds strengthen the Council's longer term financial resilience.

3.12.3 The remaining movement of £5.8m reflects a combination of contributions to and from reserves. These include the use of the ELI reserve, the Public Health reserve and Resources and Housing reserves in 2019/20. In addition it assumes contributions to S106 balances, schools balances and schools PFI Sinking Funds.

4. Changes in Costs

4.1 Inflation

4.1.1 The Financial Strategy makes allowance for £46.4m of net inflation from 2020/21 to 2024/25. It provides inflation where there is a contractual commitment but anticipates that the majority of other spending budgets are cash limited. An anticipated 3% rise in fees and charges, where they can be borne by the market, has also been built into the Financial Strategy.

4.2 Employers Local Government Pensions Contributions

4.2.1 The actuarial valuation of the West Yorkshire Pension Fund took place in March 2019 and the Authority will not be notified of its outcome until the autumn. An update was provided to West Yorkshire Chief Financial Officers in the autumn of 2018 by the West Yorkshire Pension Fund actuaries, AON, which projected a surplus on the fund. As such, the Medium Term Financial Strategy does not assume an increase in the Council's employer's contribution. However, until the outcome of the actuarial review which may contain changed assumptions about the deficit recovery period or the changes to the discount factor is known, the implications for Leeds City Council remain unknown.

4.3 Pay Award and the Leeds Living Wage

4.3.1 Provision of £45.3m has been for the costs of pay awards for the period covered by the Medium Term Financial Strategy. As well as providing for the cost of an annual 2% pay award for the period covered by the strategy, it also provides for increases of

25p per hour in the Council's minimum pay rate which are consistent with the level of National Real Living Wage increases seen in 2019/20.

4.4 **Fall-out of capitalised pension costs**

- 4.4.1 The fall-out of capitalised pension costs associated with staff who have left the Council under the Early Leavers Initiative (ELI) will save an estimated £2.5m.

4.5 **Demand and Demography**

- 4.5.1 The Medium Term Financial Strategy recognises the increasing demography and consequential demand pressures for services in Adult Social Care and Children and Family Services with £18.5m being provided for over the five years up to 2024/25.
- 4.5.2 Within Adults and Health, the population growth forecast assumes a steady increase from 2019 in the number of people aged 85-89 between 2020 and 2025. These increases of 2.8%, 2.7%, 1.8%, 2.6% and 1.3% respectively result in additional costs for domiciliary care and placements. In addition, the strategy reflects the anticipated impact of increasing cash personal budgets through to 2025. The Learning Disability demography is expected to grow by 2.3% (based on ONS data) over the period. It should be noted that the high cost increase is primarily a combination of increasingly complex (and costly) packages for those entering adult care, as well as meeting the costs of the increasing need for existing clients whose packages may last a lifetime. The Medium Term Financial Strategy provides £2.0m per annum for this projected growth.
- 4.5.3 Children and Families continues to face significant demographic and demand pressures as a result of high birth rates (particularly within the most deprived clusters within the city), increasing inward migration into the city (particularly from BME groups from outside the UK), the increasing population of children & young people with special and very complex needs, greater awareness of the risks of child sexual exploitation, growing expectations of families and carers in terms of services offered and changes in Government legislation, including "staying put", arrangements that enable young people to remain with their carers up to the age of 21. Consequently, the Medium Term Financial Strategy provides £1.5m per annum for the projected growth in the 0-19 year old population and the impact that this will have on both CLA and transport costs.

4.6 **Adult Social Care**

- 4.6.1 In the absence of either the Government's Green Paper, which would have hopefully provided greater certainty about their future funding intentions in respect of adult social care, or any details of future increased financial support through grants such as the Better Care Fund or the Winter Pressures grant, the Medium Term Financial Strategy assumes an increase in adult social care resources of £42.7m over the period 2020/21 to 2024/25. This increase is detailed in **Table 2** below. The grant will be utilised to fund a range of adult social care pressures and priorities including demand, demography and inflation increases on commissioned services. As discussed at paragraph 3.3 above, 2019/20 is assumed to be the final year of the Adult Social Care precept increases in Council Tax and no further increases have been assumed in the Medium Term Financial Strategy.

- 4.6.2 **Table 2** below outlines assumptions as to how the additional funding provided by the improved Better Care Fund, the Spring Budget grant, the Autumn Budget Grant 2018, the Winter pressures Grant 2019/20 and the precept all combine to increase the spending power with adult social care.

Table 2 Adult Social Care "Spending Power"

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m
Base Budget (restated)	221.1	227.5	232.9	243.0	253.1	263.2
Spring Budget Grant 18/19	(9.4)					
Spring Budget Grant 19/20	4.7	(4.7)				
Improved Better Care Fund	10.1					
Increase in ASC funding (assumed)		10.1	10.1	10.1	10.1	10.1
ASC Support Grant 18/19	(2.1)					
Autumn Budget 2018 2018/19	(3.3)					
Winter Pressures Grant 2019/20	3.3	(3.3)				
Continuation of Winter Pressures Grant (assumed)		3.3	3.3	3.3	3.3	3.3
Continuation of Winter Pressures Grant (assumed) fallout			(3.3)	(3.3)	(3.3)	(3.3)
ASC Precept	3.1					
	227.5	232.9	243.0	253.1	263.2	273.3
Movement in Adult Social Care "Spending Power"		5.4	10.1	10.1	10.1	10.1

- 4.6.3 It is important to note that these increased "spending power" figures do not simply translate into how the Council's Adults and Health managed budget for 2020/21 and beyond will look. This is because the grant income and the associated expenditure will net each other off in budget terms in each year that the grant is received.
- 4.6.4 Adult Social Care "Spending Power" is projected to increase by £5.4m in 2020/21 with assumed increases of £10.1m in each of the later years of the Strategy. It should be noted that Adult Social Care expenditure simply to meet demand and demography costs in the region of £14m each year.
- 4.6.5 As discussed at paragraph 3.7, the Strategy assumes that there will be some continued recognition of the demand pressure facing the service. As such, **Table 2** reflects the assumptions that additional funding equivalent to iBCF annual growth (£10.1m per annum) will continue to be receivable over the period of the Strategy and also that funding equivalent to £3.3m of Winter Pressures grant will continue to be receivable. If the amounts receivable are greater than the amount assumed in this strategy then the estimated budget gap within Adults and Health will reduce accordingly.
- 4.7 **National Living Wage for Commissioned Services and the Ethical Care Charter**
- 4.7.1 In respect of services commissioned from external providers by both Children and Families and Adults and Health Directorates, provision of £6.9m per annum has been included and this consistent with the National Living Wage assumptions. Elements of the Ethical Care Charter, particularly in respect of better terms and

conditions including improved rates of pay for care staff were implemented in 2019/20 and the provision required for the period consolidates this position.

- 4.7.2 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.

4.8 Other pressures

- 4.8.1 Over the life of the Medium Term Financial Strategy 2020/21-2024/25 other cost pressures amount to £9.4m.
- 4.8.2 Of these identified pressures £4.9m relate to Adults and Health, £2.0m relates to Communities and Environment, £2.3m to Resources and Housing and £1.0m in the Council's Strategic budget, whilst £0.9m is net pressure within Children and Families and City Development.

4.9 Capital Financing Costs

- 4.9.1 The Council's capital programme is determined by its capital spending priorities which combine a number of annual programmes investing in existing key assets and services. In addition, capital spend is directed towards the priorities laid out within the Best Council Plan. The revenue cost and affordability of the capital programme is considered as part of treasury management strategy. The Council's latest forecast for capital spend in general fund and HRA over the current and next 3 years is £1,421.6m. This is summarised at **Table 3** and provided in more detail at Annex 4 to this report.

Table 3 Forecast Capital Spend

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
EXPENDITURE					
GENERAL FUND (GF)					
IMPROVING OUR ASSETS	108.5	109.9	82.5	28.1	329.0
INVESTING IN MAJOR INFRASTRUCTURE	149.7	153.6	51.9	21.2	376.4
SUPPORTING SERVICE PROVISION	47.2	43.4	17.9	18.7	127.2
INVESTING IN NEW TECHNOLOGY	15.1	12.8	11.4	0.1	39.4
SUPPORTING THE LEEDS ECONOMY	25.9	16	8.1	1.7	51.8
CENTRAL & OPERATIONAL EXPENDITURE	35.2	25.7	20.7	10.1	91.7
TOTAL ESTIMATED SPEND ON GF	381.6	361.4	192.5	79.9	1015.5
HOUSING REVENUE ACCOUNT (HRA)					
IMPROVING OUR ASSETS - COUNCIL HOUSING	122.1	130.4	140.9	12.7	406.1
TOTAL ESTIMATED SPEND ON HRA	122.1	130.4	140.9	12.7	406.1
TOTAL ESTIMATED SPEND	503.8	491.9	333.4	92.6	1421.6

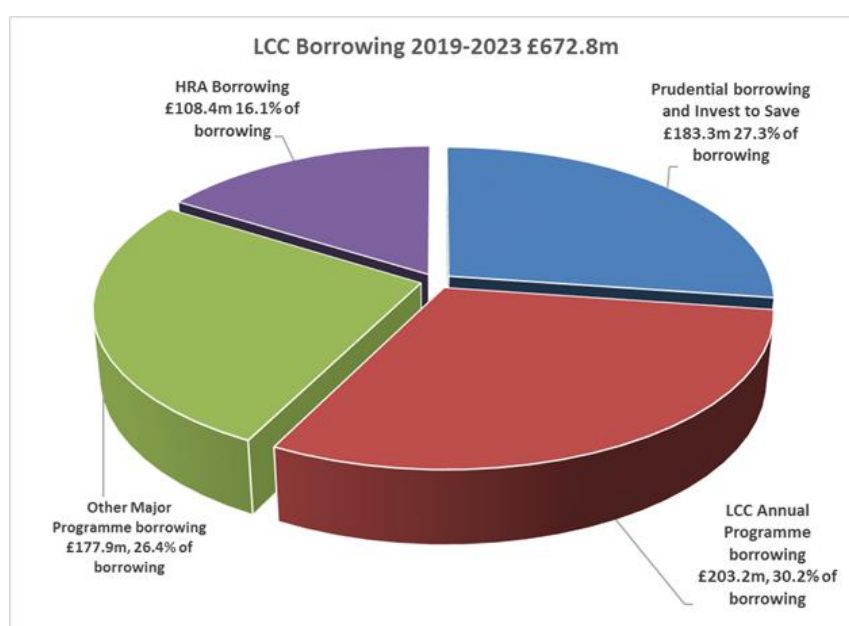
4.9.2 The Councils funds the programme from a variety of sources as outlined at **Table 4:**

Table 4: How the Capital Programme is Funded

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
GENERAL FUND (GF)					
Specific Resources					
GOVERNMENT GRANTS	185.5	192.9	35.9	10.8	425.1
OTHER GRANTS	16.9	5.2	1.7	2.2	26.0
Corporate Resources					
BORROWING - Corporate	138.8	137.8	135.4	38.9	450.8
BORROWING - Departmental	40.4	25.6	19.6	28	113.6
CAP. RESOURCES REQD FOR GF	381.6	361.4	192.5	79.9	1015.5
HOUSING REVENUE ACCOUNT (HRA)					
Specific Resources					
HRA SELF FINANCING	68.3	73.5	74.1	0.7	216.6
R.T.B. CAPITAL RECEIPTS	22.2	18.0	23.2	0.0	63.4
GOVERNMENT GRANTS	0.4	5.2	3	0.0	8.6
OTHER CONTRIBUTIONS	7.6	1.2	0.3	0.0	9.2
BORROWING - Departmental	23.6	32.6	40.2	12.0	108.4
CAP. RESOURCES REQD FOR HRA	122.1	130.4	140.9	12.7	406.1
TOTAL CAP. RESOURCES REQD	503.8	491.9	333.4	92.6	1421.6

4.9.3 The Council forecasts an additional borrowing requirement of £672.8m, before Minimum Revenue Provision (MRP) repayments. Of this £183.3m relates to capital expenditure that is funded by additional income or generates revenue savings, £203m ensures that our assets are maintained to an acceptable standard, £178m supports the Best Council Plan objectives and the remaining £108.4m supports the HRA programme. The split of LCC borrowing for the full programme is shown in Chart 1.

Chart 1



- 4.9.4 The net debt budget in 2019/20 has been set at £11,490 and is set to increase significantly due to the unwinding of MRP savings as shown at Table 5 and discussed at paragraph 4.10.

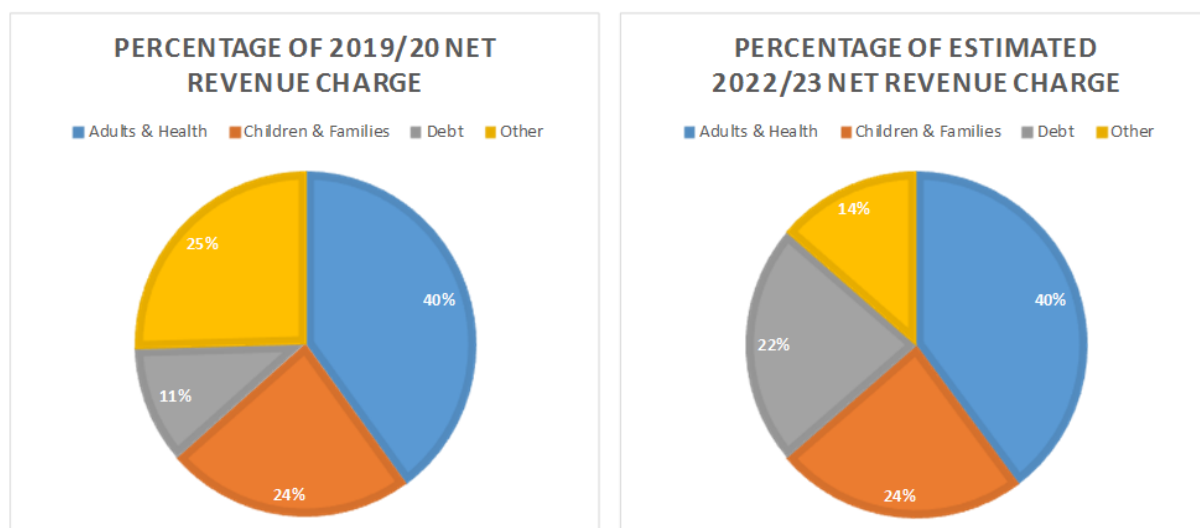
Table 5 Net Debt Budget

	2019.20	2020.21	2021.22	2022.23
Interest Payable	47,512	53,302	59,957	65,395
Internal Income and Other	-17,265	-21,881	-23,439	-22,857
MRP	19,706	48,787	61,186	67,980
MRP adjustments	-38,463	-39,921	-32,483	-32,645
Net Debt Budget	11,490	40,287	65,221	77,873

Net Interest Increase	1,174	5,097	6,020
Net MRP increase	27,623	19,837	6,632

- 4.9.5 The Treasury Strategy continues to fund the borrowing requirement from a combination of historically low short term rates and its balance sheet strength. However, it references that interest rates are expected to rise and, as such, allows for some longer term borrowing when market opportunities materialise. If interest rates rise at a faster pace than expected then the Treasury Strategy will look to lock in longer term funding, providing the Council with greater funding certainty over the longer term. A 0.25% increase in interest rate assumptions would add additional costs of £2.1m to 2021/22.
- 4.9.6 Chart 2 illustrates that, based upon the current approved capital programme, the cost of debt including interest and MRP is forecast to double to 22% of the Council's Net Revenue Charge by 2022/23.

Chart 2



- 4.9.7 A new approach for setting the capital programme was adopted for 2019/20 which ensured that the revenue impact of capital investment decisions were taken at the same time that the revenue budget and treasury management strategy were approved for the following year. Further enhancements have been made to the approach for setting the 2020/21 capital programme. This includes a review of spend

in 2018/19, a review of the current capital programme and a review of pressures that directorates will submit. Directorate scheme proposals must be underpinned by a clear business case with robust costings, outline revenue implications and make prudent assumptions on projections of income, where appropriate, that will stand up to scrutiny. The capital review will access the Council's Strategic Investment Board, an Officer led Star Chamber with recommendations being made to Executive Board in September following a challenge to the capital scheme proposals. The Budget Review Group has also been established, a member-led group to consider schemes within the programme.

4.10 Minimum Revenue Provision

- 4.10.1 The Minimum Revenue Provision (MRP) is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Local authorities are required by statute to determine each financial year what they consider to be a prudent amount of MRP, and are required by statutory guidance to approve an annual statement setting out their MRP policy. The policy should be approved by Full Council, and any subsequent revisions which are proposed to the approved policy should also be approved by Full Council.
- 4.10.2 Changes to previous years MRP policy enabled the Council to benefit from reduced MRP payments in 2017/18, 2018/19 and 2019/20. However this position starts to unwind from 2020/21 when MRP is forecast to increase by £27.6m and then a further £19.8m in 2021/22 and £6.6m in 2022/23. These figures are shown in **Table 7**.
- 4.10.3 Capital receipts are utilised to offset PFI liabilities, repayment of MRP and redundancy payments. These are forecast to fall creating a revenue pressure of £8.2m in both 2021/22 and 2022/23 when compared with previous assumptions. Utilisation of capital receipts is reflected in the debt and MRP figures in **Table 7**. The forecast of capital receipts is shown in **Table 6**.

Table 6 Capital Receipts Forecast and Use

	2019/20	2020/21	2021/22	2022/23	Totals	2023 onwards
	£	£	£	£	£	£
Property and Land Sales	29,672,634	14,433,585	19,949,243	11,564,000	75,619,462	23,451,601
Useable RTB capital receipts Forecast	2,391,000	2,391,000	2,391,000	2,391,000	9,564,000	
Long term debtors	46,000	46,000	46,000	46,000	184,000	
Useable Capital Receipts	32,109,634	16,870,585	22,386,243	14,001,000	85,367,462	
Revenue budget requirement (MRP)	17,551,000	20,000,000	10,000,000	10,000,000	57,551,000	
Flexible use of capital receipts (ELI & Digital)	1,500,000	1,000,000	500,000	500,000	3,500,000	
Revenue budget requirement (PFI)	18,183,000	21,479,000	24,827,000	26,474,000	90,963,000	
Charging PFI over asset life	(13,630,000)	(15,745,000)	(18,152,000)	(18,155,000)	(65,682,000)	
Total Revenue budget requirement	23,604,000	26,734,000	17,175,000	18,819,000	86,332,000	
In Year Surplus/(Deficit)	8,505,634	(9,863,415)	5,211,243	(4,818,000)	(964,538)	
Useable capital receipts Surplus/(Deficit) b/f	1,467,053	9,972,687	109,272	5,320,515	1,467,053	
Useable capital receipts Surplus/(Deficit)	9,972,687	109,272	5,320,515	502,515	502,515	

The Council has a limited number of assets but needs to ensure that it reviews both its operational and non-operational asset base. This review is ongoing and should identify further surplus assets.

5. Estimated Budget Gap

5.1 Table 7 Estimated Budget Gap

2020/21 TO 2024/25 PROJECTIONS	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Settlement Funding Assessment	0.0	(15.6)	0.0	0.0	0.0	(15.6)
Changes in Local Funding	(13.3)	5.3	(14.7)	(17.2)	(19.5)	(59.4)
Change in contribution to/(from) General Reserve	(14.5)	10.0	0.0	0.0	0.0	(4.5)
Change in contribution to/(from) Earmarked Reserves	7.8	(2.0)	0.0	0.0	0.0	5.8
Changes in Specific Grant	(1.1)	(9.6)	(9.6)	(10.1)	(10.1)	(40.5)
Changes in S31 grants	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Other Funding Changes	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Decrease/(Increase) in Funding	(21.9)	(11.9)	(24.3)	(27.3)	(29.6)	(115.1)
Inflation	9.1	9.1	9.3	9.4	9.5	46.4
Employer's LGPS contribution	0.0	0.0	0.0	0.0	0.0	0.0
Pay Award including Living Wage	10.5	8.4	8.6	8.9	9.0	45.3
NLW Commissioned Services and Ethical Care Charter	6.9	6.9	6.9	6.9	6.9	34.4
Fall-out of capitalised pension costs	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(2.5)
Demand and Demography	3.7	3.7	3.7	3.7	3.7	18.5
Income pressures	1.1	0.1	0.3	0.1	(0.2)	1.4
Other pressures/savings	8.4	3.2	0.7	0.9	(3.9)	9.4
MRP	27.6	19.8	6.6	0.4	(1.3)	53.2
Other Debt	(0.2)	6.8	6.3	(1.3)	2.0	13.7
Projected Cost Increases	66.7	57.5	42.0	28.4	25.3	219.9
Total Cost and Funding Changes	44.8	45.5	17.7	1.2	(4.3)	104.8

5.2 After taking account of changes to the Settlement Funding Assessment, changes in local funding plus other cost and funding changes as outlined above, there is a requirement to deliver £104.8m of savings over the period covered by the Medium Term Financial Strategy. Of this variation of £104.8m, £53.2m relates to the requirement to increase the level of budgetary provision for MRP. As set out in the 2017/2018 Revenue Budget and Council Tax report, which was received at both Executive Board and Full Council in February 2017, it was identified that the Council had overprovided for MRP by £92.3m and the revenue budget was adjusted downwards accordingly for a three year period covering 2017/18 to 2019/20. This reduction in MRP significantly contributed towards the Council, bridging the estimated budget gap of £104m between 2017/18 and 2019/20, of which £63.8m related to 2017/18 alone. Since 2019/20 is the final year of the application of this overprovision, it is necessary to provide an additional £27.6m for MRP in 2020/21. The scale of the overall savings requirement, detailed above, needs to be considered in the context of the Council's current budget: gross budget of £2,051.4m and net budget of £516.7m in 2019/20, as summarised in **Annex 3** to this report.

5.3 Proposals/Approach to meet the gap

5.3.1 Table 8 Estimated Budget Gap less Savings Options

2020/21 TO 2024/25 PROJECTIONS	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Estimated Budget Gap	44.8	45.5	17.7	1.2	(4.3)	104.8
Directorate Budget Savings Proposals						
Planned Fallout of Grant	(4.8)	0.0	0.0	0.0	0.0	(4.8)
Changes to Service	(0.8)	(0.8)	0.0	0.0	0.0	(1.5)
Efficiencies	(1.5)	(0.6)	0.0	0.0	0.0	(2.2)
Income - Fees & Charges	(0.3)	0.0	0.0	0.0	0.0	(0.3)
Income - Traded Services, Partner and Other Income	(0.5)	(0.5)	0.3	0.5	0.0	(0.2)
Other Income Changes	(0.1)	(0.1)	(0.6)	(0.7)	(0.7)	(2.2)
Total Budget Savings Proposals	(7.9)	(2.0)	(0.3)	(0.2)	(0.7)	(11.1)
Gap	36.8	43.5	17.3	1.0	(5.0)	93.7

5.4 Planned Fall Out of Grant

- 5.4.1 The Medium Term Financial Strategy incorporates a reduction of £4.7m in Spring Budget grant that was receivable within Adults and Health. This assumes that there is an exit strategy associated with this short term funding which is being used to support non-recurring Invest to Save proposals.
- 5.4.2 The Government provided a grant of £0.1m in both 2018/2019 and 2019/20 to support the Council in its preparations for Brexit. The Medium Term Financial Strategy recognises the £0.1m fall out of the grant from 2019/20 with the corresponding reduction in expenditure.

5.5 Changes to Service

- 5.5.1 It is assumed that additional income of £1.5m will be realised through investing in commercial assets.

5.6 Efficiencies

- 5.6.1 As a result of the ongoing review and subsequent rationalisation, the Council's estate will deliver running cost savings of £0.2m from 2020/21. The continued investment in LED lighting in our street lighting columns will result in further savings of £0.95m by 2021/22. As a result of the roll out of universal credit, and the corresponding reduction in case load, it is projected that there will be a reduction in staffing in the benefits service of £0.25m. In addition, it is projected that there will be savings of £0.85m in respect of waste management contracts.

5.7 Income – Fees and Charges/Traded Services/Other

- 5.7.1 Additional income of £2.7m will largely result from a combination of increased capitalisation and charging out staff time (£3.2m), additional income from advertising

(£0.2m) and additional income at our sport centres (£0.3m). This is offset by a forecast £1.0m reduction in contributions from S106 balances.

5.8 Approach to bridging the Revised Gap

- 5.8.1 The total estimated identified savings from changes to services, efficiencies and additional income from the fees, charges and traded services that the Council is seeking to generate over the five year plan total approximately £11.1m. This is not sufficient to deal with the changes in funding, expenditure and income pressures that are outlined in this report. Even after account is taken of the identified savings options, summarized in **Table 8**, there is still an estimated savings requirement of £93.7m for the five year period covered by the Medium Term Financial Strategy of which £36.8m and £43.5m relates to 2020/21 and 2021/22 respectively.
- 5.8.2 Recognising the financial challenge of bridging the estimated budget gaps detailed in this Medium Term Financial Strategy whilst at the same time seeking to ensure that the Council's revenue budget is robust and resilient, work has commenced on a series of directorate service and budget reviews with the intention that the outcome of these will contribute towards reducing the estimated budget gap detailed in this report. Informed by the benchmarking workstream, the intention is that the outcome of these reviews will be reported to Executive Board in advance of the Initial Budget Proposals to be received by the Board in December. After this, a period of consultation in respect of these submitted proposals will commence with the final proposals to feature in the Annual Revenue and Council Tax report to February's Executive Board and Full Council. A timetable relating to the production of the Annual Revenue Budget can be found in **Annex 2**.

6. Reserves Policy

6.1 General Fund Reserves

- 6.1.1 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 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 ensure this is monitored and maintained.
- 6.1.2 The level of reserves the Council retains also needs to be seen in the context of CIPFA's Financial Resilience Index, to be launched in the autumn, which will increase the focus upon both the level of and use reserves that every local authority retains on its balance sheet.
- 6.1.3 The purposes of the general reserve policy are to:
- Maintain general reserves at a level appropriate to help longer-term financial stability; and
 - Identify any future events or developments which may cause financial difficulty, allowing time to mitigate for these.
- 6.1.4 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.

- 6.1.5 The Financial Strategy assumes the use of £10m of general reserves in 2020/21. **Table 9** below sets out the indicative general reserve level from 2019/20 to 2024/25. This position assumes that a balanced budget position is delivered in 2019/20.
- 6.1.6 By the end of the plan, the level of general reserve is forecast to be £22.5m.

6.1.7 **Table 9 Forecast Level of General Reserve**

General Reserve	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m
Brought Forward 1st April	28.0	32.5	22.5	22.5	22.5	22.5
Change in Incidence of Receipt of Innovation Grant	1.7	0.0	0.0	0.0	0.0	0.0
Budgeted Contribution/(Use) In Year	2.8	(10.0)	0.0	0.0	0.0	0.0
Carried Forward 31st March	32.5	22.5	22.5	22.5	22.5	22.5

- 6.1.8 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 many other local authorities of a similar size. In addition, whilst the continued reductions in funding and the pressures faced by the Authority make the current financial climate challenging, we will continue to keep the level of the Council's reserves under review to ensure that they are adequate to meet identified risks.

7. Housing Revenue Account

- 7.1 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.
- 7.2 The 2016 Welfare Reform and Work Act introduced the requirement for all registered social housing providers to reduce social housing rents by 1% for the 4 years from 2016/17 to 2019/20. The Government has confirmed that there will be a return to their rent formula of CPI+1% for 5 years from 2020/2021 and therefore the rental figures are based on this assumed increase.
- 7.3 Service priorities, pay and price pressures along with commitments within the PFI funding model will be met through a combination of efficiencies, targeted contract savings and improved targeting of resources together with the use of reserves and Right to Buy (RtB) receipts.
- 7.4 The costs associated with servicing the HRA's borrowing have increased due to a combination of discounts that had previously been applied to the overall level of debt falling out and the planned increase in borrowing to support the Council's new build programme.

- 7.5 The rollout of universal credit in Leeds commenced in 2016 and once fully implemented it will require the Council to collect rent directly from around 24,000 tenants who are in receipt of full or partial housing benefit. Although the financial impact of this is still difficult to quantify it is likely to have implications for the level of rental income receivable since the level of arrears is anticipated to increase. However, work focusing on tenant arrears means the current provision for bad debt is sufficient to meet the forecast calls on it, hence savings against the original planned budget to top up the provision may be made.
- 7.6 In 2012, the Government increased the discount allowable to tenants exercising their Right to Buy (RtB). The Deregulation Act 2015 reduced the qualifying tenancy period for the RtB from five to three years. The impact of these two policy changes has seen a marked year on year increase in RtB sales, with a subsequent reduction in the amount of rent receivable.
- 7.7 Since all housing priorities are funded through the HRA, any variations in the rental income stream will impact upon the level of resources that are available for the delivery of housing priorities. 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.
- 7.8 The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through Right to Buy by the planned investment in new homes and the buying up of empty homes. Whilst the Council aims to maintain a consistent level of capital expenditure with a view to improving the condition of the stock, this will be within the constraints of the total funding available within the HRA.
- 7.9 Table 10 Housing Revenue Account

	2020/2021 £000s	2021/2022 £000s	2022/2023 £000s	2023/2024 £000s	2024/2025 £000s
Income					
Rental Income	(213,131)	(217,809)	(223,062)	(229,495)	(235,450)
Service Charges	(8,001)	(8,015)	(8,108)	(8,226)	(8,370)
Other Income	(33,055)	(33,197)	(33,313)	(33,396)	(33,418)
Total	(254,187)	(259,021)	(264,482)	(271,117)	(277,238)
Expenditure					
Pay and Price pressures	77,942	80,354	82,088	83,027	84,647
Supplies and services	4,567	4,627	4,687	4,749	4,812
Premises	8,920	9,093	9,268	9,447	9,630
Review of provisions	1,472	1,901	1,592	1,655	1,720
Private Finance Initiative as per model	27,488	27,454	25,834	27,602	26,217
Contribution to Major Repairs Reserve	62,364	63,096	65,834	65,161	68,263
Disrepair	1,400	1,170	700	600	500
Repairs to Dwellings	45,578	46,463	47,393	48,223	49,181
Other	24,455	24,864	27,085	30,653	32,268
Total	254,187	259,021	264,482	271,117	277,238
Overall balance	0	(0)	(0)	(0)	(0)

8. Corporate Considerations

8.1 Consultation and engagement

8.1.1 The Authority's Financial Strategy is driven by its ambitions and priorities as set out in the Best Council Plan 2019/20 to 2020/21, approved by Full Council in February 2019. The Best Council Plan was 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.

