

**Report of the Chief Officer – Financial Services
Report to Executive Board
Date: 16th December 2020**

**Subject: Proposed Budget for 2021/22 and Provisional Budgets for 2022/23
and 2023/24**

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will the decision be open for call-in? Recommendations 16.1 and 16.5 are eligible for call in; 16.2, 16.3 and 16.4 are not eligible.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary

1. Main issues

- The purpose of this report is to both set out the Council's proposed budget for 2021/22 and to note the provisional budgets for 2022/23 and 2023/24.
- Following on from reports considered by this Board at its September, October and November meetings, this report also presents a series of proposals to contribute to the council achieving a balanced budget for 2021/22 and, where appropriate, seeks to begin meaningful consultation with staff, trade unions, service users and the public as required. These include a set of organisation design proposals to realign some services differently within the current directorate structure, aimed at: maximising capacity and avoiding duplication; supporting more collaborative working; driving a more digital approach with increased automation and self-service functionality where appropriate; whilst also delivering financial savings. (Further information is provided at Appendix 4 with a supporting report at Annexe 4.2.)

- These budget proposals support the Council's Best City/Best Council ambitions, policies and priorities aimed at tackling poverty and reducing inequalities as set out in the Best Council Plan.
- These budget proposals are set within the context of the 2021/22 – 2025/26 Medium Term Financial Strategy, which was approved by the Executive Board on the 24th September 2020, and which continues the journey that commenced in 2019 whereby the Council's revenue budget becomes more financially robust, resilient and sustainable by moving away from the use of one-off sources of funding such as capital receipts and reserves to fund recurring expenditure.
- The Chancellor of the Exchequer announced the Spending Review 2020 on 25th November 2020. Contrary to previous announcements about this Spending Review, it is for one year only, covering 2021/22. Whilst the Spending Review came later than hoped, our assumptions that there would be little change to general funding allocations seem to be correct. However, within these funding announcements some sources of funding are changed. Our assumption had been that Adult Social Care funding would be £10.1m roll forward grant and an additional £6.5m of funding in 2021/22. This has been replaced by new funding of £4.1m and the ability to raise an Adult Social Care precept through Council Tax of £9.9m, thus increasing the amount of local funding used to fund Adult Social Care. There have also been some one-off funding allocations specific to the current economic situation due to COVID-19. We await further detail at the provisional Settlement expected mid-December. The consequence of a one year spending review is the uncertainty of future funding for Local Government which makes financial planning difficult. The next step of the Government's budget setting process will be the provisional Settlement, expected in in mid-December.
- The current financial climate for local government continues to present significant risks to the Council's priorities and ambitions and this report has been prepared against a background of uncertainty with regard to the Government's spending plans from April 2022. The Council continues to make every effort possible to protect the front line delivery of services and to avoid large scale compulsory redundancies. It is clear from the size of the estimated budget gap for the period 2021/22 to 2025/26, detailed in the Medium Term Financial Strategy report received at Executive Board in September 2020, that the position continues to be extremely challenging, especially when account is taken of the ongoing financial impact of COVID. It will therefore be increasingly difficult to maintain current levels of service provision without significant changes in the way the Council operates.
- The forecast position for the financial period to March 2024, as referenced in this report, recognises the requirement to make the Council's budget more financially resilient and sustainable whilst providing increased resources to support demand led services within the Council.

- The headlines from the 2021/22 proposed budget when compared to the 2020/21 budget, are as follows:
 - An increase in the Settlement Funding Assessment (SFA) of £0.2m (0.1%)
 - Spending Review 2020 announced a core council tax increase of 1.99% and an option to increase the Adult Social Care precept of 2.99%. Despite these increases, we project a reduction in local funding of £1.9m following a reduction in the council tax base, mainly due to the increased cost of Local Council Tax Support, and the deficit from 2020/21 that will have to be funded in 2021/22.
 - Business rates has gone down due to a contraction of the tax base in 2020/21, a projected increase in empty rates and the requirement for bad debt provisions in 2021/22, a lack of growth in 2021/22, and a persistent increase in small business rates relief. Taken together with the deficit from 2020/21 that will have to be funded in 2021/22, the net impact of business rates retention on the 2021/22 general fund is £28.7m.
 - Resources receivable from SFA, council tax and business rates have decreased due to the impact that COVID-19 has had on growth in those bases. Pay, price and demand pressures mean that the Council will need to deliver £94.5m of savings by March 2022. This position includes a contribution of £1.9m to General Reserves as part of measures to ensure the Council's longer term financial sustainability.
 - To date this gap has been addressed through directorate and corporate savings of £66.7m, £20.1m from asset sales and £2.4m through Treasury Management savings. In terms of achieving a balanced position for the 2021/22 budget, a further £5.3m of proposals will be brought to February's Executive Board, along with the Council's Budget Report.
 - A decrease in the Council's net revenue budget of £106.1m to £419.6m. However, during 2020/21 Government announced additional grant funding for local authorities in response to the impact of COVID-19 on council tax and business rates. Grant of £83.2m will be carried forward into 2021/22 to part-fund the deficit position on the Collection Fund, reducing the financial impact of COVID-19 on the 2021/22 budget. Taking account of this additional grant, the resulting comparison with the 2020/21 budget would be an adjusted net revenue budget reduction of £22.9m.
- As set out at Table 13 of this report, the Medium Term Financial Strategy received by this Board in September identified an estimated budget gap of £118.8m. Since that report, there has been a net increase in assumed funding of £11.1m and a net reduction in budget pressures of £16.5m, both largely as a result of measures announced by Government at Spending

Review 2020. The September position also included £3.3m of savings previously agreed and reported as part of the 2020/21 budget process. Together these summarise the movement from the gap reported in September to the £94.5m of savings the Council is now required to deliver by March 2022.

- As referenced above, the Council Tax section of this proposed budget includes a 3% increase in the Adult Social Care precept, in line with the Spending Review 2020 announcements. Should this proposed increase be reduced below the anticipated precept amount, any shortfall will require identification of proposals to balance this reduction. This could include using one-off funding from the Adults and Health reserve.
- In respect of the Housing Revenue Account, the return to the Government's formula of annual rent increases being no greater than CPI+1% from April 2020 will see rents for all tenants increase by 1.5% in 2021/22 whilst garage rental rates will increase by RPI of 1.1%.
- The North and West Yorkshire Business Rates Pool, of which Leeds City Council is a member, concludes on the 31st March 2021. After the one year Spending Round announced on 4th September 2019, it became clear that 75% Business Rates Retention nationally would be delayed; we currently await further information as to when this will be introduced. As such, pools returned to 50% retention in 2020/21, and we expect will continue under these rules for at least another year. Leeds City Council have submitted an application on behalf of the following authorities to form a pool operating under the national 50% scheme in 2021/22: Bradford, Calderdale, Harrogate, Kirklees, Leeds, Wakefield, and York. The advantage of forming a business rate pool is the retention of levy payments within the region that would otherwise have to be made to Central Government. This proposed budget report recognises that Leeds City Council will be required to make a levy payment in 2021/22 to either the new Leeds City Region Business Rates Pool or to Government, depending on the outcome of this application.
- From 1st April 2013 to 31st March 2018 Leeds City Council charged a 50% council tax premium on empty dwellings unoccupied for more than two years. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 permitted councils to increase this premium incrementally from 1st April 2019. In January 2019 Full Council agreed to increase the long term empty premium from 50% to 100%. In January 2020 Full Council agreed to increase the long term empty premium for properties that have been empty for at least five years to 200% from 1st April 2020. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 also permits councils to raise the premium to 300% for dwellings that have been empty for at least 10 years from 1st April 2021. The proposal to implement this additional premium will be decided by Full Council in January 2021. In addition to this, the decisions made to date do not provide for any exclusions or any scope for discretion in this matter. Recommendations have been made that certain exclusions should apply

and that Leeds City Council officers should be able to exercise their discretion for both the historic increases and also the potential increase of 300%. Should this be approved a policy will be prepared to identify the appropriate exclusions. The estimated Council Tax base used for the proposed budget does not currently assume either of these proposals, though we project them to have minimal net financial impact.

- In the Autumn Budget 2018 the Chancellor announced new business rates reliefs for small retail businesses with a rateable value of less than £51,000, who were to receive a one third reduction in their business rates liability for the two years 2019/20 and 2020/21. In the following Autumn Budget 2019 the Chancellor announced that he was going to increase the reduction for these small retailers from 33.3% to 50% and the Council's final budget for 2020/21 reflected this increase. However on 24th March 2020, following the announcement of the first coronavirus lockdown this scheme was superseded by 100% relief for all retail, leisure and childcare establishments, with no upper limit on individual properties' rateable value or State Aid caps. The 100% relief will last until 31st March 2021. These proposed budget proposals assume that in 2021/22 the 100% unlimited relief scheme will cease and be replaced by the previous 50% scheme for small retailers only, that local newspaper offices will continue to receive a £1,500 reduction for a further year and public lavatories will, by statute, receive 100% business rates relief. Local authorities will be compensated in full by Government for any resultant loss of income.
- In the Spring Budget 2017 the Chancellor announced a four year funding scheme for billing authorities to offer discretionary relief to businesses most impacted by the 2017 Business Rates Revaluation. Billing authorities were obliged to design their own local discount schemes, with Executive Board approving the proposed scheme for Leeds in June 2017. 2020/21 was the final year in which funding was to be made available, with the Council able to distribute just under £0.05m in reliefs to businesses and the full cost being met by Government grant. These proposals reflect the fact that the Council will no longer be able to offer businesses further reliefs relating to the adverse effects of the 2017 Revaluation in the city.
- COVID-19 has fundamentally affected the way the Council works. Whilst the impact of COVID-19 has been to reduce the level of resources available to the Council it has also provided the opportunity to consider how its business and services should operate in the future and this is reflected in a number of the budget savings proposals that have been received at Executive Board.
- As referenced above, the Medium Term Financial Strategy received at Executive Board in September identified an estimated budget gap of £118.8m. In response to this financial position the Council established a 'Financial Challenge' programme of service reviews to identify savings that would contribute towards closing the estimated 2021/22 gap. In September, October and November this Board received budget savings proposals reports which reduced the estimated budget gap down to £60.6m.

- In terms of achieving a balanced position for the 2021/22 budget proposals, a further £5.3m of proposals will be brought to February's Executive Board, along with the Council's Budget Report.

2. Best Council Plan Implications

- The Best Council Plan is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The City ambitions as set out in the Best Council Plan are that 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 and these are inclusive growth, health and wellbeing and the 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.
- 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 the primary purpose of the Medium Term Financial Strategy which then provides the framework for the determination of Council's annual revenue budget for which the initial proposals for 2021/22 are contained in this report.

3. Resource Implications

- The financial position as set out in the Medium Term Financial Strategy which was received at September's Executive Board identified an estimated budget gap of £166.3m for the period 2020/21 – 2025/26. Of this estimated gap £163.3m related to 2021/22- 2023/24. This reported position took account of the estimated level of resources available to the Council whilst at the same time reflecting the ongoing impact of COVID-19. In addition it reflected the requirement to make the Council's revenue budget more financially resilient and sustainable over the medium term whilst at the same time recognising increased demand pressures for the services that we deliver.
- Within the Medium Term Financial Strategy a gap of £118.8m was identified for 2021/22 and budget savings proposals to address this position and ultimately to deliver a balanced budget position are contained within this proposed budget report.
- The provisional budgets for 2022/23 and 2023/24 have been updated and the estimated budget gaps are £55.7m and £32.4m for the respective years.

Recommendations

- With regard to the savings proposals presented at Appendix 4, Executive Board is requested to:
 - Note the financial position for 2021/22 outlined in this paper and that further savings are required to deliver a balanced budget position;
 - Note the 'Business as Usual' savings and that decisions to give effect to them shall be taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive functions);
 - Agree the recommendations in the 'Service Review' proposals at Annexe 4.2 and that consultation commences. And to note that decisions to give effect to them shall be taken by the relevant Director or Chief Officer, following the consultation period, in accordance with the Officer delegation scheme (Executive functions) save where the Leader, relevant portfolio holder or Director considers that the matter should be referred to Executive Board for consideration.
- Executive Board is asked to agree to consultation on the proposed budget for 2021/22. This includes the proposed increases in core Council Tax and the Adult Social Care precept. Further to this, that these budget proposal are submitted to Scrutiny and for wider consultation with stakeholders.
- Executive Board is asked to note the provisional budget position for 2022/23 and 2023/24 and to note that savings proposals to address the updated estimated budget gaps of £55.7m and £32.4m for 2022/23 and 2023/24 respectively will be reported to future meetings of this Board.
- Executive Board is asked to note that the proposal to approve the implementation of an additional Council Tax premium on any dwelling where the empty period is at least ten years, from 200% to 300% premium, will be considered by Full Council in January 2021.
- Executive Board is recommended to approve that, should the application to form a new Leeds City Region Business Rates Pool be successful, Leeds City Council becomes a member of the proposed Pool and acts as lead authority for it. The establishment of this new Pool will be dependent upon none of the other proposed member authorities choosing to withdraw within the statutory period after designation.

1. Purpose of report

- 1.1 This report details the proposed budget for 2021/22, set within the context of the Medium Term Financial Strategy approved by Executive Board in September 2020, the Spending Review 2020, and proposed budget savings reports, received at Executive Board in September, October and November, that contribute towards bridging the estimated budget gap for 2021/22.
- 1.2 Subject to the approval of the Executive Board, this proposed budget for 2021/22 will be submitted to the respective Scrutiny Boards for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this board on the 10th February 2021. These budget proposals will also be made available to other stakeholders as part of a wider and continuing process of engagement and consultation.
- 1.3 This report also provides an update on the provisional budgets for 2022/23 and 2023/24 and the Executive Board are asked to note these revised positions.
- 1.4 In accordance with the Council's budget and policy framework, decisions as to the Council's budget are reserved to Full Council. As such, the recommendations in paragraphs 16.2 to 16.4 are not subject to call-in as the budget is a matter that will ultimately be determined by Full Council.
- 1.5 However the recommendations in paragraph 16.1, regarding new savings proposals and paragraph 16.5, regarding the Council's participation in the 2021/22 50% Business Rates Pool are decisions of the Executive Board and as such are subject to call-in.

2. The national context and Spending Review 2020

- 2.1. The socio-economic conditions and the policy drivers that shape our Medium Term Financial Strategy and the proposed budget have clearly been affected by COVID-19 which continues to have a major impact at all levels, international, national and local. It has also severely impacted the Council's operating environment both in terms of the demand for services and our financial framework.
- 2.2. COVID-19 has fundamentally affected the way in which the Council works. Elements of this change which relate directly to crisis response will, in time, revert largely back to normal. However, an event of this magnitude undoubtedly means the Council will need to consider closely how its business and services should operate in the future. Measures introduced nationally to combat the virus have had direct and indirect negative impacts on Council finances which will need to be managed over future years. There remains potential longstanding impact on Council income if behaviour, working practices and spending patterns in the city continue to change and this will need to be monitored and managed moving forward.

- 2.3. Beyond the pressures of COVID-19, the economic context in which public spending must be considered continues to be dominated by the debate concerning the impact of Britain exiting the EU with or without a trade deal and the strength and resilience of the national economy. On 31st January 2020 the UK left the EU, and at the end of December 2020 the transition period will come to an end. While throughout this time Leeds has been preparing to take advantage of the opportunities the EU exit presents, it is important to recognise the potential impact the loss of European Structural and Investment Funds (ESIF) could have. The Government has previously committed to introduce the UK Shared Prosperity Fund (UKSPF) from 2021 to replace ESIF, but full details about the fund and how it will operate have not yet been published. On trade, we await the outcome of ongoing negotiations about the future UK/EU relationship as the transition period comes to an end in December 2020. There continues to be significant uncertainty about the shape of any trade agreement which may be reached, and the potential for an exit on World Trade Organisation (WTO) terms remains possible. The Council has been closely monitoring developments over recent years, ensuring it is as prepared as possible to respond to all potential exit scenarios. This places Leeds in a strong position to grasp any opportunities presented by EU exit, but it will not be possible to anticipate what all impacts of the final exit terms may be. Therefore the Council will need to remain ready to respond in an agile way as the situation develops.
- 2.4. As a part of the Comprehensive Spending Review process the Government asks for representations to inform policy development and these representations should contain policy suggestions which should explain the desired outcome, policy rationale, costs, benefits and deliverability of proposals. The outcome of the Comprehensive Spending Review was due to be incorporated into the Chancellor's Autumn budget speech, setting out the Government's spending plans for the forthcoming three financial years. However, this multi-year review was postponed due to the Coronavirus pandemic. We anticipate that any multi-year review in the future will need to take into account the nature of Brexit and set out further plans for long-term reform.
- 2.5. As such, the Chancellor of the Exchequer, Rishi Sunak, delivered his most recent Budget statement on Wednesday 11th March 2020 and announced the results of the Government's Spending Review on 25th November. This covered the financial year 2021/22 only.
- 2.6. The headline announcements in the Spending Review 2020 are as follows:
- Local government's Core Spending Power (CSP) will increase by £2.1bn (4.5%) in 2021/22. We await further details at the Provisional Settlement.
 - 2% increase in "core" Council Tax plus a further 3% increase in the Adult Social Care precept. The impact on the Leeds budget is an increase of £6.5m for the core increase, plus £9.8m for the ASC precept. This is further discussed at paragraph 4.6.

- Additional £300m social care grant funding: The Leeds share of this could be in the region of £4.2m. In addition to this there will be a roll forward of the 2020/21 £1bn social care grant, the Leeds share of which is included in the proposed budget assumptions.
- £200m for indexation: for Revenue Support Grant (RSG) and the effect of cap compensation on business rates income and baselines, included in the proposed budget for Leeds' business rates.
- £3bn additional funding for COVID-19 pressures to include:
 - £670m to fund additional council tax support claimants. We await further details at the provisional settlement before identifying the Leeds share of this.
 - £762m to fund 75% of "irrecoverable loss of council tax and business rates revenues in 2020-21". The Leeds share of this is expected to be approximately £9.7m in each of the following years: 2021/22, 2022/23, 2023/24. This is included in these budget proposals.
 - £1.55bn for additional expenditure pressures. The Leeds share of this could be in the region of £24.3m and is expected to be used to offset additional pressures. Further information will be received at the Provisional Settlement.
 - Sales, fees and charges (SFC) compensation scheme will be extended into the first 3 months of 2021/22. We expect this to be net neutral to the Authority.
- Public sector pay "pause", however public sector workers earning less than £24,000 to receive a minimum £250 increase. It is projected that this would make an additional £3.4m of funding available for Leeds City Council. This is included in these proposals.

As referenced above, we expect further detail and local authority allocations at the Provisional Local Government Settlement in mid-December.

- 2.7. As such this proposed budget is based on the announcements made during the Spring 2020 Budget, subsequent Government announcements relating to future years funding, and assumptions made following the publication of the Spending Review 2020.
- 2.8. At the time of the Spending Review 2020, the Office for Budget Responsibility (OBR) also published its independent economic and fiscal forecasts. Due to the huge uncertainty surrounding the course of the pandemic and the impact on the economy and public finances, the OBR have forecast three scenarios; the Central forecast, Upside and Downside. All three assume a smooth transition to a free-trade agreement with the EU. The following statistical forecasts are based on the Central forecast:

- Following the first wave of infections the UK experienced slow economic recovery. The latest resurgence of infections prompted the re-imposition of a national lockdown. In the UK economy GDP is set to fall by 11% in 2020.
- The OBR then predicts that the economy will recover by 5.5% in 2021, 6.6% in 2022 and 2.3% in 2023. By 2025 the economy is predicted to remain 3% smaller than previously expected.
- Public sector net borrowing is set to rise to £393.5bn in 2020/21. Borrowing is then projected to fall fairly quickly to £164.2bn in 2021/22 and £104.6bn in 2022/23, then levelling off at around this level in subsequent years until the end of this Parliament.
- In 2020/21 Public Sector Current Expenditure (PSCE) is projected to rise sharply to £1,028.9bn, this includes £83.4bn on virus-related income support schemes. In the following years it is forecast to reduce to £892.8bn in 2021/22 and £863.8bn in 2022/23.

2.9. Average earnings grew by 2.9% in 2019. Projected growth falls to 1.2% in 2020, but is then expected to rise by 2.1% in 2021, 2.0% in 2022 and 2.4% in 2023.

2.10. CPI inflation is projected to fall from 1.8% last year to 0.8% in 2020. It is then forecast to rise slightly to 1.2% and 1.6% respectively in 2021 and 2022.

2.11. As referenced above, these forecasts were based on there being a smooth transition to a free-trade agreement with the EU in the new year, and the OBR has previously stated that “a disorderly [Brexit] could have severe short-term implications for the economy, the exchange rate, asset prices and the public finances”¹. It is within this economic context that the proposed budget for 2021/22 needs to be considered.

2.12. The latest Indices of Multiple Deprivation (IMD) were released in September 2019 following the previous 2015 update. The IMD is the official measure of relative deprivation in England and ranks each Lower Super Output Area (LSOA: a small area with a population of around 1,500 people) from the most deprived (1) to least deprived (32,844). The ranking is based on 39 separate indicators organised across seven distinct domains of deprivation, which are combined and weighted to calculate the overall IMD. With a range of resources and analysis on the IMD publicly available on the Leeds Observatory [here](#), key headlines for Leeds include:

- 24% of Leeds’ LSOAs fall within the most deprived 10% nationally, compared with 22% in 2015 which highlights some increase in relative deprivation.