8.1.2 The proposed Medium Term Financial Strategy has also been informed by the public consultation on the Council's Initial Budget Proposals for 2019/20. Whilst the consultation covered the key 2019/20 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 '[2019/20 Revenue Budget and Council Tax](#)' report considered by Full Council on 27th February 2019 with a summary of the key points below:

- The public consultation on the Council's Initial Budget Proposals for 2019/20 took place between 20th December 2018 and 20th January 2019. Though focused on the budget, the survey presented findings from the previous year's consultation exercise and explored whether the public's views and perceptions of the Council's priorities had changed in that time.
- The consultation was primarily carried out through an online survey that was advertised on the Council's website and social media sites, via email to partner organisations, Equality Hub members and the Citizens' Panel, and circulated to staff; paper versions were also available. The challenge of balancing the budget was also the theme for the Equality Assembly Conference in November 2018, and a broad range of issues were raised.
- A total of 1,241 surveys were completed, across a range of respondents from different age groups, ethnicities and genders, which generally represented the population of Leeds (as measured against the Census 2011). Responses from younger (18-29 years) and BAME people were found to be slightly underrepresented, however statistically significant numbers were received from each group. In total, 94% of respondents said that they live in Leeds, almost half (49%) work in Leeds and around 1 in 7 (14%) said they work for Leeds City Council.
- In the previous year's budget consultation people had been asked to rate some of the Council's service priorities by how much they matter to them personally, and by how much they think they matter to the City of Leeds. Fifteen priorities were identified with 'Keeping children safe' ranked as the top city priority, followed by 'Supporting older and vulnerable people' – though when it came to rating the priorities at a personal level, 'Keeping streets and neighbourhoods clean and dealing with waste' was ranked top, followed by 'Working with police to prevent and tackle crime and anti-social behaviour'.
- This year, the priorities were listed in a chart showing the percentages of people's previous responses and they were asked whether any of the services should be ranked higher or lower as a priority for the city. 1,225 suggestions from 649 people were received. Three quarters of the comments (942) were to suggest a

service should be ranked higher up the list of priorities, with the rest saying a service should be ranked lower (283). The majority of these related to services in the middle of the rankings (8 to 10).

- **Table 11** shows the services in the order that they were ranked from the prior year, along with the number of comments received this year suggesting the rank should go up or down. The services with the greatest numbers of comments saying to either increase or decrease a rank are highlighted in red and green.

Table 11 Service Priority Ranking: 2018/19 Consultation

Service priority ranking from 2018/19 consultation	Lower	Higher
1. Keeping children safe	28	0
2. Supporting older and vulnerable people	9	37
3. Working with the police to prevent and tackle crime and anti-social behaviour	16	58
4. Keeping streets and neighbourhoods clean and dealing with the city's waste	24	32
5. Making roads safe, reducing congestion and making it easier to get around	35	59
6. Working with schools and families to help children to do well in learning	15	49
7. Helping people earn enough to support themselves and their families	19	53
8. Helping people to live in good quality, affordable housing	7	80
9. Protecting the environment and improving air quality	16	96
10. Preventing and tackling homelessness	9	175
11. Supporting people into jobs, training and apprenticeships	11	71
12. Investing in parks and playing facilities	11	60
13. Encouraging people to live healthier lifestyles	40	81
14. Investing in sport and leisure facilities	15	54
15. City wide cultural events/festivals	28	37
Total Comments	283	942

- Participants were informed that last year the majority of respondents agreed the Council should balance the budget by reducing or cutting some services and increasing tax and charges, and asked whether these changes have affected them personally. In total, 646 comments were made by 507 people, of which the highest reported issues were:
 - Increased Council Tax (163) – of which a quarter said they are noticeably worse off (42) and some said that they struggle to pay (19).
 - New charges at recycling depots (88) – of which nearly half reported a noticeable or perceived increase in fly tipping (39).
 - Roads and Highways (57) – most of which were about the general condition of roads.
- Thinking about making efficiencies, participants were asked for suggestions on how the Council can save money. In total, 635 comments were received from 541 people, of which the largest numbers referred to:
 - More efficient work practices and staff arrangements (85), including some referring to a need for more collaborative working (16).
 - Reduce staff, management and salaries (67).
 - Tax and charges should be increased (37).

- Participants were asked how much they agree or disagree with the Council's approach to increasing Council Tax in 2019/20:
 - Over 3 in 5 agreed with the approach (62%)
 - Those that disagreed were asked why (498 comments from 427 people):
 - Over a quarter of comments said the increase is already too high or increasing beyond wages and inflation (131).
 - A quarter of comments were concerned with affordability (121), over half of which worried about the impact on others (75) and the rest said they will struggle to pay (46).
 - 1 in 5 comments were concerns around how we spend money (98), with most of these stating that further efficiencies can be made (60).
- Participants were asked how much they agree or disagree with how the Council was proposing to spend the money it receives:
 - Over three quarters said they agree with the Council's proposed revenue budget (77%).
 - A similar number agreed with the Council's investment plans laid out in the capital programme (75%).
- 621 comments from 497 respondents were also received around how the Council proposed to spend money, which covered a range of services and themes, including:
 - City Development, roads and transport (154) - of which half said to prioritise these (76). Some commented there have been poor decisions around transport infrastructure (27) or that the Council should prioritise healthier / green transport initiatives (24).
 - Housing (104) - of which two thirds said this is a priority (69).
 - Adults and Health (46) - of which two thirds said the Council needs to challenge or reduce spending (30)
 - The Environment (38) – of which over half said this is a priority (24)

8.1.3 When considering any workforce change the trade unions should be meaningfully engaged at the earliest opportunity. In December 2018 the Council re-issued the Section 188 notice, which triggered the continuation of the consultation process around the mitigation of redundancies and regular meetings with trade union colleagues have continued around how we can work together to meet our financial challenges. Further consultation will need to take place once the proposals regarding workforce changes become clearer and more defined.

8.1.4 Over the past few years we have successfully driven culture change across the organisation through a combination of clear top level asks, strong buy in and team based local activity and working collaboratively across services and partnerships.

8.1.5 Continued engagement with all teams, staff and partners is a key part of our Medium Term Financial Strategy, focusing on a number of themes:

- Working smarter and saving money
- Constantly improving customer service, experience and outcomes
- Making the most of digital

- Developing a flexible and collaborative workforce to meet the changing shape and requirements of the council
- Driving an innovative, high performance culture that puts people first, and offers a great overall employee experience
- Promoting a culture of inclusion and diversity, wellbeing and employee engagement – where all employees can be their best, bring their whole self to work and feel like they count.

8.1.6 As part of our engagement approach, we will actively encourage the following:

- Hearing and sharing ideas
- Joint problem solving
- Sharing and celebrating the good things we do
- Taking successful approaches in one part of the organisation and embedding them as widely as possible
- Learning lessons – about what works and what doesn't
- Encouraging everyone to make a change – big and small – to make improvements.

8.2 **Equality and diversity / cohesion and integration**

8.2.1 The Equality Act 2010 requires the Council to have 'due regard' to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay 'due regard' be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

8.2.2 The Council is fully committed to ensuring that equality and diversity are given proper consideration when we develop policies and make decisions. In order to achieve this, the Council has an agreed process in place and has particularly promoted the importance of the process when taking forward key policy or budgetary changes. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.

8.2.3 Equality impact assessments will be carried out on each of the specific service and budget review proposals and these will be reported back to Executive Board in advance of the Initial Budget Proposals. The Initial Budget Proposals for 2020/21 themselves will be received at December's Executive Board and will also be subject to Equality Impact Assessments where appropriate, with details included in the 2020/21 budget proposal reports to Scrutiny, to this Board and subsequently to Full Council.

8.3 **Council policies and the Best Council Plan**

8.3.1 The refreshed Best Council Plan 2019/20 – 2020/21 sets out the Council's priorities, aligned with the Medium Term Financial Strategy and the annual budgets. Developing and then implementing the Best Council Plan will continue to inform, and be informed by, the Council's funding envelope, staffing and other resources. Additional detail is provided in the summary at the start of this report.

8.4 Climate emergency

- 8.4.1 There are no specific implications for the climate emergency resulting from this Medium Term Financial Strategy. Where there are specific climate emergency issues arising from the outcome of the service and budgets reviews these will be covered in the respective reports which are to be reported to Executive Board in advance of the Initial Budget Proposals to be received by the Board in December.

8.5 Resources, procurement and value for money

- 8.5.1 All resources, procurement and value for money implications are considered in the summary and the main body of the report.

8.6 Legal Implications, access to information, and call-in

- 8.6.1 There are no legal implications arising from this report. The report recommends the approval of the Financial Strategy itself and 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.

8.7 Risk Management

- 8.7.1 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 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.
- 8.7.2 Failure to address these issues will ultimately require the Council to consider even more difficult decisions that will have a far greater impact on front-line services, including those that support the most vulnerable and consequently upon our Best Council ambition to tackle poverty and reduce inequalities.
- 8.7.3 Financial Management and 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 e.g. those budgets that are subject to fluctuating demand. This risk based approach is incorporated into the Financial Health reports that are brought to Executive Board.
- 8.7.4 In addition, risks identified in relation to specific proposals and their management will be reported to relevant members and officers as required. Specific risks relating to some of the assumptions contained within this Medium Term Financial Strategy are identified below.

8.8 Risks to Funding

- 8.8.1 The level of resources available to the Council is estimated to increase from £516.7m to £530.0m in 2020/21, a £13.3m increase. Over the five year period to 2024/25 the total increase is estimated to be £75.0m. The key assumptions and risks underpinning this increase in resources are discussed below.

- 8.8.2 The period covered by the Government's current spending review ends in 2019/20 and there is uncertainty as to whether the Government will be issuing the outcome of their three year spending review before the summer recess or whether, given the uncertainty arising from Brexit and the contest for the leadership of the Conservative Party, it will be a one year settlement for 2020/21. Either way, it remains uncertain what the quantum of funding for local government will be from April 2020.
- 8.8.3 Between 2019/20, the final year of the current Spending Review period, and 2020/21 it is assumed that austerity will cease and there will be no further reduction in Government funding available to local government. Therefore, the Settlement Funding Assessment remains the same in these two years. Between 2020/21 and 2021/22 it is assumed that there will be a Business Rates Baseline reset and the growth in business rates accumulated by authorities across England between 2013/14 and 2019/20 will be redistributed in full through the Settlement Funding Assessment. However, the timing, extent and redistribution of this reset remain highly uncertain and constitute a risk to the Authority's future funding levels.
- 8.8.4 The current estimates in this Strategy assume that approximately £1,300m will be redistributed between authorities nationally in 2021/22 following the current distribution mechanism which will result in Leeds City Council's Settlement Funding Assessment increasing by £15.6m. However, the Authority's Business Rates Baseline will also increase to its 2019/20 retained income levels following such a reset reducing the Authority's locally retained growth by £15.2m compared to 2020/21. Should the Government hold back any of the national accumulated growth or the Fair Funding Review (see below) not be to Leeds City Council's advantage, there is a risk the Council could see reduced funding from a Business Rates Baseline reset.
- 8.8.5 Business rates figures to 2024/25 are based on the current 75% Business Rates Retention Pool remaining in place until 75% retention is rolled out nationally. The Government originally signaled their intention to introduce 75% retention nationally from 2020/21 along with reforms to the retention scheme. However, it now looks unlikely that this will be the case with the most likely scenario being that these reforms will be delayed by a year. This Medium Term Financial Strategy assumes that the Government will not return the current 75% retention pilots to 50% retention in 2020/21, but the position around the continuation of the Pilot in 2020/21 remains uncertain. To date, the Council has been notified that the Pilot is for 2019/20 only and further information is awaited in respect of the arrangements for 2020/21 and whether a further bid from the North & West Yorkshire Business Rates Pool would be invited. If a further bid is required then the Council may not be notified whether it has been successful in its application until December 2019 when the provisional Local Government Finance Settlement is published.
- 8.8.6 If the Authority were to be returned to the 50% retention scheme this would represent an overall reduction in income of an estimated £10.2m. Therefore to manage the risk of the 75% Business Rate Retention Pilot not continuing in 2020/21 consideration will be given to the identification of additional budget savings options.
- 8.8.7 As detailed in this report, there is uncertainty surrounding the Government's future funding intentions with regard to social care. The ongoing delay with regard to the publication of the Green Paper means that local authorities are relying upon annually determined allocations of grants to manage the pressures within adult social care. Any variance in assumptions around the receipt of improved Better Care Fund or

Winter Pressures money will result in a potential shortfall in funding that will require the identification of further budget savings options.

- 8.8.8 Similarly, it cannot be certain that New Homes Bonus will continue to operate in the way it currently does or indeed that it will continue as a separate identifiable grant after 2019/20. Changes to the calculation methodology for NHB or its incorporation into the Settlement Funding Assessment (SFA) would have implications for the position outlined in this Medium Term Financial Strategy.
- 8.8.9 Annual increases in Business Rates Baseline funding and business rates growth are currently indexed to the Consumer Price Index. Changes to forecast inflation rates can impact on levels of funding.
- 8.8.10 The level of business rates appeals continues to be a risk. Whilst there is very limited scope for new appeals against the 2010 ratings list, and the Council has an appropriate provision for these, there remains very limited information available on which to assess appeals against the 2017 list. Therefore income from business rates could be adversely affected which in turn would reduce the overall level of resource available to fund the services that the Council provides.
- 8.8.11 Alongside the introduction of 75% retention nationally, the Government has consulted on a series of reforms to the Business Rates Retention Scheme with the intention of limiting local government's exposure to appeals risk but these consultations only provide an outline of the proposed new system. The reforms may not be implemented at all and some options proposed by the Government may lead to two years' delay between growth being generated in an area and the relevant local authority being able to account for that growth. Due to these uncertainties the current Financial Strategy assumes that business rates will continue to be retained under the current retention scheme.
- 8.8.12 The outcome of the Government's Fair Funding Review of Local Government Finance, which is a thorough review of the needs and resources assessment formula used to allocate Government funding to Local Authorities, was expected in the autumn of 2019 after the Spending Review was published but in time for the 2020/21 Local Government Finance Settlement. However, because the Spending Review has been delayed and may only be for a single year, there is no fiscal framework within which a new local government funding system can operate. For this reason the Fair Funding is not expected until 2021/22. This Strategy assumes that any changes brought about will be revenue neutral at the point of introduction as transitional arrangements are expected, although there remains a risk that reductions in Government funding to the sector as a whole may continue.

8.9 Key Risks to Cost Assumptions

- 8.9.1 There is a risk that the amount specifically set aside in this plan for demand and demography is not sufficient, particularly in regard to the numbers of Children Looked After and the impact of the ageing population.
- 8.9.2 The Medium Term Financial Strategy makes a number of assumptions about the costs associated with managing its debt. Currently, the Council benefits from low interest rates which are payable on debt. However, if there is an upward movement on interest rates over the period of the Strategy, this will be an additional cost that the Council will be required to manage.

- 8.9.3 The Council and City's economic and fiscal position is clearly impacted upon by the wider national economic context. The UK's decision to exit the EU has undoubtedly fueled economic and political uncertainty and the outcome of the negotiations between the UK and the EU potentially, in the short term, weaken the pound, increase inflation, reduce domestic and foreign direct investment and impact on borrowing costs. All of these have the potential to impact upon not only the level of resources available to the Council but also the level of demand for the services that it provides. Parliamentary time focused on the legislative changes needed to deliver the EU exit also impact on the time available to Parliament to consider key issues of interest to local government, for example the recent delay in the publication of the anticipated Adult Social Care Green Paper.

9. Conclusions

- 9.1 This Medium Term Financial Strategy needs to be seen in the context of significant inherent uncertainty for the Council in respect of future funding and spending assumptions. Specifically the implications of the Government's future spending plans with regard to local government and other areas of the public sector from 2020/21 remain unknown and therefore it is unclear to what extent "austerity" will continue after 2019/20. To compound this uncertainty, the Government has re-stated its intention to move to 75% business rate nationally and the outcome of the Government's Fair Funding review of the methodology which determines current funding baselines, which are based on an assessment of relative needs and resources won't be known until the autumn of 2019. Adding to this uncertainty is the delay in the publication of the Government's Green Paper on adult social care which will hopefully provide greater certainty around their future funding intentions.
- 9.2 The period covered by the Council's Medium Term Financial Strategy has been extended to cover a five year period which is considered to be a more appropriate timescale for financial planning. The principle underpinning the strategy over the five years is to ensure that Leeds City Council's is financially sustainable and resilient with less reliance upon short term solutions to fund recurring expenditure.
- 9.3 In addition this Medium Term Financial Strategy recognises the requirement to closely align the determination of both revenue and capital budgets.
- 9.4 In the determination of this Medium Term Financial Strategy a number of assumptions have therefore had to be made in respect of the level of resources that are available to the Council to fund the services that it provides and these are detailed within the body of this report. However it is acknowledged that the assumptions contained in this strategy are under constant review to reflect any changes in circumstances or if further information emerges in respect of known risks.
- 9.5 In response to the estimated budget gap of £93.7m that is detailed in this report, of which £36.8m and £43.5m relates to 2020/21 and 2021/22 respectively, the Council has embarked upon a series of service and budget reviews the outcome of which will be reported to Executive Board in advance of the Initial Budget Proposals being received at December's Executive Board. If the outcome of these reviews is insufficient to close the estimated budget gaps then further work will be required to

review all of the cost and income assumptions contained in this position. In addition work will also progress in respect of number of other options that include reviewing the Council's estate, the identification of additional capital receipts and progressing cross authority budget savings options that could include reviewing vacancy factors in all services, targeting procurement savings, challenge fees and charges assumptions and reducing all non-essential expenditure.

- 9.6 The Council is required to present a balanced budget to Full Council for approval in advance of the financial year. Before final proposals are considered for approval in February 2020, the Council's Initial Budget proposals are received at Executive Board in December prior to a period of consultation.

10. **Recommendations**

- 10.1 Executive Board is recommended to:

- i) Approve the 2020/21 – 2024/25 Medium Term Financial Strategy for both General Fund services and the Housing Revenue Account;
- ii) Note that budget saving proposals to address the estimated budget gaps will be brought to Executive Board in advance of the Initial Budget Proposals to be received by the Board in December;
- iii) Note that the Chief Officer – Financial Services will be responsible for implementing these recommendations.
- iv) Approve the adoption of the revenue and capital principles, as set out in Annex 1, which must be complied with in respect of the arrangements for the financial management of both the revenue budget and the Capital Programme.

11. **Background Documents¹**

- 11.1 There are no background documents relating to this report.

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

Revenue & Capital Principles

A. REVENUE BUDGET PRINCIPLES

The revenue budget principles have been developed to support the budget process and need to be complied with in conjunction with compliance with the Council's Budget and Policy Framework, the Budget Management Accountability Framework and detailed guidelines provided for setting the 2020/21 to 2022/23 budget.

The budget position is based on a number of significant subjective assumptions. To enable the Council to react to changes in these assumptions in a timely fashion, these principles should be adhered to which should support a balanced budget being set.

The current financial year will also have a significant impact on future years budgets being set and therefore a number of the principles relate to the current financial year.

1. Budget Principles for Future Years Budgets

1.1 The budget will initially be prepared on the basis that current resources support existing service levels in line with budget assumptions and with the exception of:

- (a) The full year effect of previous year's savings proposals and spend.
- (b) Consequences of the approved capital programme.
- (c) Where expenditure needs to be reduced with regard to adjustments in relation to specific 'one year only' allocations and other time expired funding.
- (d) Other specific Council decisions.
- (e) Directors and Departmental Chief Officers supported by Finance Services are responsible for:
 - i. Business cases (rationale) need to be developed for growth and invest to save proposals, with evidence based justification for increasing demand included in business cases to be considered as part of the budget gap. These are to achieve the priorities in the Best Council Plan.
 - ii. All savings within their Directorate are to be agreed by the Executive Member however if a saving is not approved then an alternative must be found. If an approved saving is not delivered in year then a reason why this hasn't happened needs to be considered by the Council's Corporate Leadership Team (CLT).
 - iii. Identifying potential savings with "No options" for savings being off the table. These savings if previously considered are to be presented to Cabinet at the earliest meeting to obtain the Members views as to whether these are to be progressed.
 - iv. Contingency Action Plans – The value of any risks / pressures in the Directorates managed budgets should be quantified. Savings proposals as a contingency are to be identified which can be implemented quickly. These proposals will be actioned if the service goes into an overspend position during the financial year.
 - v. Budget Action Plans – Saving proposals to manage:
 - The savings requirement for the Directorate
 - Pressures identified within the service
 - Future developments

The contingency and Budget Action Plans must be robust and fit for purpose. Each Director will be required to verify that the actions contained in the plan are achievable.

1.2 Salary budgets are to be prepared with reference to the 2019/20 budget (net of any vacancy factor) adjusted for pay awards, approved service changes, savings and other approved variations. The salary budgets can only be used to employ staff in established posts on approved grades in line with the following conditions:

(a) All changes to the approved staffing budget where Council funding is available in full must be approved by Executive Board, or within the requirements of the Scheme of Delegation.

(b) All changes to the approved staffing budget where resource implications arise, even if the costs are met entirely from external funding, must also be approved by Executive Board, or within the requirements of the Scheme of Delegation.

(c) Posts funded from external sources must be established as temporary or specific purpose posts unless it can be demonstrated that:

- the external funding is permanent, or specific approval has been given, or future years' costs can be contained within current budgets.

1.3. Discretionary Fees and Charges. Directors are to provide a report to CLT on their proposals to generate income from within the Directorate.

(a) Fees and charges are to be varied to achieve an overall annual increase in income for each Directorate in line with the Fees and Charges Policy. Increases can be implemented at any time subject to the overall financial target being achieved.

(b) If the target cannot be achieved by varying fees and charges then alternative savings must be identified. Claims by Directors to exempt or apply a lesser increase to any part of their service must be justified in the context of their Directorate policies and plans and referred to CLT.

1.4. External Funding

(a) Wherever possible external funding should be used to reduce pressure on current expenditure, thereby releasing resources for redirection into priority areas.

(b) All legal, human resources, financial and administrative support costs required to manage grant conditions and fulfil the role of the accountable body should be charged, wherever possible, against the funding regime.

2. Current Year Principles

2.1 Revenue Grants received in the year – agreement to be reached at CLT whether substitution of general funding should be identified before the grant is utilised.

2.2 Contributions to a non-ring fenced reserve can only be made if a directorate is forecast to be underspending and contributions needs to be agreed by the Chief Officer Financial Services.

2.3 Carry forward of budget into the next year will be considered by CLT and will only be considered if the service is forecast to be underspending at the reported provisional outturn position.

2.4 Directors must balance service requirements against the need to manage within their budgets when taking decisions to fill vacant posts or employ temporary staff.

2.5 No overspend in budgets should be incurred unless there is a safeguarding / statutory need and these where possible should be agreed by the Director. A report with a budget action is to be provided to CLT detailing proposals as to how this variation will be managed within the Directorate's approved budget.

2.6 When a revenue grants received from Central Government stops the Directorate will need to manage the reduction in both expenditure and loss of income. The Director with support from Finance Services will be required to provide an exit strategy or an evidence based business case of why this expenditure should be added to the base budget.

2.7 Budget pressures. Services need to manage budget pressures identified within the service. Any pressures which the service identifies which cannot be managed need to be agreed by CLT and with clear business case being developed.

2.8 In year saving proposals which have not been achieved in the current financial year, the Director will need to identify budget savings options to mitigate the Directorate from going into an overspend position. These savings options will be incorporated into Financial Health reports which are received initially at Executive Board and then subsequently at both Strategy and Resources and the respective service Scrutiny Boards.

B CAPITAL PROGRAMME PRINCIPLES

The Capital principles have been developed to enable focus on the purpose of the Capital Programme and to seek agreement for the use of limited resources.

1. Capital Programme Principles

1.1 The Capital Programme is compiled at project level for the years 2020/21 through to 2030/31. The format of the capital schemes submissions, which are to be supported by a business case, will be determined by the Strategic Investment Board. The Capital schemes being considered by SIB are to meet the priorities identified in the Business Case Guidance.

1.2 The profiling of capital expenditure into the correct financial years and over the projects development will be key to ensure the amount of re profiling of capital resources from one year to another is kept to a minimum, and to reduce the amount of revenue budget required to finance the project.

1.3 When a Capital Scheme has been completed, the business case and outcomes will be reviewed to ensure the specified outcomes have been achieved and a lessons learnt document will be produced to be used for future capital programmes.

1.4 Capital Resources are to be used as follows:

- Decisions on the use of Capital Receipts will be considered as part of the budget process.
- Un-ring fenced and ring fenced externally funded grants are considered on a case by case basis for their utilisation by SIB.
- Any grant funding received after the Capital Programme is set is to be used to reduce any Prudential Borrowing of the scheme in the first instance, where grant conditions allow.
- Approval of any new borrowing is considered with the implications for the revenue budget position.

1.5 Capital projects for approval are:

- Considered by Executive Member for the service who agree to the Directorates putting forward a request for funding the Capital Scheme.
- Completed to ensure all implications of the Capital Scheme are included in the 'Business Cases'. Business cases are to be developed and a scheme will only be included in the Capital Programme when considered by the Strategic Investment Board and CLT and ultimately approved by the Executive Board in line with the Budget and Policy Framework.
- The Business cases are to be developed by the Directorates with support from Finance Services. The ongoing monitoring of the Capital Schemes is the responsibility of the Director in accordance with the Financial Regulations.
- Inclusive of Multi Year Schemes with spend profiled accurately across the financial years.
- External Funding is maximised before the use of Prudential Borrowing is considered.
- Capital Expenditure is reviewed to ensure the capital scheme provides value for money, is sustainable in the future and meets the priorities detailed in the Best Council Plan. In order to ensure that schemes meet Council priorities and are value for money, the Chief Finance Officer will continue to ensure:
 - the introduction of new schemes into the capital programme will only take place after completion and approval of a full business case and identification of the required resources; and
 - the use of prudential borrowing by directorates is based on individual business cases and that revenue resources to meet the borrowing costs are identified.
- All revenue implications of the Capital Programme (regardless of the capital funding of those schemes) are considered and provided to SIB to enable informed decisions to be made, i.e.:
 - Ongoing operating costs and life cycle costs
 - Cost of any prudential borrowing including both MRP and Interest

1.6 Capitalisation of expenditure (including staffing costs) is in line with CIPFA Guidance as issued by the Capital Team.

C General Principles

The budget process shall adhere to the approved timetable.

Timetable for the 2020/21 budget

- **End of August 2019:** Outcome of service and budget reviews
- **Autumn 2019:** Receipt of budget saving proposals at Executive Board and consultation on proposals
- **December 2019:** 2020/21 Initial Budget Proposals to be received at Executive Board
- **January 2020:** consultation on 2020/21 budget
- **February 2020:** 2020/21 Budget approved

Summary of 2019/20 budget by type of spending and income

	General Fund excluding Schools £000	Per Band D Property £	Schools £000	HRA £000	Total Budget £000	% of total
Expenditure						
Employees	521,987	2,287	333,350	33,197	888,534	43
Premises	58,723	257	32,098	54,187	145,008	7
Supplies and services	18,501	81	69,738	95,654	183,893	9
Transport	49,046	215	1,549	401	50,996	2
Capital costs	19,875	87	17,658	61,458	98,991	5
Transfer payments	275,214	1,206	0	0	275,214	13
Payments to external service providers	408,669	1,791	0	105	408,774	20
	1,352,015	5,924	454,393	245,002	2,051,410	100
Income						
Grants	(515,030)	(2,257)	(421,348)	(21,385)	(957,763)	65
Rents	(16,439)	(72)	0	(210,020)	(226,459)	15
Fees, charges & other income	(243,290)	(1,066)	(32,645)	(9,863)	(285,798)	19
	(774,759)	(3,395)	(453,993)	(241,268)	(1,470,020)	100
Net budget	577,256	2,530	400	3,734	581,390	100
Contribution to/(from) IAS19 Pensions reserve	(59,451)	(261)		(2,974)	(62,425)	
Contribution to/(from) other earmarked reserves	(5,613)	(25)	(400)	(760)	(6,773)	
Contribution to/(from) General reserves	4,485	20		0	4,485	
	(60,579)	(265)	(400)	(3,734)	(64,713)	
Net revenue charge	516,677	2,264	(0)	0	516,677	

Notes: The number of Band D equivalent properties is

228,209

The total Individual Schools Budget (ISB) has been analysed at a subjective level in the above table. This provisional spend is based on previous expenditure and income patterns but will be subject to final determination by individual schools.