¹ OBR, Economic and Fiscal Outlook – October 2018, p7, para 1.12

- Leeds ranks 33 out of 317 (where 1 is most deprived and 317 is least deprived) local authorities when looking at proportions of LSOAs in the most deprived 10% nationally.
 - The most deprived areas are concentrated in the inner east and inner south of the city.
 - 12 LSOAs in Leeds have been ranked in the most deprived 1% nationally compared to 16 in 2015.
- 2.13. In December 2017, the Government launched its Fair Funding Review of Local Government finance, to refresh the methodology on which local authority needs and resources are assessed and levels of government funding are determined. Government previously indicated that Spending Review 2020, which was expected in the Autumn, would allocate funding to local government for the three year period 2021/22 – 2023/24. The Fair Funding Review and Business Rates Retention Reform were initially then intended to follow on from this three year settlement. However, in addition to the delay to the anticipated three-year settlement, Government has since announced that the Business Rates Revaluation, which would have revalued every business property in the country, will now not take place until 2023/24. Such a Revaluation requires significant further adjustments to be made to the Business Rates Retention Scheme and this, in conjunction with the disruption caused by the ongoing Coronavirus crisis, leads to the assumptions reflected in this report that the new Fair Funding formula and reform to Business Rates Retention will now also be delayed until the Revaluation is completed in April 2023.
- 2.14. In the context of budget setting and financial planning the increase in relative deprivation shown in the IMD 2019 is significant as deprivation will be reflected to a greater or lesser extent in the Fair Funding formula being developed. Consultation regarding the new funding formula and the extent to which deprivation will be reflected is ongoing. These budget proposals do not currently assume any impact of the increase in relative deprivation as sufficient detail is not yet known.
- 2.15. At a local and regional level 2021 is likely to see some major changes. Following the agreement of a devolution deal for West Yorkshire in March 2020, the region is expected to hold its first mayoral election in May 2021. Devolution will result in a new working relationship between the Council, the West Yorkshire Combined Authority (WYCA) and a new elected mayor, alongside significant levels of additional funding for the region to match its ambition. Funding will in the first instance be devolved to WYCA, but the Council may need to think differently about the way in which services are organised, funded and delivered as regional collaboration continues to be strengthened over the coming years.

3. Developing the 2021/22 Budget and Medium Term Financial Strategy with the Best Council Plan.

- 3.1. Between the 2010/11 and 2020/21 budgets, the Council's core funding from Government has reduced by around £263m. Additionally the Council has faced significant demand-led cost pressures, especially within Adult Social Care and Children's Services. To date, the Council has responded successfully to the challenge since 2010 through a combination of stimulating good economic growth, creatively managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies, including reducing staffing levels since 2010/11 by over 2,300 FTEs.
- 3.2. Through targeting resources into preventative services the Council has ensured that the implications of demand and demographic pressures that have resulted in significant cost pressures in other local authorities have been contained within Leeds. This is reflected in service areas such as the number of people registered in Temporary Accommodation where Leeds benchmarks favourably against most Core Cities and our Regional and Statistical neighbours.
- 3.3. The Best Council Plan is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The "Best City" and "Best Council" ambitions set the strategic context for the Medium Term Financial Strategy 2021/22 – 2025/26 which was approved at September's Executive Board. 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 policies against financial constraints. To enable the achievement of the Council's ambitions the Council has developed its Medium Term Financial Strategy to cover five years to direct the resources of the Council to the priorities identified in the Best Council Plan and it is within this financial framework that the annual budget is developed.
- 3.4. Inevitably, managing the £263m reduction in Government funding, combined with increasing cost pressures, has meant that the Council has had to make some difficult decisions around the level and quality of services that it delivers.
- 3.5. Looking ahead, and as detailed in the Council's Medium Term Financial Strategy, the Council is facing an estimated budget gap of £166.3m for the period up to and including 2025/26 and of this gap £118.76m relates to 2021/22. The financial challenge now facing the Council is to manage these pressures alongside the significant impact brought upon by the current COVID-19 situation. The needs of the communities serviced by Leeds City Council have already increased and will continue to do so, and the various funding streams that support local government are effected by the longer term economic scarring as a result of the virus.

3.6. In recognition of the financial challenge the Council has embarked on a programme of service reviews which, combined with business as usual savings, contribute towards closing the estimated revenue budget gap and enable the Authority to present a balanced budget position in 2021/22. As detailed in the Council's Medium Term Financial Strategy, it is becoming increasingly difficult over the coming years to identify further financial savings without significant changes in what the Council does and how it does it. This impacts upon the delivery of the Council's ambitions as detailed in the Best Council plan and will have significant implications for directly provided services and those commissioned by the Local Authority, impacting upon staff, partners and service users. In order to deliver the Council's ambitions of tackling poverty and reducing inequalities, consideration may have to be given to stopping, delivering differently or charging for those services that are no longer affordable and are a lesser priority than others. This will be achieved through a continuing process of policy and service reviews across the Council's functions and ongoing consultation and engagement.

4. Estimating the Net Revenue Budget for 2021/22

4.1. Settlement Funding Assessment – increase of £0.2m

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

4.1.2. The current financial year, 2020/21, is a one-year settlement period. During 2020/21 councils expected to be notified of a three-year Spending Review covering 2021/22-2023/24. However, due to increased pressures caused by the Covid-19 crisis, a one-year Spending Review was announced on 25th November 2020, with a multi-year Spending Review anticipated in the future.

4.1.3. Table 1 below sets out the Council's estimated Settlement Funding Assessment for 2021/22, which is based on an assessment of what the Council may expect to receive from the Spending Review 2020. This represents a small increase of £0.2m compared to 2020/21 which is equivalent to a 0.1% increase. This reflects the annual increase in the CPI in September 2020 which has been applied to the Revenue Support Grant (RSG), but is not applied to the Business Rates Baseline. The total, national, change in SFA between 2020/21 and 2021/22 will not be known until the publication of the Provisional Financial Settlement but, based on the above assumption, it is estimated to be in the order of a £8.9m increase across England.

Table 1 – Settlement Funding Assessment

	2020/21	2021/22	Change	
	£m	£m	£m	%
Revenue Support Grant	28.2	28.4	0.2	
Business Rates Baseline Funding	158.4	158.4	0.0	
Settlement Funding Assessment	186.6	186.8	0.2	0.1

- 4.1.4. The business rates element of the Settlement Funding Assessment is determined by taking the 2020/21 baseline business rates amount and uplifting it by the same percentage increase as the small business rates multiplier, which the Government announced would be frozen in 2021/22. This is then reduced by the tariff the authority has to pay to Government because it is assessed as collecting more business rates than it requires for its spending needs, known as its baseline funding level. The tariff is also increased by the increase in the multiplier from its 2020/21 amount. Local authorities will receive full compensation for the freezing of the business rates baseline and the tariff in 2021/22.

Table 2 - Breakdown of the Settlement Funding Assessment

	2020/21	2021/22	Change
	£m	£m	£m
Settlement Funding Assessment	186.65	186.80	0.16
Which includes:			
Council tax freeze grant 2011/12	6.64	6.64	0.00
Council tax freeze grant 2013/14	2.77	2.77	0.00
Early intervention grant	13.73	13.73	0.00
Preventing homelessness	0.86	0.86	0.00
Lead local flood authority grant	0.24	0.24	0.00
Learning disability & health reform grant	11.46	11.46	0.00
Local welfare provision	2.59	2.59	0.00
Care act funding	6.62	6.62	0.00
Sustainable drainage systems	0.02	0.02	0.00
Carbon monoxide & fire alarm grant	0.00	0.00	0.00

- 4.1.5. In addition to general grant, there are a number of other funding streams that make up the Settlement Funding Assessment. It is currently assumed that these will roll forward at 2020/21 levels. If necessary this assumption will be updated following publication of the Provisional Financial Settlement. These funding streams include early intervention, homelessness prevention, lead local flood authorities and learning disability & health reform funding.

4.2. Business Rate Retention

- 4.2.1. Leeds has the most diverse of all the UK's main employment centres and has seen the fastest rate of private sector jobs growth of any UK city in recent years. Yet this apparent growth in the economy has not translated into business rate growth; in fact the income from business rates available

to the Council declined from 2015/16 to 2017/18, only returning to 2014/15 levels in 2018/19 with the introduction of the 100% retention pilot. The effect of the present coronavirus crisis has reversed this growth again with in-year income levels from the Business Rates Retention Scheme (i.e. excluding the exceptional effect of the Collection Fund deficit from 2020/21) expected to decline back below 2015/16 levels in 2021/22 and not to recover to budgeted 2020/21 levels until 2023/24.

- 4.2.2. The total projected rateable value of businesses in Leeds is £912.3m which would generate gross business rates income of £455.2m. It is not projected that there will be any business rates growth in 2021/22. As shown in Table 3, the impact of a range of business rate reliefs (see paragraph 4.3 below) and statutory adjustments reduces this to a net income figure of £336.7m.
- 4.2.3. Under the projected 50% Business Rates Retention (BRR) scheme, Leeds City Council's share of this income is £165.0m (49%). The Authority then pays a tariff of £14.4m to Government because Leeds is assessed to generate more business rates income than it needs.
- 4.2.4. Leeds must also meet its share of the business rates deficit created in 2020/21, which totals £109.0m. The unusually large deficit from 2020/21 comprises of a number of components. The first is the part of the deficit generated by the unprecedented level of reliefs introduced by the Government as a response to the COVID-19 lockdown for which the Council receives full compensation (see paragraph 5.4.7 below). The Council will hold the funding it receives in excess of expectations in the 2020/21 budget in its General Fund reserves to meet this part of the deficit in 2021/22. The second part of the deficit are losses generated by other issues arising from the coronavirus crisis, such as delayed development leading to a reduction in the tax base in the city, an increased demand for Empty Rate Relief and increased levels of bad debt. Initially the Government announced they would require billing authorities to spread the cost of this part of the deficit, or, as termed in law, 'the exceptional balance' over three years and Regulations have been made defining what costs can be spread. The exceptional balance in Leeds is projected to be £26.69m and it is therefore possible to credit an adjustment of £17.79m to the calculation of income available to the proposed budget. This leaves net income of £59.5m which contributes to the Council's net revenue budget.
- 4.2.5. Subsequently, at the Spending Review 2020, the Government announced that 'irrecoverable losses' caused by shortfalls in business rates and council tax income, which have to be met from council's budgets in 2021/22 and subsequent years, would be compensated for at 75%. As yet there is no definition of irrecoverable losses. It is assumed in this proposed budget that the 'exceptional balance' will be classed as irrecoverable losses and the compensation will be spread over three years also. As a result it is estimated Leeds will receive a general fund grant of £6.67m in 2021/22, however, as a general fund grant, this compensation will not affect Leeds' net revenue budget. The total estimated compensation that Leeds will

receive over the three years that the exceptional balance will have to be paid back to the collection fund is estimated to be £20.0m.

Table 3 – Rateable Value in Leeds and Business Rates Income Generated

	£
Rateable Value in Leeds projected to 31 March 2021	912.27
multiplied by business rates multiplier	0.499
Gross business rates based on projected rateable value	455.22
Estimated Growth	0.00
equals gross business rates to be collected in Leeds	455.22
less: -	
Mandatory Reliefs	-78.89
Discretionary Reliefs	-9.37
Transitional Adjustments (year 4)	0.00
equals net business rates paid by ratepayers	366.96
less adjustments for: -	
Bad debts and appeals	-26.34
Cost of collection	-1.26
Projected Enterprise Zone and renewable energy projects yield	-2.66
Transitional Adjustments repaid to Government	0.00
equals non-domestic rating income in Leeds	336.69
Split into shares: -	
Leeds City Council (49%)	164.98
<i>West Yorkshire Fire Authority (1%)</i>	<i>3.37</i>
<i>Central Government (50%)</i>	<i>168.35</i>
less deductions from operation of business rates retention scheme: -	
Leeds City Council's tariff from Local Government Finance Settlement	-14.36
Leeds City Council's share of deficit from 2020-21	-108.96
Adjustment for spreading the 'exceptional deficit' over 3 years	17.79
Leeds City Council 's 2021-22 income from business rates	59.45

- 4.2.6. As shown above, business rates income is shared between local and central government. Under the 50% Business Rates Retention scheme local authorities experiencing business rates growth are able to retain 49% of that growth locally, but also bear 49% of the risk if business rates fall or fail to keep pace with inflation, although a safety-net mechanism is in place to limit losses in year.
- 4.2.7. In particular, BRR exposes local authorities to risk from reductions in rateable values. The system allows appeals if ratepayers think rateable values have been wrongly assessed or that local circumstances have changed. One major issue is that successful appeals are usually backdated to the start of the relevant valuation list, which means that for every £1 of rateable value lost on the 2010 list growth of £6 would be necessary to fund the cost. At the end of October 2020 there were around 800 outstanding appeals against the 2010 ratings list in Leeds.
- 4.2.8. Until the beginning of 2020/21 and the introduction of nationwide restrictions across the UK, the 2017 ratings list was proving to be less susceptible to challenge than the previous 2010 list. The 2010 list was based on rental values in 2008, just before the 'financial & economic crisis' but came into effect after that crisis, when property values had greatly

reduced. Appeals submitted against the new 2017 list can only be backdated to 1st April 2017, and, together with the impact of the new 'check, challenge, appeal' appeals process, which was also introduced on 1st April 2017, had appeared to reduce business rate appeals and volatility going forward. However, following the introduction of national restrictions in response to the coronavirus crisis, the number of checks submitted to the Valuation Office Agency, the first stage in the new appeals system, rose from an average of 150 per month to, during the months of May, June and July 2020, over 1,000 per month. The check stage has strict deadlines and most of these checks were determined without a reduction to rateable value, however a significant number (357 by the end of October 2020) have returned to the system as challenges, the second stage of the new appeals process, and cite the first day of the lockdown as the date from which they seek a reduction. It is unclear how successful these challenges will be. It is also too early in the process to ascertain whether these challenges will eventually become appeals, before the Valuation Tribunal the final stage of the appeals process.

- 4.2.9. Since 2013/14 the total amount repaid by way of business rate appeals is £168.9m, at a cost to the Council's general fund of £88.4m. The provision for business rate appeals within the collection fund has been reviewed and recalculated to recognise new appeals and the settlement of existing appeals, and the 2021/22 proposed budget provides for an additional £5.5m contribution from the general fund to fund this provision.

4.3. **Small Business Rates Relief and other mandatory reliefs**

- 4.3.1. From April 2017, Government increased the rateable value threshold for small businesses from £6,000 to £12,000 and the threshold above which businesses pay the higher national business rates multiplier from £18,000 to £51,000. As a result an additional 3,300 small businesses in Leeds immediately paid no business rates at all. Even before the introduction of 100% relief for businesses across the leisure, retail and childcare sectors, in total almost 12,600, about 30%, of business properties in Leeds paid no business rates in 2020/21. Of these businesses just over 9,600 receive 100% Small Business Rates Relief. Whilst Small Business Rates Relief and other threshold changes reduce the business rates income available to Leeds, the Authority recovers 69.1% of the cost of the relief through Government grant. A fixed grant of £0.8m is paid by the Government for the changes to the multiplier threshold and a further £8.7m is recovered through the ratepayers in more valuable properties who still pay rates based on the higher business rates multiplier. The overall proportion any individual authority recovers depends on the mix of large and small businesses in that area.
- 4.3.2. Unlike Small Business Rates Relief, in 2021/22 Leeds will bear 49% of the cost of other mandatory business rate reliefs such as mandatory charity relief and empty rate relief, but has no control over entitlement and no powers to deal with their use in business rates avoidance. Costs of mandatory reliefs have increased significantly since the introduction of

BRR, further reducing Leeds's retained business rates income: in real terms mandatory charity relief alone has increased by almost 30%, from approximately £22.6m in 2012/13 to a projected £28.2m in 2020/21 costing the Council an estimated £2.7m more in lost income under 49% retention in 2020/21.

- 4.3.3. In the Autumn Budget 2018 the Chancellor announced new business rates reliefs for small retail businesses, particularly focussing on the High Street. Eligible businesses with a rateable value of less than £51,000 were to receive a reduction in their liability for business rates of a third in 2019/20 and 2020/21. However in the Autumn Budget 2019 the Chancellor announced that small retail businesses would see this relief increased from one third to one half of their business rates liability in 2020/21 and Leeds City Council prepared its Budget accordingly. After the Council's 2020/21 Budget was adopted and following the announcement of the national lockdown in response to the COVID-19 outbreak in the UK in March 2020, it was announced that all leisure, retail and childcare businesses would receive 100% relief against their business rates. It is assumed in these proposals that the expanded 100% reliefs will not be continued into 2021/22, although the 50% relief for retail establishments with a rateable value of less than £51,000 will continue into 2021/22 and Local Authorities will be fully compensated for the cost. It is also assumed that local newspaper offices will continue to receive a £1,500 reduction for a further year and that public lavatories will receive a new statutory 100% relief against business rates. Local authorities receive a government grant to compensate them for any resultant loss of income. The Government has stated in the 2020 Spending Review that it was considering the future of business rates reliefs and how they could be used to 'best meet the evolving challenges presented by COVID-19' and would outline plans in the New Year.

4.4. **Business Rate Retention and the Proposed Budget**

- 4.4.1. In terms of the proposals in this proposed budget, it is estimated that the local share of business rates funding in 2021/22 will be £165.0m, as set out in Table 3 above. As per Table 4 below, the proposed budget recognises business rate decline below the baseline of £7.81m, a decrease of £18.69m from the 2020/21 budget. This is a significant decline in the city's locally generated revenue below the baseline (4.7%) largely caused by the COVID-19. The elements of this decline are set out in paragraphs below.

Table 4 – Business Rates, Estimated Growth/(Decline) to the Baseline

	2020/21	2021/22	Change
	£m	£m	£m
Business rates local share	183.66	164.98	(18.69)
Less: business rates baseline	172.79	172.79	0.00
Growth above baseline	10.87	(7.81)	(18.69)

4.4.2. Table 5 sets out the main changes in business rates income that results in this £18.7m decline in growth above the baseline. The single largest element (£-10.8m) is the decline in the tax base that has occurred since the 2020/21 budget caused mainly by the postponement or cancelling of development in the city which normally replaces buildings that are taken out of rating. An increase in the requirement for provisions for bad debt (£4.5m) in 2021/22 is also assumed in anticipation of the financial difficulties businesses will have in the wake of the public health crisis. It is expected that this cost will gradually improve in the subsequent four years back to more normal levels. An increase in demand for Empty Rate Relief (£3.6m) is also assumed as buildings become empty more often during an economic crisis. It is also expected that this cost will improve in the subsequent four years. Since the 2020/21 budget an increase in applications for Small Business Rates Relief (£1.3m) has also been noted as this relief was a condition for certain kinds of support for businesses during the national restrictions. As universal reliefs were offered to businesses in 2020/21 the Council saw a reduction in demand for other specific reliefs that explain most of the other changes in the tax base (£1.5m) that marginally net off the changes in growth above baseline between the budgets of 2020/21 and 2021/22.

4.4.3. It is not expected that the tax base will start to grow again until 2022/23, when it is hoped development will start again slowly and increase in pace slowly during the subsequent three years returning to almost normal levels in 2025/26.

Table 5 – Changes in Growth above the baseline between the 2020/21 and 2021/22 Budgets and subsequently

	2021/22	2022/23	2023/24	2024/25	2025/26
	Indicative	Indicative	Indicative	Indicative	Indicative
Leeds share of growth above the baseline	49%	49%	74%	74%	74%
Growth above baseline assumed previous year (£m)	10.9	-7.8	-6.8	-4.4	1.4
Adjustment due to introduction of 75% retention	0.0	0.0	-3.5	0.0	0.0
Reduction in current taxbase in 2020/21 (£m)	-10.8	0.0	0.0	0.0	0.0
Change in cost of bad debt provisions (£m)	-4.5	1.1	1.7	1.8	1.8
Change in cost of empty rate relief (£m)	-3.6	-0.7	2.5	1.2	0.9
Change in cost of Small Business Rates Relief (£m)	-1.3	0.0	0.0	0.0	0.0
In-year growth of business rates yield (£m)	0.0	0.6	1.9	2.9	4.0
Other changes in the tax base (£m)	1.5	-0.1	-0.2	-0.1	0.0
Growth above baseline assumed current year (£m)	-7.8	-6.8	-4.4	1.4	8.1

4.4.4. The £165.0m local share of business rates funding is then reduced by a £14.4m tariff payment and £109.0m deficit on the collection fund to reduce the funding available to the Council to £41.7m. However the Government has instructed local authorities that the portion of the deficit that has been created by factors other than the reliefs provided by Government to businesses in the retail, leisure and childcare sectors must be spread over three years. Therefore a credit of £17.8m is assumed to be applied to the 2021/22 budget to give the £59.4m estimated business rates funding shown in Table 6 below.

4.4.5. Comparing the £59.4m of business rates funding against the £158.4m business rates baseline (Government's assessment of what it expects a local authority to collect before any local growth is taken into account) produces a deficit of £99.0m which is a £104.3m net deterioration against the budgeted surplus in the 2020/21 financial year. This is a dramatic deterioration compared to the 2020/21 budget, however contained within this £104.6m is a net increase of £79.9m in reliefs provided to businesses covered by the Government's financial assistance to the retail, leisure and childcare sectors, for which the Council received compensation in 2020/21. Once this is netted off against a loss of £4.3m in reduced compensation for historic capping of the Small Business Rates multiplier, it is proposed a reserve of £75.6m be created from the additional funding to help meet the cost of the deficit brought forward to 2021/22. Applying this reserve to the General Fund means that the net impact of business rates retention on the General Fund in 2021/22 will be a reduction in income of £28.7m.

Table 6 – Business Rates Retention 2020/21 & 2021/22

	2020/21 £m	2021/22 £m
Business rates baseline (including tariff)	158.4	158.4
Projected growth above the baseline to March	8.3	(7.8)
Estimated growth in the year	2.5	0.0
Total estimated growth	10.9	(7.8)
Estimated provision for appeals	(5.9)	(5.5)
Additional cost of transitional arrangements and provision for bad debts	0.4	(9.2)
Expanded Retail, Leisure and Childcare Reliefs		(79.9)
Decline in taxbase/increase in Empty Rate Relief and SBRR		(14.4)
Estimated total year-end Collection Fund deficit (Leeds Share)	(5.5)	(109.0)
Adjustment for spreading of deficit over 3 years		17.8
Estimated Business Rates Funding	163.8	59.4
Increase/(reduction) against the Business Rates baseline	5.3	(99.0)
Business Rates Retention - Impact on General Fund Income		(104.3)
Application of the reserve of the additional funding for 2020/21 reliefs		75.6
Net impact of Business Rates Retention on the 2021/22 General Fund		(28.7)

4.4.6. In 2020/21 the Council is a member of the North & West Yorkshire Business Rates Pool, with 50% business rates retention. The Council has submitted an application on behalf of Leeds City Region Authorities to form a 50% retention Business Rates Pool in 2021/22, with a view to retaining levy payments in the region that would otherwise be paid to central government. Leeds City Council expect to hear whether this application is successful at the provisional Local Government Financial Settlement. Paragraph 4.5 of this proposed budget report gives more detail on 50% retention and pooling in the region.

4.5. **Leeds City Region application to pool 50% Business Rate Retention**

- 4.5.1. In December 2019, Government announced that a joint North and West Yorkshire Business Rates Pool application to pool 50% Business Rates Retention in 2020/21 had been successful. The North and West Yorkshire Pool (NWX Pool) was established on the 1st April 2020.
- 4.5.2. North and West Yorkshire had previously successfully applied to pilot 75% Business Rates Retention in 2019/20. This was for one year only and during the announcement of the Spending Review 2019, the Chancellor of the Exchequer clarified that the introduction of 75% Business Rates Retention nationally would be delayed by a year to 2021/22. We now assume this will be delayed further to 2023/24.
- 4.5.3. Following this announcement authorities in North and West Yorkshire decided to remain in a pooling relationship (albeit with one less member) and have continued to work together in 2020/21. However, the onset of the current Covid-19 has significantly affected the business rates of the Pool members and the decision has been taken to revoke this Pool from 31st March 2021.
- 4.5.4. Following discussions within Leeds City Region authorities, the following have agreed to submit an application for a business rates pool in 2021/22: Bradford, Calderdale, Harrogate, Kirklees, Leeds, Wakefield and York. Due to the legislation surrounding the designation of business rates pools, this process included requesting the revocation of the existing 2020/21 North and West Yorkshire Pool and the designation of a new Leeds City Region Pool for 2021/22. This application was submitted on the 22nd October 2020 and we expect to be informed as to whether it has been successful at the provisional financial settlement.
- 4.5.5. Under the 50% scheme the advantage of forming a business rate pool will only be the retention of levy payments within the region that would otherwise have to be made to central government. Whilst this is significantly below the financial gain from 75% retention, we estimate the gains to the region would be around £4.8 million if such a pool was granted. Leeds City Council's financial commitment would be in the region of £2.1m, whether as a levy to the Pool or to Central Government. This proposed budget recognises that Leeds City Council will be required to make a levy payment in 2021/22.
- 4.5.6. The application itself is not binding. Any member of the proposed pilot Pool will still be able to withdraw during the statutory 28 day window after Government designates the new pilot Pool, as set out in the Local Government Finance Act 2012. It must be noted however that, should any member withdraw, not only would the pilot Pool be revoked but there would be no opportunity to fall back on existing pooling arrangements.
- 4.5.7. This report asks Executive Board to agree that, should the application for a business rates pool at 50% retention be successful, Leeds should become

a member of this new Business Rates Pool and should act as lead authority for it. Notwithstanding this decision, the continuation of the Pool will be dependent upon none of the other member authorities choosing to withdraw within the statutory period after designation.

4.6. Council Tax

4.6.1. The 2020/21 budget was supported by a 3.99% increase in the level of council tax, 2% of which was attributable to the adult social care precept. Leeds council tax remains the 2nd lowest of the English core cities and mid-point of the West Yorkshire districts, as detailed in Table 7.

4.6.2. Government provided funding for the on-going effect of previous council tax freezes up to 2015/16. The Council accepted council tax freeze grant for the years 2011/12 to 2013/14. As a result government funding of £9.4m was built into the Council's 2015/16 Settlement Funding Assessment, which persists into the projected 2021/22 Settlement Funding Assessment, as shown in Table 2 above.

Table 7 – 2020/21 Council Tax Levels (Figures include Police and Fire Precepts)

Core Cities	Band D £:p	West Yorkshire Districts	Band D £:p
Nottingham	2,118.99	Kirklees	1,831.95
Bristol	2,061.03	Calderdale	1,810.51
Liverpool	2,027.27	Leeds	1,711.15
Newcastle	1,929.24	Wakefield	1,701.82
Sheffield	1,826.47	Bradford	1,690.01
Manchester	1,724.71		
Leeds	1,711.15		
Birmingham	1,660.31		

4.6.3. The 2021/22 proposed budget recognises a projected loss of £8.2m (5,676 band D equivalent properties) due to both reductions in tax-base growth during the 2020/21 financial year and an increase in the number of Council Tax Support claimants. It also recognises a significant increase in the deficit on the collection fund of £10.0m. The £10.0m is made up of a budgeted £1.6m collection fund deficit in 2020/21 increasing to an estimated deficit on the collection fund of £11.5m in 2021/22. The £11.5m estimated deficit on the collection fund being the 2020/21 projected deficit of £19.5m, partly offset by the adjustment spreading this over three years £8.0m.

4.6.4. Under section 11B of the Local Government Finance Act 1992, from 1st April 2013 to 31st March 2019 Leeds City Council charged a 50% council tax premium on empty dwellings that have been unoccupied for more than

two years. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, which received Royal Assent on 1st November 2018, permitted councils to increase this premium on dwellings unoccupied for more than two years to 100% from 1st April 2019 and 200% from 1st April 2020 where the Act permitted that from this date the maximum premium is 200% in respect of any dwelling where the empty period is at least 5 years. Leeds City Council have previously agreed to increase the empty homes premium to 100% in 2019 for properties unoccupied for 2 years or more and 200% in 2020 for properties unoccupied for 5 years or more. Additionally, from 2021 the maximum premium is 300% in respect of any dwelling where the empty period is at least 10 years.

- 4.6.5. A final decision on whether to implement the third year of this additional premium, specifically, to charge a 300% premium on any dwelling where the empty period is at least 10 years, will be made by Full Council as part of their decision on the Council Tax base in January 2021. In addition to this, the decisions made to date do not provide for any exclusions or any scope for discretion in this matter. Proposals have been made that certain exclusions should apply and that Leeds City Council officers should be able to exercise their discretion both for both the historic EHP increases and also the potential increase of 300%. A policy will be prepared to ensure consistency of approach. The estimated Council Tax base used for these initial budget proposals does not currently assume either of these of these future proposals. Together, we assess the financial implications of the two proposals to be minimal.
- 4.6.6. Following an increase in 2019/20 Government maintained the limit of council tax increases at up to but not including 4% in 2020/21, above which a Local Authority must seek approval through a local referendum. This included the Adult Social Care precept increase. Whilst the referendum ceiling for 2021/22 has yet to be formally published, the Chancellor announced at the Spending Review 2020 that the core increase would be up to 2%. This is reflected in the proposed budget. It is therefore assumed that core council tax is increased by 1.99%, although a final decision on this matter will be taken by Full Council.
- 4.6.7. The Local Government Finance Settlement 2020/21 included an Adult Social Care (ASC) precept of 2% on top of the core principle. At the Spending Review 2020 the Chancellor also announced that authorities would be able to increase their ASC precept by up to 3%. In respect of the proposed budget for 2021/22, the proposal is that there will be an increase of 2.99%. However, as discussed at paragraph 4.7 below, other options for the ASC precept increase have been explored. As with the core increase, a final decision on this will be taken by Full Council.
- 4.6.8. The impact of the proposed core and ASC increases on the Leeds share of the Council Tax charge by band is as shown at Table 8. The Leeds Council Tax charge will be presented to the Full Council for approval in February 2021.

Table 8 – Proposed 2021/22 Leeds Council Tax

BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
1014.19	1183.23	1352.26	1521.29	1859.35	2197.42	2535.48	3042.58

- 4.6.9. Table 9 sets out the estimated total council tax income in 2021/22; recognising the £8.2m estimated decrease in the council tax base, a general £6.5m increase in the council tax rate, and a £9.8m increase due to the ASC precept. Table 9 also recognises the additional £19.5m estimated deficit on the collection fund part-offset by an £8.0m adjustment to spread the Council Tax deficit over three years.

Table 9 – Estimated Council Tax Income in 2021/22

	2020/21 Baseline	2021/22 Forecast
	£m	£m
Previous year council tax funding	316.8	333.7
Change in tax base - increase / (decrease)	4.4	(8.2)
Increase in council tax level	6.4	6.5
Adult Social Care precept	6.4	9.8
Council Tax Funding before surplus/(deficit)	334.1	341.8
Surplus/(Deficit) 2018/19	(1.1)	
Surplus/(Deficit) 2019/20	(1.6)	(1.6)
Surplus/(Deficit) 2020/21		(19.5)
Council Tax Adjustment for spreading over three years		8.0
Change in collection fund contribution - increase/(decrease)	(0.4)	(10.0)
Total - Council Tax Funding	333.7	331.8
Decrease from previous year		(1.9)

- 4.6.10. In 2020/21 the Government awarded a Hardship Fund to Billing Authorities on the basis of their share of the national caseload of working age Local Council Tax Support (LCTS) claimants, to support authorities to reduce the council tax burden for those in receipt of LCTS. The Council received £8.9m in April 2020, paid as Section 31 grant, which will be held in reserves and used to meet the element of the Council Tax deficit carried forward into 2021/22 which relates to Council tax income losses arising from reducing

the amount of Council Tax payable by LCTS recipients in 2020/21. Some of this funding is applicable to the amounts precepted by the Police and Fire Authorities. The Leeds share of this income is £7.6m.

- 4.6.11. Applying the value of this Hardship Fund to the projected deficit of £19.5m reduces this deficit to £11.9m. As with Business Rates, Government are allowing Billing Authorities to spread the deficit amount carried forward to 2021/22 over three years. This proposed budget reflects these adjustments.
- 4.6.12. Spending Review 2020 includes £762m to fund 75% of “irrecoverable loss of council tax and business rates revenues in 2020-21”. It is assumed in this proposed budget this will be paid to the Council over the same three years that the deficit on the collection fund has to be repaid. The Leeds Council Tax element of that is forecast to be £3.0m per year, making a total estimated amount of funding over the 3 years £9.0m. This funding will be receivable in Section 31 grants and will not impact the Collection Fund. It will, instead, be an adjustment to the General Fund. It is estimated this will leave £8.5m unfunded in 2021/22 which will need to be met from the 2021/22 budget.
- 4.6.13. In total the level of Council Tax receivable by the Council in 2021/22 will decrease by £1.9m when compared to that receivable in 2020/21.
- 4.6.14. The Settlement Funding Assessment includes an element to compensate parish and town councils for losses to their council tax bases arising as a result of local council tax support (LCTS). As this amount is not separately identifiable it is proposed, as in previous years, that LCTS grant should be pro-rated in line with the assumptions for Leeds’s overall change in the Settlement Funding Assessment, an increase of 0.1% for 2021/22 from £65.7k to £65.8k.

4.7. **Adult Social Care Precept**

- 4.7.1. At the Spending Review 2020, the Chancellor announced that authorities could increase the Adult Social Care precept by up to 3%. Further clarification from MHCLG confirms that this ASC precept increase could be spread over two years, 2020/21 and 2021/22, should authorities wish to do so.
- 4.7.2. The proposed budget for 2021/22 includes the Adult Social Care precept at 2.99% in 2021/22 with no increase anticipated in the following year.
- 4.7.3. However, the impact of spreading the increase across two years is explored in Table 10 below. Any move away from utilising the full 2.99% in 2021/22 would lead to a budget gap in 2021/22. Should this become the proposal, the Authority would use the Adults and Health reserve to re-balance the Council’s position in 2021/22 and further savings would have to be investigated to replace this one-off use of reserves. Full Council will formally approve any such increase for Leeds in February 2021.

- 4.7.4. A proposal to reduce the 2021/22 ASC precept and introduce a balancing increase in the following year, would reduce 2021/22 income streams as shown in Table 10 below. In 2022/23 income streams would improve to approximately the same levels that would be achieved if the full increase was applied in year 2021/22.
- 4.7.5. Table 10 also shows the impact of no ASC precept in either 2021/22 or 2022/23. As shown on the table, this would lead to a shortfall of around £9.8m. Further to this, as no balancing ASC precept increase is included in 2022/23, the contribution of Council Tax to the Net Revenue Charge continues to be eroded, by over £10m.
- 4.7.6. As noted above, the proposed budget includes an Adult Social Care precept increase of 2.99%, rounded to 3%. As outlined at Table 10, a move to reduce this proposed increase in 2021/22 would lead to a shortfall in the proposed budget position. Whilst the shortfall could be balanced through the use of the Adults and Health reserve, it should be noted that this would be a one-off use of reserves, thus reducing the amount of available reserve in future years.

Table 10 – Impact of change to existing proposal to increase ASC precept by 3.0%

Contribution of Council Tax to Net Revenue Charge based on:	2021/22 £m	2022/23 £m	Variance to 2021/22 budget proposals* £m
Full 3% precept applied in 2021/22 (as proposed in 2021/22 budget proposals)	331.82	358.06	0.00
Precept applied 2% in 2021/22 and 1% in 2022/23	328.55	358.11	3.27
Precept applied 1.5% in 2021/22 and 1.5% in 2022/23	326.93	358.15	4.89
Precept applied 1% in 2021/22 and 2% in 2022/23	325.28	358.11	6.54
No ASC precept applied in 2021/22 or in 2022/23	322.02	347.73	9.79

* Variance to be funded from A&H reserve

4.8. **The Net Revenue Budget 2021/22**

- 4.8.1. After taking into account the anticipated changes to the Settlement Funding Assessment, business rates and council tax, the Council's overall net revenue budget is anticipated to decrease by £106.1m or 20.2% from £525.7m to £419.6m, as detailed in Table 11 below and at Appendix 1. This includes significant increases in the business rates and Council tax deficits, £103.4m and £17.9m respectively, and also recognises the new government legislation allowing local authorities to spread the 2020/21 deficits in these areas over three years.

Table 11 – Estimated Net Revenue Budget 2021/22 compared to the 2020/21 Net Revenue Budget

	2020/21 £m	2021/22 £m	Change £m
Revenue Support Grant	28.2	28.4	0.2
Business Rates Baseline	158.4	158.4	0.0
Settlement Funding Assessment	186.6	186.8	0.2
Business Rates Growth	10.9	(7.8)	(18.7)
Business Rates Deficit	(5.5)	(109.0)	(103.4)
Business Rates Adjustment for spreading over three years	0.0	17.8	17.8
Council Tax (incl. Adult Social Care Precept)	335.3	343.4	8.1
Council Tax Deficit	(1.6)	(19.5)	(17.9)
Council Tax Adjustment for spreading over three years	0.0	8.0	8.0
Net Revenue Budget	525.7	419.6	(106.1)

- 4.8.2. Table 12 analyses this £106.1m estimated decrease in the net revenue budget between the Settlement Funding Assessment and locally determined funding sources.

Table 12 – Decrease in the Funding Envelope

Funding Envelope	2021/22 £m
Government Funding	
Settlement Funding Assessment	0.16
Sub-total Government Funding	0.16
Locally Determined Funding	
Council Tax (incl tax base growth)	(1.90)
Business Rates	(104.33)
Sub-total Locally Determined Funding	(106.22)
Increase/(decrease) in the Net Revenue Budget	(106.07)

- 4.8.3. The estimated decrease in the net revenue budget is largely offset by an increase in section 31 grants that will be received in the general fund. Due to the current COVID-19 situation, local authorities have noted decreases in both council tax and business rates income collected, and forecast further losses by year end. In Leeds we project this will lead to a deficit on the collection fund of £128.5m for council tax and business rates together. During 2020/21 Government announced a series of support grants for local authorities, specifically for business rates and council tax we will receive £83.2m in year, which will be taken forward into 2021/22 to part-fund the deficit position on the collection fund and reduce the impact of this on the net revenue budget. This is further referenced at paragraph 5.5.10.

5. The Proposed Budget 2021/22

- 5.1. This section provides an overview of the changes in funding, primarily specific grants (paragraph 5.5), and cost increases (paragraphs 6.1 to 6.21) which the Council is facing in 2021/22 and concludes with savings proposals (paragraphs 7.1 to 7.9) which contribute towards balancing the 2021/22 budget to the estimated available resources. Table 13 provides a high level of summary of these changes.
- 5.2. There are four categories of savings shown in Table 13:
- existing savings which are the later year effects of proposals already agreed, already included in the September Medium Term Financial Strategy,
 - further savings identified by directorates which have already been agreed by Executive Board at its meetings in September, October and November 2020 and approved for consultation,
 - additional directorate savings proposals included in this report and therefore not yet approved for consultation, and
 - further savings identified corporately.

Changes since the Medium Term Financial Strategy

- 5.3. Table 13 also shows the movement between the estimated budget gap of £118.8m for 2021/22 reported in the Medium Term Financial Strategy and the proposed budget position for 2021/22 contained in this report. Whilst Sections 5 to 7 below provide detail regarding the proposed budget position, any significant changes from the position shown in the MTFS are also referenced.
- 5.4. Each category of savings is discussed separately at paragraph 7 of this report. It is important to note that some of these savings proposals will impact on the funding assumptions and cost increases discussed in paragraphs 5 and 6. To preserve the scale of the savings identified these have not been netted off against any related funding changes or cost pressures in this report. They will, however be netted off appropriately in the final Budget report presented to this Board in February 2021. Where this treatment has a significant impact on the figures discussed in paragraphs 5 and 6 this has been explained in the narrative.

Table 13 Summary of Changes in Funding, Cost Increases and Savings Proposals in the proposed Budget 2021/22 and comparison with the position at the Medium Term Financial Strategy

	MTFS	Changes since MTFS	Proposed Budget 21/22
Funding	£m	£m	£m
Reduction in Net Revenue Charge	116.2	(10.1)	106.1
Change in contribution to/(from) General Reserve	9.0	1.9	10.9
Change in contribution to/(from) Earmarked Reserves	3.0	13.5	16.5
COVID-19 Grants	(88.5)	5.3	(83.2)
Increases in Other Specific Grant	(16.7)	(11.8)	(28.5)
Fall Out of Other Specific Grant	2.7	0.0	2.7
Other Non-Collection Fund Business Rates Movements	(0.8)	(9.9)	(10.7)
	24.9	(11.1)	13.8
Pressures			
Pay Inflation	10.1	(6.8)	3.3
General Inflation	11.4	0.1	11.5
New ELI scheme	6.3	0.5	6.8
COVID	17.3	(8.1)	9.1
Other incl. Debt	52.1	(2.1)	49.9
	97.2	(16.5)	80.7
Total Funding and Cost Pressures	122.1	(27.6)	94.5
Existing Actions to Reduce the Budget Gap	£m	£m	£m
Business As Usual	(2.6)	0.0	(2.6)
Service Delivery	(0.0)	0.0	(0.0)
Workforce	(0.5)	0.0	(0.5)
Service Delivery/Workforce	(0.2)	0.0	(0.2)
Total Existing Savings	(3.3)	0.0	(3.3)
Gap Remaining After Existing Savings	118.8	(27.6)	91.1
Additional Directorate Savings 2020			
September - November 2020			
Business As Usual	0.0	(43.5)	(43.5)
Service Reviews	0.0	(14.7)	(14.7)
December 2020			
Business As Usual	0.0	(2.9)	(2.9)
Service Reviews	0.0	(0.2)	(0.2)
Total Additional Savings	0.0	(61.3)	(61.3)
Gap Remaining After Additional Directorate Savings	118.8	(88.9)	29.8
Additional Corporate Savings 2020			
Business As Usual - Asset Sales	0.0	(20.1)	(20.1)
Business As Usual - Treasury Management Savings	0.0	(2.4)	(2.4)
Service Reviews - Organisational Change	0.0	(2.1)	(2.1)
Total Additional Savings	0.0	(24.5)	(24.5)
Gap Remaining After Additional Corporate Savings	118.8	(113.5)	5.3

5.5. **Decreases/(Increases) in Funding**

- 5.5.1. Changes in both the Settlement Funding Assessment (SFA) of (£0.2m increase) and local funding (£106.2m reduction), a net reduction of £106.1m, are detailed in sections 4.1.3, 4.4.5 and 4.6.9 respectively.
- 5.5.2. **Specific Grant Funding Changes – Adults and Health (£4.2m).** The final 2020/21 Local Government Finance Settlement confirmed Government's intention to protect all social care grants that had been receivable in 2019/20, with an additional injection of £1 billion of new Social Care grant funding in 2020/21 for adults and children's services. Leeds received £14.0m of this, using £7.5m within Adult Social Care and the balance within Children's Social Care. The roll forward of these grants was confirmed in the 2020 Spending review.
- 5.5.3. In addition the Spending review announced additional Social Care funding of £300m nationally, of which we estimate a Leeds allocation of £4.2m. Further, as discussed at paragraph 4.6.7, the Spending Review confirmed that authorities will be permitted to raise an Adult Social Care precept in 2021/22. This continues the trend in recent years whereby social care provision is increasingly funded by local taxation. The Spending Review indicated that in the longer term the Government is committed to sustainable improvement of the adult social care system, and will bring forward proposals next year.
- 5.5.4. **Specific Grant Funding Changes – Children and Families Directorate (£0.0m).** As discussed at paragraph 5.4.2, the final 2020/21 Local Government Finance Settlement confirmed the Government's intention to protect all social care grants receivable in 2019/20, with an additional injection of £1 billion of new Social Care grant funding. Of the £14m received by Leeds, £6.5m was used within Children's Social Care and the remainder in Adult Social Care. The proposed budget assumes continuation of all existing Children's Social Care grants, including the new 2020/21 Social Care grant allocation, the School Improvement Monitoring and Brokerage Grant and the Troubled Families Programme: Earned Autonomy grant. If the assumed levels of grant funding are not realised, the directorate will be required to reduce their expenditure budget accordingly. No increase in grant funding is assumed.
- 5.5.5. **Specific Grant Funding Changes – Communities and Environment £0.2m.** The Housing Benefit and Local Council Tax Support Administration Subsidy grants are anticipated to continue to reduce by £0.2m in 2021/22 and by a further £1.3m over the life of the Medium Term Financial Strategy, reflecting the continuing reductions in the national quantum of funding allocated to Local Authorities. This is an indicative assessment at this stage as the final allocations for 2021/22 will not be made until late 2020/early 2021. No other grant funding changes are assumed.