Major Programmes & Other Directorate Schemes

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000s	Total £000
Improving our assets - Council Housing					
HRA Housing Leeds Refurbishment & BITMO	81,822	81,735	81,735	12,706	257,998
HRA Council Housing Growth	40,317	48,710	59,122	0	148,149
Improving our assets - General Fund					
Children & Families - Capital Maintenance	10,257	20,002	17,172	2,348	49,778
Streetlighting Replacement (LEDs)	4,930	8,250	8,040	9,170	30,390
Highways Maintenance & Transport Package Local Transport Plan	8,253	8,050	8,050	0	24,353
Strategic Investment Fund	1,514	5,639	6,294	0	13,447
Section 278 and Section 106 Highways schemes	3,523	4,468	3,750	0	11,741
Changing the Workplace Phase 2	4,738	1,000	1,000	4,234	10,972
Challenge Fund Bids Highways	3,027	6,500	0	0	9,527
Bridges and Structures	3,803	2,900	2,700	2	9,405
Schools Devolved Formula Capital	1,750	1,505	1,505	3,888	8,648
Parks and Countryside	5,769	1,650	800	0	8,219
Assisted Living Leeds	3,797	1,074	725	1,400	6,996
Community Hubs Phase 2&3	3,403	3,000	0	0	6,403
Highways Network Junction Improvements	3,878	3	0	0	3,880
Albion House purchase & Redhall demolition	2,663	0	0	0	2,663
Conversion of Fleet Vehicles alternative fuels	0	1,584	1,000	0	2,584
City Centre Vehicle Access Restrictions	1,110	1,157	0	0	2,267
Highways Adoption of 32 Roads & Beckhills Estate	979	500	0	0	1,479
Aire Valley (Temple Green) Park and Ride	275	1,060	0	0	1,335
Aireborough Leisure Centre Ph2	941	795	0	0	1,737
Other smaller schemes within the objective	5,646	4,849	300	1,802	12,597
	192,395	204,432	192,192	35,550	624,568
Investing in Major Infrastructure					
Leeds Transport Public Investment Programme	46,476	70,695	8,743	0	125,913
East Leeds Orbital Ringroad Highways works	26,864	44,795	25,022	15,000	111,680
Flood Alleviation	26,222	29,851	15,150	5,000	76,224
Clean Air Zone	38,563	6,819	0	0	45,382
Cycle City Ambition	5,104	0	0	0	5,104
District Heating Network & Energy Efficiency	4,312	100	227	174	4,814
Leeds Integrated Station Masterplan & HS2 Capitalisations	750	750	769	1,000	3,269
Leeds Station Joint Venture	0	0	2,000	0	2,000
Other smaller schemes within the objective	1,417	617	0	0	2,033
	149,708	153,626	51,910	21,174	376,419
Supporting Service Provision					
Children & Families - Learning Places (Basic Need)	24,243	30,072	7,111	0	61,426
Social Care and Health Fund	1,944	1,706	819	18,575	23,044
Private sector Renewal - Equity Loans	4,442	796	1,033	0	6,271
Waste Depot and residual Kirkstall Rd HWSS	3,799	0	0	0	3,799
Other smaller schemes within the objective	3,571	2,153	307	0	6,031
	37,999	34,727	9,269	18,575	100,570
Investing in New Technology					
Digital Information Service - Full Fibre Network Bids	1,600	1,000	1,000	0	3,600
Customer Access Phase 1 & 2	428	600	517	0	1,545
Adults & Health Digital transformation	629	596	0	0	1,225
Smart Phone & Tablet Replacements	413	227	523	0	1,164
Other smaller schemes within the objective	467	207	183	75	931
	3,537	2,630	2,222	75	8,465
Supporting the Leeds Economy					
Local Centres Programme and Townscape Heritage Initiative (THI)	3,411	3,372	2,574	0	9,356
Kirkgate Market Strategy	2,951	4,089	2,000	0	9,039
West Yorkshire Playhouse & Grand Theatre residual	6,258	890	0	0	7,148
Southbank Regeneration (HUV)	2,264	2,750	0	0	5,014
Aire Valley Enterprise Zone Power Supply & residual AVEZ	2,324	2,000	0	0	4,324
Supporting the Creative Sector	2,056	1,400	840	0	4,296
Public Realm	2,461	926	500	282	4,169
Ward Based Initiative, ACW & CRIS	52	720	720	721	2,212
Other smaller schemes within the objective	4,071	-209	1,390	737	5,989
	25,848	15,937	8,023	1,740	51,548
Central & Operational Expenditure					
PFI Lifecycle Capitalisations	10,316	9,389	8,678	0	28,383
Contingency General & Specific Emergency	0	300	300	7,808	8,408
Transformational Change	1,426	1,000	500	0	2,926
	11,742	10,689	9,478	7,808	11,334
Total Major Programmes & Other Directorate schemes	421,229	422,041	273,095	84,922	1,172,905
Annual Programmes	82,523.2	69,841.6	60,295.5	7,651.2	220,312
Total Annual & Major Programmes	503,752	491,883	333,391	92,573	1,421,600

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Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 9th September 2019

Subject: Annual Corporate Risk Management Report

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

1. Purpose of this report

- 1 The purpose of this report is to provide Board Members with details of the Council's Annual Corporate Risk Management Report. This annual report provides an update on the council's most significant corporate risks and the arrangements both in place and further activity planned during 2019/20 to manage them.

2. Background information

- 2.1 The previous annual corporate risk management report was provided to the Strategy and Resources Scrutiny Board in September 2018. Since then, the corporate risk register has continued to be reviewed and updated in accordance with the council's Risk Management Policy and in line with the Best Council Plan outcomes and priorities.
- 2.2 The Council's Annual Corporate Risk Management Report was reported to the Executive Board during its meeting on 26th June 2019. It is also supplemented by the annual assurance report on the authority's risk management arrangements, which was considered by the council's Corporate Governance and Audit Committee on 26th July 2019. This report is publicly available and focuses on the policies, procedures, systems and processes in place to manage risks at corporate, directorate, service and project levels.

3. Main issues

- 3.1 The council's risks stem from a variety of sources, many of which are out of our direct control: for example, global events such as an economic downturn, major conflicts or significant environmental events. Closer to home, more localised incidents can impact on communities, individuals, services, organisations and infrastructure. We also often have to respond quickly to changes in government policy and funding and must recognise and meet the evolving needs of our communities, particularly those of vulnerable people. Such changes, and the uncertainties they may bring, can pose threats that we need to address but also bring opportunities to exploit. Both aspects of risk management rely on the council working effectively with partners across the public, private and third sectors and with communities and individuals.
- 3.2 All council risks are managed via a continuous process of identification, assessment, evaluation, action planning and review, embedded at strategic and operational levels and for programmes and projects. All staff and elected members have responsibility for managing risks relevant to their areas, including Scrutiny Boards, Community Committees and partnership boards.
- 3.3 This annual report considers the strategic level: the arrangements in place to manage the council's corporate risks. Corporate risks are those of significant, cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has one or more named 'risk owner(s)': a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) and a lead portfolio member who are jointly accountable for their management. The Executive Board as a whole retains ultimate responsibility.
- 3.4 The nature of risks is that they come and go as the environment changes. However, there are a set of 'standing' corporate risks that will most likely always face the council:
- Safeguarding children
 - Safeguarding adults
 - Health and Safety
 - City resilience (external emergency / incident management)
Council resilience (internal business continuity management)
 - Financial management (both the risk to the in-year budget and longer-term financial sustainability)
 - Information management and governance
- 3.5 The annual report at Appendix 1 provides detailed assurances on each of these seven risk areas, covering an overview, description of the risks, the latest risk assessment, current arrangements in place to manage them and additional activity planned. Two further risk assurances are provided: the first explains how the authority manages its statutory requirement to provide sufficient school places to the children and young people of Leeds; the second explains how the council protects itself against the risk of a major cyber incident.
- 3.6 These are two of only five 'red' risks (based on a combination of its probability and impact scores) currently on the corporate risk register. Of the remaining 'red' risks,

three are 'standing' risks and thus have their own detailed assurances.

3.7 Appendix 1 also contains:

- An introduction that explains the council's risk management framework and how corporate risks are assessed and managed;
- The corporate risk map approved by the council's Corporate Leadership Team on 28th May 2019; and
- An annexe explaining how all council risks are evaluated in terms of probability and impact.

3.8 Additional assurances for a number of these risk areas are considered each year by a range of committees and boards. These include:

- The council's Corporate Governance and Audit Committee which receives assurance reports on the council's business continuity management arrangements, procurement, information governance, and financial planning and management (all most recently reported to the Audit Committee on 22nd March 2019) as well as the annual assurance report on the council's overarching risk management arrangements;
- The council's Financial Services continue to analyse budget risks throughout the year and these are subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks/budget variations are included in the financial health monitoring reports submitted to Executive Board.
- Safeguarding reports considered by the Leeds Safeguarding Children Partnership, Leeds Safeguarding Adults Board and Safer Leeds; and the Ofsted inspection which rated Leeds' children's social care services as outstanding (none of the areas where further improvement could be made related directly to safeguarding).
- Reports on specific risk areas: for example, the Strategy and Resources Scrutiny Board reported on its findings surrounding the council's Resilience and Emergency Planning arrangements at its April 2019 meeting and Executive Board considered 'Employee Health and Wellbeing' at its June 2019 meeting.

3.9 In addition, the council's report guidance template includes a section on 'Risk management', requiring the report authors to detail any key risks and their management – this information then helps inform decisions made, including investment decisions; this applies to all reports to Executive Board.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The corporate risk assurances at Appendix 1 have been subject to consultation with key officers, the Corporate Leadership Team and portfolio members.
- 4.1.2 The report has already been shared with Executive Board during its June meeting and also the Corporate Governance and Audit Committee during its July meeting.

- 4.1.3 The arrangements in place to manage the council's risks are embedded and therefore subject to consultation and engagement on an ongoing basis.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 This is an assurance report with no decision required. Due regard is therefore not directly relevant.

4.3 Council policies and the Best Council Plan

- 4.3.1 The risk management arrangements in place support compliance with the council's Risk Management Policy and Code of Corporate Governance, through which, under Principle 4, the authority should take 'informed and transparent decisions which are subject to effective scrutiny and risk management'.
- 4.3.2 Effective management of the range of risks that could impact upon the city and the council supports the delivery of all Best Council Plan outcomes and priorities.

Climate Emergency

- 4.3.3 This report is an assurance report with no decision required. However, as the Climate Emergency is cross-cutting in nature, there are links to many of the corporate risks. The corporate risks were recently reviewed to identify links to the climate emergency.

4.4 Resources, procurement and value for money

- 4.4.1 All council risks are managed proportionately, factoring in the value for money use of resources.

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

- 4.5.1 The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2011 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'
- 4.5.2 The corporate risk map is made publicly available via the leeds.gov website and is also published on the council's Intranet risk management webpage, available to elected members and staff. The annual assurance report considered by the Corporate Governance and Audit Committee on the council's risk management arrangements is publicly available on the leeds.gov website.

4.6 Risk management

- 4.6.1 This report supports the council's Risk Management Policy in providing assurances on the management of the authority's most significant risks.

5 Conclusions

- 5.1 This report sets out details of the Council's Annual Corporate Risk Management Report, which provides an update on the council's most significant corporate risks and the arrangements both in place and further activity planned during 2019/20 to manage them.

6 Recommendation

- 6.1 The Scrutiny Board is asked to note the annual risk management report and the assurances given on the council's most significant corporate risks in line with the authority's Risk Management Policy.

7 Background documents¹

- 7.1 None.

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

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Annual Corporate Risk Management Assurance Report

June 2019



Leeds City Council's 2019 Corporate Risk Assurance Report

To achieve the ambitions, outcome and priorities set out in our Best Council Plan, it is essential that we understand, manage and communicate the range of risks that could threaten the organisation and vital council services. This annual report provides assurance on how the council manages its most significant strategic risks.

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For more information on the council's risk management arrangements please contact Coral Main coral.main@leeds.gov.uk or Tim Rollett timothy.rollett@leeds.gov.uk.



Introduction

The council's risks stem from a variety of sources, many of which are out of our direct control: for example, global events such as an economic downturn, major conflicts or significant environmental events. Closer to home, more localised incidents can impact on communities, individuals, services, organisations and infrastructure. We also often have to respond quickly to changes in government policy and funding and must recognise and meet the evolving needs of our communities, particularly those of vulnerable people. Such changes, and the uncertainties they may bring, can pose threats that we need to address but also bring opportunities to exploit. Both aspects of risk management rely on the council working effectively with partners across the public, private and third sectors and with communities and individuals.

Risk Management Framework

The council's risks are identified, assessed and managed using six steps:



These iterative steps enable us to:

- Understand the nature and scale of the risks we face.
- Identify the level of risk that we are willing to accept.
- Recognise our ability to control and reduce risk.
- Recognise where we cannot control the risk.
- Take action where we can and when it would be the best use of resources. This helps us make better decisions and deliver better outcomes for our staff and the people of Leeds.

The steps are applied across the organisation through the Leeds Risk Management Framework: at strategic and operational levels and for programmes and projects. The adoption of the framework and compliance with it has helped embedded a risk management culture within the organisation. This report considers the strategic level: the arrangements in place to manage the council's corporate risks.

Corporate Risks

Defining a corporate risk

Corporate risks are those of significant, cross-cutting strategic importance that require the attention of the council's most senior managers and elected members. While all members of staff have responsibility for managing risks in their services, each of the corporate risks has one or more named 'risk owner(s)': members of the Corporate Leadership Team and a lead portfolio member who, together, are accountable for their management. The Executive Board as a whole retains ultimate responsibility.

Corporate risks can be roughly split into two types: those that could principally affect the city and people of

Leeds and others that relate more to the way we run our organisation internally. An example of a 'city' risk includes a major disruptive incident in Leeds or breach in the safeguarding arrangements that help protect vulnerable people; these are often managed in partnership with a range of other organisations. An example of a more internal 'council' risk is a major, prolonged failure of the ICT network.

How corporate risks are assessed and managed

Each corporate risk has a current rating based on a combined assessment of how likely the risk is to occur – its probability - and its potential impact after considering the controls already put in place. When evaluating the impact of a risk we consider the range of consequences that could result: effects on the local community, staff, the services we provide, any cost implications and whether the risk could prevent us meeting our statutory and legal requirements.

A consistent '5x5' scoring mechanism – included here at Annexe 1 - is used to carry out this assessment of probability and impact which ensures that the risks are rated in the same way. Target ratings are also applied for each risk based on the lowest probability and impact scores deemed viable to manage the risk to an acceptable level given the amount of resources available to deal with it. These are used to compare the gap between 'where the risk is now' to 'how low do we aim for the risk to go' and so help determine whether additional actions are needed to manage the risk down to the target level.

The greater the risk, the more we try to do to manage it if it is in our control and if that would be the best use of resources. The council recognises that the cost and time involved in managing the risk down to nothing may not always be the best use of public money and we factor this in when establishing the target rating and developing our risk management action plans.

Risks are reviewed and updated regularly through horizon scanning, benchmarking and in response to findings from inspections and audits, government policy changes and engagement with staff and the public.

Current corporate risks

The risk map overleaf at Figure 1 summarises the risks on the corporate risk register as at 26 June 2019 and also their ratings based on probability and impact scores.

The majority of the risks shown on the risk map will come and go as the environment changes, eliminating the risk or reducing it to a very low level. However, there are a set of 'standing' corporate risks that will always face the council and which are the focus of this report:

- Safeguarding Children
- Safeguarding Adults
- Health and Safety
- City Resilience
- Council Resilience
- Financial Management (in-year and the medium-term)
- Information Management

The remainder of this document discusses these 'standing' corporate risks in more detail, plus two additional risks increasingly of high significance – major cyber incident and school places, providing assurance on how the council, often in partnership, is managing them.

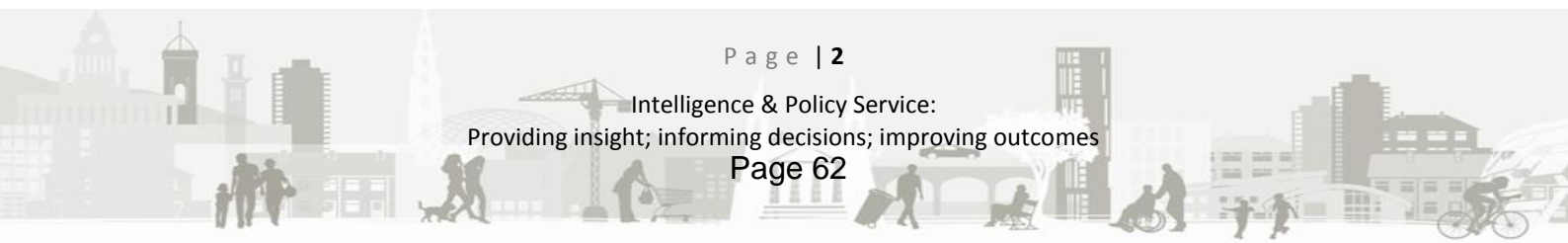
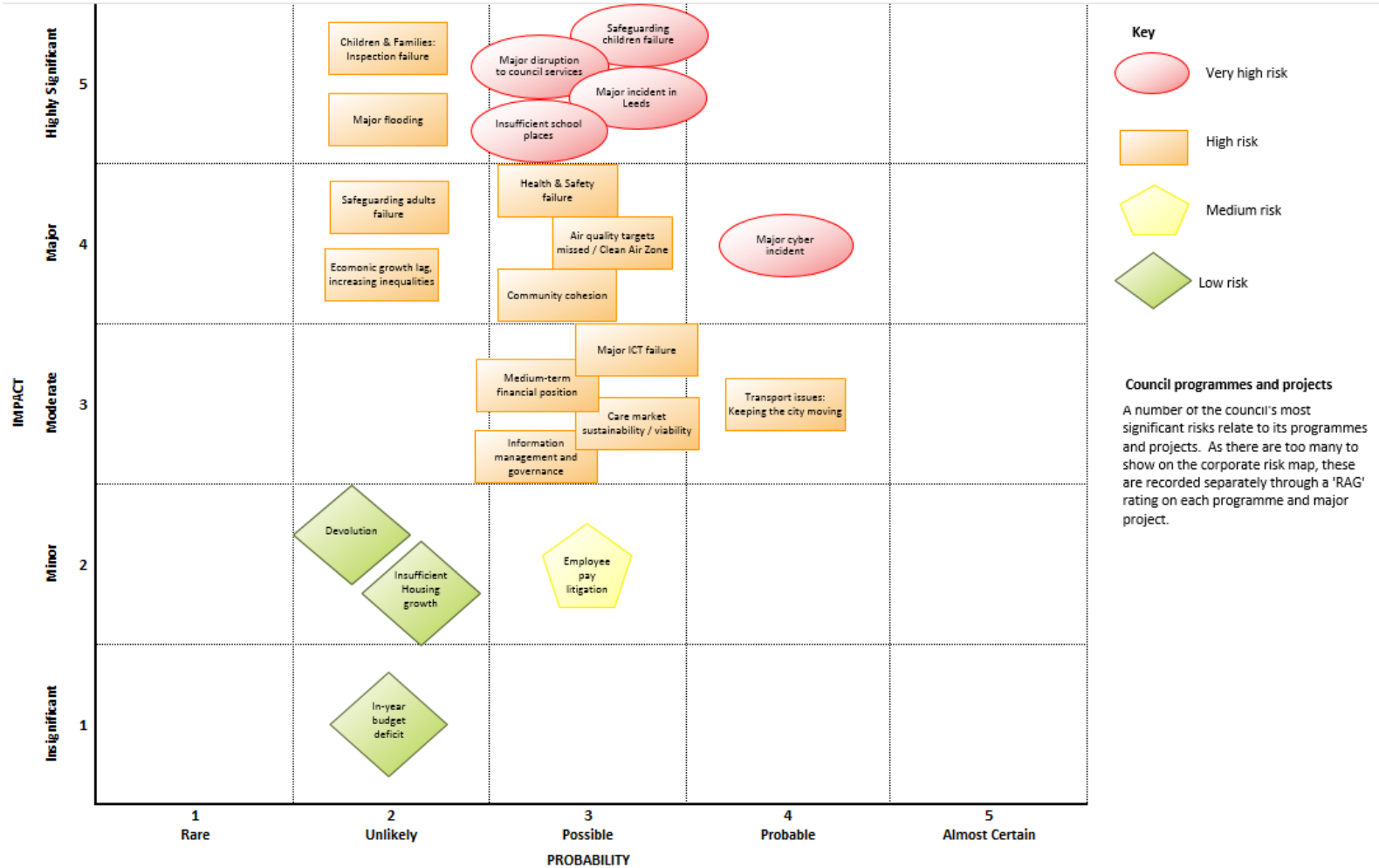


Figure 1: Corporate Risk Map at 26 June 2019
Supporting our Best City / Best Council ambitions



Safeguarding Children Corporate Risk Assurance

Overview

Leeds City Council has a legal duty to safeguard and promote the welfare of children. The potential consequence of a significant failure in safeguarding is that a child or young person could be seriously harmed, be abused, or die. Secondary effects of this include reputational damage, legal and financial costs, and management and staffing time. The council is strongly committed to improving the safeguarding of children and young people, contributing directly to our Best Council Plan outcomes, specifically for everyone in Leeds to be safe and feel safe, and our Best Council Plan (BCP) Child Friendly City priority.

Corporate risk: safeguarding children				
Risk description	Risk of harm, accident or death to a child linked to failure of the council to act appropriately according to safeguarding arrangements			
Accountability (Risk owners)	Officer	Director of Children and Families		
	Member	Councillor Venner - Executive Member for Children and Families		
Evaluation		Probability	Impact	Overall rating
	Current	3 (possible)	5 (highly significant)	Very high (red)
	Target	3 (possible)	5 (highly significant)	Very high (red)

Introduction

Between 2012 and 2017, the under-18 population in Leeds rose by 6%, compared to a 3.9% rise across England. The year-on-year growth in Leeds is higher than the England growth for each of the last five years. The growth has been concentrated, although not exclusively, in Leeds' poorer communities, especially in areas considered in the most deprived nationally: Leeds had the greatest rate of child population growth in areas considered in the 3% most deprived nationally.

Children living in the 10% most deprived areas are ten times more likely to be in care or subject to a child protection plan than their peers living in the 10% most affluent areas. The rising diversity impact will be complicated, but some of the largest population rises are in ethnicities over-represented in the care cohort.

The causes of safeguarding failures are well-established both locally and nationally. High profile cases such as Victoria Climbié, Peter Connelly and Khyra Ishaq all re-emphasise similar lessons, and identify the same risks for children and young people.

What are the risks?

The consequences of a significant failure in safeguarding are that a child or young person could be seriously harmed, be abused, or die. This tragic outcome poses significant risks to the authority, including: a very high reputational cost; possible financial costs in compensation; management and staff costs in time and possible restructures; and, depending on the seriousness of failure, possible intervention by Ofsted and/or government.



Key risks include:

- Poor quality practice or lapses in professional standards by frontline workers.
- Lack of clarity of roles and responsibilities in relation to safeguarding.
- Failure to identify and properly manage safeguarding risks.
- A failure to listen properly to the views of the child or young person.
- Failures in communication and information sharing between professionals, both within the council and across partner agencies.
- Delay and drift within and between professionals and services involved in safeguarding.
- The impact of austerity on council and partners' budgets reducing workforce and services, therefore reducing the capacity for safeguarding good practice and improvement.

Risk management

How the council is managing the risks

The council is strongly committed to improving the safeguarding of children and young people. Safeguarding is a clear priority in corporate and partnership strategic plans and the authority has backed this up with a high level of investment in children's safeguarding, even in the challenging budget context.

The most thorough assurance for this risk is external inspection by Ofsted, who inspect and regulate services that care for children and young people. Ofsted inspected the council's Children and Families Service between 29 October and 02 November 2018, and rated the service as outstanding in a letter published on 18 December. The letter, states, "immediate and increasing risk to children is well recognised and matters escalate appropriately into statutory social work services." The letter identified a small number of areas for improvement; which can be viewed in full [here](#).

The development of council services involving children has been informed by challenge and scrutiny from external experts and leading practitioners and the extensive use of research to inform practice and service design. Leeds' role as a Partner in Practice (PiP) has strengthened co-operation with national government and other leading local authorities. Work continues with this extensive network of experts. The PiP programme sees the DfE work in partnership with leading local authorities to understand how they achieved good Ofsted ratings and how they can improve further, and to drive sector-led improvement between local authorities. The DfE make funding available to support this partnership work.

Safeguarding processes

The statutory responsibilities for safeguarding in Leeds are collectively held by Leeds City Council (through the Children and Families directorate), the local clinical commissioning group and West Yorkshire Police, through the Leeds Safeguarding Children Partnership (LSCP). The LSCP, an independent intermediary body, works with agencies to safeguard and promote the welfare of children and young people in Leeds.

Section 11 of the Children Act 2004 places duties on a range of organisations and individuals to ensure their functions, and any services that they contract out to others, have due regard to the need to safeguard and promote the welfare of children. The LSCP requires contracted providers to complete an online Section 11 audit toolkit which helps identify whether they have the necessary safeguarding arrangements in place. The toolkit also generates an action plan listing all the areas that the provider needs to improve on. Providers



are further monitored in terms of safeguarding practice through the council's contract monitoring arrangements.

The Integrated Safeguarding Unit provides an independent oversight from case management teams, offering challenge to those cases where children are most vulnerable, such as children subject to a child protection plan.

Whilst there are specific responsibilities for the safeguarding of children and young people under the Children Act 2004, all council staff have a moral and legal obligation to protect children and young people. The cross-council safeguarding policy helps employees to understand, recognise, and report a safeguarding concern. The cross-council safeguarding group comprises representatives from all directorates, who discharge the activities required to ensure a consistent approach to safeguarding is achieved and sustained across the authority.

The council's work within the Safer Leeds partnership (the city's community safety partnership, responsible for tackling crime and disorder) involves helping co-ordinate a response to reducing anti-social behaviour and offending amongst young people, as well as sharing vital intelligence on young people at risk of child sexual exploitation (CSE). Some children, such as those with disabilities, children looked after, care leavers, migrant children and unaccompanied asylum seeking children are particularly vulnerable to CSE.

Mosaic is the Children's Social Work Service's case management system, offering a transparent view of the child through social care processes, thereby further strengthening safeguarding for the most vulnerable children. Since the system went live in November 2013 frontline workers have a clearer view of decision making; practitioners have to follow a defined workflow centred on best practice principles; and it is easier and quicker to locate appropriate information. More information on vulnerable children and young people is available in one central location, from which reporting and monitoring is readily available. This in turn facilitates improved oversight and challenge from senior managers through the use of regular performance reports, and the ability to 'self-serve' by running child-level reports directly from Mosaic.

Leeds is part of the CP-IS (Child Protection - Information Sharing) project. CP-IS, a secure system with clear rules governing access, connects local authority children's social care systems with those used by NHS such as Accident and Emergency, walk-in centres and maternity units. Medical staff are alerted if a child who is receiving treatment is subject to a child protection plan, or is a child looked after, with the system automatically providing contact details for the social care team responsible for them. Social care teams are alerted when a child they are working with attends an unscheduled care setting and Mosaic updates the child's record to indicate that the process has been triggered.

The improvement journey ('from good to great') to improve the outcomes for all children and young people in Leeds continues, particularly those who are in vulnerable situations. The increasing budget pressures due to government cuts place this strategy at risk, although recent successful bids for external monies have allowed Leeds to sustain and secure improvements, and to build on the successful strategy to hasten the pace of systemic change within the city.

Service improvement

Regular practice improvement meetings are held, focusing on social care practice. These meetings aim to identify and share good practice within social work teams, and identify and remedy any poor practice that



may have a negative impact on safeguarding activities.

The weekly referral review meeting is a multi-agency partnership meeting that focuses on decision making and practice issues. Good practice is identified and shared across teams; incorrect and/or unclear decision-making is promptly challenged. Team managers and service delivery managers are tasked with addressing these challenges, with the response reported to the next weekly referral review meeting. This focused approach ensures that decision-making at the Front Door (a 'duty and advice' function where professional conversations between qualified social workers and practitioners lead to an appropriate response where there are concerns about the safety of a child or young person) is constantly monitored so that safeguarding practice remains appropriate. Ofsted noted this meeting in their inspection outcomes letter, acknowledging the scrutiny and challenge of decision-making that occurs.

A new service, 'Futures', has been established to provide intensive support to mothers and fathers who are under 25, who are care experienced and have had a previous child removed. Positive outcomes and feedback has been evidenced from the young parents it seeks to support.

The council maintains an ongoing commitment to practice improvement, to ensure that staff have the right tools and support to deliver exceptional service to children and young people to improve their outcomes. Staff are encouraged to do "the simple things well", and are supported to deliver outstanding social work practice.

Innovation and external work

The council uses national experts to provide an external view and oversight of processes; benefits from peer working through the Association of Directors of Children's Services (ADCS) and other arrangements; has a comprehensive workforce development programme, supported by the LSCP; works restoratively with families; and has introduced more evidenced-based and integrated work with partners to both intervene early in the life of problems and to effectively identify and prioritise where there are high risk cases. The centre of excellence, established with Innovation Fund monies, will allow greater sharing of best practice with local authorities across the country.

In 2015, Leeds successfully bid for funding from the Department for Education's Innovation Fund, resulting in £4.6 million coming in to underpin 'Family Valued', an innovative programme that aims to embed a family-centred way of working across services in Leeds and particularly in the relationship between the children's social work service and the most vulnerable children and young people. A further bid to the fund was made in 2016/17 and has resulted in £9.6 million being allocated to Leeds over the next three years. Restorative early support (RES) teams have been established in eight high-need clusters, with plans being developed for all neighbourhoods of the city. RES teams bring additional capacity and a common practice model into high-need areas to ensure closer working between practitioners in the council, schools, and partner agencies.

What more do we need to do?

The November Ofsted inspection rated Leeds' children's social care services as outstanding. Included in the letter were areas where Ofsted felt further improvement could be made (none related directly to safeguarding). These areas for improvement identified by Ofsted had previously been recognised by Children and Families and were already important aspects in the Children and Families Improvement Plan



2019/20. The actions are:

- Developing and embedding the new Leeds Practice Model, including revised approaches to assessment and plans, particularly around the individual characteristics of children and families.
- Continuing to strengthen multi-agency cooperation and decision-making at the Front Door including focused work with health colleagues, embedding the new Multi-Agency Child Exploitation (MACE) arrangements with the police for high risk missing and CSE cases and developing further restorative approaches to Domestic Violence work.
- Implementing the Residential Review to remodel LCC residential provision, with new purposes, expanded integrated support around each home and intensive workforce and leadership development.

At the end of March, the council completed a self-assessment to inform the 'Annual Conversation' with Ofsted inspectors. This was, in light of ongoing high performance and recent inspections, a positive meeting. As reported previously, the main concerns are to continue to improve in the following areas:

- Consistent involvement of Health colleagues in child protection discussions.
- Consideration of individual characteristics such as culture and ethnicity in assessment and planning.
- Continuing to improve residential services and support for care leavers.

Work is ongoing with key strategic partners to drive and embed a preventative agenda to ensure that children and families get the help that they need at the earliest opportunity.

Further information

- [Ofsted inspection outcome letter](#)
- [Leeds Children and Families Improvement Plan 2019/20](#) (via 20 March 2019 Executive Board, pp79-102)
- [Leeds Safeguarding Children Partnership](#)
- [Section 11 auditing \(via the LSCP\)](#)
- [One minutes guides](#) on a range of topics relevant to Children's and Families, including the [Front Door Safeguarding Hub](#), and [Leeds Innovations and Partner in Practice Programme](#)
- [Safer Leeds](#)



Safeguarding Adults Corporate Risk Assurance

Overview

The council is committed to ensuring that adults whose circumstances make them vulnerable to the risk of abuse or neglect are given the safeguarding and support they need. Safeguarding is a clear priority in our strategic plans, including those we have with our partners. The potential consequences of a significant failure in safeguarding are that an adult at risk could be seriously harmed, abused or die. Further implications include loss of public confidence in the council, significant reputational damage, legal and financial costs and the management and staffing resources required to deal with a failure.

The council works closely with partner organisations, including the NHS and the Police, to manage this risk through the Safeguarding Adults Board (SAB), directly contributing to our Best Council Plan outcomes for everyone in Leeds to be safe and feel safe; around people enjoying happy, healthy, active lives and living with dignity and staying independent for as long as possible.

Corporate risk: Safeguarding adults				
Risk description	Failure of (a) staff in any council directorate to recognise and report a risk of abuse or neglect facing an adult with care and support needs in Leeds; (b) staff in adult social care to respond appropriately, in line with national legislation and safeguarding adults procedures			
Accountability (Risk owners)	<i>Officer</i>	Director of Adults and Health		
	<i>Member</i>	Councillor Charlwood, Executive Member for Health, Wellbeing & Adults		
Evaluation		<i>Probability</i>	<i>Impact</i>	<i>Overall rating</i>
	<i>Current</i>	2 (unlikely)	4 (major)	High (amber)
	<i>Target</i>	2 (unlikely)	4 (major)	High (amber)

Introduction

The Care Act 2014 and the Care and Support Statutory Guidance (revised March 2016) require each local authority to establish a Safeguarding Adults Board with three core statutory partners: the local authority, the NHS Clinical Commissioning Groups (CCGs) and the Police.

The Care Act 2014 states: *'The main objective of a SAB is to assure itself that local safeguarding arrangements and partners act to help and protect adults in its area who have care and support needs and are at risk of abuse and neglect.'*

The Care Act 2014 also states that the local authority must make enquiries (or cause others to do so) if an adult in its area is at risk of abuse or neglect, has care and support needs, and because of those needs, cannot protect themselves from the risk of abuse or neglect they face. The purpose of such enquiries is to establish whether any action is needed to safeguard the adult, and if so, by whom.

The safeguarding duty that the local authority has for adults in its area includes both safeguarding adults at risk and making enquiries about allegations of abuse and neglect. Both these duties are carried out in partnership with other statutory Leeds SAB members, including the Police (in the case of criminal abuse or

neglect) and the NHS, Housing and Safer Leeds colleagues.

In each local authority area the Director of Adult Social Services (DASS) has a statutory role to lead partnership arrangements for safeguarding adults.

What are the risks?

The main consequence of a significant safeguarding failure is that an adult at risk suffers violent abuse, serious harm and/or ultimately death. Such a tragic outcome would be a failure in the local authority's legal and ethical duty in safeguarding its citizens. The consequences that could impact on the council and/or the city if safeguarding processes are not followed include loss of public confidence in the council, legal and financial costs (such as the payment of compensation) and the management and staffing resources required to deal with a failure.

Reputational damage could occur to the council when individuals at risk or their families are not identified as being so and suffer harm or are dissatisfied with either the protection or the thoroughness of the enquiries undertaken. Conversely, people or organisations alleged to have caused harm can challenge the fairness and the thoroughness of the process.

Parties in both situations can make complaints which may result in associated press coverage, ombudsman enquiries and even judicial review. Where a council employee is the person alleged to have caused harm, the way that services are run and the implementation of internal staffing policies can be questioned.

The main sources of a safeguarding adult risk for the council are summarised as:

- Failure to identify and manage safeguarding risks.
- Failure of frontline staff to correctly identify and deal with an actual or potential safeguarding episode under the terms of the Multi-Agency safeguarding procedures and statutory requirements of the Care Act 2014.
- Staff in any agency working with the council fail to follow their own safeguarding procedures in managing actual or potential safeguarding episodes, resulting in the local authority failing in its own statutory duty under Section 42 of the Care Act 2014.
- Poor quality practice or lapses in professional standards by frontline workers.
- Failures in communication and information sharing between professionals both within the council and across partner agencies.
- Delay and drift within and between professionals and services.
- Lack of clarity of roles and responsibilities with regards to safeguarding vulnerable adults.
- A failure to listen properly to the views of the child, young person or adult.

Risk management

How the council is managing the risks

Cross-council safeguarding

Whilst there are specific responsibilities for the safeguarding of children and young people under the Children Act 2004, all council staff have a moral and legal obligation to protect children, young people and adults. The cross-council safeguarding policy helps employees to understand, recognise, and report a



safeguarding concern. A cross-council safeguarding group exists with representation from across the whole organisation to help facilitate an all-embracing approach to safeguarding.

The Leeds Safeguarding Adults Board (SAB)

The Leeds SAB was constituted in 2009 and has an independent chair. The current incumbent, Richard Jones CBE, was appointed in September 2015. The chair is accountable to the council's Chief Executive.

The SAB is required to have an annual strategic plan, describing how each member will contribute to its strategy, and to produce a report each year of the activity of the Board and its members which is presented to the council's Executive members. A new plan is currently in draft and is being circulated to partners for consultation and further input.

New Safeguarding Procedures came into force on April 1st 2019, and whilst this does not significantly change the way that individuals are safeguarded in Leeds, the approach is more person-centred and focussed upon outcomes.

The DASS is actively involved in the running of the SAB and meets regularly with the Independent Chair. These meetings extend to the Executive Member for Health, Wellbeing and Adults too. The Independent Chair also meets periodically with the Leader of the council and attends Scrutiny Board and Executive Board annually. This arrangement ensures that senior officers in the council and elected members are aware and able to influence the work of the Leeds SAB.

Safeguarding Adults Reviews

The Care Act 2014 requires SABs to undertake Safeguarding Adults Reviews when:

'An adult in its area with needs for care and support (whether or not the local authority has been meeting any of those needs) if:-

- a.) There is reasonable cause for concern about how the SAB, members of it or persons with relevant functions worked together to safeguard the adult; and*
- b.) The adult has died, and the SAB knows or suspects that the death resulted from abuse or neglect (whether or not it knew about or suspected the abuse or neglect before the adult died); or*
- c.) The adult is still alive, and the SAB knows or suspects that the adult has experienced serious abuse or neglect'.*

Safeguarding adults reviews are undertaken by the Leeds SAB and overseen by an Executive Group which includes the DASS and Independent Chair.

The main risk associated with Safeguarding Adults Reviews is failing to highlight areas of practice that could be improved, potentially resulting in both legal claims and/or reputational damage to the council.

Management of Risk for Individuals

Services in the council's Adults and Health Directorate work within a Quality Assurance Framework that enables compliance with procedures and supports staff to manage the safeguarding risk. Independent quality and risk audits are undertaken which also provide further assurance that the risks are being



properly managed. Management audits also take place against the quality assurance framework in place for in-house provision.

A further check is made of information required by the Care Quality Commission (CQC), the independent regulator of health and social care in England. To ensure robust high quality risk management in protection plans, risk is central to the safeguarding process, with promotion of a positive approach, rather than one of risk avoidance.

The Safer Leeds Executive is the city's statutory Community Safety Partnership involving the council and relevant key partners such as the Police. Safer Leeds has responsibility for tackling crime, disorder and substance misuse and undertaking Domestic Homicide Reviews (DHRs). Safeguarding is a key theme running through all the work and priorities of the partnership, some of which are shared with the council, including:

- Anti-social behaviour
- Domestic violence and abuse (DVA)
- Youth crime and on-street violence
- Organised offending
- Local drug markets
- Hate Crime (Community Cohesion, Prevent/Radicalisation)
- Street Support

Safer Leeds provides additional support to other partnership boards and delivery groups linked to safeguarding:

- Safeguarding (Sexual Exploitation, Modern Slavery, Human Trafficking, Honour-Based Abuse)
- Complex needs (Mental Health, Alcohol and Drugs)
- Road Safety and Safer Travel

The SAB has done extensive work around learning lessons from DHRs that apply to adults with care and support needs. Lesson learned are disseminated widely and in a number of ways, including via the Leeds Safeguarding Children's Partnership and also integrated into areas such as domestic violence training to relevant council staff.

A Performance and Quality Group meets every two months with a focus on monitoring and promoting quality. The meetings are chaired by the Head of Service for Safeguarding, with the Police, NHS and relevant stakeholders attending. Actions have included developing strong links between council staff and the Hospital Safeguarding Staff to help improve quality in referral outcomes.

In addition to the above risk management arrangements, the safeguarding adults risk forms part of the council's corporate risk register and is reported each quarter to the Corporate Leadership Team which consists of the council's Chief Executive and directors.

What more do we need to do?

The cross-council safeguarding group is currently auditing its approach to safeguarding adults and children. The findings are to be used to inform the approach to learning and development and also to update the content of relevant guidance documents. The group is also seeking to strengthen its links with the SAB,



Community Safety Partnership and Safeguarding Children's Board. This will aim to improve the city's strategic approach to safeguarding.

The council plans to:

- Continue joint work with the NHS Leeds Clinical Commissioning Group (CCG) and the Care Quality Commission, to ensure that quality concerns in regulated care services are picked up early and prevented from developing into safeguarding concerns;
- Continued implementation of the new policies and procedures which are focussed upon outcomes rather than process. Work is being done in conjunction with the Leeds Safeguarding Children's Partnership and Safer Leeds on the 'Think Family, Work Family', a joint safeguarding protocol for co-ordinating the support families receive from services working with children and adults, where parenting capacity is impacted.
- Ensure safeguarding training is fit for purpose and is quality assured;
- Ensure that the priorities of the Leeds SAB are being met;

The Leeds Street Support Team has a main outcome of, 'Improved quality of life and well-being for street users and a safe, inclusive and welcoming city centre for everyone. Linked to this, they have a main focus on the safeguarding (in the broadest sense) for people in need on the streets, addressing criminality and anti-social behaviour. A pilot scheme relating to working with individuals who are abusive in relationships is into its second phase. A series of sessions are taking place focussing on the issues relating to individuals who are abusive in relationships and with a view to skilling up council staff to work more effectively within DVA situations.

Further information

Further information, including all procedures and forms, is available on the Leeds SAB website:

www.leedssafeguardingadults.org.uk

Please also refer to the [Safer Leeds](#) website



Health and Safety Corporate Risk Assurance

Overview

Health and safety is about saving lives, not stopping people living. The council continues to support the Health and Safety Executive's (HSE) campaign for sensible risk management, one that is based on practical steps to protect people from harm and suffering – not bureaucracy. This is important as the council is responsible for delivering a wide range of services and activities across the city.

Taking a risk-averse approach to health and safety could be damaging to the council's reputation. Instead, a sensible approach allows the council to focus on the real risks to its own staff and members of the public and set an example to others. As a large, diverse organisation that delivers most services in-house, council employees face a variety of hazards which must be managed to prevent the risk of injury, death, chronic health conditions, legal challenge and reputational damage.

Health and safety priorities are agreed by the council's Corporate Leadership Team and these are underpinned by policies, procedures, training and audit reviews. A positive culture of safe and healthy working is encouraged and developed jointly with workforce trade union representatives.

A positive approach to the management of health, safety and wellbeing contributes to the ambitions of the council to encourage a city which is enterprising, efficient and healthy and which has a positive influence on the wider public health and wellbeing in the city and beyond.

Corporate risk: Health and safety				
Risk description	Risk of an health and safety failure resulting in death, injury, damage or legal challenge (either criminal or civil)			
Accountability (Risk owners)	<i>Officers</i>	Chief Executive and Director of Resources and Housing		
	<i>Member</i>	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Evaluation		<i>Probability</i>	<i>Impact</i>	<i>Overall rating</i>
	<i>Current</i>	3 (possible)	4 (major)	High (amber)
	<i>Target</i>	2 (unlikely)	4 (major)	High (amber)

The ratings are 'high' because even with strong controls in place to mitigate against a health and safety incident, the scope of the risk is very broad and covers a wide variety of hazards across all council services. Even a single health and safety failure could have a major impact.



Introduction

The council has a number of roles, responsibilities and duties with regards to health and safety at work. These include:

- As a duty holder with large numbers of employees.
- As a service provider with large numbers of clients, visitors, pupils etc.
- As a landlord with a large portfolio of buildings and land.
- As a regulator through Environmental Health.
- As a large-scale procurer of goods and services which can influence safety and health through the supply chain.

The council believes that it can only achieve its Best City and Best Council ambitions by ensuring these roles are fully integrated in its plans. This is not just about legal compliance, but is also a moral and ethical duty of care. It also encourages organisational performance by influencing a positive culture, reducing sickness absence and driving down costs associated with lost time and damage to equipment. The link between health and safety, wellbeing and inclusion is also strong and helps to provide an inclusive and supportive workplace.

What are the risks?

- That a serious incident occurs, causing death, injury or chronic ill-health to employees, clients or service users (including pupils) arising from the many services that the council provides or commissions. Should serious incidents occur, the council is committed to identifying any lessons learned and taking forwards recommended actions.
- Enforcing authorities such as the Police, West Yorkshire Fire and Rescue Service or the Health and Safety Executive (HSE) can undertake lengthy investigations if things go wrong and these may require suspension of services or closure of buildings. HSE inspectors can enforce health and safety standards through enforcement notices requiring improvements to be made: these can either prohibit an activity or allow time to comply, enabling satisfactory remedial action to be taken. During the past 12 months, and for the sixth consecutive year, the council received no formal Improvement or Prohibition Notices from the HSE or Fire Service
- Prosecutions can also be brought against the council following serious breaches of health and safety law. This can result in substantial fines, adverse publicity, a public enquiry or possible negligence manslaughter charges. The changes to the sentencing guidelines for health and safety offences two years ago have resulted in large, seven figure fines for some local authorities.
- Civil claims for compensation can also be brought against the council by employees or members of the public injured due to the council's work activities.
- A poor health and safety record also affects: staff morale and engagement, productivity and increased costs due to lost working time as a result of accidents, sickness absence and agency/overtime payments. It may also negatively impact on the council's ability to tender for work.



The consequences of a health and safety risk arising include:

- HSE investigations and/or a public enquiry.
- Adverse publicity resulting in significant reputational damage and a loss of public confidence in the council.
- Legal action being taken against the council.
- Council services and facilities unable to function or even closed down.
- Unlimited fines.
- The council becoming totally risk averse (rather than being risk aware). This could have an adverse impact on undertaking activities such as school trips or our willingness to host major events in the city.

Risk management

How the council is managing the risks

Priorities

Eight key priorities for health, safety and wellbeing for a three-year period were agreed by the council's senior leadership team and endorsed by Executive Board on the 14th December 2016, after consultation with key stakeholders, including services and Trade Unions. These are: stress and mental health; building/staff security; risk management; managing safety in the council's vehicle fleet; fire safety (especially in council-owned housing stock); musculo-skeletal disorders; violence and aggression; and health-related matters.

Compliance

Health and safety management in the council is based on an approach advocated by the HSE. This is realised through our own Organisational Health, Safety and Wellbeing Policy which sets out the roles and responsibilities of staff, and a series of core and operational Health and Safety Policies, jointly agreed with the trade unions. Compliance with the Policy is checked via internal and external audits and reviews by management teams across the council.

A wide range of guidance and information on health & safety matters is available to council staff on the internal Intranet system including:

- Contact details for competent health and safety advice
- Accidents and incidents in the workplace
- Fire Safety
- Personal protective equipment
- Risk assessments
- Mental Wellbeing

Accountability and performance

The Chief Executive is ultimately accountable for the health and safety of council employees and service users. To assist him to undertake this role he, the Director of Resources and Housing has responsibility for



apprising him of health and safety performance. In turn, the Director of Resources and Housing is supported by a team of professionally qualified Health and Safety Advisers and Occupational Health Practitioners, led by the Head of Health and Safety.

In addition to these specific roles, the council's Health and Safety Policy details individual accountabilities for every level of employee. The Leader of the council also has a responsibility to ensure that decisions taken by elected members do not compromise the health and safety of staff or service users.

The Head of Health and Safety meets monthly with the Director of Resources and Housing to provide health and safety assurance and performance and assurance reports are also submitted to the council's leadership team and Executive Board. A 'Health, Safety and Wellbeing Priority Board' has also been established to share best practice across the council. This is chaired by the Director of Resources and Housing and attended by senior leaders from high hazard services and supported by Human Resources (including health and safety).

Co-operation and consultation (safety committees)

Co-operation and consultation with the workforce on health and safety matters is extremely positive. There are corporate, directorate and service level Health and Safety Committees in place. The Deputy Leader (Executive Member for Resources) chairs the Corporate Health and Safety Committee: a method of employee consultation made up of managers and employee representatives who meet regularly to discuss issues of mutual concern. In addition, working groups have been set up covering specific issues such as estates management.

Insurance arrangements

The council's arrangements dealing with the Health and Safety risk include both public and employer's liability insurance. The adequacy of the liability insurance arrangements is tested by benchmarking with other local authorities and informed by advice from the council's insurance brokers. The council's Insurance Section supports the Health and Safety team to assist with achieving a safer working environment for all employees and visitors through ongoing discussions and learning from experience gained from handling compensation claims.

Risk management – Specific work undertaken during 2018/19

Estates Management

The council has a large property portfolio, including those we own and occupy, those we lease out and some we lease in. These premises represent a significant asset, but can also pose a significant health and safety hazard if not managed effectively. For this to happen all council services must work closely together to ensure that properties are: inclusive, surveyed, inspected, maintained pro-actively and repaired promptly.

Essential pro-active maintenance includes: fire risk assessments, management of asbestos, Legionella control, inspections of lifts and other equipment and security. The work undertaken on fire safety, for example, and the agreement the council has in place with the Fire Service, was extremely important when reviewing housing stock and other large buildings in the wake of the Grenfell Tower tragedy.



Schools

Schools must always be safe environments for children, young people and staff. Much work was undertaken in 2018/19 to support this, including: regional workshops on school security, work to address the issue of weapons in schools; helping staff to address increasing levels of violence and aggression and a conference to support the health and wellbeing of school leaders.

Employee Wellbeing

The Employee Wellbeing Strategy has continued to promote mental wellbeing, physical health, healthy lifestyles and a culture of wellbeing with many specific initiatives. The recent refresh of the Best Council Plan (approved by Full Council in February 2019) included extending the Best Council ambition to incorporate 'healthy', with a focus on the health and wellbeing of staff.

Access and Inclusion

The next phase of the 'Changing the Workplace' programme to modernise council offices making them better places to work in and to improve the experience of disabled colleagues, is being supported by the council's Health and Safety team.

Security

Work continues to improve the physical security of buildings and to address aggression directed at members of staff in front-facing services. This has also included training for elected members and provision of lone working safety devices.

Staff Health

The council continues to provide access to an Occupational Health Service, an Employee Assistance Programme including counselling, access to physiotherapy (in certain circumstances), and a range of other support networks for staff.

Health and Safety Policies

Work has been undertaken on standardising, simplifying and sharing all health and safety policies across the council. During the past year, two policies have been revised and agreed in conjunction with Trade Union colleagues: the Organisational Health, Safety and Wellbeing Policy and the Cooperation and Consultation on Health and Safety Matters Policy.

Access to Competent Health and Safety Support

The council's Health and Safety Team has worked to better enable resources to be directed at the areas posing the highest risks. Examples of this include a new way of providing more information via 'self-service' for those working in office locations and a Health and Safety Enquiry Line.

Collaboration

The Leeds Health and Care Academy is a 'one workforce' approach taken by health and social care employers in the city to tackle common employment issues through improved collaboration. Recent topics of focus for the Academy include recruitment, induction and training. A member of the council's HR service led on Improving Working Lives, a strand of work for the Academy looking at how the health, safety,



wellbeing and inclusion of the workforce is managed. Mental wellbeing was the first area for collaboration, specifically around Mental Health First Aid.

What more do we need to do?

To instil and maintain a positive health and safety culture the council needs to continually seek to improve. With this in mind the current challenges are:

- Violence, Aggression and Abuse – this continues to be an area of focus for the council. It is an issue both in some public-facing council premises and with staff and Members carrying out their duties in the community. A council-wide lone working solution is to be procured in addition to revised policy, guidance and training.
- Mental Wellbeing – we will continue our work with Trade Unions colleagues and other partners to prevent, identify and support people with mental health problems. This will include a Supporting Staff at Work Charter and guidance, which will include the need for managers to hold a Wellbeing Conversation with staff – this has been trialled successfully during the past year.
- Work-Related Ill-Health – we must continue to look for innovative ways to prevent workers from exposure to hazardous substances like silica dust or wood dust through better tools, on tool extraction, dust reduction, personal monitoring and health surveillance.
- Performance Management – a procurement exercise for the development of an electronic health and safety management system is due to commence later this year. It is essential that this system is in place to improve the monitoring and reporting on health and safety incidents as well as providing useful management information to drive future best practice.
- Wellbeing, Inclusion and Diversity – the workplace setting will continue to be used to promote health and wellbeing. A ‘social model of disability’ approach will also be embedded to help remove barriers that prevent disabled colleagues being the best they can be at work.

Further information

A copy of the council’s Health and Safety Policy can be accessed by staff and members on the council’s Intranet Site. Members of the public can obtain a copy by contacting Chris Ingham (Head of Health and Safety) at chris.ingham@leeds.gov.uk or by calling (0113) 3789304.

www.hse.gov.uk

As noted above, we are regularly updating our webpage ‘Fire safety in high rise buildings’ (available [here](#))

General information on health and safety can be found on the Health and Safety Executive website

www.hse.gov.uk



City Resilience Corporate Risk Assurance

Overview

Leeds is a city that is continually growing in size and stature. Attractive for the location of businesses of all types and sizes as well as hosting an increasing number of major sporting and cultural events – all contributing to helping Leeds develop as a major city and visitor destination in the UK.

However, Leeds and its businesses, residents and visitors must also be prepared to respond to and recover from disruption.

Leeds, like any other major city, can suffer disruption caused by the impact of a major incident or emergency. Disruption could be a severe weather event, major fire, public protests or a terrorist attack. Disruption can be caused by planned events, placing pressure on the city through increased footfall and impact on the transport infrastructure, for example through associated road closures.

Disruption can impact for several hours, days, weeks and even months (as in the case of the Salisbury chemical attack) whilst investigations, clear-up and recovery is completed.

It is essential that the council, along with partner agencies, businesses and organisations work together to build city resilience: developing plans, preparing to share resources and assets to protect ourselves and having the capability ‘ready to go’ to provide an effective response and recovery to major incidents and emergencies should it be required.

There is already a range of tried and tested plans and arrangements for major incidents both within the city and those that cut across borders affecting the wider region. However, it is increasingly important for the city not to become complacent but to continue to work together to develop our resilience to protect businesses, communities and visitors. This corporate risk assurance report aims to set out some of the work in progress or recently completed in the previous 12 months to build on our city resilience.

Corporate risk: City resilience				
Risk description	Risk of significant disruption in Leeds			
Accountability (Risk owners)	Officer	Director of Resources & Housing		
	Member	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Evaluation		Probability	Impact	Overall rating
	Current	3 (possible)	5 (highly significant)	Very high (red)
	Target	2 (unlikely)	4 (major)	High (amber)

Introduction

The Civil Contingencies Act 2004 (CCA 2004) sets out the statutory duties and community leadership role to ensure that the city collectively and continually works to enhance its resilience and manage its vulnerabilities in light of learning from incidents and emergencies both in the UK and internationally.



The CCA 2004 (Part 1) 'Emergency Preparedness' sets out the roles and responsibilities for those involved in emergency planning and response at local level. The CCA 2004 identifies responders as either Category 1 or Category 2.

Category 1 responders are organisations at the core of the response to most emergencies, such as Police, Fire & Rescue, National Health Service, Ambulance Service, Environment Agency and Local Authorities.

Category 2 responders are less likely to be involved in the heart of planning work, but will respond to emergencies that affect their own sector or co-operate with Category 1 responders providing a multi-agency response. Category 2 responders include; utilities and transport companies, Highways Agency and Health & Safety Executive etc.

Category 1 and 2 responders together form the West Yorkshire Resilience Forum (WYRF). The WYRF is the council's key partner organisation for city resilience, supporting co-ordination of the actions and arrangements between Category 1 and 2 responders to provide the most effective and efficient response to civil emergencies when they occur.

Leeds City Council and partner agencies work together to identify, assess, prevent, prepare to respond to and recover from the emergencies and disruptions within this corporate risk and to continue to develop its community leadership role.

This assurance report focuses on the adequacy of the council's arrangements to deal with the impact of the risk including supporting a multi-agency response to play an effective contribution in the overall city response to a disruptive event.

What are the risks?

There are three factors relating to the impact of significant disruption in Leeds. The first is the causative event, the second is the way that Leeds as a city responds to the event and the third is how quickly and effectively the city can recover.

The council and partner organisations through the WYRF are continuing to work closely together to make the city as safe as possible for all. By working together, learning from previous experiences, training and exercising and putting in place plans to develop a multi-agency capability this should help achieve an effective response and recovery from incidents and disruptions in the city.

Risk management

How the council is managing the risks

There is a 'top down' approach to managing risk. At the top, there is the National Risk Assessment (NRA) setting out all resilience related risks which the UK faces. The NRA informs the West Yorkshire Community Risk Register (WYCRR) which contains all risks from the NRA applicable to the West Yorkshire region. The WYCRR forms the basis of multi-agency emergency planning and is used by the WYRF and partner organisations to ensure that the identified risks are being appropriately managed and to inform development of their local risk registers. The WYCRR is used to inform the council's corporate risk on City Resilience.



The following paragraphs aim to describe key pieces of multi-agency/collaborative planning and preparation implemented or in progress to ensure that we protect our people, the economy, environment, infrastructure and way of life from all major incidents that could affect us directly.

West Yorkshire Level

A multi-agency response to a major emergency in the towns and cities of West Yorkshire is co-ordinated through the WYRF which comprises representatives from the emergency services, the five West Yorkshire local authorities and other partner agency (Category 1 & 2) responders along with voluntary and faith organisations as required.

The WYRF drives collaboration through strategic, management and sub-group meetings and regular training and exercising opportunities. The WYRF is the process by which the organisations (on which the duties of the CCA 2004 fall) co-operate with each other in peacetime (planning and exercising) and during response and recovery phases to an emergency. The WYRF brings together the multi-agency expertise required, ensuring that Category 1 & 2 responders are co-operating with each other. A senior officer from the council attends WYRF strategic level meetings, whilst other officers attend management level meetings, chair/co-chair and/or attend all sub-group meetings. This level of engagement with the WYRF ensures that the council has a lead role in shaping and driving the work of the WYRF. The WYRF has developed and maintains a set of robust plans and arrangements for an effective multi-agency response to emergencies underpinned by the sharing of information, resources and regular training and exercising.

Leeds Resilience Group

On a local level, the council hosts Leeds Resilience Group (LRG) meetings. The LRG attendance includes local Category 1 and 2 responders along with other partner organisations that fall outside of the WYRF catchment such as representatives from the universities, transport and utilities companies.

The LRG meetings provide an opportunity for partners to receive information relating to developments, events and incidents in the Leeds area, share learning, experiences and support campaigns and exercises etc. The LRG considers risks and threats facing the city and will act as an information sharing body in the event of a major incident.

Planning for Emergencies and Incidents

The council maintains a core set of plans in readiness to respond to a range of incidents and emergencies that could impact the city. These include the Emergency Management Plan (EMP) which covers a multi-agency response to emergencies and includes arrangements for multi-agency strategic and tactical co-ordinating groups. Other Leeds based plans include:

- Leeds Recovery Plan,
- City Centre Evacuation Plan,
- Leeds Flood Plan,
- Severe Weather Plan,
- Reception Centre Plan,
- Unexpected Deaths Plan (Excess Deaths and Mass Fatalities),



- Leeds Outbreak Plan,
- Leeds Pandemic Influenza Response Plan,
- Chemical, Biological, Radiological and Nuclear (CBRN) Plan; and
- Leeds Animal Health Plan.

The development of plans and response capabilities is informed by learning and experience from previous emergencies (both local and national) and regular testing and exercising to provide assurances that the plans will work should they be activated.

Emergencies and disruptive events cover a range of issues; examples in Leeds over the last 12 months include:

- Major gas leak requiring evacuation of properties/closure of roads (Hawthorth and A64).
- Fire in sewers requiring road closures (Holbeck).
- Several major water main bursts cutting water supply to St James Hospital requiring road closures and diversions (Burmantofts).
- Several suicide attempts affecting road network/transport infrastructure (City Centre, M621 and A64).
- Murder scene requiring evacuation of residents/rest centre (Armley)
- Vehicles colliding into residential properties (Morley, Headingley and Armley).
- Road traffic accident/fuel spill causing congestion (Hunslet).
- Gas main fire requiring evacuation of 15 properties (Bardsey).
- Road traffic accident with HGV colliding into two shop units (Merrion Centre).
- Bridgewater Place closures and high-sided vehicle diversions due to high winds.
- Suspicious device requiring closure of Crown Point Bridge creating congestion in and out of the city.

Planned Events

Leeds increasingly hosts a range of major sporting and cultural events such as Tour de Yorkshire, World Series Triathlon, Half Marathon, Leeds West Indian Carnival and Leeds Music Festival at Bramham Park, all promoting the city and bringing in a high visitor footfall. Such events require road closures and traffic diversions, causing varying degrees of disruption to businesses and residents. Being outdoors, these events are also susceptible to severe weather and create crowded places which form a potential target for terrorist and other extremist activities.