- 5.5.6. **Specific Grant Funding Changes – New Homes Bonus £2.5m**
Government introduced the New Homes Bonus in 2011 to encourage housing growth: initially councils received grant for six years for each net additional property added to the tax base each year. This grant is funded by top slicing Revenue Support Grant. In 2016/17 Government made some changes, including gradually reducing the number of years ‘legacy payments’ are receivable from six to four years and imposing a 0.4% growth baseline on new allocations before any Bonus is paid. In the Technical Consultation for the 2020/21 Local Government Finance Settlement, published in September 2019, the Government proposed that new allocations earned in 2019/20 and paid in 2020/21 would be paid in the first year but not for the following three years as would normally be the case and that there would be a consultation on the future of New Homes Bonus in the Summer of 2020. Leeds accounts for the receipt of this grant in the year in which the housing growth has taken place and therefore it was expected that in 2020/21 the element earned in 2019/20 would drop out, along with the element earned in 2016/17 which comes to the end of its legacy payments. It was also expected that no new allocation for 2020/21 could be earned in that year and the Council budgeted accordingly. However in the Spending Review 2020 the Government announced that a new allocation could be earned for 2020/21, although like 2019/20 this would not give rise to any further legacy payments. It has been estimated that this will result in a £2.2m surplus for New Homes Bonus in 2020/21. The Government also confirmed that the Government is seeking to abolish the scheme and will consult on its replacement in the summer of 2021. The uncertainty around the future of any new scheme carries the potential that the Council could experience a £2.2m deficit in 2021/22 and therefore it is proposed that the surplus from 2020/21 be held in reserve to meet any shortfall in 2021/22.
- 5.5.7. **Specific Grant Funding Changes –COVID-19 Grant (£24.3m).** At Spending Review 2020, Government announced £1.55bn of funding for additional COVID related expenditure pressures in 2021/22. The Leeds share of this is estimated to be in the region of £24.3m and is expected to be used to offset additional expenditure pressures as they occur. Further information will be received at the provisional settlement.
- 5.5.8. **Specific Grant Funding Changes – Collection Fund COVID-19 Grants (£83.2m).** Section 31 grant funding of £75.6m will be held in a reserve by the Council and carried forward to be applied to the Business Rates deficit in 2021/22. Likewise, Council Tax Hardship Grant funding of £7.6m will be held in reserves and used to meet the element of the Council Tax deficit carried forward into 2021/22 which relates to Council tax income losses arising from reducing the amount of Council Tax payable by LCTS recipients in 2020/21, as discussed at paragraph 4.6.10. It has been assumed that these are both one-off grants.

5.5.9. **Other Non-Collection Fund Business Rates and Council Tax Movements – (£10.7m)**

Section 31 grants are allocated to local authorities to compensate them for changes made by Government to the business rates system. An authority's allocation depends on the level of business rates yield in that authority's area, the extent to which it awards certain reliefs mandated by Government and its share of any losses resulting from these. In 2020/21 the Government introduced 100% relief from business rates for businesses in the retail, leisure and childcare sectors.

This proposed budget assumes this will not continue into 2021/22 and there will be a return to 50% business rates relief for small retail businesses with a rateable value of less than £51,000, as was assumed at the time of the 2020/21 budget. It is also assumed that the £1,500 relief for local newspapers will continue into 2021/22. Consequently it is assumed that local authorities will receive full compensation in the form of section 31 grant for the cost incurred in providing these reliefs. It is also assumed that the Government will continue to compensate local authorities for the loss of retained business rate income they have experienced because of historic caps applied to Small Business Rates Multiplier and that the multiplier will be frozen at the 2020/21 rate in 2021/22. It is estimated therefore that in total section 31 grants will increase by £1.0m in 2021/22 compared to the 2020/21 budget.

5.5.10. In addition to these movements in section 31 grants the Council will have to pay a levy on any growth in the total of retained business rates income and section 31 income either to the Leeds City Region Business Rates Pool or to the Government. Current estimates are that the Council will have to pay a levy payment of £2.1m in 2021/22, a reduction of £0.09m due to lower levels of estimated growth, although this assumes there will be an adjustment to the levy calculation for the 'gains' to the authority of spreading the unfunded deficit over three years. It is uncertain whether this adjustment will have to be made.

5.5.11. At the Spending Review 2020 the Chancellor announced that £762m was to be used to provide support to local authorities for 'irrecoverable losses' in business rates and council tax income experienced in 2020/21 that authorities would have to repay to the collection fund in 2021/22 and subsequent years. There was, however, no definition of 'irrecoverable losses', which will not be fully clarified until the 2021/22 Provisional Financial Settlement. The proposed budget includes an assumption that the Government will therefore provide a grant to fund 75% of the deficit generated in 2020/21 that is not funded through other sources such as the funding for COVID-19 reliefs and the council tax hardship funding. It is assumed that the Government will also spread this funding over the three years that this portion of the deficit on the collection fund has to be repaid. Current forecasts indicate that Leeds can expect £29.0m over the three years 2021/22 to 2023/24, with £9.7m being received in 2021/22, including £6.7m for the unfunded deficit generated by business rates in 2020/21 (see

section 4.2.5 above) and £3.0m for the unfunded council tax deficit (see section 4.6.12 above).

- 5.6. **Changes in contributions to/(from) the General Reserve** – the movement of £10.9m in the use of the General Reserve reflects the fallout of the £9m contribution from the Reserve to the Revenue Budget in 2020/21 and a planned contribution of £1.9m to the reserve.
- 5.7. **Changes in contributions to/(from) Earmarked Reserves** – the £16.5m change in the use of earmarked reserves largely reflects increased General Fund pressures as a consequence of the fallout of contributions from reserves in earlier years including use of Adults & Health reserves to support Post-16 provision (£2.0m), use of Better Care Fund reserves (£0.5m) and use of other Adults and Health reserves (£1.1m) which included their use to fund National Living Wage increases. There is also fallout of use of Wellbeing Reserve (£0.2m), Waste Management Reserve (£0.4m) and contributions from general balances (£0.5m) and use of contributions from the reserve to fund Schools PFI payments (£0.25m). These increased pressures are netted down by further use of the Invest to Save reserve to fund the Channel Shift programme in Revenues & Benefits (£0.05m), £0.2m in respect of Schools premature retirement costs and £2.2m fallout of the increased budget required in 2020/21 to contribute to the Insurance Reserve.
- 5.8. As detailed in paragraph 5.4.7 the Council estimates an allocation of £24.3m from the new COVID expenditure grant announced at Spending Review 2020. £8.1m of this allocation has been applied to estimated spending pressures identified in this proposed budget. The remaining £16.1m will be held in reserves and applied to any pressures arising which exceed this initial estimate. Further, the Spending Review indicated that overall additional Social Care Funding would be £2.7m lower than assumed in the Medium Term Strategy. Whilst this will be confirmed at the Provisional Settlement, the Provisional Budget assumes a release of (£2.7m) from Adults and Health reserves to fund this gap.
- 5.9. Use of Section 106 balances – Section 106 agreements (based on that section of the 1990 Town and Country Planning Act) are private agreements made between local authorities and developers and can be attached to a planning permission. Through this mechanism contributions can be sought for costs associated with providing community and social infrastructure, the need for which has arisen as a consequence of a new development taking place. Subject to satisfying any legal requirements contained in the agreement, e.g. clawback, Section 106 balances have been used to support the revenue budget. The 2021/22 provisional budget provides for fall out of previous use of £0.5m of balances, included in the overall £16.5m movement in Earmarked Reserves.

6. Projected Cost Increases

- 6.1. Table 14 below summarises the projected cost increases in the 2021/22 proposed budget.

Table 14 Cost Increases 2021/22

	2021/22
	£m
Pay - Leeds City Council	4.4
Employer's LGPS contribution	0.0
Fall-out of capitalised pension costs	(1.1)
Capitalised Pension Costs (New ELI scheme)	6.8
Wage costs - commissioned services	6.9
Inflation: General	3.5
Inflation: Electricity and Gas Tariffs	1.1
Demand and demography - Adult Social Care	7.2
Demand and demography - Children Looked After	2.2
Demand and demography - Other	0.2
Income pressures	0.5
COVID Pressures	9.1
Transforming Care Programme	1.5
Housing Benefit Overpayment income	0.6
CPM Maintenance	0.6
Town Hall Closure	0.5
Other Pressures/Savings	2.0
Debt - external interest / Minimum Revenue Provision	34.6
Cost Increases	80.7

- 6.2. **Pay Inflation** - the proposed budget allows for £4.4m of pay inflation in 2021/22. This reflects the announcement of a public sector pay freeze by Government at Spending Review 2020. The increase provides for two elements: £3.4m for the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and 1.0m to provide a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review. The details of this measure have not yet been published so the budget provided is subject to review, however the minimum £250 increase provides for a minimum pay rate of £9.56 in 2021/22, 6p above the recently announced Real Living Wage rate of £9.50. This pay inflation figure does not reflect the salary savings arising as a consequence of the new ELI scheme – these savings are captured in the Savings Proposals at section 7 of this report and detailed at Appendix 2.
- 6.3. **Employers Local Government Pensions Contributions** - The most recent actuarial valuation took place in November 2019 and this showed that the West Yorkshire Pension Fund is in a surplus position. As a result of this position, the Council was notified that the employer's contribution would reduce from 16.2% to 15.9% from the 1st April 2020 and remain unchanged for three years. The Medium Term Financial Strategy reflected

concerns that the current COVID-19 pandemic may impact the Pension Fund adversely both by affecting return on investments and by changing the profile of membership of the Fund, assuming a short term increase in the employer's contribution to 16.1% in 2021/22, falling to 16% in 2022/23 and returning to 15.9% in 2023/24. However, at the time of writing these concerns have not yet materialised so the additional costs resulting from this assumed increase have been reversed, and no increase is shown in the proposed budget. We will have an updated position from the Pension Fund prior to the Executive Board meeting in February 2021.

- 6.4. The fall out of **capitalised pension costs** associated with staff who have left the Council under the Early Leaver's Initiative (ELI) to date will save an estimated £1.1m in 2021/22.
- 6.5. The Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. It is assumed that all affected staff will exit the authority on or before 31st March 2020. As such any associated severance costs will be met in 2020/21. However, provision of £6.8m has been made in 2021/22 to meet the pension strain costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals at Section 7 of this report and detailed at Appendix 2.
- 6.6. **National Living Wage for commissioned services and the Ethical Care Charter** - in respect of services commissioned from external providers by both Adults and Health, and Children and Families directorates, provision of £6.9m has been included in this proposed budget. This is consistent with the national minimum wage assumptions for 2021/22. 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 in 2021/22 continues to consolidate this position. Section 7 of this report references a range of directorate savings proposals, detailed at Appendix 2, which includes a proposal to reduce this provision in respect of the Ethical Care Charter by £0.7m, already supported by this Board. The directorate saving is not recognised in this section of the report to avoid any double-counting. The net position will be presented in the Budget Report to be received by this Board in February 2021.
- 6.7. The increased costs associated both with paying our staff the Real Living Wage and ensuring that the services we commission pay their staff the national minimum wage has been resourced by the Council without the receipt of any additional funding from the Government.
- 6.8. The proposed budget allows for **net price inflation** of £3.5m. It provides inflation where there is a contractual commitment but anticipates that the majority of other spending budgets are cash limited. An inflationary uplift on fees and charges is assumed where they can be borne by the market. Specific energy increases for **gas and electricity** of £1.1m have been incorporated into these proposals: work continues to estimate the impact of

planned asset rationalisation and new ways of working on energy budgets and any changes will be incorporated into the final Budget report.

- 6.9. The initial budget proposals recognise the increasing **demography** and consequential **demand pressures** for services in Adults and Health and Children and Families. 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 care home placements. In addition, the Medium Term Financial 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 in this area of service is primarily a combination of increasingly complex (and costly) packages for those entering adult care, as well as meeting the costs of the increasing need for existing clients whose packages may last a lifetime. A sum of £7.2m has been built into this proposed budget for 2021/22 to deal with this demand and demographic growth.
- 6.10. Children and Families continues to face **demographic and demand pressures** reflecting relatively 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 proposed budget for 2021/22 provides £2.2m for the projected growth in the 0-19 year old population and the impact that this will have on both the Children Looked After budget and transport costs.
- 6.11. Based on **demand pressures** due to assumed housing growth, provision of £0.2m has been made for the increased disposal costs of waste to the Recycling and Energy Recovery Facility (RERF).
- 6.12. The proposed budget includes £0.5m for a number of **income variations**. Specifically £0.3m provides for a reduction in car parking income resulting from a reduction in car parking spaces in the city centre; a reduction of £0.15m reflects a shortfall in Apprentice Levy income and court fee income is projected to fall by £0.05m as a result of fewer prosecutions for non-payment of council tax.
- 6.13. Whilst the Council's 2020/21 budget has borne the brunt of the **COVID-19 pandemic**, the proposed budget for 2021/22 makes provision for a continued impact on both the Council's expenditure and loss of income into 2021/22, estimated at £9.1m, of which £2.3m relates to additional costs, mainly:
- £0.6m for increased CLA external placements,

- £0.3m to reflect assumed increase in levels of waste,
- £0.3m additional PPE and cleaning costs,
- £0.5m impact on LBS costs as a consequence of continued social distancing
- £0.4m continued impact on delivery of planned savings.

A further £6.8m of COVID-19 pressures relate to estimated income losses, largely:

- £2.1m relating to Sport and Arts and Heritage,
- £0.2m planning income
- £1.7m relating to commercial and Markets rents and advertising income
- £1.1m loss of car parking income
- £0.4m loss of income at attractions,
- £0.4m relating to cafes, shops and events, licencing and bereavement services,
- £0.3m impact on Parks operations income charged to capital schemes and the HRA,
- £0.3m court fee losses reflecting the backlog in cases.

- 6.14. As discussed in paragraph 5.7, Government has provided additional funding to meet **COVID pressures** in 2021/22. £8.1m of this funding will be applied to these estimated pressures and the balance of funding will be held in reserve to meet any pressures exceeding these estimates.
- 6.15. Section 7 of this report sets out a range of directorate savings proposals, which includes a proposal to reduce this provision by £1m, approved at the November meeting of this Board. The proposed directorate savings are not recognised in this section of the report to avoid any double-counting, and the net position will be presented in the Budget Report to be received by this Board in February 2021.
- 6.16. **Transforming Care** is a national NHS England programme designed to place people with learning difficulties and autism, currently based in a hospital setting, into the community with the right support and close to home. The net impact of this programme is anticipated to be £1.5m in 2021/22.
- 6.17. In recent years there has been a decline in the average value of **Housing Benefit overpayments** which the Council can recover and this is expected to be further impacted upon by the rollout of Universal Credit which is now live in Leeds. The net impact on the 2021/22 budget is estimated to be £0.6m.
- 6.18. Over the past few years, the **CPM maintenance** budget has overspent significantly and there has been a reliance on additional capitalisation to balance the budget. The proposal is to add £0.6m to the revenue budget to bring some stability to the revenue budget and to more accurately reflect the costs required to maintain the Council's assets. The revised budget will

be in the region of £5.6m. This will be kept under review as part of the Estate rationalisation programme. The Council has over 700 operational assets requiring maintenance, this portfolio is being reviewed as part of the Estate rationalisation programme.

- 6.19. The **Town Hall** is due to close for refurbishment from the second half of the 2021/22 financial year with an estimated net loss of income of £0.5m.
- 6.20. This proposed budget provides for a £34.6m increase in the cost of debt. Changes approved at Full Council in 2017 to previous years **Minimum Revenue Provision Policy (MRP)**, based on the fact that MRP had been overprovided for between 2008/09 and 2014/15, enabled the Council to benefit from reduced MRP payments for the three years 2017/18 to 2019/20. However from 2020/21 this position started to unwind and MRP will increase by £31.3m in 2021/22. Other Debt variations total £3.3m, and include a £5.1m increase in general debt costs and a £1.4m increase in respect of PFI lifecycle costs. However this position is netted down by £3.1m of Treasury management savings. An additional £2.4m of Treasury Management savings are included in the Corporate Savings at Section 7 and the net position will be presented in the Budget Report to be received by this Board in February 2021.
- 6.21. **Other Pressures and Savings** Other net budget pressures of £2.0m have been identified for 2021/22. These include:
- An additional £0.4m is provided for delivery of the Council's Waste Strategy and to support implementation of the waste review;
 - A combination of Microsoft encouraging organisations to move to cloud based services and the end of a three year price fix on all Microsoft product licences will require an additional payment to Microsoft of £0.3m in 2021/22;
 - £0.2m is provided for the revenue costs associated with the Flood Alleviation Scheme;
 - £0.2m is provided for the revenue costs of additional grounds maintenance associated with new capital schemes;
 - £0.2m contribution to Leeds 2023;
 - Additional resources of £0.1m will provide for additional security and cleaning in the Markets;
 - £0.1m contribution to the rent costs of the Coroners Court;
 - £0.1m for the continuation of the Mobile Refresh programme;
 - The net effect of other pressures across all Directorates is £0.4m.

7. The Budget Gap – Savings Options

Table 15 Budget Gap And Savings Options

	Proposed Budget 21/22
Total Funding and Cost Pressures	94.5
Existing Actions to Reduce the Budget Gap	£m
Business As Usual	(2.6)
Service Delivery	(0.0)
Workforce	(0.5)
Service Delivery/Workforce	(0.2)
Total Existing Savings	(3.3)
Gap Remaining After Existing Savings	91.1
Additional Directorate Savings 2020	
<i>September - November 2020</i>	
Business As Usual	(43.5)
Service Reviews	(14.7)
<i>December 2020</i>	
Business As Usual	(2.9)
Service Reviews	(0.2)
Total Additional Savings	(61.3)
Gap Remaining After Additional Directorate Savings	29.8
Additional Corporate Savings 2020	
Business As Usual - Asset Sales	(20.1)
Business As Usual - Treasury Management Savings	(2.4)
Service Reviews - Organisational Change	(2.1)
Total Additional Savings	(24.5)
Gap Remaining After Additional Corporate Savings	5.3

- 7.1. The proposed budget notes a number of savings proposals which have been previously agreed and reported as part of the 2020/21 budget process. These savings total £3.3m in 2021/22, of which £2.6m of proposals are categorised as Business as Usual and have no impact on service delivery or on the Workforce. Savings proposals totalling £0.7m are considered to have service delivery or workforce implications. In all cases these are the later year impacts of proposals that were agreed as part of the 2019/20 savings review process, with the first year incorporated into the 2020/21 budget.

Bridging the Revised Gap – the Corporate & Directorate Savings Programme

- 7.2. The Medium Term Financial Strategy 2021/22 – 2025/26 approved at September's Executive Board reported an estimated budget of £118.8m for 2021/22. Of this £118.8m, £59.7m was due to pressures identified prior to the impact of COVID-19 with the balance of £59.1m resulting from the ongoing financial impact of COVID-19.
- 7.3. In response to this financial position, in the summer of 2020 the Council established a 'Financial Challenge' programme of service reviews to identify savings to contribute towards closing the estimated 2021/22 gap. The programme aims to protect services that support the most vulnerable whilst ensuring that the council becomes more financially resilient and sustainable for the future.
- 7.4. The reviews comprise several that are cross-council and others that relate to individual services; a small number of more complex reviews have received external, independent support.
- The cross-council reviews include those relating to activities that the council has been pursuing for some time, such as a review of business administration and mail and print expenditure reduction. More recently identified reviews include reducing the wage bill, estate rationalisation (building on the long-standing changing the workplace programme), procurement and customer contact.
 - In addition to the cross-council reviews, directorates have also carried out reviews of all services, working towards an indicative target saving of 10% of gross expenditure or 20% of net expenditure for each directorate.
- 7.5. The Financial Challenge programme is being carried out across all services with a cross-council 'Silver' group set up to provide support and ensure a co-ordinated, consistent approach. Directors have carried out peer reviews of each other's emerging proposals to provide additional high support and high challenge. Scrutiny Board working groups have also considered proposals relevant to their remits that have been put forward to September, October and November Executive Board meetings.
- 7.6. The outcome from the reviews has led to a set of savings proposals which are categorised as either 'Business as Usual' (BAU) or 'Service Review' proposals:
- BAU proposals are those that do not require consultation to implement: for example, they relate to improving the efficiency of the service, are cost reduction measures with no impact on service users or, where there are budgeted staffing reductions, these are anticipated to be met through deletion of vacant posts or voluntary means, as has been collectively agreed. Where voluntary measures have a modest and/or

residual impact on the workforce, local / BAU consultation would be expected.