For planned events in Leeds, arrangements to mitigate any issues are considered through the Strategic/Safety Advisory Group (S/SAG).

Now approaching four years since its inception, the S/SAG continues to maintain good levels of engagement and support from partner agencies that together comprise the S/SAG. The critique and challenge of event documentation and arrangements by the S/SAG and provision of feedback helps to support event organisers to deliver safe and successful events. Event organisers are increasingly recognising the value in being able to access professional advice at SAG and Multi-Agency meetings. The learning is supplemented with occasional informative seminars hosted by the S/SAG for event organisers to gain



additional knowledge relating to specific topics to enhance event planning.

There are some planned events which fall outside the scope of sporting and cultural, such as protest marches and political events.

Regarding the former, Leeds has had numerous protests in the previous 12 months, both static and marching protests by a range of pressure groups and affiliations. Regarding the latter, Brexit is a good example where the council has considered and planned for a range of potential impacts.

A Brexit Officer Working Group was formed to commence planning for the potential impacts of a no-deal exit on Leeds and in response, a 'Leeds Strategic Response Plan' has been developed.

Protecting the City Centre

The installation of the City Centre Vehicle Access Scheme (CCVAS) is making good progress. The scheme sees CCTV controlled/automatic rise/fall bollards installed at each of the entry/exit points to the city centre pedestrianised area. As well as reinforcing the current traffic regulation order for delivery vehicles, it will act as a deterrent/prevent the use of vehicles from carrying out an act of terrorism or crime. The scheme will go live in phases from early May 2019.

Protection for the city from river flooding has been completed with the implementation of the Flood Alleviation Scheme (FAS). A severe weather event in March 2019 causing the river level to rise in the Aire catchment triggered the initial activation of the Knostrop moveable weir, which was effective in dropping the river level by approximately 1 metre.

Exercising and Testing

The WYRF continues to hold at least one multi-agency exercise per year, with two exercises were held in 2018. The first was a flu pandemic scenario, the second a recovery scenario following a major terrorist incident in Leeds City Centre. These exercises are designed to ensure effective co-operation and collaboration in response to a major emergency affecting the city and potentially the region. On a more local basis, the council arranged a series of three city wide exercises to test emergency and business continuity plans and arrangements for businesses and organisations based in Leeds city centre (April, May and July). The first two exercises were fully subscribed. The initial exercise highlighted the benefits of different businesses and organisations talking to each other and sharing and being aware of each other's plans and arrangements.

Communication/Warning & Informing

Communication is the backbone to achieving an effective response to emergencies. It is essential that responding agencies are able to share information. The UK Government has developed and is endorsing the use of Resilience Direct, a free to use tool which is a fully accredited and secure information sharing platform accessible to the UK's response community.

Progress with the roll-out of Resilience Direct continues across Leeds and West Yorkshire with a steady rise in partners undertaking training. Resilience Direct is being piloted on a number of events and exercises and also as a repository for event management documentation.



Leeds Alert is the joint Leeds City Council/West Yorkshire Police warning and informing system to which businesses and organisations can register to receive messages warning of emergencies and planned events in the Leeds area, it has currently around 1,400 registrations and continues to grow. Associated with Leeds Alert are the twice yearly Leeds Alert Network Events. The events hosted by the council are well attended by businesses and organisations who attend to hear guest speakers present on a range of resilience related topics. Attendance is around 180 persons representing approximately 140 – 150 businesses.

In order to ensure correct and accurate information is conveyed to businesses and organisations regarding major national and international incidents, as well as other important information, the council continues to forward (via the Leeds Alert warning and informing system) Cross-sector Safety & Security Communications (CSSC) messages.

The CSSC messages (issued by the National Business Crime Centre) help to counter inaccurate news items reported by the media/social media. The messages are also a conduit to essential information, with recent messages signposting to a range of counter-terrorism campaigns and guidance on how to protect and improve organisational resilience.

What more do we need to do?

Enhancing city resilience is a continual process. Taking on board learning from incidents, events and exercising, adapting to changes whether technological or regulatory and maintaining a focus on shifting risk and horizon scanning - all informing planning and preparedness. There has been a notable increase in closer working and network building across partner agencies that are likely to collaborate together in a multi-agency response to an emergency or major incident in Leeds. The WYRF is encouraging closer working, helping to develop an understanding of how each of the agencies work, their resources and assets, capacities and limitations. Council officers are working alongside businesses and organisations in Leeds to build a safer city and working with the public to help develop greater community resilience.

There will always be opportunities to build on the work completed to date and ongoing developments and initiatives to enhance city resilience include:

- Continue to review, revise and develop emergency plans and arrangements using learning from incidents, emergencies and exercising.
- Continue to exercise, both internally and externally to test both council and multi-agency response and recovery arrangements.
- Provide briefings, training and exercising to the council workforce and organisations within the city.
- Broaden the use of Resilience Direct across Leeds City Council responder staff in support of wider partnership integration and collaboration.
- Raise awareness of risks (threats and hazards) using the West Yorkshire Community Risk Register and develop mitigating actions and plans in readiness should any of the risks be realised.
- Work together with businesses and other organisations in Leeds to develop greater resilience in the city, for example by promoting Leeds Alert, the 'warning & informing' system.
- Review and enhance S/SAG processes and procedures.



- Progress further phases of the City Centre Vehicle Access Scheme to protect further public spaces and events.
- Continue to support national counter-terrorism campaigns and initiatives such as 'SCaN' (See Check and Notify).

The high expectations placed on the council by the public and government to be able to effectively respond to and recover from a major emergency in Leeds drive the continual review and development of our emergency plans and arrangements. The message is 'resilience is everyone's business' and the council is actively promoting this message both internally and externally to businesses and other organisations. By working together collaboratively Leeds can be assured of an effective council and partner response in the event of a major emergency.

Further information

Please click [here](#) to view the range of city resilience information for businesses and the public available on the council's website.

The West Yorkshire Police website contains details of the [West Yorkshire Resilience Forum](#) and also the [West Yorkshire Community Risk Register](#)



Council Resilience Corporate Risk Assurance

Overview

Disruptive incidents impacting council services range from short duration which can quickly be dealt with by the service or function impacted, or a more prolonged and widespread disruption that can affect several services and functions for a number of days or weeks. Some disruptions may have a limited impact on a single internal function, but where front line services are disrupted, then there is potential for communities and vulnerable people to be impacted.

Corporate risk: Council resilience				
Risk description	Risk of significant disruption to council services			
Accountability (Risk owners)	Officer	Director of Resources & Housing		
	Member	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Evaluation		Probability	Impact	Overall rating
	Current	3 (possible)	5 (highly significant)	Very high (red)
	Target	2 (unlikely)	4 (major)	High (amber)

The introduction of the Civil Contingencies Act 2004 (CCA 2004) sets out a statutory duty on local authorities to have arrangements in place to maintain critical services in the event of an emergency. The duty particularly relates to the functions that are important to the health, welfare and security of the community. All local authorities must have in place arrangements to be able to:

- Continue to deliver critical aspects of their day-to-day functions in the event of an emergency if the impact on the community is to be kept to a minimum;
- Continue to perform ordinary functions that are important to the human welfare and security of the community and its environment; and
- Assess the resilience of organisations that the council relies on, or delivers services through.

The council meets the duty through the implementation of Business Continuity Plans.

However, a significant, prolonged and widespread business continuity impact on council services will require the Emergency Management Plan (EMP) to be activated. The Emergency Management Team (Council Gold) will be convened to provide strategic direction to the response and recovery, with the Tactical Coordinating Team (Council Silver) managing the council's response and ensuring that Gold objectives are met and implemented.

Whatever the nature and scale of the disruptive incident, the individual critical services will have activated their Business Continuity Plans to be able to continue the delivery of their critical functions.

What are the risks?

The risk relates to significant disruption to council services and failure to effectively manage emergency incidents. The risks, hazards or threats to council services come from a wide range of sources with the potential to impact the council's people, premises, ICT and supplier's of goods and services with impact



from the disruption potentially affecting the citizens and communities of Leeds.

By focussing on the impact, the consequences of the disruption on critical services can be assessed and Business Continuity Plans developed to document the actions required to protect the service should a disruptive incident or emergency occur.

Risk management

How the council is managing the risks

The risk focuses on the following four key areas:

1. Business continuity arrangements prove inadequate.
2. Industrial action and its potential to cause wide-spread disruption to council services and the city.
3. ICT failure due to the high dependency of all council services on the digital infrastructure.
4. Emergency/contingency planning arrangements across the authority are inadequate.

The four risk areas are recognised by senior management with support and directorate engagement in place through the Directorate Resilience Groups (DRGs). The DRGs lead on progressing directorate resilience related work ensuring that adequate response and recovery capabilities are in place and that Business Continuity Plans are implemented and up to date for the critical functions within the directorate.

The council's Corporate Governance & Audit Committee and the Corporate Leadership Team (CLT - the council's Chief Executive and directors) provide support from the top by promoting and progressing emergency and business continuity planning across the council.

This corporate risk assurance report aims to set out some of the work currently in progress or completed in the last 12 months to manage each of the four risk areas and develop greater council resilience.

1. *Business continuity*

Business Continuity Plans contain arrangements to maintain or recover the council's critical services to 'business as usual' level following a disruptive event. Business Continuity Plans include procedures in the event of loss of people (staff), premises, ICT, suppliers and providers of goods and services, and loss of plant and machinery.

Within the council, there are currently 79 services identified as having one or more critical functions, each with its own Business Continuity Plan. To identify whether a service has any critical functionality a Business Impact Analysis is completed.

To ensure consistency in approach and that key risks are properly considered, the council has developed templates and guidance that services use to carry out the Business Impact Assessments and inform the Business Continuity Plans.

As a minimum, each Business Continuity Plan is reviewed annually. However, revisions can be made more frequently, triggered by internal changes to the scope or nature of service, or resulting from learning from incidents and exercises. Planning for the potential impact of a no-deal EU Exit on council services has triggered an additional review of Business Continuity Plans, particularly in relation to supplies and



contracts.

Business Continuity and Emergency Plans are regularly tested and exercised. Exercising and testing is either scheduled, or by exception with full support from the council's Resilience & Emergencies Team. Desktop exercises are completed on request to test individual Business Continuity Plans whilst exercises to test emergency plans can be completed as part of a wider multi-agency exercise arranged and co-ordinated by the West Yorkshire Resilience Forum.

In January 2019 the council hosted a training and exercising day for council officers likely to play a role in responding to an emergency. The event included a series of partner delivered briefings and concluded with an exercise. The event was well attended with representation from across all council directorates.

Some council frontline services are provided externally and it is therefore essential to obtain assurance that the commissioned providers are resilient. Assessments have been completed on those providers business continuity plans with the output from the assessments in the form of a template containing documented feedback and recommendations along with a 'level of confidence' rating (Red, Amber or Green). Where the recommendations are implemented, the subsequent assessment can record a higher 'level of confidence' rating.

Under the requirements of the Civil Contingencies Act 2004, local authorities are required to provide Business Continuity Management advice and guidance to business and voluntary organisations. This continues to be achieved by the hosting of the twice yearly Leeds Alert¹ Network Events. The events invite representatives from businesses and other organisations registered with Leeds Alert to attend and listen to presentations from a range of guest speakers. The aim is for organisations attending to be able to take away learning to improve their own organisational resilience.

Assurances relating to the council's business continuity arrangements are provided to the council's Corporate Governance and Audit Committee through the Annual Business Continuity Report. This year's report, dated 16th March 2019, provided the committee with an update regarding training and exercising, collaborative/multi-agency working and learning from previous incidents and events, both locally and nationally.

There was additional critique this year as resilience and emergency planning was the subject for a council Scrutiny Board working group. The paper developed to set the scene for the working group focussed on the alignment between the council's emergency planning and business continuity arrangements and the requirements set out in the eight chapters of the CCA 2004. This was a valuable exercise in its own right and confirmed that the council's current arrangements meet the duties set out in the CCA 2004.

The response from both the Corporate Governance & Audit Committee and the Scrutiny Board working group was positive and supportive of the work completed and arrangements implemented.

2. Industrial Action

There have been no instances of industrial action involving council staff in the previous 12 months.

¹ Leeds Alert is the joint Leeds City Council / West Yorkshire Police warning and informing system to which businesses and organisations can register. It currently has over 1,400 registrations.



The council's HR service continues to maintain a documented procedure in readiness for a council-wide multi-discipline response to industrial action. The procedure sets out a joined-up approach for all council services to manage the impact of industrial action and has been developed using documentation and learning captured from previous industrial action events.

The council remains subscribed to regular bulletins from RED (Resilience & Emergencies Division, part of the Ministry of Housing, Communities & Local Government) for notification of industrial action nationally and regionally.

Externally, the protracted industrial action by the RMT Union over the introduction of driver operated trains failed to cause any significant impact on council staff travelling to and from work. The council's critical services were notified in advance of the industrial action and arrangements agreed to support staff having difficulties with travel to and from work.

3. ICT

Business Continuity Plans are maintained in readiness for activation should an ICT incident or outage occur. As a minimum, the plans address:

- Invoking the required response/recovery and deployment of resource;
- Accessing back-up data;
- Restoration of data, information services, communications and support; and
- Recovery of the council's ICT infrastructure, for example in the event of a major cyber-attack.

A separate risk assurance on a major cyber incident affecting the council can be seen later in this report.

4. Emergency/contingency planning arrangements

The council has a strong commitment to developing and implementing emergency and business continuity planning arrangements and is actively promoting the message that 'resilience is everyone's business.'

The following is a summary of current and planned work which demonstrates this commitment:

- Maintaining alignment with the duties of Civil Contingencies Act 2004.
- Co-operation and collaboration with the five West Yorkshire Local Authorities, emergency services, other partners and voluntary and faith organisations enabled through the West Yorkshire Resilience Forum.
- Hosting the Leeds Resilience Group comprising local responders that fall outside of the West Yorkshire Resilience Forum such as the universities, transport and utility companies.
- Building links with neighbouring local authorities outside West Yorkshire, such as Harrogate and York.
- Co-ordinating the work of the Safety Advisory Group for events in the Leeds area, offering critique and advice to event organisers to ensure the highest possible standards of public safety and wellbeing of those who could be affected by such events.
- Developing and maintaining the Leeds City Council Emergency Management Plan (including the 'mini-guide') inclusive of a multi-agency response to and recovery from a major emergency.
- Taking a lead role in the promotion and training of Resilience Direct, the government preferred



system for sharing information and mapping between responders.

- Maintaining a strong focus on risk management. From the top-level National Risk Assessment to the regional West Yorkshire Community Risk Register which helps to inform the council's corporate, directorate and service level risk registers.
- Developing and maintaining a suite of emergency plans to counter the risks contained within the West Yorkshire Community Risk Register.
- Maintaining arrangements for the council to be able to quickly respond to a rise in the National Threat Level from 'severe' to 'critical' including a revised council Building Security Policy setting out additional security arrangements to be implemented at council buildings.
- Demonstrating that the council can quickly assemble a team of officers to input into preparing and planning for the potential implications of a major event as in the case of a no-deal EU Exit. This required the convening of a Brexit Officer Working Group, facilitation of a series of risk workshops and development of a Leeds Strategic Recovery Plan. An elected member working group also played a central role in highlighting key issues facing the council and the city since the EU referendum and fed into the preparatory response work.
- Delivery of a half day training event, 'Providing an effective response to and recovery from a major emergency in Leeds' for council officers likely to be involved in a response to an emergency.
- Recognising that councillors have a key role in response to an emergency (political, civic and community leadership roles) and a proposal to hold briefings based on the Local Government Association publication 'A councillors guide to civil emergencies' to help develop a greater understanding of councillor involvement.
- Learning from incidents and emergencies, both local and national to inform development and revision of emergency plans and arrangements.
- Regular review, revision and exercising of emergency and business continuity plans.
- Council directors playing into the annual West Yorkshire Resilience Forum 'Gold' exercise which in 2018 focussed on recovery from a terrorist attack in the city centre.
- Capturing actions and initiatives from various sources to improve council resilience and recording the actions in the draft 'Leeds City Council Organisational Resilience Improvement Plan'.
- Adapting the 14 Day Plan national guidance setting out a framework of actions in response to public impact following a terrorist incident.
- Directorate Resilience Groups providing assurance to each director that the resilience arrangements and response capabilities of the directorate are implemented, maintained and developed in line with changing risks.
- Maintenance of the Emergency Control Centre and its resources in a state of readiness to host the council's response to a major emergency.
- On-site presence of the council at the scene of an emergency via the Emergency Coordination Vehicle. Equipped as a mini-office for responding council staff, it also acts as a focal point for members of the public to seek information and reassurance.
- All services assessed as critical have Business Continuity Plans implemented.
- Managing the Leeds Alert warning and informing system which currently has in the region of 1400 registrations (and increasing) used for the issue of information relating to incidents and events in



Leeds.

- Maintaining the @leedsemergency Twitter account for warning and informing purposes, currently has around 8,000 followers.
- Maintaining a range of emergency and business continuity planning guidance and templates on the council's InSite pages, accessible by staff and elected members.
- Hosting the twice yearly Leeds Alert Network Event featuring a range of informative presentations to help improve organisational resilience.

What more do we need to do?

The message 'resilience is everyone's business' is key to ensuring that the council through its staff and other resources is best prepared to respond to an emergency affecting the council (and city).

Responsibility for building resilience does not just sit with the teams who have a direct role in providing a response: they know their capabilities, roles and responsibilities and are well trained and experienced. Responsibility for resilience also needs to be embraced and understood by all staff as much as health and safety, and equality and diversity. There is further progress to be made in promoting this message and attaining the level of confidence that the council requires.

So, what more do we need to do?

- Continue to develop and maintain our emergency and business continuity plans and arrangements.
- Continue to learn from incidents and emergencies, locally and nationally.
- Continue to identify new threats and hazards and to prepare and plan our capabilities to be able to respond and recover in the event that such threats and hazards are realised.
- Continue to promote awareness of and familiarity with the Emergency Management Plan and 'Quick Guide' with staff that have a defined role to play in responding to an incident.
- Identify opportunities through volunteering, training and briefing sessions to help staff have greater self-resilience during emergency incidents and to be able to provide support during response and recovery phases.
- Develop robust out of hours/on-call cover across the council, ensuring that such cover is not based simply on staff being available and able/willing to respond.
- Identifying and engaging in all opportunities and at all levels to exercise (internal and multi-agency) to develop staff confidence, support learning and identify areas for improvement.
- Continue to progress the role of Directorate Resilience Groups to lead on resilience and development of response and recovery capabilities within each directorate.

Although the council resilience described in this report sets out our current abilities to be able to respond to and recover from the impact of emergencies and disruptive incidents, there is always progress that can be made to strengthen our existing arrangements. Through the review and testing of our business continuity and emergency planning arrangements and by actively promoting the message that 'resilience is everyone's business', the council will be ready to be able to respond and recover effectively from incidents and disruption.



Further information

The Business Continuity Management Toolkit developed for use by council services can be accessed by staff and elected members on the council's Intranet site [here](#) under Toolkits – Managing a service.

The Business Continuity Institute's website provides further details and can be accessed [here](#)

Corporate Governance and Audit Committee papers including the [Annual Business Continuity Report](#)



Financial Management Corporate Risk Assurance

Overview

The ongoing challenge of reshaping and delivering council services within significantly reduced funding levels remains a significant risk in both the short and medium-term and this is reflected in two corporate risks: the first relating to the risks around balancing the in-year budget and the second around delivering the medium term financial strategy. Without this, delivery of all the Best Council Plan outcomes and priorities could be threatened.

In recent years the government has made major changes to the 'core' funding arrangements for local authorities, moving from a system where a significant element came from central government grants to one increasingly based on council tax and business rates. As such, local authorities are exposed to the financial impact of business rate appeals and re-valuations as well as changes to the council tax base.

Corporate risks: financial management				
Accountability (Risk owners)	Officer	Director of Resources and Housing		
	Member	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Corporate risk: in-year budget				
Risk description	Council’s financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council’s risk-based reserves policy			
Evaluation		Probability	Impact	Overall rating
	Current	2 (unlikely)	1 (insignificant)	Low (green)
	Target	2 (unlikely)	1 (insignificant)	Low (green)
Corporate risk: Medium term budget				
Risk description	Failure to address medium term financial pressures in a sustainable way			
Evaluation		Probability	Impact	Overall rating
	Current	3 (possible)	3 (moderate)	High (amber)
	Target	3 (possible)	3 (moderate)	High (amber)

Introduction

The 2019/20 financial year is the fourth year covered by government's 2015 Spending Review and again presents significant financial challenges to the council. The council has managed to achieve considerable savings since 2010 but the 2019/20 budget requires a further £22.6m of savings to be delivered.

The council continues to make every effort possible to protect the front line delivery of services, and whilst we have been able to successfully respond to the financial challenge so far, it is clear that the position is



becoming more difficult to manage. It will be increasingly difficult over the coming years to maintain current levels of service provision without significant changes in the way the council operates.

The [Best Council Plan](#) explains how this will be achieved: that, while continuing its programme of efficiencies, the council must continue to change what it does and how it does it, reducing costs, generating income, considering different service provision models and targeting its resources to where they are most needed and will have the most impact.

Although councils have a legal duty to set a balanced budget, there are clearly strong organisational reasons for ensuring that sound arrangements for financial planning and management are in place. The budget, as well as a means of controlling spending within the available resources, is also a financial expression of the council's policies and priorities. Whilst this can simply be seen as an annual exercise, there is a recognition that this needs to be set within a context of a medium-term financial strategy. This is all the more critical given the financial challenges that we are facing.

What are the risks?

Failure to adequately plan, both longer term and annually and to manage the budget in-year carries a number of specific risks:

- Not able to set a legal budget by the due date;
- That the budget does not reflect council priorities and objectives;
- That the budget does not adequately resource pressures and increases in demand;
- That the budget includes savings which are not deliverable;
- That unplanned or reactive measures would be needed in-year to deliver savings;
- That the council falls into negative reserves or that reserves are used impacting upon the medium-term financial strategy;
- That the revenue budget continues to be increasingly reliant upon capitalisation and one-off funding to sustain recurring expenditure;
- That the Section 151 officer² exercises statutory powers and restricts or stops all spending;
- Should the audit of the council's Statement of Accounts contain damaging comments, this could potentially result in increased audit and government inspections;
- That there may be an adverse impact on staff morale if working in a challenging budget climate; and
- That the council's reputation may be damaged.

Following the result of the 2016 European Union referendum, the country has faced a period of political, fiscal and economic uncertainty. There are likely to be implications for the national and local economy with consequent impact on the council's financial risks. Whilst it is still too early to assess potentially wide-ranging implications, the following risks need to be considered:

² The Local Government Act 1972 (Section 151) requires that an employee of the council is recognised as the responsible financial officer. In Leeds City Council that officer is the Chief Officer Financial Services.



- The potential for increased cuts in core government funding alongside possible increase in demand for council services.
- Rising inflation could lead to increased costs.
- Economic uncertainty impact on business rates and housing growth, with knock-ons to council tax, new homes bonus and business rate income.
- The general uncertainty affecting the financial markets could lead to another recession.
- An uncertain economic outlook potentially impacting on levels of trade and investment.
- Uncertainties around the cost of financing the council's debt, for example, due to interest rate volatility, could lead to increased costs

The ongoing management of the council's financial risks will need to take these – and possible impacts on partner organisations' funding – into account. Our service and financial strategies will be continually kept under review to keep track of developments with these risks.

Risk management

How the council is managing the risks

The duties of the council's Section 151 officer are crucial in how we manage these risks. These duties include:

- To report to Council on the robustness of the estimates and the adequacy of financial reserves;
- Certifying that the accounts are a true and fair view of the council's financial position; and
- Ensuring that the council's financial systems accurately record the financial transactions; enable the prevention and detection of inaccuracies and fraud and ensure that financial risk is appropriately managed.

Financial management within the council, both corporately and within directorates, is delivered by colleagues who are professionally and managerially responsible to the Chief Officer Financial Services (the Section 151 Officer).

Financial risks are managed through key duties including strategic financial planning, budget preparation and setting, in-year budget monitoring, closure of accounts and audit inspections. A summary of each is provided below.

1. Strategic Financial Planning

As part of the 2016/17 financial settlement, government set out an offer of a four-year funding settlement for the period 2016/17 to 2019/20 to any council that wished to take it up. Government stated that as part of the move to a more self-sufficient local government, these multi-year settlements could provide the funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners; local authorities should also use their multi-year settlements to strengthen financial management and efficiency. Government committed to provide central funding allocations for each year of the Spending Review period should councils choose to accept the offer and on the proviso that councils had published an efficiency plan. In September 2016 a report recommending



acceptance of the government's offer of a four-year settlement was agreed at Executive Board and this certainty in respect of the council's Settlement Funding Assessment has helped determine the council's annual budgets since.

The current four-year settlement finishes at the end of the 2019/20 financial year, leading to significant uncertainties with regard to the level and allocation of future funding. We are actively engaging with government and local government representative bodies in developing these future funding arrangements and in understanding and, where possible, mitigating any inherent risks. Executive Board and Corporate Leadership Team (CLT – the council's senior management team) are kept abreast of these developments through regular reports.

2. Budget Preparation and Setting

Revenue

The process of compiling the revenue (day-to-day) budget starts soon after the budget-setting of the previous year and runs through to the approval of the budget by Full Council in February each year. There are numerous tasks, checks and approvals involved in setting the budget, including reviews of budget proposals by finance staff, CLT and Executive Board and agreement of initial budget proposals by Executive Board and submission to Scrutiny Boards for further review and challenge.

With limited resources, it is inevitable that elements of the budget will depend upon actions which have yet to happen, or upon assumptions that in reality may vary from those assumed at budget setting. As such, an important element of the budget process is an assessment of the adequacy of general reserves which takes into account an assessment of the risks related to the budget estimates.

Capital

In terms of the capital (spending on assets) budget a five-year programme is prepared. The programme is constrained by the same funding reductions as the revenue (day-to-day spending) programme as ultimately where capital schemes are funded from borrowing, this needs to be repaid from revenue. The level and type of borrowing is determined before the start of the year and a limit set in accordance with CIPFA's (Chartered Institute of Public Finance & Accountancy) Prudential Code. The objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. Any in-year revisions to the council's programme need to be approved by Council.

3. In-Year Budget Monitoring

Revenue

Revenue budget monitoring is a continuous process which operates at all levels throughout the council. Although council directors are ultimately responsible for the delivery of their directorate budget, operationally these responsibilities are devolved to budget holders across the various services.

Financial monitoring is 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. Financial monitoring operates on a hierarchical basis, whereby the monthly projections are aggregated upwards to be reviewed by Chief Officers and Directors. The projections for the strategic accounts and for each directorate are submitted to



the Chief Officer Financial Services and CLT. Further review and challenge of the projections takes place by the corporate Finance Performance Group (a monthly meeting of the Heads of Finance, representing each council directorate), prior to monthly reporting of projections to the Executive Board and quarterly to relevant Scrutiny Boards.

Capital

The Capital Programme is closely monitored and quarterly updates are presented to Executive Board. In order to ensure that schemes meet council priorities and are value for money the following are in place:

- New schemes will only take place following approval of a full business case and identification of required resources;
- Promotion of best practice in capital planning and estimates to ensure that they are realistic; and
- The use of unsupported borrowing is based on individual business cases and the source of revenue resources to meet the borrowing costs is clearly set out.

One of the main risks in developing and managing the capital programme is that there are insufficient resources 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 are 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 maintained³; and
- Provision of a contingency within the capital programme to deal with unforeseen circumstances.

Budget risks are reviewed each month, with key risks included within the Financial Health Monitoring reports to Executive Board and overarching strategic risks included in the corporate risk register.

4. Closure of Accounts

Getting our accounts produced on time and without audit qualification is important to ensure that we can properly account for the resources we have used during the year and that we understand the council's financial standing. The Chief Officer Financial Services is responsible for the closedown process, reviewing both the accounts themselves and the processes used to compile them, before certifying them as a true and fair view. Alongside the budget monitoring process, significant accounting decisions are referred to

³ Councils make a number of supplies of goods and services where VAT is charged at zero, lower and standard rate; in addition there are non-business and exempt supplies on which no VAT is charged. The VAT we charge to customers on our supplies is known as 'output tax'; the VAT we incur on purchases we make is known as 'input tax'. Output tax is paid to HM Revenue and Customs (HMRC) and input tax is claimed back from HMRC provided certain rules are observed. The general input tax rule is that the VAT a business incurs on purchases it makes in order to make a taxable supply can be reclaimed in full – 'recovered' – from HMRC, whereas the VAT incurred in making exempt or non-business supplies can't be reclaimed. However as a local authority, there are special rules that allow the council to reclaim the VAT incurred on purchases that are used in making non-business supplies. HMRC requires local authorities to complete an annual partial exemption calculation to show how much of the input tax they have claimed back in the year relates to the exempt supplies they have made. There is a de minimis limit set, whereby if the amount of input tax that relates to making exempt supplies is below that limit, you are entitled to retain the input tax attributable to exempt supplies (which has already been reclaimed during the year). However, if you exceed that limit, all input tax that has been reclaimed during the financial year in relation to exempt supplies would have to be repaid to HMRC. The de minimis limit is 5% of the total input tax that was reclaimed during the year.



the external auditors for review by their technical accounting team to ensure compliance with applicable accounting standards. For the closure of accounts 2018/19 the authority's external auditor is Grant Thornton.

5. *Audit and Inspection*

KPMG, who were the Council's external auditors prior to April 2019, provided members with independent assurance that, in their opinion, the accounts reflect a true and fair view of the council's financial position, that they comply with proper accounting practice and that the council has adequate arrangements in place regarding the management of its financial risks and potential impact on resource deployment. Internal audit also undertakes a number of reviews of our financial planning and monitoring arrangements.

At their meeting of the 30th July 2018, the Council's Corporate Governance and Audit Committee received the [Internal Audit Report and Opinion](#) for 2017/18 which is of relevance to the financial risks. The report provided an overall conclusion that, on the basis of the audit work undertaken during the 2017/18 financial year the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. There were no outstanding significant issues arising from the work undertaken by internal audit. At the time of writing, the Internal Audit Annual Report and Opinion for 2018/19 is due to be considered by the Corporate Governance and Audit Committee on 26th July 2019.