- Service Review proposals (some cross-council, some service-specific) are those requiring consultation: for example, the way in which a service is delivered or the level of service provided is impacted and so meaningful consultation with service users is needed; and/or the proposal relates to a significant internal restructure, requiring consultation with trade unions and staff.

7.7. The Executive Board has thus far approved three sets of savings proposals for 2021/22 through its September, October and November 2020 meetings. Combined with £0.3m savings resulting from a review of the capital programme and a reduction of 50 full-time equivalent (FTE) posts through a review of the Housing Revenue Account (both considered at September's Executive Board), these total £58.2m, with an anticipated reduction in the workforce of 816.5 FTEs. The proposals have been consulted upon with Scrutiny Boards through their public meetings in October and a series of working group meetings throughout September, October and November. Further details on this Scrutiny Board consultation thus far are provided at section 14 of this report with a summary of Scrutiny Board comments included at Appendix 3.

7.8. A further £5.2m potential savings are presented for consideration today at Appendix 4 with an anticipated reduction in the workforce of 97.5 FTE budgeted posts. If today's proposals are approved, taken together with the £58.2m proposals previously approved, the total savings proposals identified so far come to £63.4m (rounded). The total anticipated reduction in the workforce is 914 FTEs. All efforts will be made to avoid compulsory redundancies.

7.9. Should these December proposals be approved, the total savings for 2021/22 approved by this Board since September are as follows:

Table 16: Summary of 2021/22 Revenue Budget Savings Proposals Sep to Dec Executive Board

2021/22 revenue savings	£'m	£'m
Capital programme review		
September Executive Board		-0.3
Savings proposals		
September Executive Board	-32.3	
October Executive Board	-7.9	
November Executive Board	-17.6	
December Executive Board	-5.2	
		-63.1 (rounded)
TOTAL		-63.4

- 7.10. Corporate savings of £24.5m have also been identified to meet the budget gap. These include the use of £20.1m of capital receipts realised through the sale of commercial assets and £2.4m of Treasury Management savings largely as a consequence of low interest rates. Savings of £2.1m realised through a programme of organisational change are detailed further at Appendix 4 and included within the £5.4m of potential savings presented for consideration today and in Table 16.

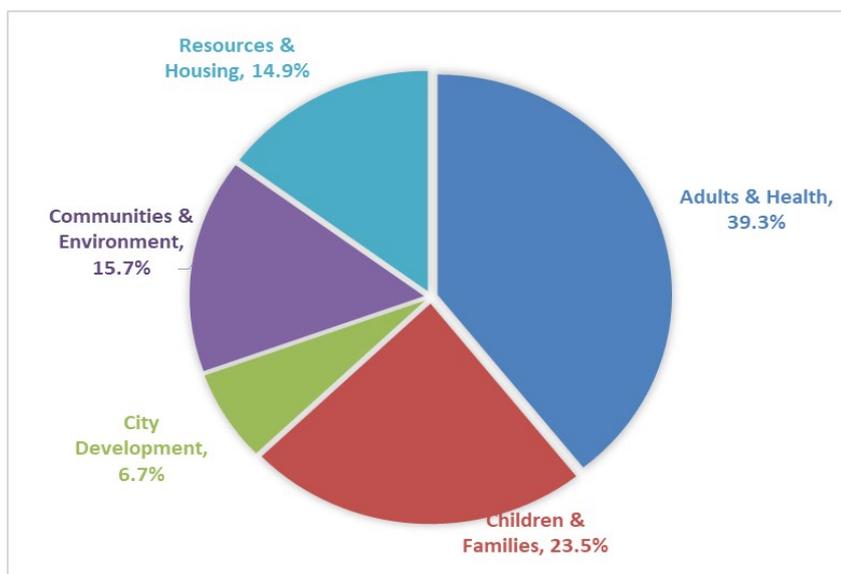
Table 17 Corporate Savings

Business As Usual - Asset Sales	(20.1)
Business As Usual - Treasury Management Savings	(2.4)
Service Reviews - Organisational Change	(2.1)
Total Additional Savings	(24.5)

Summary Budget By Directorate

- 7.10.1. The pie chart below shows the proposed share of net managed expenditure between directorates for 2021/22 based on this proposed budget.

7.10.2. **Share of Net Managed Expenditure 21/22 (Proposed Budget)**



- 7.10.3. It should be noted that these resource allocations may be subject to amendment as we move through the budget setting process. Net managed expenditure represents the budgets under the control of individual directorates and excludes items such as capital charges, pensions adjustments and allocation of support costs in directorate budgets.

8. Impact of proposals on employees

- 8.1. The Council has operated a voluntary retirement and severance scheme since 2010/11 which has already contributed significantly to the reduction in

the workforce since this time. Whilst there are other elements that will impact on the fluctuation of the workforce numbers such as natural attrition and turnover there has been an overall reduction of around 2,447 full time equivalents (fte's) or 3194 headcount up to the 30th November 2020.

- 8.2. The budget savings proposals detailed in this report (please refer to Appendix 4) result in an estimated potential reduction of **914** FTEs (this includes a potential reduction of **131** FTE posts through a review of the Housing Revenue Account). In the context of these proposed reductions we will be issuing a further section 188 in January 2021 in line with the budget settlement to ensure it reflects the budget settlement.
- 8.3. The Council remains committed to doing everything it can to try to avoid compulsory redundancies through natural turnover, continuing the voluntary early leaver scheme, staff flexibility, reviewing and reducing both agency and overtime spend and continuing the positive consultation and joint working with the trade unions.

9. **General Reserve**

- 9.1. Under the 2003 Local Government Act, the Council's Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves as a part of the annual budget setting process. It is also good practice for the Authority to have a policy on the level of its general reserve and to ensure that it is monitored and maintained.
- 9.2. The purposes of the general reserve policy are to help longer-term financial stability and mitigate the potential impact of future events or developments which may cause financial difficulty.
- 9.3. The general reserve policy encompasses an assessment of financial risks both within the Medium Term Financial Strategy and also in the annual budget. These risks should include corporate/organisation wide risks and also specific risks within individual directorate and service budgets. This analysis of risks should identify areas of the budget which may be uncertain and a quantification of each "at risk" element. This will represent the scale of any potential overspend or income shortfall and will not necessarily represent the whole of a particular budget heading. Each assessed risk will then be rated and scored in terms of impact and probability.
- 9.4. The proposed budget for 2021/22 assumes a contribution of £1.9m to the general reserve and the level of general reserves at 31st March 2022, as set out in Table 18, is projected to be £28.6m.

Table 18 - General Reserve

General Reserve	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Brought Forward 1st April	31.6	26.7	28.6	28.6
Budgeted Contribution/(Use) in-year	(10.0)	1.9	0.0	3.0
Repayment of Treasury Management Savings	1.0	0.0	0.0	0.0
Additional Contribution in-year	4.1	0.0	0.0	0.0
Carried Forward 31st March	26.7	28.6	28.6	31.6

9.5. Whilst the Council maintains a robust approach towards its management of risk and especially in the determination of the level of reserves that it maintains, it is recognised that our reserves are lower than those of other local authorities of a similar size. However the Council has made provision over the life of the Medium Term Financial Strategy to address this position while having minimum impact on front line services.

9.6. Grant Thornton have recommended that the Council “should consider the adequacy of its reserves going forward and the appropriate level of balances which should be linked to the approved Medium Term Financial Strategy (MTFS) and which should be reviewed each year.” The current MTFS approved in September 2020 by the Board provides for a £3m annual contribution to the General Reserve from 2023/24 onwards. As a result the balance on the General Reserve is projected to be £37.6m by 2025/26.

9.7. As stated above, whilst the pressures faced by the Authority continue to make the current financial climate challenging, we will continue to keep the level of the Council’s reserves under review to ensure that they are adequate to meet identified risks.

10. **Provisional Revenue Budget 2022/23 and 2023/24**

10.1. At its meeting in September 2020 Executive Board received the updated Medium Term Financial Strategy and agreed the revisions to the Council’s forecast budget gap for 2021/22 to 2025/26. The reported forecast gap was £166.3 m of which £18.7m and £25.8m related to 2022/23 and 2023/24 respectively. The report received at Executive Board in September recognised that savings would be required to be identified in order that a balanced budget position could be delivered in 2022/23 and 2023/24.

10.2. In the context of the Spending Review on 25th November and other variations identified during the determination of the proposed budget for 2021/22 (and later year impact of 21/22 savings), the financial projections for 2022/23 and 2023/24 have been refreshed to reflect these latest assumptions. However it should be stressed that under the Council’s constitution the decision to set the annual council tax base and rate of council tax can only be taken by Full Council each year and therefore the provisional budgets for 2022/23 and 2023/24 are for information only and

the decisions will continue to be made as part of the Council's annual budget setting process.

- 10.3. Our assumption is that Government will postpone the move to 75% business rate retention until 2023/24, along with the business rates revaluation and reset. Given the uncertainty about how 75% retention will impact on local authority funding, the provisional budget for 2022/23 and 2023/24 assumes that any increases in business rates income are offset by a commensurate increase in the business rate tariff paid to the Government so that there is no baseline gain. Similarly the 2022/23 and 2023/24 projection assumes that the impact of any business rates reset and the implications of the outcome of the Government's Fair Funding review, which is now expected in April 2023, is revenue neutral upon the Council with any impacts being addressed through transitional arrangements. For calculating SFA no increases have been assumed for either 2022/23 or 2023/24.
- 10.4. In the determination of the revised financial projections for both 2022/23 and 2023/24 significant areas of uncertainty remain as to the Council's financial position in respect of both funding and spending assumptions, compounded by Brexit and the ongoing impact of COVID-19. Specifically the implications of the Government's future spending plans remain unclear: the implications of implementing 75% business rate retention nationally have yet to be finalised by Government; we anticipate the outcome of the Government's own Fair Funding review won't be known until 2023/24 at the earliest; and the future funding arrangements for social care remain unknown.
- 10.5. After taking account of the funding assumptions outlined in 10.2 to 10.4 above and the variation in pressures and savings that have been identified in the determination of the 2021/22 proposed budget proposals, the provisional positions for 2022/23 and 2023/24 are detailed in Table 19.
- 10.6. As can be seen in Table 19, the estimated budget gap has increased to £55.7m in 2022/23 and to £32.4m in 2023/24. The main changes since the Medium Term Financial Strategy are as follows:
- Changes to Funding: as explained in paragraph 5.8, the Authority is making a significant one off contribution to earmarked reserves in 2021/22 which is not repeated in 2022/23, saving £16.1m. Conversely, the fallout of one-off grants received from Government at Spending Review 2020 and changes in assumption regarding future funding for Adult Social Care result in a decrease in assumed available funding of £37m in 2022/23.
 - Revised Pressures: changes in pay and pensions assumptions in 2021/22, mainly reflecting the pay 'pause' announced by Government at the Spending Review 2020 result in increased pay pressures in 2022/23 of £3.1m. Changes in assumptions around the ongoing impact of COVID in later years reduces other pressures by £8.1m.

- Revised Savings: the changes largely reflect the later year impacts of the 2021/22 savings proposals approved by Executive Board, most significantly the fallout of the one off use of the £20.1m of income generated through asset sales.

Table 19 - Provisional Revenue Budget 2022/23 and 2023/24

	2022/23	2023/24
	£m	£m
MTFS September 2020	18.7	25.8
Changes to Funding		
Net Revenue Charge Assumptions	(1.3)	0.3
Contribution to General Reserve	(1.9)	0.0
Changes in Earmarked Reserves	(13.5)	2.1
Grants	36.8	9.1
	<u>20.1</u>	<u>11.5</u>
Revised Pressures		
Pay and Pensions	3.1	(1.7)
Capitalised Pensions (ELI)	2.3	(0.7)
Debt	(0.0)	(0.0)
Other	(7.2)	1.0
	<u>(1.9)</u>	<u>(1.4)</u>
Revised Savings		
Directorate Savings	(0.9)	(4.5)
Corporate Savings	19.7	1.0
	<u>18.7</u>	<u>(3.5)</u>
Revised Gap - Provisional Budget	<u>55.7</u>	<u>32.4</u>

10.7. The position set out above contains a number of assumptions, as set out in paragraphs 10.2, 10.3 and 10.4 for which updated information would alter the projected financial position and any such changes in these assumptions will be incorporated into an updated Medium Term Financial Strategy that will be presented to a future meeting of this Board.

11. Schools Budget

11.1. The Dedicated Schools Grant (DSG) for 2021/22 is funded in four separate blocks for early years, high needs, schools and central schools services.

11.2. A new National Funding Formula (NFF) was implemented from April 2018 for high needs, schools and central schools services. The schools formula was initially a “soft” formula to allow local authorities some limited flexibility and this remains the case for 2021/22.

- 11.3. The Early Years block will fund 15 hours per week of free early education for 3 and 4 year olds and the early education of eligible vulnerable 2 year olds. There is an additional 15 hours per week provision for working families of 3 and 4 year old children. The funding hourly rate has not yet been confirmed for 2021/22, but in 2020/21 the hourly rates were £5.28 for 2 year olds and £4.89 for 3 and 4 year olds. The grant received will continue to be based on participation. The actual grant received during 2021/22 depends on pupil numbers in the 2021 and 2022 January censuses. The early years pupil premium is also included in this block and is payable to providers for eligible 3 and 4 year olds. The hourly rate for 2021/22 for this element has also not yet been announced but was £0.53 per hour for 2020/21. In addition, there is a Disability Access Fund which was £615 per eligible child per year in 2020/21. The grant value shown below is based on the actual pupil numbers in January 2020.
- 11.4. The High Needs Block supports places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEN support and hospital & home education. An indicative allocation under the NFF calculation has been published though the final allocation will not be issued until December 2020. The value in table 17 is before any deductions are made by the Education and Skills Funding agency (ESFA) in respect of funding for academies, free schools and post 16 places. The High Needs Block is facing a number of financial pressures nationally and in recognition of this the national allocation has increased again for 2021/22. For Leeds the indicative allocation is an increase of £11.5m for 2021/22 although there is still a cap on gains within the national funding formula and this has been applied to the funding allocation to Leeds to the value of £3.9m. Despite the increase in funding for 2021/22 the anticipated increase in special school places and pupils eligible for additional top-up funding means that there is expected to be on going funding pressures for the High Needs Block which will need managing within the overall available funding. As part of managing the funding pressures it is proposed to transfer funding from the Schools Block as outlined below.
- 11.5. The Schools Block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11. The grant for 2021/22 will be based on pupil numbers (including those in academies and free schools) as at October 2020. The pupil numbers from this census are not yet available. Schools have been consulted on options for the local formula in 2021/22 and on proposals to transfer funding to the High Needs Block. The results of the consultation have been presented to Schools Forum to enable further discussion with a final decision being made by the Director of Children and Families in early 2021. As part of the consultation a majority of schools which responded supported a proposal to transfer 0.5% (approximately £2.835m) from the Schools Block to the High Needs Block. At the Schools Forum meeting on the 19th November Schools Forum approved this transfer. The majority of schools who responded to the consultation also

supported a proposal for maintained schools to contribute funding of £150k towards severance costs. Schools Forum also approved this contribution.

- 11.6. As part of the NFF, the Central School Services block (CSSB) was created from the DSG funding that is held by the local authority for central services. This includes the funding which was previously delivered through the retained duties element of the ESG along with ongoing responsibilities and historic commitments. A draft allocation under the NFF calculation has been published, though the final allocation will not be issued until December 2020. The funding for the historic commitments element has been reduced by 20% in 2021/22. However, it is anticipated that due to the fall out of expenditure there will be enough funding available to meet commitments.
- 11.7. At the end of 2020/21 it is projected that there will be a deficit balance of £5.96m on DSG compared to a deficit balance of £3.23m at the end of 2019/20. The deficit balance will be carried forward into 2021/22 and proposals to address the deficit will need to be incorporated into the medium term financial plan for the High Needs Block and DSG funding. The conditions of grant for the Dedicated Schools Grant requires that any local authority with an overall deficit on its DSG account at the end of 2019/20 financial year must be able to present a plan to the DfE for managing their future DSG spend. Work is ongoing to produce a plan which will be regularly updated and presented to Schools Forum.
- 11.8. Funding for post-16 provision is allocated by the ESFA. Funding for high need post-16 pupils is no longer to be part of this grant and is now included in the DSG High Needs Block totals. Funding for 2021/22 will be based on 2020/21 lagged student numbers.
- 11.9. Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to year 11 pupils on the school's roll in January each year. The rates for 2021/22 have not yet been confirmed but are expected to remain at: primary £1,345, secondary £955, for each pupil registered as eligible for free school meals (FSM) at any point in the last 6 years and £310 for children of service families. The pupil premium rate for children looked after and children who have ceased to be looked after by a local authority because of adoption, a special guardianship order, a child arrangements order or a residence order is also expected to remain the same at £2,345.
- 11.10. The Primary PE grant will be paid in the 2020/21 academic year to all primary schools at a rate of £16,000 plus £10 per pupil. It is expected that these rates will remain the same for 2021/22.
- 11.11. The Year 7 catch up grant has been discontinued in 2020/21, and the amount has been included within the Coronavirus catch up premium for 2020/21. For future years the introduction of the National Funding Formula provides for schools to attract low prior attainment funding for pupils in year

7 to 11 with lower attainment who need support to catch up. As a result, the year 7 catch up grant will no longer be made available.

- 11.12. A grant for the universal provision of free school meals for all pupils in reception, year 1 and year 2 was introduced in September 2014. Funding for the 2020/21 academic year is based on a rate of £2.34 per meal taken by eligible pupils, giving an annual value of £444.60. Data from the October and January censuses will be used to calculate the allocations for the academic year.
- 11.13. Funding for the additional teachers' pay costs from 1st September 2018 and September 2019 will now be paid to schools and high needs settings through the National Funding Formula (NFF) instead of being paid as separate grants. Only mainstream academies will continue to receive the teachers' pay grant for April to August 2021, as they will not receive their 2021/22 NFF allocations until September 2021.
- 11.14. A further grant in relation to additional costs incurred in respect of increases in the teacher's pension scheme from September 2019 will also now be paid to schools and high needs settings through the National Funding Formula (NFF) instead of being paid as separate grants. Only mainstream academies will continue to receive the teachers' pension grant for April to August 2021, as they will not receive their 2021/22 NFF allocations until September 2021.
- 11.15. The Government has announced £1 billion of funding to support children and young people to catch up following the disruption as a result of coronavirus (COVID-19). This is made up of 2 elements:
- A one-off universal £650 million catch-up premium for the 2020 to 2021 academic year. Schools allocations will be calculated on a per pupil basis with each mainstream school receiving £80 for each pupil in years reception to 11. Special, alternative provision and hospital schools will receive £240 per place.
 - A £350 million National Tutoring Programme (NTP) to provide additional, targeted support for those children and young people who need the most help. This element will not result in any additional funding for schools.

The amounts in Table 20 are the provisional allocations based on the October 2019 census. The final grant will be based on the October 2020 census.

11.16. Schools funding summary

Table 20 – the Estimated Schools Budget

	2020/21 Current £m	2021/22 Estimate £m	Change £m
DSG - Schools Block	551.64	590.21	38.57
DSG - Central Schools Services Block	5.07	4.90	-0.17
DSG - High Needs Block	85.88	97.34	11.46
DSG - Early Years Block	58.69	60.18	1.49
ESFA Post 16 Funding	27.22	28.22	1.00
Pupil Premium Grant	43.45	43.45	0.00
PE & Sports Grant	4.33	4.33	0.00
Year 7 Catch-up Grant	0.00	0.00	0.00
Universal Infant Free School Meals Grant	9.54	9.55	0.01
Teachers Pay Grant	7.40	1.32	-6.08
Teachers Pension Grant	21.04	3.78	-17.26
Coronavirus Catch Up Grant	5.54	3.96	-1.58
	<u>819.80</u>	<u>843.28</u>	<u>29.02</u>

12. Housing Revenue Account

12.1. The Housing Revenue Account (HRA) includes all expenditure and income incurred in managing the Council's housing stock and, in accordance with Government legislation, operates as a ring fenced account. The key movements in 2021/22 are detailed in Table 21 below.

Income

12.2. In 2019, the Government confirmed a return to allowing up to a CPI+1% rent increase for five years from 2020/21. An increase in accordance with the Government's rent formula of CPI (0.5% as at September 2020) +1% is therefore proposed. This overall 1.5% rise equates to approximately £3.1m in additional rental income.