What more do we need to do?

The scale of the financial challenge for 2020/21 and 2021/22 was detailed in the [Medium-Term Financial Strategy](#) that was received at Executive Board in July 2018 with an update on this position being incorporated into the 2019/20 [Revenue Budget report](#) to Executive Board. This strategy is currently being refreshed to cover the five year period 2020/2021 to 2025/2026 and this will be considered at Executive Board in July 2019.

Key risks the refreshed strategy will have to take account of include economic uncertainty and interest rate volatility, demography and demand changes, and the ability to generate capital receipts. There are also a number of policy changes that will impact upon local authority financing:

- The implications of the government's future spending plans with regard to local government and other areas of the public sector from 2020/21 onwards remain unknown and therefore it is unclear to what extent "austerity" will continue after 2019/2020. The results of the government's spending review will be announced in the Chancellor's 2019 autumn budget statement;
- The outcome of government's Fair Funding review of the methodology which determines current funding baselines for local authorities, which are based on an assessment of relative needs and resources, won't be known until the autumn of 2019;
- Government's green paper on social care, setting out its proposals on improving care and support for older people and tackling the challenge of an ageing population has been delayed and so the implications are currently unknown;
- Government has re-stated its intention to move to 75% business retention nationally and further information is required with regard to the design of scheme especially with regard to business rate



resets and what the proposals will mean in respect of the current business rate pool arrangements.

The issuing of a Section 114 notice by Northamptonshire County Council in February 2018 - imposing financial controls and banning expenditure on all services except for its statutory obligations to safeguard vulnerable people - and the subsequently commissioned Best Value Inspection, has increased the focus on local authorities' financial resilience and sustainability. To support local authorities CIPFA will be releasing in the autumn its financial resilience index which aims to provide assurance to councils and their stakeholders on their financial stability. CIPFA is proposing to use a range of indicators based on published data to come to its conclusions. These include an authority's level of expenditure on both adult social care and children's services, level of reserves and use of reserves. In addition CIPFA are also proposing to issue their CIPFA Financial Management Code of Practice which will be applicable from April 2020. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code will be based on a series of principles supported by specific standards and statements of practice which will provide the strong foundation to financially manage the finances of the council, manage financial resilience to meet foreseen demands on services and financially manage unexpected shocks in their financial circumstances.

The current and future financial climate represents a significant risk to the council's priorities and ambitions, and whilst we have been able to successfully respond to the challenge to date, it is recognised that we need to continue to develop our approach to medium-term financial planning beyond just identifying likely budget gaps to encompass a greater recognition of priorities and areas for disinvestment. This work is already underway through our medium-term financial planning which will be extended to cover 5 years. Given the scale of the challenge, it is clear that it will need to be subject to regular review as to progress, and to ensure that it becomes financially sustainable whilst being aligned to our Best Council Plan priorities. In the determination of both the in-year budget and the Medium Term Financial Strategy we will continue to ensure that our processes and assumptions are sufficiently robust, building on the effective controls we have in place to mitigate the risks.

Further information

Additional information is available on the council's website through the following pages:

- [Our financial plans](#)
- [Our financial performance](#)



Information Management and Governance Corporate Risk Assurance

Overview

Information is an asset like any other; we need it to do business and without it, business would stop. We need to manage information just as we do other assets, including our people, buildings, infrastructure and relationships with partners: managing the risks whilst also maximising opportunity and value. The most significant risk associated with a failure in information management and governance is death or serious harm that could have been prevented if information and data had been properly managed or disclosed.

All our services depend upon the effective management of information and data, so managing the risks in this area underpins the delivery of all our Best Council Plan outcomes and priorities.

Corporate risk: Information management and governance				
Risk description	Risk of harm to individuals, partners, organisations, third parties and the council as a result of non-compliance with information governance legislation and industry standards.			
Accountability (Risk owners)	<i>Officer</i>	Director of Resources and Housing		
	<i>Member</i>	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Evaluation		<i>Probability</i>	<i>Impact</i>	<i>Overall rating</i>
	<i>Current</i>	3 (possible)	3 (moderate)	High (amber)
	<i>Target</i>	2 (unlikely)	2 (minor)	Low (green)

The gap between the current and target ratings is due to ongoing work to ensure the council complies with the requirements of the General Data Protection Regulations (GDPR) and the Data Protection Act (DPA) introduced in May 2018.

Introduction

The main characteristics of information held by the council are summarised below:

- Personal information relating to identified or identifiable individuals – name, address, national insurance number etc.
- Special categories of personal information relating to individuals – racial or ethnic origins, physical or mental health etc.
- Commercially sensitive information such as legal and financial details.
- Personal and special categories of personal information on council employees.
- External information relating to the citizens and business users of Leeds.

The format of information held by the council covers both electronic and hard copy files, including social care files, legal and contractual documents, invoices, council tax and business rates records and correspondence.

The council, in line with recommended practice for public authorities in the UK, has to demonstrate that

the information it has responsibility for is properly managed.

What are the risks?

Failure to manage personal information properly could ultimately cause death, harm or significant distress to individuals. Along with not managing commercially sensitive information properly, the implications for the council could include loss of public confidence, a significant fine and reputational damage. Should a major information breach occur, enforcement action from the Regulator - the Information Commissioner's Office (ICO) - is likely.

On the 25th May 2018, a new data protection framework came into force, consisting of the GDPR and the Data Protection Act 2018. This new data protection framework builds on the principles contained within the original Data Protection Act 1998, but with a greater emphasis on fairness, transparency and accountability.

With the advent of the GDPR, the risk of a significant fine for the council increases if the authority is found responsible for a major breach of the regulations. Failing to manage information properly can also be a root cause of non-compliance with the council's legal duties, including human rights law, confidentiality, service specific legislation (adoptions law, children's law, council tax law, etc.) and access to information. The council could be subject to legal action and claims from stakeholders whose information was not handled properly.

Due to the wide ranging nature of the information management and governance risk, it is closely linked to other corporate risks managed by the council including Council Resilience, Major ICT failure and a Major Cyber incident.

Risk management

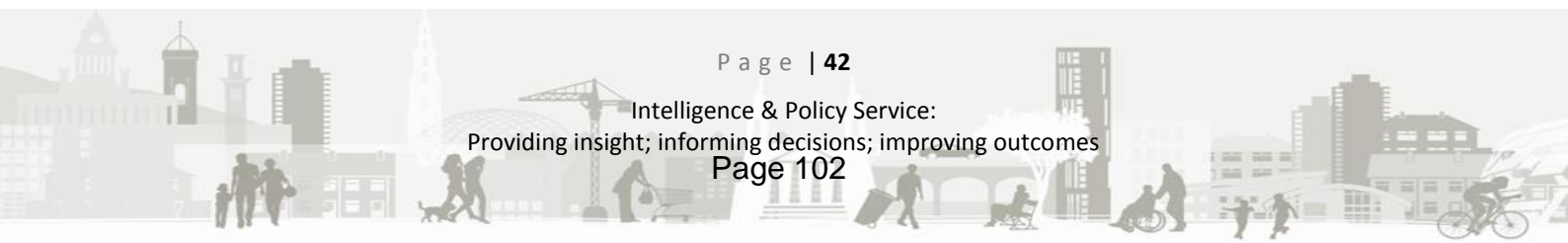
How the council is managing the risks

Existing arrangements in place for the information management and governance risk include:

- Policies and procedures for council staff including the Information Governance Policy.
- A wide range of guidance about managing information available to council staff on the internal Intranet site.
- Mandatory training for council staff on information management and governance.
- Staffing roles and responsibilities reflecting information management.
- Reporting to internal boards and committees such as the Corporate Leadership Team (the council's Chief Executive and directors), Information Management Board, Corporate Governance and Audit Committee and directorate management teams.
- Reviews and inspections, both internal and external.

Roles and responsibilities

Ultimate responsibility for information management and governance within the council lies with the Director of Resources and Housing, the organisation's designated Senior Information Risk Owner (SIRO), supported by the Chief Digital and Information Officer and Head of Information Management and



Governance.

All NHS organisations and local authorities which provide social services must have a 'Caldicott Guardian', a senior person responsible for protecting the confidentiality of people's health and care information and making sure it is used properly: in Leeds, the Caldicott Guardian is the Director for Adults and Health.

The Head of Information Management and Governance is the council's Data Protection Officer (DPO), a position required under the GDPR. The GDPR establishes some basic guarantees to help ensure that DPOs are able to perform their tasks with a sufficient degree of autonomy within their organisation. The main tasks of the DPO are: to inform and advise the council of its obligations under GDPR when processing personal data; to monitor compliance with the GDPR; to provide advice on data protection matters, particularly with regards to data protection impact assessments and other high risk processing activities; and to act as the contact point with the ICO supervisory body.

The Head of Information Management and Governance (IM&G) also oversees the effective underpinning of the council's operations in the following areas:

- Cyber Assurance and Compliance
- Information Access and Compliance
- Records Management
- IM&G Change and Initiatives

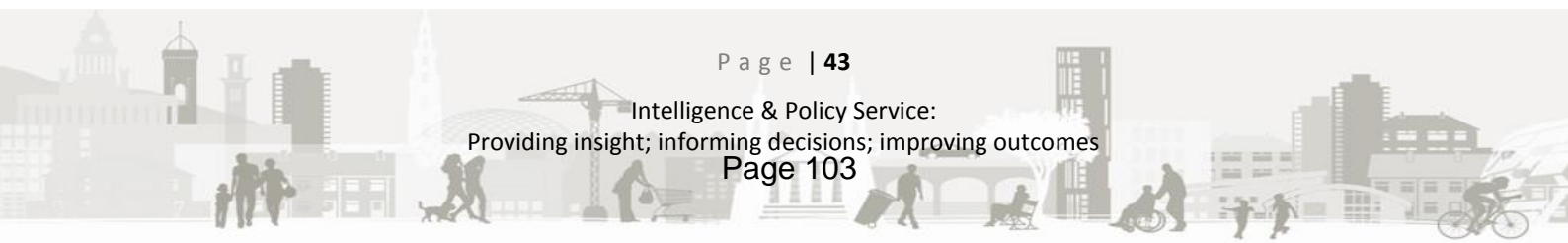
Alongside these individual roles, the council's Information Management Board (chaired by the Chief Digital and Information Officer) aims to ensure that:

- A good standard of information management and governance practice is embedded into council business processes;
- The council's Information Standards Policy is kept up to date and is fit for purpose; and
- Decisions made about information management and governance are properly communicated to the right stakeholders across the organisation.

Information Access and Compliance

In May 2018, a new data protection framework came into place consisting of the General Data Protection Regulation ('the GDPR') and the Data Protection Act 2018 ('the DPA 2018'). The DPA 2018 has a number of functions including implementing the EU Law Enforcement Directive, which applies to processing of personal data for law enforcement purposes, and setting out the duties, functions and regulatory tools of the regulator, the Information Commissioner's Office ('the ICO'). The new data protection framework builds upon the principles contained within the Data Protection Act 1998 with a greater emphasis on fairness, transparency, and accountability. It provides the ICO with enhanced regulatory tools which include the power to impose fines on data controllers who infringe the GDPR of up to 20 million euros in some cases with other infringements resulting in a maximum fine of 10 million euros. This two tier fine system represents a significant increase from the previous DPA under which the maximum liability was £500,000.

To implement the new framework, the council adopted a strategy that focused on nine work streams required to achieve compliance with the relevant articles in the GDPR and to ensure that appropriate policies, procedures and guidance were updated or created. The nine work streams were:



- 1 Demonstrating compliance with the principles contained within the GDPR.
- 2 Security of processing.
- 3 Security incident management (the requirement to notify the ICO of personal data breaches).
- 4 Data Protection by design and default (a requirement to carry out data protection impact assessment whenever the council uses new technologies, and the processing is likely to result in a high risk to the rights and freedoms of individuals).
- 5 Contractual arrangements with data controllers and processors.
- 6 Individuals' rights (the right of access; the right to restrict processing; the right to object; the right to rectification; and the right to erasure / be forgotten).
- 7 Lawfulness, fairness and transparency (requirement to have a legal basis for processing personal data with the threshold to utilise consent being higher than the previous DPA; and to provide further information within privacy notices than was previously stipulated).
- 8 Storage limitation.
- 9 Accuracy and data quality (requirements around data minimisation and accuracy including ensuring that inaccurate data is erased or rectified).

The GDPR implementation project has been materially finished as the work related to it has transferred to 'business as usual', there are some outstanding tasks that are due for completion shortly.

A GDPR Implementation Guide ('the Guide') has been produced, is being rolled out to relevant stakeholders across the council and is to be updated at regular intervals. The Guide includes information on key areas including:

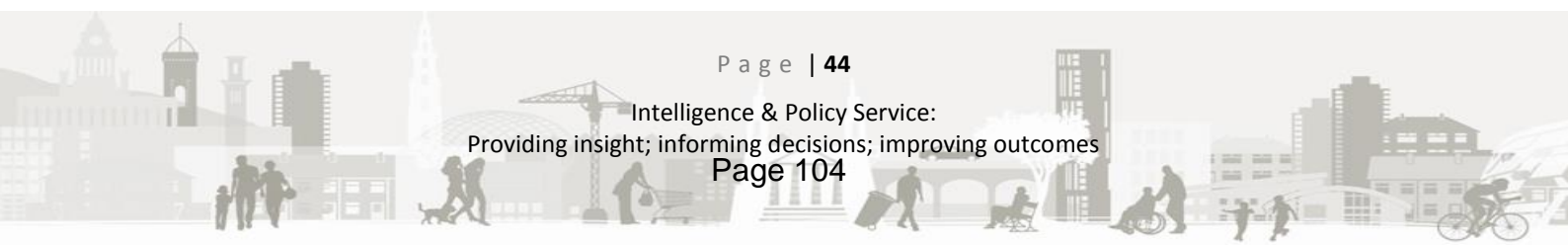
- Key policies including those for Data Protection and Information Assurance.
- New procedures, including those for managing and investigating security incidents and personal data breaches.
- New Data Protection Impact Assessment template and guidance.
- Details of the council's records retention schedule.
- Information on how to raise awareness to staff e.g. via posters and guidance.
- Revised contractual documentation.

To ensure that Elected Members understand the new framework and the implications for their roles and responsibilities, a suite of documents and guidance was produced and tailored to their requirements. To help develop the suite, a Members' GDPR working group was established comprising councillors from across the political parties and the council's GDPR implementation team. Group support was also provided to Members on records management and retention.

A mandatory e-learning application has been developed for Members, tailored to their information management and governance requirements.

Records Management

Records management is an important part of information management and governance. Electronic and hard copy records need to be stored securely and have appropriate access controls, records need to be easily located when required and disposed of in accordance with policy. Work is in progress with the following records management areas:



- A project is ongoing to implement an Information Asset Register (IAR) and to raise awareness of the role of Information Asset Owners (IAO'S) across the council.
- Staff responsible for records management (Record Managers) are working with their respective IAOs to help analyse their information assets and identify any associated risks. This work is scheduled to be completed in December 2019 and progress is being monitored by the Information Management Board.

The Records Management Team also continue to monitor their annual work plan and aspire to improve and ensure consistency of records management approaches across the whole council and maintain compliance with the Data Protection Act/GDPR. Within this, high risk areas are being prioritised so that work can be completed on them first. Key priorities identified last year are progressing well and examples of ongoing records management work are summarised below:

- A project has been scoped with the aim of ensuring consistency in the management of employee records across the council to ensure compliance with the DPA principles;
- Across the council, a number of data scanning and digitisation projects are either underway or planned. To help ensure compliance with the GDPR and to generate efficiency savings.
- Data cleansing work is being done to reduce the storage of electronic records on the council's network drives by 60%. This work will also help mitigate the risk of breaching DPA principles. To date, over 2.5 million unnecessary files have been deleted.
- Improvements are being made to the council's paper records so that they can be more effectively managed and disposed of, thereby helping to reduce unnecessary storage costs. Last year thousands of paper records were sent for destruction or were organised for appropriate storage in line with the council's records management policy and the DPA.
- The various record management databases used by the council are being replaced by a single product, thereby enabling a more cohesive and compliant approach. Work is underway to cleanse the data held in the existing databases as well as disposing of unnecessary records in line with retention period rules.
- Raising awareness to staff across the whole council on their roles and responsibilities in relation to records and information management. This includes the ongoing availability of an information governance 'e-learning' package.
- The council's Records Management Plan was reviewed and updated in December 2018 to reflect changes in legislation and any organisational changes.

What more do we need to do?

During the coming year a number of information management initiatives are planned, aimed at mitigating the risk and bringing the council closer to full compliance. A number of the initiatives described earlier in this assurance report are work in progress and the following are new developments scheduled for 2019/20:

- Review of international transfers of personal data in line with GDPR and implications of no-deal Brexit.
- Implement the information management and governance elements of the Digital Economy Act.
- Further develop the information governance training programme for council staff.



- Develop a Regional Information Sharing Gateway.
- Update disaster recovery arrangements for paper records.
- Develop a Data Quality Policy and associated procedures and guidance.
- Review of the internal staff guidance on Managing Information.
- Develop an Information Management Strategy which sets out corporate rules around the management of e mails and administration rights around folder permissions and email quotas.

Further information

The council's Information Governance Policy can be accessed [here](#).

Additional information can be found on the [Information Commissioner's Officer \(ICO\)](#) website. The ICO is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.



Major Cyber incident

Overview

With councils making more services available digitally, staff and elected members conducting more work online and working in a more collaborative way with partner organisations – which requires the sharing of resident and business data – ensuring cyber security arrangements are fit for purpose is a key priority.

All our services depend upon the effective management of information and data, most of which is administered via the digital infrastructure, so effective management of the cyber risk underpins the delivery of all our Best Council Plan outcomes and priorities.

Corporate risk: Major Cyber Incident				
Risk description	Risk to citizens, the council and the city as a result of digital crime, process failure or people's actions			
Accountability (Risk owners)	<i>Officer</i>	Director of Resources and Housing		
	<i>Member</i>	Councillor J Lewis, Deputy Leader and Executive Member for Resources		
Evaluation		<i>Probability</i>	<i>Impact</i>	<i>Overall rating</i>
	<i>Current</i>	4 (Probable)	4 (Major)	Very High (Red)
	<i>Target</i>	2 (unlikely)	4 (major)	High (amber)

The gap between the current and target ratings is due to work being undertaken to ensure the council complies with the requirements of legislation introduced in 2018 and the controls set out by various Information Assurance standards. Details of this work can be seen in the 'what more do we need to do?' section in this report.

Introduction

As seen with high profile cyber-incidents, including the WannaCry ransomware attack which especially affected the NHS in 2017, and a significant number of attacks on private sector businesses, those with criminal or hostile intent will continue to try to breach security to steal the data we hold and/or damage our systems. Along with a fast changing technological environment, the ability and complexity of cyber-attacks is increasing, and therefore the measures adopted by the council need to be adequate to remain resilient against them.

Cyber risk has been identified by the UK's National Security Risk Assessment as a 'tier one risk', one judged to be of the highest priority for national security over the next five years alongside terrorism and natural disaster.

What are the risks?

The council's digital infrastructure is under constant attack from accidental and malicious sources, from

both inside and outside the boundary of our information technology (IT) network. These attacks attempt to disrupt the confidentiality, availability and integrity of our information and could also bring our systems and applications to a standstill. This could severely impact on the council's ability to deliver its critical services. Failure to adequately protect council systems and data from a cyber-attack could ultimately cause death, harm or significant distress to individuals.

A recent Distributed Denial of Service (DDoS) attack prevented council system users from accessing the internet for a short time, and also made the Leeds.gov website unavailable for the same period; this was later discovered to be due to a national attack on public services. Had the attack been prolonged, council services delivered digitally could have been more adversely affected, including those deemed as being of a critical nature, e.g. meals on wheels services, traffic lights, CCTV and the support provided to vulnerable children and adults.

With the advent of General Data Protection Regulations (GDPR), the risk of a significant fine increases if the council is found responsible for a major breach of the regulations. Failing to protect data can also be a root cause of non-compliance with the council's legal duties, including human rights law, confidentiality, service specific legislation (adoptions law, children's law, council tax law, etc.) and access to information. The council could be subject to legal action and claims from stakeholders whose information was not handled properly.

The council increasingly relies on collecting income for services such as Council Tax and Business Rates via electronic means such as payment cards and direct debit. A significant cyber-attack disrupting financial systems could result in a loss of income for the council.

Should a major cyber breach occur, enforcement action from the Regulator - the Information Commissioners Office (ICO) - is likely. If a breach of payment card holder data occurs, the investigation and fines would be significant depending upon how many records are breached and our level of compliance with the Payment Card Industry standard.

The implications for the council should a major cyber-attack occur and not be managed properly also extend to a loss of public confidence and reputational damage.

Due to the wide ranging nature of a major cyber incident, it is closely linked to other corporate risks managed by the council including Council Resilience, Major ICT Failure and Information Management and Governance.

Risk management

How the council is managing the risks

The council has already taken a range of steps to protect itself from cyber-attacks, including technical measures such as using firewalls and scanning services and adopting compliance regimes, such as that of the government's Public Services Network (PSN). Non-technical measures are also used, such as mandatory information governance training for staff, the regular reporting of cyber risk, and scenario planning for the eventuality of a cyber-attack.

These form part of a wide range of controls to ensure the cyber resilience of the council's systems and



information. At a high level, the controls can be categorised into the areas of people, process and technology and are summarised as follows:

People

The Director of Resources and Housing is the designated Senior Information Risk Owner (SIRO) and has ultimate responsibility within the council for information management and governance, including 'cyber'. The director is supported by senior officers: the Chief Digital and Information Officer and Head of Information Management and Governance, the latter being the council's accountable officer for 'cyber'.

Aspects of 'cyber' incorporated in training delivered to council staff and members include:

- Mandatory training on information management and governance.
- Training for elected members with a demonstration on 'Hacking'.
- Procurement training includes a demonstration of the potential cyber risks when purchasing systems.
- Training on the 'Cloud Principles' - guidance on how to configure, deploy and use cloud services securely - delivered to relevant staff and business partners.

Process

The council's Information Management & Governance Team review and update the policies and procedures they have responsibility for, ensuring they are kept up to date. New protocols have been written and published including those on passwords and a protocol for the acceptable use of council-provided systems and devices.

At the top of the council's governance structure for Cyber is the Information Management Board (chaired by the Chief Digital and Information Officer) the board aims to ensure:

- A good standard of information assurance and security practice is embedded into council business processes;
- The council's Information Assurance Policy is kept up to date and is fit for purpose; and
- Decisions made about Cyber/Information Assurance are properly communicated to the right stakeholders across the organisation.

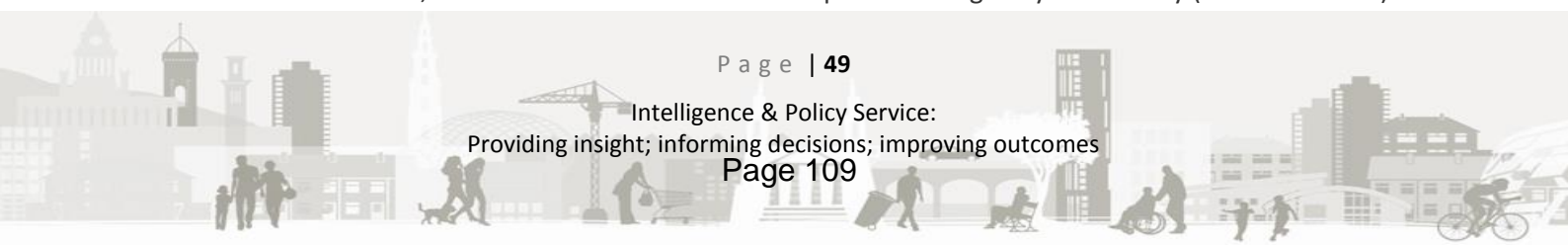
The ISAAc (Information Security, Assurance and Compliance) Board, chaired by the Head of Information Management and Governance, supports and feeds into the Information Management Board.

Technology

The council uses a 'defence in depth' control strategy to protect its information assets. Layers of protection are built up to try and prevent attacks from breaching the council's IT network boundary. In the event of a cyber breach, the controls aim to protect information held on council devices and in the systems it has responsibility for. If a system or device were to be affected by a cyber breach, robust back-up and recovery plans are in place.

The council works with partner organisations to gain assurance across the supply chain. Controls maintained by the council in conjunction with its partners include:

- Contract terms, conditions and clauses include aspects relating to cyber security (where relevant).



- The adoption of fourteen 'Cloud Principles' from the National Cyber Security Centre.

Cyber Assurance and Compliance

The council has to demonstrate that it complies with a number of different information and cyber assurance and compliance regimes. Compliance is required so that the council can access services, networks and data owned and controlled by other entities and to process credit and debit card payments.

Public Services Network Code of Connection

In July 2018, the council achieved compliance with the PSN Code of Connection (CoCo), an independent security assessment of external and internal network infrastructure and devices, designed to meet PSN CoCo requirements. Compliance allows organisations to maintain a secure connection to the PSN.

An Information Technology Health Check (ITHC) was commissioned in November 2018 in line with the requirement of the PSN Code of Connection. The outcomes of the ITHC saw a reduction in the number of 'cyber-vulnerabilities' facing the council, the remainder of which are being managed via a series of projects.

The Cyber Stocktake

As part of the National Cyber Security Strategy, the Local Government Association (LGA) was granted funding from government to ensure that councils are as resilient against cyber-attacks as possible. In September 2018 every council in England completed an online cyber stocktake questionnaire concerning their cyber security arrangements. The stocktake aimed to:

- Capture existing cyber security arrangements
- Identify good practice – and those councils delivering it
- Identify risks – and those councils at risk.

Following the stocktake, the council successfully applied for funding from the LGA to help finance some of the improvements highlighted from the results of the cyber stocktake.

GDPR – Article 32

Work is underway to assess the adequacy of the council's IT applications against eight new rights for individuals⁴ provided by the GDPR. The work will also check that the security of the applications is in line with the GDPR legislation. A working group meets weekly to assess applications against a set of criteria and funding is made available to replace or upgrade any applications not meeting the standard.

Cloud Principles

All of the council's cloud applications (hosted off site) will be assessed by the end of June 2019 to meet PSN requirements.

What more do we need to do?

- Over the next year the council will undertake a series of initiatives aimed at mitigating the cyber risk and bringing the council closer to full compliance with the required standards. These include

⁴ The eight GDPR rights for individuals are: the right to be informed, the right of access, the right to rectification, the right to erasure, the right to restrict processing, the right to data portability, the right to object and rights in relation to automated decision making and profiling.



those of the PSN, Payment Card Industry Data Security Standard, the Data Security and Protection Toolkit and Her Majesty's Government Security Policy Framework, also incorporating the Minimum Cyber Security Standard (MCSS) for Government services.

- A service level risk register documenting the operational risks underpinning the corporate 'Cyber risk' is in development. The service level cyber risk register will include details of the controls in place and planned actions to mitigate against a cyber-attack on the council.
- Work is ongoing to address issues with 'remaining and soon to be unsupported' software and hardware, required to meet various compliance standards.
- Procurement is underway to implement a password tool on council systems and devices to prevent the use of guessable passwords.

Further information

The council's Information Governance Policy can be accessed [here](#).

Additional information can be found on the [Information Commissioner's Officer \(ICO\)](#) website. The ICO is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

National Cyber Security Centre [Cloud Principles](#)



School Places Corporate Risk Assurance

Overview

Ensuring that the supply of school places meets demand is a statutory duty of local authorities. This duty also includes the promotion of parental choice, diversity and fair access. In terms of meeting demand, local authorities are subject to constraints under the Education Act 2011. The Act requires that, where a need for a new school is identified, the local authority invites proposals to establish an academy or free school, with the decision over whether to go ahead ultimately taken by the Department for Education (DfE).

For schools that are already open - local authority maintained, voluntary aided or academies - they can be expanded through a prescribed process of consultation. However, local authorities cannot require academies or free schools to expand. The inherent tension between the statutory requirement for a local authority to provide school places, and the diminishing influence of the local authority in the building/expansion of schools means that there is a greater risk of not meeting the duty to provide sufficient school places in good quality provision that meet the needs of local communities.

Leeds has experienced a rising birth rate since the turn of the century, with approximately a third more births per year recorded now than in 2000. The increasing child population has progressed through the primary phase and is now increasing pressure on the secondary phase. Additionally, the demographic make-up of the city has changed due to migration, meaning that houses (and, therefore, schools) are required in different parts of the city. The Leeds Core Strategy⁵ makes land available for 56,000 new houses in Leeds by 2030, which will further increase the pressure on school places.

Corporate risk: school places				
Risk description	Failure to provide sufficient school places in good quality buildings that meet the needs of local communities			
Accountability (Risk owners)	Officer	Director of Children and Families		
	Member	Councillor Pryor, Executive Member for Learning, Skills and Employment		
Evaluation		Probability	Impact	Overall rating
	Current	3 (possible)	5 (highly significant)	Very high (red)
	Target	2 (unlikely)	5 (highly significant)	High (amber)

What are the risks?

The risk is that the council is not able to secure sufficient school places for every child in the city that wants one, and so is in breach of its statutory duty. The factors that could cause this risk to materialise are:

- Inaccurate pupil projection calculations, underestimating the need for school places in different parts of the city.

⁵ The Core Strategy sets out the spatial planning framework for the District. Central to its preparation has been the development of an approach which seeks to manage growth in a sustainable way, in balancing the overall, scale, distribution and phasing of development.