12.3. A reduction in the qualifying period after which tenants are able to submit an application to purchase a council house through the Government's Right to Buy (RTB) legislation continues to sustain an increase in the number of sales with a subsequent reduction in the amount of rent receivable. Based on latest sales, a further 610 sales are forecast in 2021/22. The impact of these RTB sales, along with other stock reductions in year for demolitions, (partly offset by an anticipated additional 44 stock through the Right of First Refusal process, 84 new build and 21 off the shelf homes), will cost the

HRA around £2m in lost rental income in 2021/22. Therefore the total net expected increase in rental income is approximately £1.1m.

- 12.4. Tenants in multi storey flats and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts. It is proposed to increase these charges by an inflationary increase of RPI of 1.1%. In 2021/22 this will generate an additional £48k compared to 2020/21.
- 12.5. It is proposed to increase garage rental rates by RPI of 1.1%.
- 12.6. Currently tenants in sheltered accommodation receiving a support service are charged £14.71 per week for this service. This charge is eligible for Housing Benefit. In 2016/17 a nominal charge of £2 per week was introduced for those tenants who benefited from the service but did not pay. This was increased to £4 a week in 2017/18, £6 in 2018/19, £8 in 2019/20 and £10 in 2020/21 and it is proposed to continue to increase this charge by a further £2 per week in 2021/22 to £12 per week. A review of the Sheltered Charge has been undertaken for 2021/22 to take into account pay award and other cost changes. The sheltered charge full cost is £15.14 per week and is eligible for Housing Benefit.
- 12.7. It is also proposed to introduce a charge for Retirement Life schemes for the provision of additional services linked to communal areas e.g. heating, laundry facilities, furniture and carpets and for communal facilities where they are within a standalone community centre. This would generate £165k of additional income.
- 12.8. An analysis of the impact on tenants of increasing rents by 1.5% and implementing the proposed charges outlined above has been undertaken. These figures are based on average rents for different categories of tenants as individual levels will vary.
- 12.9. With a return to a rental increase of CPI+1, all tenants will pay more in 2021/22 than in 2020/21 as outlined in Table 21 below. The 2.23% of tenants whose average weekly increase is the highest relates to tenants who are self-payers in Sheltered Accommodation. These tenants would have faced between £3.07 and £4.54 per week average increase, however it is proposed to cap any overall increase to £3.25 per week

Table 21 – Average rental increase per week 2021/22

% of Tenants	Numbers of Tenants	Average Increase £/per week
89.27	48,667	1.01-1.20
8.50	4,634	1.21-1.99
2.23	1,216	3.07-3.25

These increases will be funded through Housing Benefit for eligible tenants

or tenants eligible for Universal Credit (UC) will receive payments for this increase. Approximately 42% of tenants are in receipt of Housing Benefit with a further 21% in receipt of UC, a total of 63%. For those in Sheltered Accommodation, this figure rises to 70%.

Expenditure

- 12.10. With total budgeted income only forecast to increase by around £1.0m, there is a need to review all lines of expenditure in the account to bring the budget into balance.
- 12.11. It is proposed to reduce the staffing budget by 81 FTE through a combination of staff reductions through the Council's ELI scheme, a review of long term budgeted vacant posts, and a review of staffing levels in light of the anticipated benefit realisation of the Housing Management ICT system and the continued stock reduction.
- 12.12. In line with the announcement in the Chancellor's Spending Review, the proposed staffing budget assumes a 'pay pause' for 2021/22. However, posts below a £24k salary are budgeted with a £250 increase. The impact of the additional 0.75% pay award for 2020-21 has been budgeted for.
- 12.13. A number of posts have been deleted as a result of both the Council wide Early Leavers Initiative and as a result of deleting vacant posts resulting in a net saving of £2.17m in staff costs after taking account of the pension strain associated with allowing employees to leave under ELI.
- 12.14. In addition, £0.73m has been saved by absorbing the work protocols of the Enhanced Income Team into the mainstream Housing Officer roles a year earlier than planned. As a number of vacant posts have been deleted, the current vacancy factor has been reduced from 6% to 5% at a cost of £0.3m. The overall year-to-year budget saving on employee costs is approximately £1.5m.
- 12.15. The repairs to dwellings budget has initially been increased in line with inflation, but adjusted to reflect an anticipated reduction of 1% in housing stock as a result of Right to Buy. The proposed budget for 2021/22 is therefore a £228k reduction to £44.9m.
- 12.16. A 25% reduction on the transport budget has been applied as increased home working is anticipated to lead to reduced travel costs.
- 12.17. The provision for doubtful debt budget is proposed to be increased by £207k to reflect the ongoing uncertainty in the economy which may impact on the level of tenant rent collected. This is to be kept under constant review.
- 12.18. The proposed management fee payable to Belle Isle Tenant Management Organisation (BITMO) is a reduction of £95k to £3.148m to reflect the

approach to changes within the staffing and repairs budgets within Housing Leeds as outlined above. The BITMO management fee is adjusted each year by an agreed formula.

- 12.19. 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. The costs associated with servicing the HRA's borrowing include the planned increase in borrowing to support the £337m Council's Housing Growth programme which will see 84 new build, 21 off the shelf and 44 homes through the Right of First refusal process delivered in 2021/22. However the overall cost of borrowing is anticipated to fall slightly as a result of lower interest costs.
- 12.20. Even though the net stock numbers are decreasing, the Council aims to maintain a consistent level of investment in the HRA capital programme. This will help ensure the overall condition of the stock is improved. The total draft capital programme for the HRA remains at around £80m in 2021/22. Most of the £80m is provided for by the revenue budget. The revenue contribution to the capital programme required in 2021/22 is £61.5m, an increase of £1m as the 2020/21 budget made greater use of carry forward of Major Repairs Reserve and other capital funding.
- 12.21. The 2020/21 revenue budget was also underpinned by the use of £1.19m of reserves. As these can only be used once, the budgets they supported are proposed to be funded by HRA base funding in 2021/22.
- 12.22. Provision will be made for costs and inflationary uplifts for the PFI contractor and contributions to the Private Finance Initiative sinking fund of an increase £0.516m within the agreed model.
- 12.23. A combination of efficiencies are proposed to balance the 2021/22 budget including reviewing the level of all line by line expenditure within the HRA of £250k.
- 12.24. It is proposed to reduce the Housing Advisory Panel budgets by 10% from £450k to £405k.

Table 22 – Housing Revenue Account Pressures and Savings

<u>HRA 2021/2022 Proposed Budget</u>	<u>£m</u>
Income	
Rental Increase - as per Formula (1.5%)	(3.11)
Reduction in rental income due to stock reduction	2.02
Increase in service charges (Includes £2/week Sheltered Support)	(0.44)
Review of staff charges to capital	0.38
External Income	0.20
Total	(0.95)
	<u>£m</u>
Expenditure	
Pay pressures (0.75% FYE + £250 less than £24k)	0.69
Price pressures (CPI) inc PFI contract	0.74
Staffing Restructure / ELI savings	(2.17)
Repairs (Stock adjustment)	(0.45)
Review of Running cost budgets	(0.25)
Change in provisions for Doubtful debt	0.21
Payments to BITMO	(0.09)
10% Reduction in HAP Budget	(0.05)
RCCO and Financing	1.13
One off use of Reserves 20/21	1.19
Total	0.95

13. Capital Programme

- 13.1. In recognising the financial challenges that the Council is facing the Council has undertaken a review of the capital programme. Committed schemes have progressed but further capital spending has been restricted to essential health and safety work, Covid-19 related spend and schemes where the Council has received external income/grants.
- 13.2. The review established a number of principles to determine which schemes should remain. These include:
- Statutory requirement
 - Health and Safety (Immediate)
 - Fully/part funded (where funding agreements are in place)
 - Income protection
 - Future cost savings
 - Impact upon Council staffing and its trading services (e.g. Leeds Building Services) and the impact on various partnership impacts (e.g. Norfolk Property Services).

The approach to reducing borrowing has sought to reprioritise existing schemes, slip schemes and replace borrowing with external funding sources where possible.

- 13.3. The Capital Programme review is proposing that £131.5m of schemes are either stopped, reduced or delayed. This is summarised as: £81.989m deletions; £30.021m of funding swaps; and £19.511m of rephasing. Table 23 below summarises the £112m of deletions and funding swap proposals by directorate.

Table 23 – Summary scheme deletions, swaps and rephasing

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Adults and Health	-0.4	0.2	0.2	-1.8	-1.8
Children and Families	-0.3	-1.5	-21.0	-1.2	-23.9
City Development	-28.5	-35.7	11.3	-4.2	-57.1
Communities and Environment	-1.0	-3.1	-0.7	-0.7	-5.6
Resources and Housing	-7.6	-7.3	-4.0	-3.1	-22.0
Strategic Accounts	-0.8	-0.9	-0.1	0.2	-1.5
Grand Total	-38.6	-48.3	-14.4	-10.7	-112.0

- 13.4. The implementation of the proposals outlined above have been factored into the following revised capital programme.

Table 24 - Revised Capital Programme

	2020.21	2021.22	2022.23	2023.24	2024.25
Annual Programmes	65.2	62.4	55.2	46.5	46
Major Programmes	408.5	444.7	339.2	217.7	79.4
	473.7	507.1	394.4	264.2	125.4

- 13.5. The revised programme results in forecast full year savings in 2024/25. Whilst there are significant reductions in forecast borrowing in 2020/21 and 2021/22 these have been largely offset by assumed treasury borrowing slippage when setting the treasury budget in February 2020. In addition the budgeted cost of debt for new expenditure is assumed at the half year point and MRP does not become applicable until the year after the asset becomes operational.
- 13.6. The proposed budget proposals provide for a £29.5m increase in the cost of debt and capital financing for 2021/22. This assumes that the remaining borrowing is taken at an average rate of 1.50% interest for the remainder of 2020/21 and at an average of 1.75% in 2021/22. Interest rate projections will be kept under review.
- 13.7. The strategy allows for capital investment in key annual programmes, major schemes that contribute to the Best Council Plan objectives and schemes

that generate income or reduce costs. Capital investment will continue to be subject to robust business cases being reviewed and approved prior to schemes approval.

- 13.8. The Council recovers VAT on expenditure (capital and revenue) relating to the Council's statutory functions and on activities which are charged for at the standard rate of VAT. VAT incurred on expenditure relating to activities which are charged for and which are exempt from VAT is only recoverable if the amount of such VAT does not exceed 5% of the Council's total VAT on expenditure in any one year. Examples of exempt activities are sport, culture, land & property transactions, and crematoria. If the Council's VAT on expenditure relating to its exempt activities exceeds the 5% limit, all VAT on expenditure attributable to exempt activities is irrecoverable. This would create an additional cost to the Council of at least £7m. In addition, the Council would have to bring into account a proportion of any VAT incurred in the prior 10 years which was attributable to exempt activities and recovered in full at the time. Future schemes will only be allowed to progress once the full impact of the VAT implication has been assessed.
- 13.9. A capital programme update report will be presented to the Executive Board in February 2021.

14. Corporate Considerations

14.1. Consultation and Engagement

- 14.1.1. The Authority's financial strategy is driven by its ambitions and priorities as set out in the Best Council Plan. The current Best Council Plan was approved by Council in February 2020 following consultation with members and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies. These arrangements will continue to inform further updates to the Best Council Plan.
- 14.1.2. The Council's Medium Term Financial Strategy 2021/22 – 2025/26, received at Executive Board in September 2020, was informed by the public consultation exercise carried out between January and February 2020 on the Authority's 2020/21 budget proposals. Whilst the consultation covered the key 2020/21 proposals, it also incorporated questions around the ongoing principles that underlie both the Best Council Plan and the Council's financial plans and was therefore relevant to the Medium Term Financial Strategy. This supplements the ongoing process of consultation through which residents are consulted on a variety of issues throughout the year.
- 14.1.3. The same approach taken in last year's public consultation on the authority's budget proposals will be adopted again this year for the 2021/22 Budget. Recognising both the difficulties of paper-based surveys during Covid-19 and that the proportion of offline survey responses to the council's

budget consultation have been declining year-on-year, this year's consultation will again be online only. This will be carried out with: the public via the council's website, social media and the Citizens' Panel; with staff through the intranet; and with stakeholders, including representatives from the Third Sector and the Business sector. The consultation will begin once this report is initially agreed by Executive Board and run for four weeks, with findings timetabled to report findings at the following meeting, prior to finalisation of the Budget.

- 14.1.4. With regard to the individual savings proposals approved by this Board at its September, October and November meetings and put forward in today's report, both senior members and staff have been engaged in their development. Trade unions have also been informed in headline terms of emerging proposals.
- 14.1.5. Where required, further meaningful consultation and engagement has been and will be carried out with staff, trade unions, service users and the public as appropriate on the 'service review' savings proposals. Though some proposals will require a more lengthy engagement exercise, it is anticipated that the vast majority will have closed in time for the outcomes to inform the council's decision-making and be incorporated into February's Budget.
- 14.1.6. Scrutiny Boards have considered savings proposals relevant to their remits at two stages: they have reviewed proposals for September's Executive Board through both working groups and their public Scrutiny meetings in October; whilst proposals for October's and November's Executive Boards have been considered at working group meetings of each Board in November. A composite report summarising Scrutiny feedback across all working group and public sessions is included at Appendix 3.
- 14.1.7. Subject to the approval of Executive Board, this report will be submitted to Scrutiny for their consideration and review at their January meetings with the outcome of their deliberations to be reported to the planned meeting of this Board on the 10th February 2021.

14.2. **Equality and diversity / cohesion and integration**

- 14.2.1. 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.
- 14.2.2. 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.

- 14.2.3. Equality impact screenings have been carried out on all 'service review' savings proposals previously approved by this Board for implementation /consultation at its September, October and November meetings and are included with the further service review proposals included in today's report
- 14.2.4. The proposals within this report have been screened for relevance to equality, diversity, cohesion and integration (Appendix 5) and a full strategic analysis and assessment will be undertaken on the 2021/22 Revenue Budget and Council Tax report which will be considered by Executive Board and subsequently by Full Council in February 2021. Specific equality impact assessments will also be undertaken on all budget decisions identified as relevant to equality as they are considered during the decision-making process in 2021/22.

14.3. **Council policies and Best Council Plan**

- 14.3.1. The Best Council Plan sets out the Council's ambitions and priorities. The Plan's development and implementation continues to inform, and is informed by, the Authority's funding envelope and by staffing and other resources. The current Plan is therefore aligned with both the Council's Medium Term Financial Strategy and its annual budget.

Climate emergency

- 14.3.2. There are no implications for the climate emergency resulting from this report. Should any specific service and budget proposals that emerge through the development of the Council's 2021/22 Budget create potential climate emergency issues or opportunities, these will be addressed in the final Budget reports to Executive Board and Full Council in February 2021.

14.4. **Resources, procurement and value for money**

- 14.4.1. This is a revenue budget financial report and as such all financial implications are detailed in the main body of the report.

14.5. **Legal implications, access to information and call-in**

- 14.5.1. This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the proposed budget, once approved by the Board, will be submitted to Scrutiny for their review and consideration. The outcome of their review will be reported to the February 2021 meeting of this Board at which proposals for the 2021/22 budget will be considered prior to submission to Full Council on the 24th February 2021.
- 14.5.2. The proposed budget will, if implemented, have implications for Council policy and governance and these are explained within the report. The budget is a key element of the Council's budget and policy framework, but many of the proposals will also be subject to separate consultation and

decision making processes, which will operate within their own defined timetables and be managed by individual directorates.

- 14.5.3. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Full Council. As such, the recommendations at paragraphs 16.2, 16.3 and 16.4 are not subject to call in, as the budget is a matter that will ultimately be determined by Full Council.
- 14.5.4. However the recommendations in paragraph 16.1, regarding new savings proposals and paragraph 16.5, regarding the Council's participation in the 2021/22 50% Leeds City Region Business Rates Pool, are decisions of the Executive Board and as such are subject to call-in.
- 14.5.5. With regard to the individual savings proposals considered at the September, October and November meetings of this Executive Board and additional proposals put forward in today's report, decisions giving effect to the Business as Usual proposals included in this report can be taken by the relevant Director or Chief Officer in accordance with the Officer Scheme of delegation (Executive functions) and will be subject to the Executive and decision – making procedure rules. Notice of any decision which is “Key” will be published on the list of forthcoming decision not less than 28 clear calendar days in advance of the date of the proposed decision.
- 14.5.6. Decisions giving effect to the Service Reviews will be made following the outcome of consultation having regard to representations made. Decisions will be taken by the relevant Director or Chief Officer, save where the Leader or the relevant Portfolio Holder has directed or the Director considers that the matter should be referred to Executive Board for consideration.
- 14.6. **Risk management**
- 14.6.1. The Council's current and future financial position is subject to a number of risk management processes. Not addressing the financial pressures in a sustainable way, in that the Council cannot balance its Revenue Budget, is identified as one of the Council's corporate risks, as is the Council's financial position going into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the Council's risk-based reserves policy. Both these risks are subject to regular review and reporting.
- 14.6.2. 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 thus on our Best Council Plan ambition to tackle poverty and reduce inequalities.
- 14.6.3. 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, for example the implementation of budget action plans, those budgets which

are subject to fluctuating demand, key income budgets, etc. This risk-based approach will continue to be included in the in-year financial reports brought to Executive Board.

- 14.6.4. 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 proposed budget are identified below.
- 14.6.5. The impact of COVID-19 upon the Council's revenue budget in 2020/21 has been significant and after the receipt of financial support from the Government it has been necessary to utilise one off resources to deliver a balanced budget in the current financial year. However, as identified in the Financial Health reports and the Council's Medium Term Financial Strategy which have been received at this Board, there remains a risk that the ongoing impact of the COVID-19 pandemic is much worse than that assumed in the projected balanced position for 2020/21 and in the resource assumptions contained within this proposed budget for 2021/22. If a balanced budget position is not delivered in 2020/21 then the application of further one off resources will be required and this will have implications for budgeted assumptions in 2021/22 as well. Similarly if the effect of the pandemic upon resources available is worse in 2021/22 than assumed then there will be a requirement for contingency actions to be identified and implemented.
- 14.6.6. As detailed in this report the proposed budget for 2021/22 assumes the delivery of £89.2m of budget savings proposals, leaving a budget gap of £5.3m, and there is risk, given the scale of this savings programme, that there could be slippage in their delivery. Any slippage will require the identification and delivery of further revenue savings in order that a balanced budget can be delivered in 2021/22.
- 14.6.7. This report contains several budget saving proposals that will be subject to consultation. There remains a risk that there is slippage in the implementation of these proposals or that the assumptions contained in these proposals change as a result of the consultation exercises. This could lead to a variation in the assumed level of savings and the Council's ability to set a balanced budget for 2021/22.

Risks to Funding

- 14.6.8. The period covered by the Government's current Spending Review will end in March 2021. Whilst the Spending Review on the 25th November provided details of the Government's spending intentions for 2021/22 these have not yet been ratified by Government through the annual budget process.
- 14.6.9. Further to this, we await the Provisional Local Government Finance Settlement which is anticipated to be published in the week commencing the 14th December. Whilst the Spending Review 2020 provided details of the Government's spending plans for 2020/21 the Provisional Local Government Finance Settlement will confirm these details. There remains a risk that the more detailed funding assumptions contained in the Provisional

Settlement are different to the assumptions contained in the Spending Review and this could have implications for the level of resources available to the Council in 2021/22.

- 14.6.10. Under the Business Rates Retention Scheme the Council's local share of business rates is exposed to risks both from collection and from reductions in rateable values. Since 2013 two trends have become clear: firstly that there is a lag between gradual economic recovery and significant volumes of business new-builds in Leeds, with little growth in aggregate Rateable Value in Leeds until 2018/19, and secondly that business rates growth that does occur has been offset by successful appeals and other reductions to the rating list - either through closure or Valuation Office reviews.
- 14.6.11. The level of business rates appeals continues to be a risk. Whilst there is very limited scope for new appeals against the 2010 list and the Council has appropriate provision for these, there is very little information available on which to assess appeals against the 2017 list. Therefore income could be adversely affected both by appeals against the 2017 list and by business rate growth being less than assumed. This in turn would reduce the overall level of resources available to fund the services that the Council provides.
- 14.6.12. In 2021/22 Leeds has applied to be part of the Leeds City Region Business Rates Pool. As with previous years' Pools, there remains a risk that if a member authority becomes entitled to a safety net payment, because its retained income has fallen dramatically, then that safety net payment will no longer be received from the Government but will have to be met by other members of the Pool. This will represent a loss of income to the region.
- 14.6.13. The level of council tax collected could be affected by: the increase in the council tax base being less than assumed; collection rates being below budgeted assumptions; Council Tax Support claimant requirements being greater than budgeted; or a mixture of the above.
- 14.6.14. Business rates and Council Tax income continues to be a significant risk, however, any losses greater than those assumed in setting the budget will materialise through a Collection Fund and will not impact in the current year, although this will be an issue in future financial years.

Key risks to cost and income assumptions

- 14.6.15. Demographic and demand pressures, particularly in Adult Social Care and Children's Services, could be greater than anticipated and this will impact upon the assumptions made in the 2021/22 proposed budget.
- 14.6.16. The implementation of proposed savings and additional income realisation could be delayed. Equally, the level of savings generated and/or the level of additional income realised could be less than that assumed in this report.