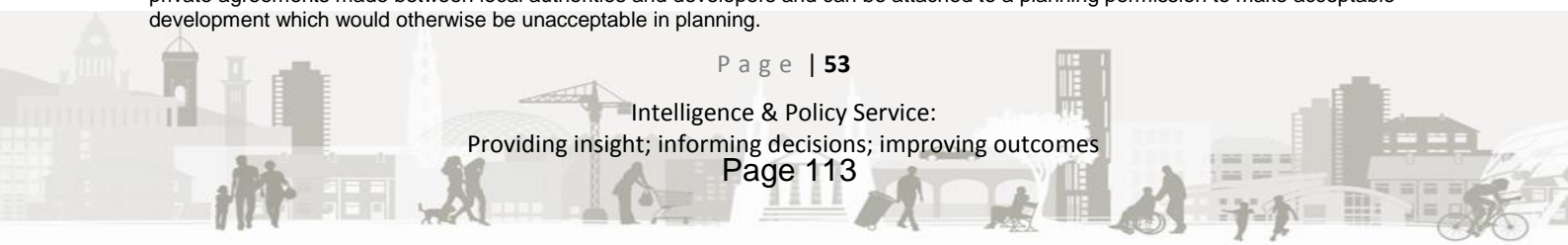
- Proposals to create additional schools places not being approved. If proposed expansions to existing schools, changes to the age ranges of existing schools, or proposals to hold a competition to create a new school are not acceptable to local communities or to elected members, this could result in Executive Board declining proposals.
- A lack of physical options for expanding existing schools or identifying potential sites for new schools in areas of need.
- A lack of capital funding to be able to implement proposals for creating additional places. Basic need proposals have been funded through the basic need capital programme funding⁶ from central government, in acknowledgement of the particular school place pressure in Leeds. However, schemes generally cost more than the funding provided by government, creating a financial pressure. Any capital budget deficit will affect not only our ability to meet the need for school places, but also on delivering other capital projects, such as the maintenance of the school estate.
- A conflict with developing national policy on changes to school governance. As increasing numbers of schools convert to become academies, or become sponsored academies, the maintained school estate is reduced, and correspondingly the council's scope for adapting this estate to population pressures is reduced. This does not prevent the local authority working with academies to commission school places, as local authorities still have overall responsibility for ensuring that there are sufficient spaces to meet demand locally, but the decision-maker over requests to expand pupil numbers at an academy is the Secretary of State, rather than the local authority.
- New housing developments adding additional pressure to both the primary and secondary phases. Where there is no existing capacity, housing developers are asked to contribute through section 106 agreements⁷.
- In-year demand across the primary phase continue to create pressures within the inner city areas as families continue to migrate to Leeds.

The consequences of the risk materialising would be:

- The council would be in breach of its statutory responsibility to secure sufficient school places.
- The council does not deliver cost effective solutions, which would bring close scrutiny on the council's ability to effectively manage its basic need capital budget through the publication of the national scorecards and, potentially, DfE intervention.
- Short-term solutions, such as temporary classrooms may be required. This could lead to poor quality teaching environments for some pupils, which could negatively affect educational outcomes, particularly for those pupils who are already at risk of poor outcomes. The additional costs also add to the pressure on the capital budget.

⁶ Basic need funding is the money given by government to local authorities each year to help them fulfil their duty to make sure there are enough school places for children in their local area.

⁷ Planning obligations, also known as Section 106 agreements (based on that section of The 1990 Town & Country Planning Act) are private agreements made between local authorities and developers and can be attached to a planning permission to make acceptable development which would otherwise be unacceptable in planning.



- Children may be expected to attend a non-local school where capacity exists. It is preferable to avoid this outcome since it means more of our youngest children travelling greater distances, impacting on attendance and attainment.
- The adverse impact on other potential capital spend priorities, such as children's centre maintenance and residential children's home improvements.

Risk management

How the council is managing the risks

The basic need programme represents the local authority's response to the demographic pressures in primary school provision. Since 2009, the local authority has created over 1,700 reception class places as part of the programme. This equates to an overall increase in school capacity of nearly 12,500 places. Projections also suggest that approximately 1,200 year seven places will need to be created by 2023, to manage an increasing primary school population as well as address planned housing demand. Accurate and detailed data modelling processes help project need and provide forecasting of the Leeds school place requirement (pupil projections) and helps inform the local authority's returns to the DfE, to ensure that the maximum amount of Basic Need capital funding is secured from central government to create the required places. Increased stakeholder involvement from the outset when developing options and proposals helps towards the strategy of creating sufficient places across the city.

Closer working across the local authority has raised the profile of this issue. A focused discussion at the council's Corporate Leadership Team (the council's senior management team, comprising its directors and Chief Executive) about the impact of demographic change on all council services has led to corporate working groups being established, of which basic need is a high profile strand. This closer working is reflected in the relationships built with housing agencies and the immigration service, to ensure a full picture of existing and projected provision is available.

Robust financial planning and continual budget forecasting supports continual cash flow monitoring, and realignment of contingencies balances as projects/programmes complete.

What more do we need to do?

As the demand for primary school places appears to have levelled out, for academic year 2019/20 an additional 50 reception places were added. With a stabilising birth rate, the need for primary school places has reduced longer term, with an additional 135 places projected for 2020/21, 60 additional places projected for 2021/22 and 60 additional places projected for 2022/23. The majority of this need is likely to be met through temporary solutions.

261 additional secondary school places have been made available for September 2019. Several schools have been able to offer additional places over their published admission number (PAN) to help meet localised demand. Plans continue to be developed to help meet the longer term demand for secondary school places with solutions likely to be a mixture of free schools, permanent expansions, schools taking over PAN or temporary solutions.

The delivery of the projected 1,200 secondary school (year 7) places by 2023 will be delivered through a



combination of new schools, expansions of existing schools, and changes to post-16 provision. Some solutions have already received approval, some are in, or are about to commence public consultation, and other solutions will be developed in the near future through consultation with key community stakeholders, to meet the demand for additional secondary school places.

Large housing developments as part of the site allocations plan will inevitably change the need for school places over the next 15 years, adding to the demand and pressure in some parts of the city. Staff across the council will work closely together, both at the planning stage and during implementation, to identify when and where additional provision is required due to increased housing. This will be the predominant source of additional demand for primary school places over the next four years.

Given the challenges above, particularly in relation to secondary school provision, delivering the required provision in a timely and cost-effective manner requires a whole council response and a continued focus.

Further information

All reports that seek permission to consult about the creation of new school places, reports on the subsequent outcomes of those consultations, and design and cost reports basic need projects are publicly available as Executive Board reports, available [here](#).

The DfE produce statistical first releases on national pupil projections for all local authorities in England. The most recent release is [here](#).

The Education and Skills Funding Agency provides data on the progress local authorities are making in delivering good quality school places. The most recent release is [here](#).



Annexe 1: Leeds City Council's Risk Evaluation Matrices

The tables below give guidance on assessing risks on a scale of 1 to 5 in terms of their probability and impact, based on the current controls in place. Together, the two scores combine to give a risk rating. Additional notes to help make an assessment and the risk map used to determine the rating are on the next page.

Qualitative and quantitative descriptions are included to help evaluate a broad range of risks and give a level of consistency across the council's risk registers. However, you may have additional criteria you want to consider when carrying out your risk assessment or it may be that you need to adjust the thresholds up or down in an impact area such as finance / cost so please treat the tables below as a starting point. Also please bear in mind that risks will change (e.g. new information becomes available; the environment changes) so you will need to review your risk assessments frequently and adjust them as necessary.

Probability

Probability score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Probable	Almost certain
Frequency <i>How often might it / does it happen</i>	This will probably never happen / recur	Not expected to happen / recur	Might happen or recur occasionally	Will probably happen / recur but it is not a persisting issue	Will undoubtedly happen / recur, possibly frequently
Likelihood <i>Will it happen or not over the risk timescale</i>	Less than 5% chance	Around 10% chance	Around 25% chance	Around 60% chance	Around 90% chance

Impact

Impact score	1	2	3	4	5
Descriptor	Insignificant	Minor	Moderate	Major	Highly significant
Health & Safety <i>Impact on the safety and wellbeing of the public and staff</i>	No ill effects.	Short-lived / minor injury or illness that may require First Aid or medication. Small number of work days lost.	Moderate injury / ill-effects requiring hospitalisation. Risk of prosecution from enforcement agencies.	Single fatality and/or long-term illness or multiple serious injuries.	Multiple fatalities and / or multiple incidences of permanent disability or ill-health.
Environment / community	No effect on local infrastructure, communities or the environment.	Superficial damage to local infrastructure (e.g. minor road) but little disruption caused.	Medium damage to local infrastructure (e.g. minor road) causing some disruption.	Key elements of local infrastructure (e.g. school, major road) damaged causing major disruption.	Extensive damage to critical elements of local infrastructure (e.g. school, hospital, trunk road) causing prolonged disruption.

Impact score	1	2	3	4	5
Descriptor	Insignificant	Minor	Moderate	Major	Highly significant
Service interruption¹	Negligible. No impact on services.	Minor inconvenience for service users and staff. Services quickly restored.	Some client dissatisfaction but services restored before any major impacts.	Major disruption to service delivery. This could be through a single event or a series of outages.	Massive disruption to services. Recovery difficult or even impossible.
Staff	No impact on staff or service delivery.	Short-term low staffing level that temporarily reduces service quality. No impact on staff morale.	Medium-term low staffing level / insufficient experienced staff to deliver quality service. Some minor staff dissatisfaction.	Late delivery of key objective / service due to lack of experienced staff. Low staff morale.	Non-delivery of key objective / service due to lack of experienced staff. Very low staff morale.
Finance / cost² <i>Impact on relevant budget (e.g. service, project). Includes risk of claims/ fines.</i>	No or minimal financial cost. Budget risk register: £0 - £499k	Losses / costs incurred of 1-2% of budget. Budget risk register: £500 - £999k	Losses / costs incurred of 3-5% of budget. Budget risk register: £1000k - £1,499k	Losses / costs incurred of 6-10% of budget. Budget risk register: £1500k - £1999k	Losses / costs incurred of more than 10% of budget. Not covered by insurance. Budget risk register: Over £2m
Statutory duties / inspections	No or minimal impact or breach of guidance / statutory duty.	Minor breach of statutory legislation / regulation. Reduced performance rating if unresolved.	Single breach in statutory duty. Challenging external recommendations / improvement notice.	Several breaches in statutory duty. Enforcement action and improvement notices. Critical report. Low performance rating.	Multiple breaches in statutory duty. Prosecution. Complete systems / service change required. Severely critical report. Zero performance rating.
Projects / Programmes <i>(Time / Cost / Quality – for Cost impacts see ‘Finance / cost’ above)</i>	Little or no schedule slippage. No threat to anticipated benefits & outcomes.	Minor delays but can be brought back on schedule within this project stage. No threat to anticipated benefits & outcomes.	Slippage causes delay to delivery of key project milestone but no threat to anticipated benefits / outcomes.	Slippage causes significant delay to delivery of key project milestone(s). Major threat to achievement of benefits / outcomes.	Significant issues threaten entire project. Could lead to project being cancelled or put on hold.

¹ No timescales for interruptions have been given as the impact will vary from service to service and across the year. For example, a service interruption or outage of 1 day might be inconvenient for some services but critical for others. Equally, an outage of 1 day during the Christmas holidays might have no impact on many services but if this came at a particularly important time of the business cycle, it could cause significant issues. Services, particularly those deemed as ‘critical’ Council services, should consider their business impact analyses and business continuity plans when making this assessment.

² The budget risk register impact scores are defined by the Council’s Financial Management service.

Impact score	1	2	3	4	5
Descriptor	Insignificant	Minor	Moderate	Major	Highly significant
Reputation <i>Adverse publicity</i>	No adverse publicity. Rumours.	Single adverse article in local media or specific professional journal that is not recirculated (e.g. through social media). Leeds City Council one of a number of agencies referred to.	A number of adverse articles in regional / social media mentioning Leeds City Council. Some recirculation via social media. Single request for senior officer / member to be interviewed on local TV or radio. Adverse reaction by Leeds residents in YEP / social media / online forums. Short-term reduction in public confidence.	Series of adverse front page / news headlines in regional or national media. Wider recirculation via social media. Sustained adverse reaction by Leeds residents in YEP / social media etc. Repeated requests for senior officer / member to be interviewed on local TV or radio. Long-term reduction in public confidence.	Sustained adverse publicity in regional media and / or national media coverage. Extensive / prolonged recirculation via social media channels. Repeated requests for Council Leader / Chief Executive to be interviewed on national TV or radio. Possible resignation of senior officers and / or elected members. Total loss of public confidence, potential government intervention.

Additional notes

Probability

If you're not sure about the percentage chance of a risk happening over a given timescale and you don't have the data to assess its frequency, use the probability descriptors (i.e. 'Unlikely', 'Almost certain' etc.) to determine the most suitable score.

The risk timescale – i.e. the period of time during which the risk could materialise - will vary according to the type of risk it is. For example:

- For a budget risk, it might be expected to materialise over this financial year or over the period of the Medium Term Financial Plan.
- For a project risk, it could be either over the whole of the project lifecycle or for a particular phase within the project.
- With regard to an event, the timescale will be from now until the date of the event.
- For a number of the more cross-cutting strategic risks such as those on the corporate risk register, it is likely that the risk could materialise at any time. In these instances, it would be useful to consider the frequency: e.g. has this ever happened in the past in Leeds and, if so, how often and how recently? Has anything changed to make the risk more likely to occur?

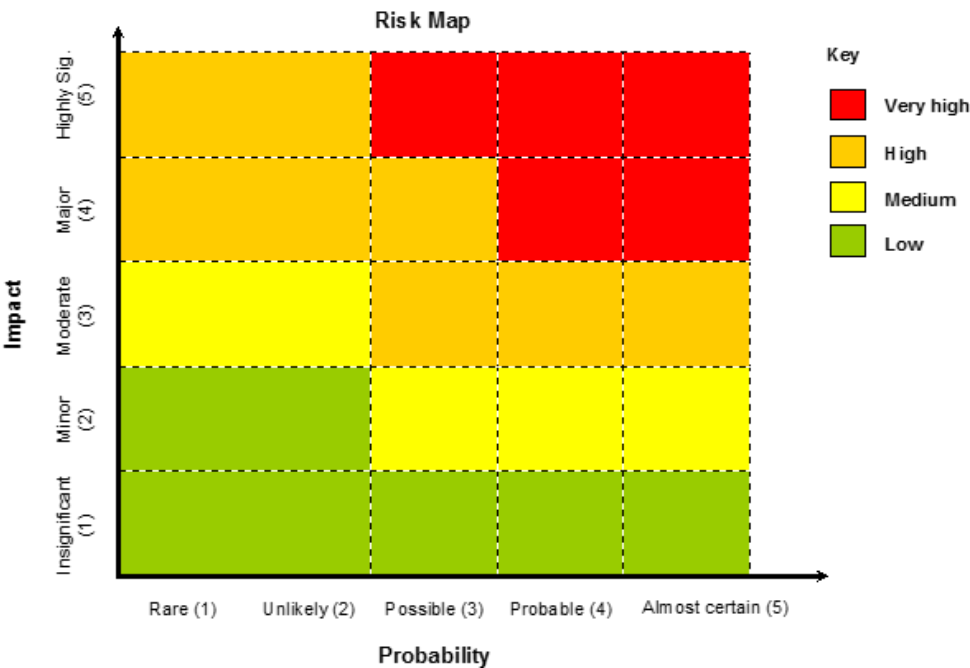
Impact

Many risks could have a range of consequences: for example, a Health & Safety breach could affect an individual as well as lead to reputational and financial damage for an organisation. It’s therefore possible that you assess the risk as having an impact of ‘3’ using the Health & Safety impact, ‘2’ for Finance and ‘4’ for reputation.

Although you could break the risk down into several different risks covering all these areas and then score each of them to address the varying impact scores, often this can crowd a risk register and take the focus away from the actual risk ‘event’: i.e. the Health & Safety incident. Where possible, it’s better to have 1 risk and use your best judgement to give an overall single impact assessment score. In the example above, this might be a ‘3’ if you were to average the 3 impact scores or ‘4’ if you decided to go with a worst-case scenario.

Risk Rating

When you’ve assigned probability and impact scores to each of your risks, you can plot them on a risk map to give you the overall risk rating.



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Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 9th September 2019

Subject: Resilience and Emergency Planning – formal response to scrutiny recommendations

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

1. Purpose of this report

- 1.1 This report presents a formal response to the recommendations arising from the previous Scrutiny review around resilience and emergency planning.

2. Background information

- 2.1 The Council's city-wide resilience and emergency planning functions fall within the remit of the Council's Strategy and Resources Scrutiny Board and last year the Board agreed to undertake further scrutiny of current resilience and emergency planning arrangements in Leeds, particularly in light of good practice and learning stemming from local incidents and emergencies, but also in the context of other national major incidents and events.
- 2.2 The Board decided to consider this matter via a working group meeting, which took place on 28th February 2019. The findings of the working group informed a formal Statement of the Scrutiny Board, which was agreed in April 2019 [\(Link to Statement\)](#)

3. Main issues

- 3.1 In accordance with the Council's Scrutiny Board Procedure Rules, a formal response to the recommendations arising from this Scrutiny inquiry has been provided by the relevant Directorate for Members' consideration (see Appendix 1).

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Details of those engaged in the Scrutiny Board's inquiry when compiling the recommendations are set out within the Board's Statement.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Where consideration has been given to the impact on equality areas, as defined in the Council's Equality and Diversity Scheme, this will be referenced within the Scrutiny Board's Statement and also as part of the formal response outlined in Appendix 1.

4.3 Council policies and the Best Council Plan

- 4.3.1 Effective management of the range of risks that could impact upon the city and the council supports the delivery of all Best Council Plan outcomes and priorities.

Climate Emergency

- 4.3.2 Any associated implications surrounding climate related issues will be referenced within the Scrutiny Board's Statement and also as part of the formal response outlined in Appendix 1.

4.4 Resources, procurement and value for money

- 4.4.1 Any financial implications associated with the implementation of the relevant recommendations will be reflected as part of the formal response in Appendix 1.

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

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

4.6 Risk management

- 4.6.1 This particular scrutiny review supports the Council's Risk Management Policy, with particular attention given to how the Council is meeting the duties of the Civil Contingencies Act 2004.

5 Conclusions

- 5.1.1 In accordance with the Council's Scrutiny Board Procedure Rules, a formal response to the recommendations arising from the previous Scrutiny review around resilience and emergency planning has been provided by the relevant Directorate for the Board's consideration.

6 Recommendation

- 6.1 Members are asked to consider the formal response to the recommendations arising from the Scrutiny review last year around resilience and emergency planning.

7 Background documents¹

7.1 None.

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

Appendix 1 – Response to the Scrutiny recommendations around resilience and emergency planning.

Scrutiny Recommendations	Directorate Response
<p>Recommendation 1</p> <p>That the Director of Resources and Housing takes the lead in exploring additional ways of proactively disseminating key information and guidance, such as the ‘home emergency kit’, ‘preparing your household’ and ‘useful contacts’ more widely to local residents. Linked to this, particular consideration should be given towards potentially maximising existing systems and processes within the Council, such as the Council Tax notification process.</p>	<p>There are several publications available both in hard copy format all electronically accessible from www.leeds.gov.uk/prepared. The publications offer guidance and advice on how to plan for emergencies. Guidance for domestic properties includes ‘Your Household Emergency Plan’, ‘Home Emergency Kit’ and ‘Preparing Your Household’. Hard copies of these documents are printed A4 size and unsuitable for inclosing in Council Tax billing. However, these plus other guidance could be signposted from an insert included in the Council Tax bill. The feasibility of using the Council Tax notification process is being pursued with the Council Tax & Benefits Team within the Communities & Environment Directorate.</p> <p>The Council has also produced a quantity of ICE cards (In Case of Emergency) which are handed out to the public at events etc. The ICE Cards contain very brief guidance on what to do in an emergency situation along with some key partner contact numbers as well as a blank space for the card holder’s next of kin/guardians contact details to be included. The cards also include the www.leeds.gov.uk/prepared link to access further information including the publications noted above.</p> <p>During the Storm Eva severe weather event in 2015, spontaneous volunteers from the local community and beyond proved a valuable resource particularly during the recovery/clean-up phase. In conjunction with Open Source Arts, LCC has provided input into developing a ‘Spontaneous Volunteers Toolkit’ to help co-ordinate the volunteers. Whilst further work is still required surrounding the development of this toolkit, it aims to contain guidance and resources for communities in the safe and effective management of a spontaneous volunteer response to an emergency incident.</p>

	<p>The West Yorkshire Community Risk Register is available in an interactive e-Book format. The e-Book can be easily accessed by members of the public via a link embedded in partner websites and electronic documents (Link to e-book). The e-Book provides an overview of the four highest risks facing West Yorkshire (severe weather, health pandemic, electricity loss and, malicious attack) and contains a wide range of links to other information and guidance including videos which will help to inform community resilience.</p>
<p>Recommendation 2</p> <p>That the Director of Resources and Housing works closely with the Director of Communities and Environment in utilising the Community Committee network to engage proactively with all Councillors in generating greater awareness and understanding of the existing local resilience and emergency planning arrangements and the implications and effectiveness of their own role in this regard.</p>	<p>Councillors have key roles and responsibilities for ensuring preparedness and resilience, responding to, and recovering from emergencies. There is a guide published by the Local Government Association entitled ‘A Councillors Guide to Civil Emergencies’ which clearly sets out Councillor roles and responsibilities. Consideration had initially been given to providing a Councillor seminar relating to these key roles and responsibilities. However, the Executive Member for Resources is keen to explore other methods of engagement and to invite the views of Councillors to help inform an effective approach.</p> <p>Linked to the Community Committee network, particular efforts continue to be made towards increasing awareness of the Prevent and Counter-extremism agenda amongst Councillors, with workshops being held to enable Councillors to understand their roles and be introduced to the relevant officer support team should they require further information and advice. Dedicated work is also undertaken with Community Committee Chairs to increase their awareness of these agendas.</p> <p>Throughout the course of each year there are also several opportunities to engage Councillors in matters relating to both council and city resilience.</p>

All Councillors registered with Leeds Alert (a joint LCC and West Yorkshire Police 'warning and informing' system) are invited to the twice yearly Leeds Alert Network Events. The events comprise a programme of guest speakers providing presentations to help build personal and organisational resilience. Also through Leeds Alert, invitations are issued to attend a range of exercises and workshops again covering various themes.

Recent exercises held this year include Exercise Hana Hana.

Hana Hana was a series of three exercises aimed at encouraging businesses and organisations located within the city centre to network with each other and gain awareness of each other's plans and procedures. There was minimal Councillor attendance at the exercises.

There is an 'Annual Business Continuity Report' which is presented to the Corporate Governance & Audit Committee. The report sets out key areas of progress relating to improving council and city resilience along with future plans and initiatives.

There are two corporate risks (Council Resilience and City Resilience) which are reviewed on a quarterly basis. The risks are also reported in the Annual Risk Assurance Report. The annual report provides assurances to the Executive Board, Corporate Governance & Audit Committee and Strategy & Resources Scrutiny Board of LCC's alignment with the requirements of the Civil Contingencies Act 2004. The report is published on www.leeds.gov.uk.

Recommendation 3

That the Director of Resources and Housing leads on exploring the feasibility of adopting a universal emergency warning system within all Council owned buildings aimed at enabling all staff, regardless of their usual place of work, and other users of Council owned buildings to be able to instantly recognise and respond accordingly to a particular emergency alert.

After consideration, it is currently thought that a universal emergency warning system within all Council owned buildings covering a range of emergencies would not be feasible. Even the universal warning system and procedures for evacuation due to fire differ slightly from setting to setting, taking into account the nature of the building and occupancy etc. as determined by the Fire Risk Assessment.

For other types of emergencies it is more difficult, as staff would need to respond differently to each type of emergency, and different warning sounds may be confusing.

For example, there may be a range of actions required including lockdown (keeping staff and visitors safe within a building); silent evacuation; invacuation (where staff and potentially some clients or members of the public are asked to come into a building to stay safe); or moving people to certain parts of a building etc. This is one of the key reasons why there are trained Emergency Incident Officers in each building, usually senior members of staff who utilise Fire Wardens to provide instructions regarding the course of action to be taken and effect the correct response required.

However, what Recommendation 3 has raised, is the need for a mechanism to effectively invoke the procedure and ensure staff, visitors, members of the public and other key stakeholders such as Elected Members are aware of the situation and the correct course of action to be taken. Work is also currently ongoing to research 'app' based communication systems utilised via mobile telephones and other devices that would ensure bespoke responses could be communicated and managed effectively.

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Report of Head of Democratic Services

Report to Scrutiny Board (Children and Families)

Date: 9th September 2019

Subject: Work Schedule

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

1. Purpose of this report

- 1.1 The purpose of this report is to consider the Scrutiny Board's work schedule for the remainder of the current municipal year.

2. Background information

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

3. Main issues

- 3.1 The latest iteration of the Board's work schedule is attached as Appendix 1 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.
- 3.2 Executive Board minutes from the meeting held on 24th July 2019 are also attached as Appendix 2. The Scrutiny Board is asked to consider and note the Executive Board minutes, insofar as they relate to the remit of the Scrutiny Board; and identify any matter where specific scrutiny activity may be warranted, and therefore subsequently incorporated into the work schedule.

Developing the work schedule

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

Developments since the previous Scrutiny Board meeting

- 3.5 There are no significant developments to report since the previous Scrutiny Board meeting.

4. Consultation and engagement

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

4.2 Equality and diversity / cohesion and integration

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

4.3 Council policies and the Best Council Plan

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

Climate Emergency

- 4.3.2 When determining potential areas of work this year, the Board was particularly mindful of the Council’s own role and responsibilities around influencing climate change and sustainability. Linked to this, the Board agreed to consider existing and future efforts towards the reduction of energy consumption in council buildings and to also explore methods and opportunities to promote sustainable travel options for staff. Both areas of work are reflected within the Board’s work schedule.

4.4 Resources, procurement and value for money

- 4.4.1 Experience has shown that the Scrutiny process is more effective and adds greater value if the Board seeks to minimise the number of substantial inquiries running at one time and focus its resources on one key issue at a time.
- 4.4.2 The Vision for Scrutiny, agreed by full Council also recognises that like all other Council functions, resources to support the Scrutiny function are under considerable pressure and that requests from Scrutiny Boards cannot always be met. Consequently, when establishing their work programmes Scrutiny Boards should:
- Seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources;
 - Avoid duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue;
 - Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.

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

- 4.5.1 This report has no specific legal implications.

4.6 Risk management

- 4.6.1 This report has no specific risk management implications.

5. Conclusions

- 5.1 All Scrutiny Boards are required to determine and manage their own work schedule for the municipal year. The latest iteration of the Board's work schedule is attached as Appendix 1 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.

6. Recommendations

- 6.1 Members are asked to consider the matters outlined in this report and agree (or amend) the overall work schedule (as presented at Appendix 1) as the basis for the Board's work for the remainder of 2019/20.

7. Background documents¹

- 7.1 None.

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

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Scrutiny Board (Strategy & Resources) Work Schedule for 2019/2020 Municipal Year

June	July	August
Meeting Agenda for 10th June 2019	Meeting Agenda for 15th July 2019	No Scrutiny Board meeting scheduled.
Scrutiny Board Terms of Reference and Sources of Work (DB) Performance Update (PM)	Financial Performance – 2018/19 Outturn (PM) Treasury Management – 2018/19 Outturn (PM) Scrutiny Inquiry ‘Embracing Digital Technology Solutions’ – formal response (RT) Scrutiny review on the management and financial implications of council owned void properties – formal response (RT)	
Working Group Meetings		
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



Scrutiny Board (Strategy & Resources) Work Schedule for 2019/2020 Municipal Year

September	October	November
Meeting Agenda for 9 th September 2019	Meeting Agenda for 14 th October 2019.	Meeting Agenda for 18 th November 2019.
<p>Medium Term Financial Strategy (PM)</p> <p>Annual Corporate Risk Management Report (PM)</p> <p>Scrutiny review of resilience and emergency planning – formal response (RT)</p> <p>Local Brexit Preparations – Update (PSR)</p>	<p>Inquiry into the reduction of energy consumption in Council buildings – terms of reference and first evidence gathering session (PSR)</p>	<p>Stage 1 consultation surrounding budget saving proposals (PDS)</p> <p>Scrutiny Inquiry ‘Embracing Digital Technology Solutions’ – recommendation tracking (RT)</p>
Working Group Meetings		
		<p>Inquiry into the reduction of energy consumption in Council buildings – second evidence gathering session (tbc)</p>
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



Scrutiny Board (Strategy & Resources) Work Schedule for 2019/2020 Municipal Year

December	January	February
No Scrutiny Board meeting scheduled.	Meeting Agenda for 20th January 2020	Meeting Agenda for 24th February 2020
	Performance report (PM) Financial Health Monitoring (PSR) 2020/21 Initial Budget Proposals (PDS) Best Council Plan Refresh – Initial Proposals (PDS) Scrutiny review on the management and financial implications of council owned void properties – recommendation tracking (RT) Promoting Sustainable Travel for Staff – terms of reference (PSR) Inquiry into the reduction of energy consumption in Council buildings – agree final report	Devolution Update (PSR) Promoting Sustainable Travel for Staff – evidence gathering session (PSR)
Working Group Meetings		
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



Scrutiny Board (Strategy & Resources) Work Schedule for 2019/2020 Municipal Year

March	April	May
Meeting Agenda for 30th March 2020	No Scrutiny Board meeting scheduled.	No Scrutiny Board meeting scheduled.
Promoting Sustainable Travel for Staff – agree final report/Statement (PSR)		
Working Group Meetings		
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

EXECUTIVE BOARD

WEDNESDAY, 24TH JULY, 2019

PRESENT: Councillor J Blake in the Chair

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

SUBSTITUTE: Councillor A Lamb

29 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 Appendices 2, 3 and 4 to the report entitled, 'Design and Cost Report: Development of a New Film / TV Studio', referred to in Minute No. 43 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information within the appendices contains details regarding the financial or business affairs of a particular person (including the Council). It is considered that the public interest in maintaining the content of those appendices as being exempt from publication outweighs the public interest in disclosing the information, as disclosing it at this stage would prejudice the Council's commercial position and that of third parties;
- (b) That Appendix 2 to the report entitled, 'Creative and Digital Workspace Fund', referred to in Minute No. 44 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information within the appendix provides the identity and investment plans of the Hope House social investors, and its release may prejudice their commercial interests. Withholding that information is considered to outweigh the public interest benefit of its release, as there is a risk that if the details of the social investors are made public, they may withdraw their support from the project.