- 14.6.17. Inflation including the pay award to lower paid employees, reflecting the assumed pay 'pause', could be higher than that assumed in this report. In addition this proposed budget makes a number of assumptions about the costs associated with managing the Council's debt. Whilst the Council has benefited from converting some of its shorter term borrowing into longer term borrowing at record low interest rates, it still has debt as short term rates which means that it is exposed to any upward movement in rates which would result in an increase in costs to the Council.
- 14.6.18. The Council's and City's economic and fiscal position is clearly impacted upon by the wider national economic context. The UK's withdrawal from the EU could potentially weaken the pound, increase inflation, reduce domestic and foreign direct investment and impact upon borrowing costs. Conversely the UK's exit from the EU could have the opposite effect upon the economy. What is also unclear is to what extent the UK's exit from the EU will impact upon the level of resources available to the Council and the level of demand for the services that it provides.
- 14.6.19. A full analysis of all budget risks will continue to be maintained and will be subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks and budget variations are contained in the in-year financial health reports submitted to the Executive Board.

15. Conclusions

- 15.1. The proposed budget for 2021/22 and the projected budgets for 2022/23 and 2023/24 need 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 after 2021/22 remain unknown and the level of resources available to the Council will be heavily influenced by the Government's response to the significant increase in borrowing that has been undertaken in response to the COVID-19 pandemic.
- 15.2. As a result of the pandemic the Council has incurred additional expenditure in 2020/21, whilst at the same time seeing reductions in the level of resources available through a combination of lower forecast income levels for both Business Rates and Council Tax and a reduction in the level of income receivable from sales, fees and charges. The estimated ongoing impact of COVID-19 upon the Council's financial position has been incorporated into the proposed budget for 2021/22 and the provisional budgets for 2022/23 and 2023/24.
- 15.3. In addition, and to compound the uncertainty over the period covered by the Medium Term Financial Strategy, the Government has re-stated its intention to move to 75% business rates retention nationally, to reset business rates baselines and to implement the outcome of the

Government's Fair Funding review of the methodology by which funding is allocated, which determines current funding baselines and is based on an assessment of relative needs and resources. However the timing of all these changes to the local government finance system is uncertain. An assumption has been made for this Strategy that they will all be introduced simultaneously alongside the business rates revaluation, which also requires significant adjustments to be made to the system and which the Government has confirmed will take place in 2023/24. This would have the advantage of adding some stability to the funding system over the medium-term. Adding to this uncertainty is the continued delay in the publication of the Government's Green Paper on adult social care, which will hopefully provide greater certainty around future funding moving forward.

- 15.4. The Council Tax section of this proposed budget includes a 3% increase in the Adult Social Care precept, in line with the Spending Review 2020 announcements. Should this proposed increase be reduced below the anticipated precept amount, any shortfall will require identification of proposals to balance this reduction. This could include using one-off funding from the Adults and Health reserves.
- 15.5. As highlighted in this report the impact of the UK leaving the EU remains unknown whilst West Yorkshire Devolution may require the Council to think differently about the way in which services are organised, funded and delivered as regional collaboration continues to be strengthened over the coming years.
- 15.6. In the determination of the proposed budget for 2021/22 and the forecast position for 2022/23 and 2023/24 a number of assumptions have been made as to the level of resources available to the Council. These assumptions are under constant review to reflect any changes in circumstances or if further information emerges in respect of known risks.
- 15.7. The Spending Review 2020 indicated that in 2021/22 the Settlement Funding Assessment will increase by 0.1% or £0.2m. Further, that Councils would be allowed a core council tax increase of 1.99% and an increase on the Adult Social Care precept of 2.99%. Despite these increases, we project a reduction in local funding of £1.9m following a reduction in the council tax base, mainly due to the increased cost of Local Council Tax Support, and the deficit from 2020/21 that will have to be funded in 2021/22. In addition to this, business rates has gone down due to a contraction of the tax base in 2020/21, a projected increase in empty rates and the requirement for bad debt provisions in 2021/22, a lack of growth in 2021/22, and a persistent increase in small business rates relief. Taken together with the deficit from 2020/21 that will have to be funded in 2021/22, the net impact of business rates retention on the 2021/22 general fund is £28.7m. Resources receivable from SFA, council tax and business rates have decreased due to the impact that COVID-19 has had on growth in those bases. Pay, price and demand pressures mean that the Council will need to deliver £94.5m of savings by March 2022. Overall this proposed

budget results in a Net Revenue Charge which has reduced by £106.1m from 2020/21 to £419.6m.

- 15.8. The Council's Medium Term Strategy which was received at Executive Board in September identified a funding gap of £118.8m for 2021/22. Following the receipt of budget savings proposals reports which were received at Executive Board in September, October and November this estimated budget gap had reduced to £60.6m and this report contains further proposals which will contribute towards a balanced budget position being presented to Executive Board and Full Council in February 2021.
- 15.9. The initial budget positions for 2022/23 and 2023/24 identify estimated budget gaps of £55.7m and £32.4m respectively. Budget savings proposals to reduce this will be brought to this Board for consideration.
- 15.10. As set out in both the Medium Term Financial Strategy 2021/22-2025/26 and this proposed budget report for 2021/22 the budget proposals detailed in this report need to be viewed within the context of the longer term approach to increase the financial sustainability, robustness and resilience of the Council's financial position. Specifically this is to reduce reliance upon one funding sources to fund revenue expenditure and to reduce the Council's expenditure base so that it affordable with the level of resources that are available to the Council in line with the Council's MTFS.
- 15.11. Executive Board have been presented with a series of business savings proposals from the 'Financial Challenge' programme between September and November, with a further report to be presented at December's Executive Board. In terms of achieving a balanced position for the 2021/22 budget proposals, a further £5.3m still needs to be identified. Proposals for this remaining balance will be brought to February's Executive Board, along with the Council's Budget Report.

16. Recommendations

- 16.1. With regard to the savings proposals presented at Appendix 4, Executive Board is requested to:
 - Note the financial position for 2021/22 outlined in this paper and that further savings are required to deliver a balanced budget position;
 - Note the 'Business as Usual' savings and that decisions to give effect to them shall be taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive functions);
 - Agree the recommendations in the 'Service Review' proposals at Annexe 4.2 and that consultation commences. And to note that decisions to give effect to them shall be taken by the relevant Director or Chief Officer, following the consultation period, in accordance with the Officer delegation scheme (Executive functions) save where the Leader, relevant portfolio holder or Director considers that the matter should be referred to Executive Board for consideration.

- 16.2. Executive Board is asked to agree the proposed budget for 2021/22. This includes the proposed increases in core Council Tax and the Adult Social Care precept. Further to this, that these budget proposals are submitted to Scrutiny and for wider consultation with stakeholders.
- 16.3. Executive Board is asked to note the provisional budget position for 2022/23 and 2023/24 and to note that savings proposals to address the updated estimated budget gaps of £55.7m and £32.4m for 2022/23 and 2023/24 respectively will be reported to future meetings of this Board.
- 16.4. Executive Board is asked to note that the proposal to approve the implementation of an additional Council Tax premium on any dwelling where the empty period is at least ten years, from 200% to 300% premium, will be decided by Full Council in January 2021.
- 16.5. Executive Board is recommended to approve that, should the application to form a new Leeds City Region Business Rates Pool be successful, Leeds City Council becomes a member of the proposed Pool and acts as lead authority for it. The establishment of this new Pool will be dependent upon none of the other proposed member authorities choosing to withdraw within the statutory period after designation.
17. **Background documents²**
- None.

² 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 2: Summary of savings proposals approved by the Executive Board at its Sep/Oct/Nov 2020 meetings

Adults & Health 2021/22 savings proposals approved

Proposal description	2021/22 savings / £'000s	FTE budgeted posts
Business as Usual' 2021/22 savings proposals		
Proposals approved by Executive Board 24/9/20		
Balance of savings to the overall Council Strategy by switching funding from the funding of other Council Services to meet Public Health Strategy pressures and removal of Public Health net revenue charge; procurement savings and deletion of vacant posts	663	-2.0
Health Partnerships: reductions in general running costs	69	-1.0
Commissioned Services for working age adults: remodelling of day opportunities provision	430	0.0
Commissioned Services for working age adults: seeking appropriate Health funding	2600	0.0
Commissioned Services for working age adults: social work value for money reviews, reassessments and demand management	1250	0.0
Review of care packages: efficiencies in homecare delivery and mental health and forensic services	500	0.0
Reduced contribution to Adults Safeguarding Board	75	0.0
Recovery of payments for care not delivered	489	2.0
Reduced inflation on non-pay elements of demand contracts (reduction in non-pay inflation allowance included in the financial strategy to reflect lower CPI, saving £538k)	0	0.0
Deletion of electronic monitoring budget	40	0.0
Reassessment of individual care requirements for people with a learning disability based upon a strengths-based approach	1,000	0.0
Income from client contributions	1,000	0.0
Total 'BAU' savings approved September	8,116	-1.0
Proposals approved by Executive Board 21/10/20		
Proposed saving through closure of Osmondthorpe Resource Centre (closed since start of pandemic); services retained via other day care hubs and will continue to monitor operation of revised service model.	100	-3.0
Total 'BAU' savings approved October	100	-3.0
Proposals approved by Executive Board 18/11/20		
The council's Financial Strategy made provision of £1.4m to maintain the link between the wage uplift for home care services and the previous year's internal Council Living Wage Rates. Given the council's overall financial challenge and the lower prevailing inflation rate than that assumed in the strategy it is proposed that the allocation is reduced by 50%. This will still provide for an above inflation uplift for these employees and maintains our progress towards achieving the Ethical Care Charter for Home Care staff.	700	0.0
Reduction in grants to support commissioned services for working age adults	162	0.0
A detailed review of all expenditure heads within the Adults & Health budget has been undertaken to identify where budgets have not been fully spent over the last 2 years. In conjunction with budget holders a number of budget lines across the directorate have been reduced accordingly.	479	0.0
The first wave of the Covid pandemic disproportionately impacted old and vulnerable people. The numbers of people supported in care homes fell substantially in March and April 2020, and demand for care home placements has been slow to recover. Whilst this trend has to some extent been offset by increased demands for care being provided in people's own homes, overall there has been a rebasing of these demand budgets as a result. Whilst this is a best estimate of the rebasing of the budget, this position assumes that there is currently no significant level of unmet need masked by changes to lifestyles during the pandemic.	2,400	0.0
The council's Financial Strategy provided for inflation on the non-pay elements of contracts at 2%. The CPI rate recently has been as low as 0.1% and therefore it is proposed not to award any non-pay inflation within the annual uplift for care contracts for 21/22.	1,614	0.0
Since the advent of the National Living Wage the Council has provided for and awarded fee uplifts to providers on the basis of inflating all provider employee costs by the NLW increase, including the impact upon differentials. Given the current financial challenge faced by the Council it is proposed to limit the provision for the NLW element of fee uplifts to those staff being paid at the NLW.	500	0.0
Working in conjunction with the contract provider LYPFT, it is proposed to develop Supported Living Individual Service Agreements (SLISA) recognising the individual needs of service users, together with a review of the staffing skill mix required to meet the changing needs of service users.	250	0.0
The Leadership Academy was established as part of the Care Quality Team within the Commissioning Service to drive up quality within Independent Sector Care Homes in Leeds. The Academy has been extremely successful and has earned 'Centre of Excellence' status with Skills for Care. This has attracted both National Providers and other local authorities in the region who wish to buy in this service. This will require an additional training post, but will also deliver a net surplus in income.	30	1.0
This contract, which has supported the matching and analysis of client level health and social care data, is coming to an end. The City Digital team based within DIS are now able to provide this service, thus this contract will not be renewed.	57	0.0
Total 'BAU' savings approved November	6,192	1.0
Total Adults and Health 'BAU' savings approved Sep/Oct/Nov	14,408	-3.0

Service review' 2021/22 savings proposals - consultation required

Proposals approved by Executive Board 24/9/20		
N/A	0	0.0
Total 'service review' savings approved September	0	0.0

Proposals approved by Executive Board 21/10/20		
Proposal to decommission two adult social care residential homes: Homelea House in Rothwell and Richmond House in Farsley	420	0.0
Proposal to increase client contributions for adult social care services, maintaining means-testing	1,236	0.0
Total 'service review' savings approved October	1,656	0.0

Proposals approved by Executive Board 18/11/20		
Commissioned services for working age adults proposals: reduction in grant funding of learning disability day opportunities provision; early termination of WMDLC Shopmobility Grant; efficiencies in funding for drug and alcohol services; reduction in contract value of BID service; reduction in Touchstone community prevention service	381	0.0
Strategic Commissioning (Older Adults) proposals: a saving of £502k with services potentially affected by such a reduction including Neighbourhood Network Services, Volition, Leeds Jewish Welfare Services, Hamwatten & Al Khidmat Centres, Carers Services, Community Volunteer Services, Dementia Day Services and Offender Support Services. This is the equivalent of a 10% cut but the exact details of implementation to be worked through in discussion with the sector.	502	0.0
A variety of staffing reductions across the Directorate have been proposed, firstly to reflect the ongoing freeze on the release of non-essential posts being maintained for a further year. All of these posts are non-front line roles. Secondly, the Directorate has supported a number of staff with their requests to leave early where a business case can be successfully developed. Again these successful cases are predominantly related to non-front line posts.	1,221	-38.0
Total 'service review' savings approved November	2,104	-38.0

Total Adults and Health 'Service review' savings approved Sep/Oct/Nov	3,760	-38.0
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Total Adults and Health proposals approved Sep/Oct/Nov	18,168	-41.0
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Appendix 2: Summary of savings proposals approved by the Executive Board at its Sep/Oct/Nov 2020 meetings

Children & Families 2021/22 savings proposals approved

Proposal description	2021/22 savings / £'000s	FTE budgeted posts
Business as Usual' 2021/22 savings proposals		
Proposals approved by Executive Board 24/9/20		
Increased level of income received to support Unaccompanied Asylum Seeking Children	1,000	0.0
Partnerships & Health: staffing savings through voluntary means, use of grant funding and further rollout of personal transport allowances	769	-6.2
Efficiencies through automation of back office ordering and payment for services traded with schools	70	0.0
Resources & Strategy: Learning Systems - staffing savings through voluntary ELI (Early Leavers' Initiative) scheme	155	-3.0
Learning Improvement: staffing savings through deletion of vacant posts, introduction of flexible payment contracts and use of contracted council staff instead of external contractors <i>(leading to net increase in council staff of 0.7 FTE)</i>	130	0.7
Learning Inclusion: staffing savings through deletion of vacant post and removal of management post via voluntary means through team reconfiguration	100	-2.0
Deletion of a number of vacant posts across the Children & Families Directorate	580	-15.0
Staffing savings through realignment of management posts in the Children Looked After Service	104	-1.5
Total 'BAU' savings approved September	2,908	-27.0
Proposals approved by Executive Board 21/10/20		
Children & Families services: seeking appropriate Health funding	1,700	0.0
Reductions in operational running costs across the directorate	150	0.0
Savings through the Early Leavers' Initiative across the directorate	500	-13.0
Total 'BAU' savings approved October	2,350	-13.0
Proposals approved by Executive Board 18/11/20		
Proposal to increase the use of transport allowances for foster carers and to review the authorisation required for staff to book taxis for Children Looked After, in order to encourage alternative travel arrangements.	195	0.0
Proposal to achieve savings through the integration of teams.	100	-2.0
Proposal to hold the current vacancy for the Deputy Director of Learning until September 2021.	47	-1.0
Proposal to cease the contribution to DSG for Post 16 costs, as these should be funded by DSG.	100	0.0
Proposal to make efficiencies by integrating management function in Children and Families and Adult Services Occupational Therapy teams.	37	-0.5
Proposal to recognise that DSG funding will increase in 2021/22 due to inflation already assumed in the DSG budget.	100	0.0
Proposal to cease some contracts.	230	0.0
Proposal to achieve efficiencies associated with the Local Children's Safeguarding Partnership as it is integrated with the Children and Families Trust Board.	40	-1.0
Proposal to carry out a review of Performance and Intelligence. This proposal assumes that savings can be achieved through ELI. If this is not the case then a service review report will be required.	100	-2.0
Total 'BAU' savings approved November	949	-6.5
Total Children & Families 'BAU' savings approved Sep/Oct/Nov	6,207	-46.5
Service review' 2021/22 savings proposals - consultation required		
Proposals approved by Executive Board 24/9/20		
N/A	0	0.0
Total 'service review' savings approved September	0	0.0
Proposals approved by Executive Board 21/10/20		
N/A	0	0.0
Total 'service review' savings approved October	0	0.0
Proposals approved by Executive Board 18/11/20		
Proposal to carry out consultation with regard to permanently closing one council-funded childcare setting that has been closed since the start of the COVID-19 lockdown	162	-1.0
Proposal to achieve savings through a review of Early Help services. Proposal to achieve management savings through closer integration of Early Help and Social Work teams. Staffing implications will be identified through the course of the review.	750	N/A at this stage - please see proposal
Total 'service review' savings approved November	912	-1.0
Total Children & Families 'Service review' savings approved Sep/Oct/Nov	912	-1.0
Total Children & Families proposals approved Sep/Oct/Nov	7,119	-47.5

Appendix 2: Summary of savings proposals approved by the Executive Board at its Sep/Oct/Nov 2020 meetings

City Development 2021/22 savings proposals approved

Proposal description	2021/22 savings / £'000s	FTE budgeted posts
Business as Usual' 2021/22 savings proposals		
Proposals approved by Executive Board 24/9/20		
Proposed savings from a reduction in the council's core office base.	236	0.0
Staffing savings through voluntary means and expenditure savings through reductions in direct property costs and service revenue budgets	700	-7.7
Reductions in general expenditure budgets (e.g. consumable and training) and increased capitalisation of staff costs	350	0.0
Markets & City Centre Service: staffing reductions through deletion of vacant posts and voluntary ELI means, general expenditure budget reductions and increased income	200	-1.5
Employment & Skills: staffing reductions through deletion of vacant JNC post and reduction in research and evaluation budget	100	-1.0
Planning & Sustainable Development: staffing reductions through voluntary means, increased income and general expenditure budget reductions	350	-6.0
Highways & Transportation: use of balances arising from development agreements and review of charging.	900	0.0
Museums & Galleries collection insurance	60.0	0.0
Efficiencies across venues: Leeds Town Hall, Carriageworks Theatre and Pudsey Civic Hall	254	0.0
Reduction in budget for major events	400	0.0
Total 'BAU' savings approved September	3,550	-16.2
Proposals approved by Executive Board 21/10/20		
15% reduction in grants to Leeds Grand Theatre, Opera North, Northern Ballet and Leeds Playhouse. 15% reduction in grant to Henry Moore Institute pending a refresh of the partnership.	227	0.0
Cessation of the annual Christmas Lights switch-on event, and removal of budget to support bi-annual international football screenings on Millennium Square	88	0.0
Cessation of funding contribution to Yorkshire Sport Foundation and for PE/school sport. Cessation of partnership with British Cycling, including the annual <i>Let's Ride</i> event.	100	0.0
15% reduction in grant to Leeds Culture Trust (Leeds 2023). This will contribute a total saving of £1.35m over 3 years. The Trust will still aim for a transformational cultural year as a pillar of the post-Covid Leeds and west Yorkshire economic recovery, and is committed to attracting a further c£20m of investment to the project and the city.	300	0.0
Offset of budget pressure already built into council's medium-term financial strategy	-300	0.0
Total 'BAU' savings approved October	415	0.0
Proposals approved by Executive Board 18/11/20		
Savings across all areas of the directorate delivered by means of staff reductions facilitated by the council's Early Leavers' Initiative and/or additional voluntary measures, e.g. flexible retirement	1,500	-97.9
Reductions in inflation allowances across the directorate. This is in addition to inflation allowances reductions agreed at September Executive Board of £800,000	250	0.0
Further reductions in budgeted income pressures arising from COVID-19 across the directorate	1,000	0.0
Reductions in miscellaneous spend budgets across the directorate (projects, consumables, furniture etc.).	250	0.0
Total 'BAU' savings approved November	3,000	-97.9
Total City Development 'BAU' savings approved Sep/Oct/Nov	6,965	-114.1
Service review' 2021/22 savings proposals - consultation required		
Proposals approved by Executive Board 24/9/20		
Economic Development proposals:		
- staffing reductions through voluntary means - if not delivered, restructure of the Economic Policy Team.		
- cease membership of BITC (Business in the Community)	110	-1.0
- stop / reduce attendance at MIPIM		
- reduce travel and number of staff attending events		
Strategic Planning: proposals to further develop options arising from completion of service review	100	-2.0
Highways & Transportation: proposals to review staffing and operations across the service and generate additional income and/or savings	1,620	-26.0
Total 'service review' savings approved September	1,830	-29.0
Proposals approved by Executive Board 21/10/20		
Planning applications: proposed savings through staffing reductions via voluntary means and procedural efficiencies; also opportunities for additional income generation	100	-2.0
Proposal to reduce opening hours at Lotherton Hall with trade union, staff and public consultation	67	-5.2
Proposal to reduce opening hours at Thwaite Mills Museum with trade union, staff and public consultation	70	-5.1
Proposal to carry out consultation with young people on the introduction of an annual charge of £3 for Breezecard to cover administrative costs, with appropriate concessions	150	0.0
Proposed reduced programme and new delivery model for Leeds Lights with trade union, staff and public consultation	208	-9.0

Proposal to withdraw from the service level agreement to support Chippendale Pool with trade union, staff and public consultation	37	-5.6
Proposal to close Yeadon Tarn Sailing Centre with trade union, staff and public consultation	88	-4.8
Proposal to deliver operating efficiencies within John Charles Centre for Sport, increase fees and reduce staffing, with trade union and staff consultation	200	-1.5
Total 'service review' savings approved October	920	-33.2
Proposals approved by Executive Board 18/11/20		
N/A	0	0.0
Total 'service review' savings approved November	0	0.0
Total City Development 'Service review' savings approved Sep/Oct/Nov	2,750	-62.2
Total City Development proposals approved Sep/Oct/Nov	9,715	-176.3