30 Declaration of Disclosable Pecuniary Interests

There were no Disclosable Pecuniary Interests declared at the meeting.

31 Minutes

RESOLVED – That the minutes of the previous meeting held on 26th June 2019 be approved as a correct record.

32 Substitute Member

During the Board's consideration of agenda item 13 (Council Housing Growth Property Acquisitions Programme) Councillor A Carter left the meeting. At this point, under the provisions of Executive and Decision Making Procedure Rule 3.1.6, Councillor A Lamb was invited to attend the remainder of the meeting on behalf of Councillor A Carter. (Minute No. 40 refers).

RESOURCES

33 Financial Health Monitoring 2019/20 - Quarter 1

The Chief Officer (Financial Services) submitted a report which presented the projected financial health position of the Authority following the first quarter of the financial year.

Members welcomed the report's recommendation to submit proposals to the September Executive Board meeting to address the projected overspend within the Children and Families directorate.

Responding to a Member's enquiry, the Board received further information regarding the budget pressure within the Children and Families directorate which related to Children's Centre fee income, with Members receiving detail on the important role played by the centres and the actions being taken in Leeds regarding the early years offer provided. Further to this, it was requested that information be submitted to a future Board which presented Leeds' position regarding the provision and take up of key Children's Services during the current challenging financial climate, when compared with other Local Authorities.

The Board also received further information regarding the currently projected overspend in the waste management service, which it was noted in part related to the ongoing refuse review being undertaken, with the key role of Scrutiny in that review process being highlighted. It was further highlighted that despite the current projected overspend in waste, overall the directorate was projecting a balanced budget.

Members also discussed the nature of the monthly financial health monitoring report to the Board, the strategic level of data it presented to Members, which it was noted could be supplemented with Member briefings where appropriate, and the key role the report played in helping the Executive regularly monitor the financial position of the Authority. In relation to this, emphasis was also placed upon the work which continued to be undertaken behind such budgetary data by officers who looked to ensure that the Council's services were provided as effectively as possible.

RESOLVED –

- (a) That the projected financial position of the Authority as at Quarter 1 of the financial year, be noted;
- (b) That the Director of Children and Families be requested to identify proposals to address the projected overspend in that directorate, with such proposals being incorporated into the next Financial Health Monitoring report to be submitted to Executive Board in September 2019;
- (c) That information be submitted to a future Board which presented Leeds' position regarding the provision and take up of key Children's Services during the current challenging financial climate, when compared with other Local Authorities.

34 Medium Term Financial Strategy 2020/21 to 2024/25

The Chief Officer (Financial Services) submitted a report presenting the Council's updated Medium Term Financial Strategy which had been extended to cover the five year period 2020/21 – 2024/25 for the Board's approval.

Responding to a Member's enquiry, the Board noted that the capital programme was an area that would continue to be monitored and robustly reviewed. Members welcomed the clear presentation in the report of the current position regarding the Minimum Revenue Provision (MRP). Also, it was noted that the approach being taken in regard to the MRP had been previously agreed at full Council, and in response to a Member, it was highlighted that the effective management of the Council's assets was a key consideration, including any assets deemed to be surplus.

Members also highlighted the importance of the Leeds' Housing Infrastructure Fund (HIF) bid, and the significant impact that a successful bid would have upon the city.

Responding to a Member's comments, the Board was advised that the Council would continue to liaise with, and make representations to Government on key issues, such as looking to gain the latest information on funding opportunities and policy, whilst further detail on the Local Government Funding Settlement was awaited.

RESOLVED –

- (a) That the 2020/21 – 2024/25 Medium Term Financial Strategy for both General Fund services and the Housing Revenue Account, as detailed within the submitted report, be approved;
- (b) That it be noted that the budget saving proposals to address the estimated budget gaps will be brought to Executive Board in advance of the Initial Budget Proposals to be received by Executive Board in December 2019;

- (c) That it be noted that the Chief Officer (Financial Services) will be responsible for the implementation of the resolutions arising from the submitted report;
- (d) That the adoption of the revenue and capital principles, as set out in Annex 1 to the submitted report, which must be complied with in respect of the arrangements for the financial management of both the Revenue budget and the Capital Programme, be approved.

35 Capital Programme 2019/20 - 2022/23 Quarter 1 Update

The Chief Officer (Financial Services) submitted a report providing an update on the Council's Capital Programme 2019/20 – 2022/23, as at Quarter 1 of the current financial year.

RESOLVED –

- (a) That an injection of £373.8k in relation to Capital Receipts, which will be utilised by Ward Councillors under the Capital Receipts Incentive Scheme (CRIS) as detailed at Appendix C to the submitted report, be approved;
- (b) That the latest position on the General Fund and HRA Capital Programmes, as detailed within the submitted report, be noted;
- (c) That it be noted that resolution (a) above, regarding the injection of £378.3k of funding will be implemented by the Chief Officer (Financial Services).

36 Health, Safety and Wellbeing Performance and Assurance Report

Further to Minute No. 179, 18th April 2018, the Director of Resources and Housing submitted a report which reviewed the Council's performance in respect of health, safety and wellbeing matters over the period 1st April 2018 to 31st March 2019. The report provided related assurances where appropriate, highlighted the improvements which had been made in this area and identified the challenges ahead.

In presenting the report, the Executive Member for Resources highlighted that he had requested that further work be undertaken on the increase in verbal / physical assaults upon Council staff, as detailed within the annual report.

RESOLVED – That the contents of the submitted report be noted, with it being recognised that a robust, yet proportionate approach to risk management within the Council continues to be applied.

CLIMATE CHANGE, TRANSPORT AND SUSTAINABLE DEVELOPMENT

37 HS2 Phase 2b Design Refinement Consultation - Proposed Response

The Director of City Development submitted a report presenting an update on HS2 Ltd.'s proposed route refinement to the Phase 2b route in Leeds, and which sought approval for the principles of the proposed City Council response to the design refinement consultation exercise being undertaken.

Responding to a Member's comments, the Board was advised that the specific consultation exercise, as detailed within the submitted report, was being driven by the issue of cost efficiency and build ability when considering the line of route for the southern approach into Leeds station.

Also in response to a Member's comments, it was highlighted that should any residents affected by the HS2 proposals not be able to access related information, then that should be brought to the attention of HS2 or the Council, who could raise it with HS2 on their behalf.

Responding to a Member's concerns and comments, which included the need for the provision of high quality mitigation in affected communities, further information was provided to the Board. This included clarification on what the specific consultation exercise, as detailed within the report covered, how the Supplementary Planning Document (SPD) for the South Bank presented the Council's ambition for that part of the city and how the SPD process could help to embed the Council's vision for the line of route into the station. Following this, officers offered to provide the Member in question with a briefing on related matters.

Also, Members were advised of the active role that the Council continued to play in terms of the level of feedback and challenge it provided to HS2, where appropriate.

The Board also discussed the benefits of HS2 for the city and the region, whilst the importance of the Council continuing to monitor the national position in respect of HS2 was highlighted.

RESOLVED –

- (a) That the principles of the proposed City Council response to the consultation exercise, as outlined within sections 3.9 to 3.21 of the submitted report, be approved;
- (b) That the necessary authority be delegated to the Director of City Development in consultation with the Executive Member for Climate Change, Transport and Sustainable Development to enable the Director to finalise and submit the Council's formal consultation response to the HS2 Ltd. Phase 2b design refinement consultation by the consultation deadline.

(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)

38 Leeds Public Transport Investment Programme: Alwoodley Park and Ride & Temple Green Park and Ride

The Director of City Development submitted a report which provided an update on the progress of delivering significant schemes during 2019/20 under the Leeds Public Transport Investment Programme (LPTIP) programme

of funding. Also, the report specifically detailed proposals regarding a new Alwoodley Park and Ride site and the expansion of the Temple Green Park and Ride site.

Responding to Members' enquiries, the Board received further information and assurance regarding the future provision of bus services in Leeds by First Bus, which would accompany the ongoing development of related infrastructure.

Also, the Board received further detail on the demand forecasting which was undertaken ahead of any Park and Ride proposals being made, with reassurance being provided that there was a robust case for the Alwoodley proposal. With regard to the proposed bus service for that site, the Board received an update, with it being noted that a separate procurement exercise would be undertaken by West Yorkshire Combined Authority.

Members welcomed the comprehensive Climate Emergency information contained within the submitted report.

It was requested that information be submitted to Board Members in the future which presented the initial findings following the introduction of cleaner buses on selected routes.

RESOLVED –

- (a) That the progress made since April 2016 in developing proposals for the relevant projects benefiting from LPTIP funding, together with the subsequent public consultation responses received, be noted;
- (b) That the submission of a planning application for the new Alwoodley Park and Ride site be approved, and that subject to the granting of planning permission and the funding approval of the West Yorkshire Combined Authority, approval also be given for the expenditure of up to £14.03m from the LPTIP Capital Programme which will carry out detail design and construction of the site;
- (c) That the submission of a planning application for the expansion of the Temple Green Park and Ride site be approved, and subject to the granting of planning permission and the funding approval of the West Yorkshire Combined Authority, approval also be given for the expenditure of £5.966m (the cost of the Business Case minus the purchase of the land which has previously been approved) from the LPTIP Capital Programme which will carry out detail design and construction of the site. In addition, the Board's approval also be given for an injection of £431,978.55 from S106 Developer Contributions;
- (d) That subject to ongoing consultation with the relevant Executive Member, as appropriate, it be noted that the Chief Officer for Highways and Transportation will be responsible for the implementation of the resolutions as outlined above.

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

COMMUNITIES

39 Annual Report on the Strategic Approach to Migration in Leeds

Further to Minute No. 38, 25th July 2018, the Director of Communities and Environment submitted a report which provided an annual update on migration activity being delivered both on a citywide level and also with supported migrant populations in Leeds. The report also provided an update on key migration population trends in the past year and on national policy changes, specifically on the approach in place to support EU citizens living in Leeds obtain settled status.

RESOLVED –

- (a) That the annual update on migration activity taking place in Leeds, as detailed within the submitted report, be received and endorsed;
- (b) That it be noted that the Director of Communities and Environment and the Executive Member for Communities are responsible for leading this work through the Council's 'Stronger Communities' Programme, with it also being noted that the Chief Officer (Communities) is responsible for leading on the work of the Leeds Strategic Migration Board;
- (c) That a further update on the progress being made in this area be submitted to the Board in July 2020.

40 Council Housing Growth - Property Acquisitions Programme

Further to Minute No. 22, 26th June 2019, the Director of Resources and Housing submitted a report which sought the necessary 'authority to spend' to support a new 2-3 year programme of up to 180 property acquisitions (and refurbishments), which followed the earlier injection into the Capital Programme at the Council meeting in February 2019. In addition, the report also sought the Board's approval of the updated Property Purchase Policy.

Members discussed the approach and criteria being proposed. During the discussion, emphasis was placed upon the need to ensure that the buying back of a property provided value for money and was a viable investment, whilst on the other hand, a concern was also raised about ensuring that the approach was not too restrictive.

Responding to Members' comments, emphasis was placed upon the need for any purchases to deliver value for money and enable the property to be brought up to the desired standard within the proposed 'per property' budget cap. It was clarified that the approach being taken was to focus on repurchasing former Council properties which had been bought under 'Right to Buy' provisions and that the 'Right of First Refusal' protocol had been identified as the main means to achieve this.

Reference was also made to the establishment of a Local Housing Company and the benefits that that would bring when looking to address housing need in the city.

RESOLVED –

- (a) That the progress made to date in terms of the property acquisitions, as set out in the submitted report, be noted, with the establishment of the project, the supporting processes, resources and the governance arrangements also being noted;
- (b) That 'Authority to Spend' of £22.5m to the Council Housing Growth Programme which will support a new 2-3 year programme of c.150-200 property acquisitions (and refurbishments), following the injection of the Capital required at February 2019 Full Council, be granted, and that the Board's support also be provided for any funding bids which are required to optimise the funding mix for these acquisitions;
- (c) That it be noted that the acquisitions (and refurbishments) will be funded via a combination of Housing Revenue Account (HRA) funding, blended with either retained 'Right to Buy' receipts or Homes England Grant; and that the necessary authority to approve the final funding mix for the acquisition (and refurbishment costs) be delegated to the Director of Resources and Housing;
- (d) That the current budget cap of £145,000 per property, as detailed within the submitted report, be noted, and that the necessary authority to amend this in line with future fluctuations in housing prices be delegated to the Director of Resources and Housing;
- (e) That the updated Property Purchase Policy, as presented at Appendix A to the submitted report, be approved, and that the implementation of the Policy be delegated to the Director of Resources and Housing.

(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)

(During the Board's consideration of this item Councillor A Carter left the meeting. At this point, under the provisions of Executive and Decision Making Procedure Rule 3.1.6, Councillor A Lamb was invited to attend the remainder of the meeting on behalf of Councillor A Carter)

41 To consider the future of the two Highways high rise housing blocks in the Killingbeck area of east Leeds

The Director of Resources and Housing submitted a report on proposals regarding the future of the two Highways housing high rise blocks in Killingbeck, Leeds. The report outlined how the blocks had exceeded their original design life and required significant investment to bring them up to the standards that the Council wished for its residents.

The submitted report and the appended options appraisal document set out several potential options for progressing this matter, as follows, with Option 3 being recommended to the Board:-

Option 1: Clearance and demolition over the next ten years;

Option 2: Clearance and demolition of the site;

Option 3: Clearance and demolition and redevelopment of the site with new build Council homes;

Option 4: Refurbishment of the blocks.

Responding to a Member's enquiry, the Board received further information on how the proposal to demolish the site and replace with new build properties was more financially and environmentally sustainable over a 60 year period than the proposal to refurbish the existing buildings. It was also highlighted that the building of new properties enabled the standard of accommodation to be improved in line with the Council's ambitions.

Confirmation was provided that consultation had been undertaken with the local Ward Councillors and the tenants who were supportive of the proposals.

Members' comments regarding the Climate Emergency text within the submitted report and the need for more comprehensive information to be added in future was acknowledged. It was highlighted that such comments would be taken into consideration when drafting future Board reports, however, it was emphasised that Leeds was one of the first Council's to routinely incorporate such information into its Executive reports. Also, it was noted that some subject areas were currently easier to provide a forecast or measure potential impact than others, a situation which would evolve as research in this field developed.

RESOLVED –

- (a) That the contents of the submitted report and the appended options appraisal document be noted;
- (b) That the properties of 62-121 Highways, Killingbeck, Leeds, West Yorkshire, LS14 6AS and 1-61 Highways, Killingbeck, Leeds, West Yorkshire, LS14 6AT be declared as being surplus to requirements;
- (c) That the Board's agreement be given to take out of charge the properties of 62-121 Highways, Killingbeck, Leeds, West Yorkshire, LS14 6AS and 1-61 Highways, Killingbeck, Leeds, West Yorkshire, LS14 6AT;
- (d) That the Board's agreement be given for the buildings on the site to be safely demolished, thus creating a clear site for future use;
- (e) That the serving of an initial demolition notice, in line with Housing Act processes, in respect of tenants wishing to exercise their 'Right to Buy', be approved;

- (f) That the Board's agreement be given for the site being developed as part of the Housing Growth programme, enabling new Council housing to be built on that site in the future;
- (g) That it be noted that a separate report will follow from the Council Housing Growth Programme, which will detail and request approval for the proposed replacement housing scheme.

INCLUSIVE GROWTH AND CULTURE

42 Leeds Inclusive Growth Strategy 2018-2023 - One Year On

Further to Minute No. 134, 19th December 2018, the Director of City Development submitted a report presenting the appended 'Leeds Inclusive Growth Strategy: One Year On' report, which set out the progress which had been made on the Inclusive Growth agenda over the past 12 months.

Members highlighted the importance of the business sector in the continued development of the Strategy, with a Member emphasising the Government's national role in the stimulation of growth.

Emphasis was placed upon the need for the strategy to promote environmentally sustainable growth, in addition to it promoting inclusive growth, with the example of strong local economies being given as a way of encouraging such sustainable growth.

Members acknowledged the importance of the work being undertaken on creating bespoke performance indicators for Leeds, to ensure effective measurement of progress in this area.

RESOLVED –

- (a) That the contents of the submitted report, together with the 'Leeds Inclusive Growth Strategy - One Year On' report, as presented at Appendix A, be noted, its findings be welcomed, and that the Board's congratulations be extended to all the people involved in delivering the projects that benefit Inclusive Growth across the city;
- (b) That agreement be given to support the new 12 'Big Idea Ambassadors' initiative and also the Inclusive Growth Delivery Partnership;
- (c) That it be noted that the Director of City Development is the lead officer for the implementation of the Leeds Inclusive Growth Strategy.

43 Design and Cost Report: Development of New Film / TV Studio

The Director of City Development submitted a report which outlined plans to develop a new large scale Film and TV studio in the city, located on Whitehall Road to the west of the city centre, which would look to deliver a significant increase in capacity to film high end TV and feature films in the city.

The submitted report set out several options regarding the Council's potential involvement in progressing this matter, with the report proposing that actions be taken in line with Option 3, as follows:-

- Option 1: The Council designing and constructing a new facility at a new site;
- Option 2: The Council taking a head lease of the Polestar site and financing the fit out works for an operator;
- Option 3: The Council facilitating the delivery of a studio through a property transaction and a loan;
- Option 4: No Council involvement.

Following consideration of Appendices 2, 3 and 4 to the submitted report designated as being exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which were considered in private at the conclusion of the meeting, it was

RESOLVED –

- (a) That the positive response from the Film / TV sector following the Channel 4 announcement be welcomed, and that the progress being made to maximise the economic benefits associated with Channel 4 locating to the city, be noted;
- (b) That agreement be given for the Council to take steps to facilitate the delivery of a new TV and Film studio at the former Polestar Petty Factory at Whitehall Road, with the economic and regeneration benefits of the Council doing so, being noted;
- (c) That agreement be given for the Director of City Development, in consultation with the Chief Officer (Financial Services), the Executive Member for Resources and the Leader of the Council:-
 - (i) To develop and enter into a head lease with NIB Pension Fund, as per the principles and Heads of Terms, as contained within exempt appendices 2 and 4 of the submitted report; and
 - (ii) To develop and enter into a lease and other legal agreements with Versa (Whitehall Road) Limited, as per the principles and Heads of Terms, as contained within exempt appendices 2 and 3 of the submitted report;
- (d) That agreement be given to inject £1.6m into Capital Scheme Number 33054/TVF/000 in order to finance a loan to Versa (Whitehall Road) Limited for external acoustic works; and that the necessary authority be delegated to the Director of City Development and the Chief Officer (Financial Services) to enable the Director and Chief Officer to provide 'authority to spend' up to that amount in order to provide the loan, subject to the completion of legal agreements with Versa (Whitehall Road) Limited.

44 Creative and Digital Workspace Fund

The Director of City Development submitted a report regarding the results of independent market research which had been undertaken into the provision of

workspace for the creative and digital sector in the city centre/city fringe. The report sought approval for a number of investments which would look to sustain and enhance the provision of creative workspace in locations where this provision was considered to be at risk.

Responding to a Member's enquiry, the Board received further information on the ways in which those creative businesses identified in the report would encourage Inclusive Growth within the communities where they were located in line with the Council's Inclusive Growth Strategy.

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

RESOLVED –

- (a) That the findings of the Council's research together with the feedback received from the recent 'call for evidence', which had been undertaken, be noted;
- (b) That approval be given for the decision to use the Creative and Digital Workspace Fund to support projects which enable the not-for-profit sector to refurbish and secure the long term future of affordable workspace for creative industries in city centre / city fringe locations;
- (c) That subject to the information contained within exempt Appendix 2 to the submitted report, approval in principle be given for the Council's support for the first three projects: namely, Leeds Media Centre; the Leeds Arts Hostel and Hope House, as follows:-
 - (i) **Leeds Media Centre:** To provide a grant of £800,000 to the Council's operator, Unity Property Services Limited, (with £300,000 allocated from the Creative and Digital Workspace Fund and £500,000 funded directly by the Council), which will be offset by an increase to the rent paid to the Council by the Unity Property Services Limited. Unity Property Services Limited will then use this £800,000 capital contribution as match funding to deliver a £1.6m refurbishment and reconfiguration of the premises;
 - (ii) **Leeds Arts Hostel:** To provide up to £150,000 grant to East Street Arts to support the strategic relocation of the Leeds Arts Hostel to Mabgate;
 - (iii) **Hope House:** To provide up to £450,000 grant to Music and Arts Production Leeds in order to secure the long term future of Hope House as a creative workspace and as a contribution towards the proposed refurbishment;
- (d) That it be noted that the Director for City Development will be responsible for the implementation of the resolutions, as detailed above;

- (e) That based on resolution (c)(i-iii) above, approval be given for the necessary authority to be delegated to the Director of City Development to enable the Director to finalise the detailed terms before entering into the new contracts and funding agreements associated with Leeds Media Centre, the Leeds Arts Hostel and Hope House;
- (f) That it be noted that the Director for City Development will seek to support further requests for assistance to sustain and improve the provision of creative workspace through the remaining £100,000 in the Creative and Digital Workspace Fund and the remaining funds in the Tech Hub Fund;
- (g) That approval be given for the decisions taken by Executive Board in respect of resolutions (c)(i) and (c)(iii) above, to be exempted from the Call In process, for the reasons of urgency, as set out in paragraphs 4.5.5 - 4.5.8 of the submitted report, with it being noted that resolution (c)(ii) (above) will remain eligible for Call In.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that any delay would seriously prejudice the Council's, or the public's interests. In line with this, resolutions (c)(i) and (c)(iii) (above) were exempted from the Call In process, as per resolution (g) above, and for the reasons as detailed within sections 4.5.5 – 4.5.8 of the submitted report)

ENVIRONMENT AND ACTIVE LIFESTYLES

45 A Waste Strategy for the City of Leeds

The Director of Communities and Environment submitted a report which presented for the purposes of the Board's approval a new waste strategy for the city, as an interim strategy until 2021.

As part of the introduction to the report, the Executive Member for Environment and Active Lifestyles highlighted the current position nationally with regard to waste, the reasons why an interim approach had been identified as the appropriate way forward and highlighted the role that the Council would play in the delivery of the city strategy.

Responding to Members' concerns which included the speed at which the Council was progressing this issue, the Board was provided with an update on the Government's current position on this matter and how an interim strategy for Leeds had been developed in order to provide some interim commitments and prepare for the inevitable national requirements that will follow in this area, as and when they were agreed by Government. The Board was advised that a longer term strategy would follow when the national position was clearer.

It was noted that a cross-party Member working group had been involved in the development of the interim strategy, which was alongside the

consideration that Scrutiny Board (Environment, Housing and Communities) continued to give to the matter. Emphasis was also placed upon the proposed 'Key Commitments' of the Council which formed part of the strategy, as detailed within the report.

With regard to the actions being undertaken in respect of the refuse review, Members received an update on this, with it being noted that it had developed into a much more comprehensive piece of work, thanks to the significant contributions from the Scrutiny Board.

Following a further update on the work that continued to be undertaken in this area, it was requested that a report be submitted to a future Board providing an update on how the waste agenda had evolved in recent years, the refreshed approach being taken across the city and how the Council was developing its work with groups, such as young people, in order to harness the appetite there was for this agenda.

RESOLVED –

- (a) That in noting the contents of the submitted report, the interim waste strategy for the city, as presented at paragraph 3.5, be approved, and that a comprehensive updated waste strategy be submitted to the Board for consideration by 2021;
- (b) That a further report be submitted to a future meeting of the Board providing an update on how the waste agenda had evolved in recent years, the refreshed approach being taken across the city and how the Council was developing its work with groups, such as young people, in order to harness the appetite there was for this agenda.

HEALTH, WELLBEING AND ADULTS

46 Integrated Market Position Statement

The Director of Adults and Health submitted a report providing an update on the development of an Integrated Market Position Statement in respect of the adult social care market. The report also sought approval of the appended Position Statement for the purposes of publication.

RESOLVED –

- (a) That the Integrated Market Position Statement, as appended to the submitted report, be approved for the purposes of publication.
- (b) That it be noted that the Director of Adults and Health is responsible for the publication of this document following the Board's approval and following the expiry of the Call In process.

CHILDREN AND FAMILIES

47 Review of Leeds Child Safeguarding Partnerships

The Director of Children and Families submitted a report which provided an update on the progress made regarding the review of child safeguarding partnerships in the city and which set out the direction of travel for the future.

Responding to a Member's enquiries, the Board was advised that arrangements were currently on track for proposals to be implemented by September 2019. Also, assurance was provided on the safeguarding measures that would continue and be built upon in terms of cross-boundary provision.

Members also highlighted the need to ensure that the effectiveness of the proposals were monitored, with agreement being given that it would be appropriate for both Executive Board and the relevant Scrutiny Board to have a role in that monitoring process.

RESOLVED – That the new arrangements, as detailed within the submitted report, be noted, with it also being noted that a further report will be provided to Executive Board on the final arrangements in the Autumn.

LEARNING, SKILLS AND EMPLOYMENT

48 Equality Improvement Priorities Progress Report 2018 - 2019

Further to Minute No. 48, 25th July 2018, the Director of Communities and Environment submitted a report presenting the annual progress which had been made against the Council's Equality Improvement Priorities for 2018 – 2022. The report also outlined the reviewed, amended and completed priorities, as detailed at appendix 1 to the submitted report.

The Board noted the suggestions made in respect of the report, which were that future annual reports be submitted to the Members' Equality Group for consideration prior to being submitted to Executive Board and that it would be useful to show comparisons in the report with those that did not have a protected characteristic when presenting relevant data.

RESOLVED –

- (a) That the Equality Improvement Priorities Annual Report 2018 – 2019, as appended to the submitted report, be approved;
- (b) That approval be given to sign off the completed priorities for 2018/19;
- (c) That the new and amended priorities for 2019/20, be approved;
- (d) That a further report on such matters be submitted to the Board in July 2020;

- (e) That it be noted that the Director of Communities and Environment is responsible for the implementation of decisions made by Executive Board in respect of the submitted report.

49 Design & Cost Report for the Learning Places expansion of Beeston Hill St Luke's Church of England Primary School

Further to Minute No. 161, 21st March 2018, the Director of Children and Families submitted a report which provided background information in respect to the proposed expansion at Beeston Hill St Luke's Church of England Primary School, and which sought approval to incur expenditure necessary to support the proposed project and provided further context in respect of any associated risk and cost implications.

RESOLVED –

- (a) That the necessary 'authority to spend' on the Learning Places Programme for Beeston Hill St Luke's Church of England Primary School, at a total value of £4,295,000 and as detailed within the submitted report, be approved;
- (b) That the expenditure of £4,295,000 from capital scheme number 32737/BEE/000 for the construction work and associated fees for the expansion of Beeston Hill St Luke's Church of England Primary School, which is necessary to enable occupation from September 2020, be approved;
- (c) That the estimated scheme cost of £4,295,000 be noted, which includes: £3,220,000 for construction works, professional fees and survey costs of £485,000, £75,000 for loose furniture & equipment to support the expansion to 2 Form Entry and the setting up of Primary and Secondary SEN (Special Educational Needs) provision, £515,000 for supporting costs, together with a client held contingency commensurate to the scale and complexity of the project;
- (d) That it be noted that the officers responsible for the implementation of such matters are the Head of Service Learning Systems and the Head of Projects and Programmes, Asset Management & Regeneration, and that the necessary authority be delegated to those officers to enable them to enter into all other agreements required to deliver this project.

50 Outcome of consultation and request to approve funding to permanently increase learning places at Horsforth School from September 2022

The Director of Children and Families submitted a report which presented a proposal brought forward to meet the Local Authority's duty to ensure a sufficiency of school places. Specifically, the submitted report detailed the outcomes from a consultation exercise regarding a proposal to expand secondary school provision at Horsforth School and which sought a decision to fund the delivery of a scheme which would create the additional learning places required.

RESOLVED –

- (a) That the outcome of the consultation undertaken on the proposal to permanently expand Horsforth School from a capacity of 1125 to 1425 students by increasing the admission number in year 7 from 225 to 285, with effect from September 2022, be noted;
- (b) That the outcome of initial feasibility work, be noted, and that provisional approval be granted for the authority to spend (ATS) of £4.8m to deliver the proposed permanent expansion at Horsforth School;
- (c) That it be noted that the implementation of the proposals detailed are subject to funding being agreed based upon the outcome of further detailed design work and planning applications, as indicated at section 4.4.1 of the submitted report, with it also being noted that the proposal has been brought forward in time for places to be delivered for 2022;
- (d) That it be noted that the Head of Learning Systems is the responsible officer for the implementation of such matters.

51 The 3As Strategy: Improving the attendance, attainment and achievement of children and young people in Leeds

The Director of Children and Families submitted a report providing an update on the development of the Council's '3A's Strategy', which focussed upon the attendance, attainment and achievement of children and young people in Leeds, and which formed part of the overall drive to support all children and young people in having a successful start in life.

Following a detailed introduction, Members welcomed the submitted report.

With regard to the Local Government Association Peer Review, as referenced in the report, it was requested that the findings from that review be shared as appropriate, to enable Members to identify positive actions in this field which they could help progress in their local communities.

It was noted that issues relating to the 3A's Strategy were scheduled to be submitted to the Scrutiny Board (Children and Families) in the Autumn, and following a reference being made to the related issue of fixed term exclusions, it was noted that the issue of all exclusions together with related matters was also to be considered by the Scrutiny Board.

RESOLVED –

- (a) That the development of the '3A's Strategy', as outlined within the submitted report and as appended, be noted;
- (b) That the comments made by the Board regarding ways in which the Council as a whole can support the Strategy, be noted;

- (c) That it be noted that the lead officer for the '3A's Strategy' is the Deputy Director for Children and Families (Learning).

DATE OF PUBLICATION: FRIDAY, 26TH JULY 2019

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M., FRIDAY, 2ND AUGUST 2019