Appendix 2: Summary of savings proposals approved by the Executive Board at its Sep/Oct/Nov 2020 meetings

Communities & Environment 2021/22 savings proposals approved

Proposal description	2021/22 savings / £'000s	FTE budgeted posts
Business as Usual' 2021/22 savings proposals		
Proposals approved by Executive Board 24/9/20		
Environmental Services: non-operational staffing savings by realigning different sections within the overall service and streamlining management and supervisory arrangements	635	-13.2
Additional income from disposal of trade waste	100	0.0
Increased charge to developers for replacement bins	70	0.0
Cleaner Neighbourhood Teams: general expenditure budget savings	75	0.0
Electoral & Regulatory Services: general expenditure budget savings and review of income budgets	148	0.0
Individual Electoral Registration Grant: use of carried forward grant income (one-off saving)	330	0.0
Woodhouse Lane Car Park: increased commuter tariff of 50p	100	0.0
Additional income from on-street parking tariffs	100	0.0
Additional income from bus lane enforcement	50	0.0
Car Parking: general expenditure budget savings and review of income budgets	100	0.0
Bereavement services price rise	220	0.0
General Fund grounds maintenance contract: reduction in grass cutting frequencies	65	0.0
Public Rights of Way Service: staffing reductions through voluntary means, reduction in direct operational budgets and increased income	100	-2.0
Temple Newsam Cycle Trails and Road Safety Park -	31	2.0
Reduced contribution to Third Sector Infrastructure Fund budget	36	0.0
Review of overhead costs charged to Migration Yorkshire	40	0.0
Communities: general expenditure budget savings and review of income budgets	25	0.0
Savings from Safer Leeds net managed budget	171	-5.0
Reduced contribution to Leeds City Credit Union	63	0.0
Use of European Structural Investment Fund (ESIF) funding for existing senior customer services staffing costs	429	0.0
Staffing reductions in Directorate Improvement Team through voluntary means	35	-1.0
Contact Centre: channel shift savings and increased productivity	70	-18.9
Welfare & Benefits: increased New Burdens grant funding	100	0.0
Welfare & Benefits: general expenditure budget savings	126	0.0
Total 'BAU' savings approved September	3,219	-38.1
Proposals approved by Executive Board 21/10/20		
Proposal to increase the charge made to residents for the replacement of black and brown bins to cover the administrative and delivery costs involved. This revised charge would represent 57% of the actual cost to the council	40	0.0
Proposal to increase the charge for bulky waste collections from £20 to £30 to contribute to the costs of administration, collection and disposal of up to four unwanted bulky items	70	0.0
5% increase in bereavement fees - this is an additional 2% on top of the 3% (£220k) proposal considered by Executive Board in September.	147	0.0
Recognising that community committees will experience an increase in funds delegated to them over the next three years it is proposed to reduce the wellbeing budget by 15%. Even with this reduction we estimate a £2m increase in spending power over the next 3 years.	195	0.0
Removal of council subsidy for Police and Community Support Officers (PCSOs) uplift in line with other West Yorkshire local authorities	625	0.0
Total 'BAU' savings approved October	1,077	0.0
Proposals approved by Executive Board 18/11/20		
Estimated savings across the directorate delivered by staff reductions facilitated by the council's Early Leavers' Initiative and/or additional voluntary measures, e.g. flexible retirement	500	-16.0
Continue to utilise Section 106 balances to support the revenue budget for a further year, reducing the pressure currently shown in the Medium Term Financial Strategy	466	0.0
Following review, reduce the level of Housing Benefit Overpayment income pressure currently included in the Medium Term Financial Strategy.	100	0.0
Increase in vacancy factor to 3.9% to reflect turnover experienced in recent years	200	0.0
Defer part of the planned investment in the Waste Strategy recognising delays due to Covid-19 pressures, which will reduce the pressure currently included in the Medium Term Financial Strategy.	200	0.0
Review of Single Person Discount Council Tax claimants to reduce fraudulent claims	150	0.0
Total 'BAU' savings approved November	1,616	-16.0
Total Communities and Environment 'BAU' savings approved Sep/Oct/Nov	5,912	-54.1
Service review' 2021/22 savings proposals - consultation required		
Proposals approved by Executive Board 24/9/20		
N/A	0	0.0
Total 'service review' savings approved September	0	0.0
Proposals approved by Executive Board 21/10/20		
Proposed closure of Otley (Ellar Ghyll) household waste and recycling centre. Staff affected would be redeployed to vacancies on other sites or elsewhere in the service.	110	-2.0

Proposal to carry out public consultation on closure of West Leeds Country Park visitor centre in Pudsey Park, also with trade union and staff consultation. There is a potential opportunity to repurpose or replace the existing buildings with a park café that could retain some of the educational elements of the visitor centre. This would require a business case for unsupported borrowing.	90	-2.0
Proposal to carry out stakeholder consultation on 50% reduction in the number of bowling greens supported by the council, with consideration to community asset transfers. Staffing reductions anticipated through voluntary means.	83	-4.5
Proposal to carry out stakeholder consultation on review of opening hours and staffing rotas within Community Hub / Library provision across the city, with associated trade union and staff consultation on staffing reductions.	457	-16.9
Total 'service review' savings approved October	740	-25.4
Proposals approved by Executive Board 18/11/20		
Proposal to carry out stakeholder consultation on closure of 3 community centres: Lewisham Community Centre, Allerton Bywater Youth Centre and Windmill Youth Centre. Also to deliver additional efficiencies across all community centres. Staff affected would be redeployed to vacancies elsewhere.	200	-2.0
Total 'service review' savings approved November	200	-2.0
Total Communities & Environment 'Service review' savings approved Sep/Oct/Nov	940	-27.4
Total Communities & Environment proposals approved Sep/Oct/Nov	6,852	-81.5

Appendix 2: Summary of savings proposals approved by the Executive Board at its Sep/Oct/Nov 2020 meetings

Resources & Housing 2021/22 savings proposals approved

Proposal description	2021/22 savings / £'000s	FTE budgeted posts
Business as Usual' 2021/22 savings proposals		
Proposals approved by Executive Board 24/9/20		
Human Resources: staffing reductions via voluntary means, reduced development budget and reduced graduate recruitment in Sep 2021	708	-11.0
Revenues, Benefits & Council Tax: process efficiencies	300	-10.0
Chief Executive's: general expenditure budget savings	125	0.0
Business Support Centre: staffing reductions via voluntary means and non-resumption of envopak service (delivery of mail to and from schools)	380	-22.0
Legal Services: staffing reductions via voluntary means and deletion of vacant posts, small reduction in supplies and services budget	216	-5.3
Civic Enterprise Leeds: staffing savings through voluntary means and increased productivity / smarter working via technology	996	-42.0
Civic Enterprise Leeds: insourcing contracts	550	0.0
Civic Enterprise Leeds: additional income through increased commercialisation across cleaning and facilities management and PRESTO (help at home services) expanded offer	243	0.0
Civic Enterprise Leeds: staffing reductions through voluntary means based on closing office accommodation and redesigning facilities management services	320	-11.0
Civic Enterprise Leeds: procurement savings on cleaning and catering contracts	196	0.0
Civic Enterprise Leeds: review and rationalisation of running costs	163	-1.0
Procurement & Commercial Services: restructure (consultation has already taken place)	223	-3.0
Housing General Fund: use of reserve	120	0.0
Leeds Building Services: additional turnover from the capital programme	476	0.0
Total 'BAU' savings approved September	5,016	-105.3
Proposals approved by Executive Board 21/10/20		
Democratic Services savings through: <ul style="list-style-type: none"> • Capturing efficiencies arising from new ways of working adopted by elected members; • Operational savings from previously underspent budgets; and • Deletion of funded vacant posts and agreement to expressions of interest under the ELI scheme (with functions being accommodated through consolidation into remaining establishment with no significant changes in current support to members) 	183	-3.2
Civic Enterprise Leeds: Price rise (4p) for school meals	300	0.0
Civic Enterprise Leeds: staffing reductions through voluntary means based on reduced cleaning and catering at decommissioned adult social care residential homes - <i>please refer to Adults & Health service review proposal to decommission two adult social care residential homes</i>	200	-10.9
Total 'BAU' savings approved October	683	-14.1
Proposals approved by Executive Board 18/11/20		
Cross-council savings from reduction in taxi usage by staff attending council meetings. Savings will be delivered within services.	100	0.0
Additional early leavers and deletion of resulting vacant posts across the directorate	810	-27.0
As part of the cross-council review of the Business Administration Service approved by the Executive Board in September 2020, additional savings identified through review of meeting support.	250	0.0
Digital Information Services (DIS): Reduction in financial pressures already built into the medium-term financial strategy	300	0.0
Human Resources (HR): One-year pause in council's graduate recruitment scheme in September 2021	160	0.0
Reduced travel costs across the directorate arising from new ways of working	125	0.0
Savings in DIS and HR through line-by-line review of non-staffing costs	145	0.0
Additional income through Refugee Integration Grant	90	0.0
Civic Enterprise Leeds (CEL): staffing reductions through voluntary means based on reduced cleaning and catering in	314	-9.7
Civic Enterprise Leeds (CEL): staffing reductions through voluntary means based on closing the Civic Hall Antechamber door and reception desk with the exception of ceremonial occasions.	60	-2.3
Corporate Property Management (CEL): improved turnaround on void properties and reduced spend	60	0.0
Fleet Services (CEL): additional commercial income	50	0.0
Leeds Building Services (CEL): Reduction in financial pressures already built into the medium-term financial strategy	200	0.0
Total 'BAU' savings approved November	2,664	-39.0
Total Resources & Housing 'BAU' savings approved Sep/Oct/Nov	8,363	-158.4

Service review' 2021/22 savings proposals - consultation required

Proposals approved by Executive Board 24/9/20		
Business Administration Service: Proposal to create a fully integrated and centralised administration model with efficiencies through modernisation	2,000	-100.0
Digital Information Service (DIS): Proposal to modernise the structure of the service to deliver savings and secure additional income. Through voluntary measures as far as possible but may require realignment of roles and responsibilities and post deletion, through trade union and staff consultation.	2,434	-58.0

Information Management and Governance (part of the wider DIS service): Proposal to modernise the structure to meet the needs of a modern and agile council and deliver savings. Through voluntary measures as far as possible but may require compulsory measures through trade union and staff consultation.	N/A - captured in DIS proposal	N/A - captured in DIS proposal
Financial Services: Proposed restructure of Financial Management within Financial Services with trade union and staff consultation	1,000	-22.0
Sustainable Energy & Air Quality: Proposal to increase income through securing additional grant funding. Also staff savings through voluntary measures but if this is not possible, may require a restructure with trade union and staff consultation.	250	-3.0
Intelligence & Policy Service: Proposed restructure of Intelligence and Policy Service within Resources and Housing Directorate with trade union and staff consultation	173	-7.8
Leeds Building Services: Proposed suite of activities across Leeds Building Services to reduce costs, including overheads, productivity improvements, new IT system and additional income. Largest element through staffing reductions with full restructure anticipated with staff and trade union consultation.	0	-70.0
Fleet Services: Proposal to review working practices and delivery models and develop commercial income. Full restructure of Fleet Services required with trade union and staff consultation.	480	-1.0
Total 'service review' savings approved September	6,337	-261.8

Proposals approved by Executive Board 21/10/20		
Cross-council review: reducing the wage bill – <i>Budget savings and FTE reductions from this accounted for within directorate budgets through service reviews and voluntary schemes (notably early leavers' initiative and flexible retirement).</i>	0	0.0
Total 'service review' savings approved October	0	0.0

Proposals approved by Executive Board 18/11/20		
N/A	0	0.0
Total 'service review' savings approved November	0	0.0

Total Resources & Housing 'Service review' savings approved Sep/Oct/Nov	6,337	-261.8
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Total Resources & Housing proposals approved Sep/Oct/Nov	14,700	-420.2
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**Phase 1 Consultation
2021/22 Budget
Proposals
(September - November 2020)**

**Summary of Scrutiny
Board comments.**



Report of the Scrutiny Boards Statement for Executive Board – December 2020 Phase 1 Budget Consultation 2021/22 (September–November 2020)

Introduction

1. At its meeting on [24 September the Executive Board](#) considered and approved the [Medium Term Financial Strategy 2021/22 – 2025/2](#). The report set out an estimated budget gap of £166.3m for the period of the strategy of which £118.8m related to 2021/22.
2. A further report – [Revenue Budget Update 2021/22 and Budget Savings Proposals](#) - set out an initial series of savings proposals totalling £32.3m, which were intended to contribute towards the Council achieving a balanced budget for 2021/22.
3. Additional proposals were later set out at Executive Board meetings on [21 October](#) and [18 November](#), presenting further savings of £7.9m and £17.6m respectively.
4. As part of a wider consultation process it was agreed by Executive Board in September that Scrutiny Boards would consider these savings proposals as relevant to their respective remits.
5. The Executive Board also confirmed in September that the outcome of any consultation would inform the Council's decision-making and would be incorporated into the 2021/22 to 2023/24 Budget Report timetabled for initial consideration at the Executive Board's meeting in December 2020.
6. In previous years Scrutiny Boards have been consulted on the Council's Initial Budget Proposals towards the latter end of the overall budget setting process.
7. Members of all Boards have suggested this has limited the extent to which Scrutiny can influence the development of budget proposals and as part of their collective feedback to the Executive Board – including most recently in January 2020 - Scrutiny

Boards have advocated a strengthening of their role through earlier consultation.

8. Scrutiny Boards therefore welcomed the opportunity to be consulted on proposals for 2021/22 from September and are keen that early engagement in the development of budget proposals continues beyond the unprecedented circumstances of 2020/21.
9. Scrutiny Boards have been keen to retain a flexible and agile approach to their involvement with the budget consultation process and as such have chosen to make use of both public and private meetings in order to conduct their discussions.
10. The following meetings have taken place:

Scrutiny Board	Public Meeting	Working Group
Adults, Health and Active Lifestyles	20 October	5 October 20 November
Children and Families	7 October	30 September 17 November
Environment, Housing & Communities	14 October	25 September 16 November
Infrastructure, Investment & Inclusive Growth	15 October	1 October 19 November
Strategy and Resources	12 October	25 September 19 November

11. The Scrutiny Boards welcomed the input of Executive Board members, Directors and other Senior Officers as part of the consultation process.



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

12. In providing this summary it should be noted that Scrutiny Boards have not yet had the opportunity to examine further budget proposals that may be taken to the December 2020 Executive Board meeting.
13. Boards will, however, have further opportunity to comment on those proposals as part of final consultation on the budget during the January 2021 meeting cycle.
14. The consultation also took place before the Chancellor announced the details of his 2021/22 Spending Review.
15. Across all Boards elected members acknowledged the enormous scale of the budget challenge facing the organisation, given the need to address the Council's estimated £118.8m financial gap in 2021/22.
16. Members were keen to put on record their recognition of the huge challenges - and associated financial pressures - the Council has faced as a result of the need to respond to, and encourage the city's recovery from, the Covid-19 pandemic.
17. There was also further acknowledgement of the inherent uncertainty for the organisation in developing budget proposals without having yet had confirmation of the 2021/22 settlement from central Government.
18. All Boards explored the impact of proposed savings on Council staff and the way in which staff reductions would be managed. While members supported the use of voluntary means to reduce staff numbers, there was an acknowledgement that the way in which officers leave the organisation does not always mirror service demand.
19. Particular concern was expressed about the pressure on members of staff working in areas of the organisation where there have been considerable numbers of experienced staff departing very quickly.
20. Members of all Boards recognised that new ways of working are enabling many people to better balance the demands of work and home. However, they also noted that in some cases flexible working practices, and particularly the current large-scale remote working arrangements, could mask indicators that might otherwise have triggered concern about the well-being of an individual.
21. Board members therefore recommended a proactive approach to delivering interventions designed to promote staff well-being and healthy working practices.
22. Scrutiny Boards are keen to continue their early engagement in the development of the budget in future years and to maximise the value the involvement of their members can add to that process. With that in mind a number of members highlighted that it would be beneficial for scrutiny members to receive additional training on the way in which local budgets operate in relation to the remits of the various boards.
23. The main areas of discussion for the individual Boards are summarised below for consideration by the Executive Board as it seeks to finalise the Budget proposals that will be recommended to Full Council.



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

Environment, Housing and Communities

24. Board members welcomed a number of individual proposals including increasing charges to developers for replacement bins and further work to review single person discount Council Tax claimants in order to reduce fraud.
25. The Board was supportive of the environmental and financial benefits that could be achieved by introducing more 'relaxed mowing' as part of proposals to reduce the cost of the grounds maintenance contract.
26. A number of councillors noted the proposal to close Ellar Ghyll Household Waste and Recycling Centre was "not unexpected" given the huge pressures facing the service.
27. In a number of areas members proposed that further information would need to be provided to decision makers in order for them to fully understand the impact on communities of the measures proposed.
28. One such issue was a proposal to reduce the Council subsidy for enhanced provision of Police and Community Support Officers, in line with other West Yorkshire authorities.
29. Notwithstanding the proposed changes to regional arrangements as part of the West Yorkshire devolution deal, members advocated discussions taking place with the Police and Crime Commissioner to understand whether he would continue to provide his proportion of additional funding for PCSOs, during his term of office, once the local authority ceased its contribution. Board members further recommended that decision makers receive the detail of how remaining PCSO resources would then be allocated by West Yorkshire Police, so as to be able to provide clarity about which wards in Leeds would be most likely to experience reductions in PCSO support, - and to what extent - if the LCC proposal were to be agreed.
30. Similarly, in considering a proposed reduction in wellbeing budgets, the Board recommended that the final proposals set out how reductions might be applied, the rationale for the approach adopted and the resulting impact on individual committee budgets. The Board noted that any increase in spending power resulting from CIL would not be received consistently across the city and members advocated this being taken into account as part of the decision making process. Particular concern was expressed about a disproportionate impact on community committees which will not receive CIL funding even where development takes place, as a result of local parish and town council arrangements.
31. Officers were asked to consider whether funding currently allocated to Housing Advisory Panels (HAPs) could be transferred to community committees, on the understanding it would be ring fenced for tenants as required by Housing Revenue Account regulations, to bolster local spending power.
32. The Board suggested further information be provided to decision makers to set out which community hubs/libraries would be affected by proposed changes to opening hours and staff rotas. Members also suggested it would be beneficial to provide more detail about the rationale informing changes in specific areas.
33. The Board expressed concern about the potential impact health impact of



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

proposals to decommission bowling greens, particularly for elderly people. Members recommended further information be provided about decommissioning costs as compared to anticipated savings, and suggested it would be important to understand the likelihood of decommissioned greens then being sold.

34. Members reiterated their support for the “excellent joint working” on homelessness prevention, which has delivered significant benefits for some of the city’s most vulnerable individuals while also delivering financial savings for the wider organisation. Noting the additional success of securing external funding for a significant proportion of this work, members agreed that further cuts to general funding for services in this area would risk creating greater long-term financial pressures for the organisation.

35. Board members recognised the importance for Council tenants of protecting capital investment and the proposed budget for housing repairs. However, concern was expressed about the impact of local housing officer positions remaining vacant.

36. In discussing a proposed increase in charges for bulk waste, members sought reassurance that officers had explored the costs to the organisation of any associated increase in fly-tipping.

37. Members discussed the impact of delays to the anticipated national waste strategy on the Council’s ability to plan for any required future investment, particularly in areas such as food waste collection.

38. The Board sought and welcomed reassurance that the continued utilisation

of S106 balances to support the revenue budget for a further year would not prevent community schemes being progressed.

39. Members recommended proceeding with a proposed increase in bereavement charges with particular sensitivity, in light of the current circumstances.

40. In discussing the budget setting process, it was suggested that the scale of the current financial challenge presents an opportunity for an even more fundamental review of Council operations with individual members suggesting that the Council explores ‘zero based budgeting.’

Infrastructure, Investment and Inclusive Growth

41. The sensitivity of many services within City Development to fluctuations in the wider economy was explored by this Board with income generation and the future of high profile events in the city, areas of concern in light of recent - and potentially future - Covid-related restrictions.

42. Board Members sought to understand the impact on local communities of proposed savings involving frontline service delivery in areas such as highways and strategic planning.

43. The Board reiterated the importance of the outcomes delivered through the Smart Cities and 100% Digital teams and advocated prioritising the continuation of digital inclusion programmes within the context of the Council’s Inclusive Growth agenda.

44. Members acknowledged that a significant proportion of proposed savings in services



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

within the Board's remit relate to reductions in staffing costs. The Board was therefore keen to understand how an aggregated figure for staff reductions related to individual service areas.

45. It was confirmed that staffing reductions would affect all service areas that fall within the remit of the Board including urban design, policy, development control and the management of planning applications. Members explored the temporary management arrangements introduced in services such as Employment and Skills, and Asset Management, as well as considering how transport policy would be managed in future.
46. Reassurance was sought by Board members that appropriate support was being provided via HR for members of staff who found themselves shouldering significant additional responsibility in an environment where change is now being accelerated at pace.
47. Reconfiguring services to ensure resilience, responsiveness and agility was a key concern for Board members, particularly in light of upcoming changes set out in the Government's Planning White Paper.
48. Officers outlined proposals to increase income and to "work smarter" including through greater digital access and processing.
49. Members noted that "front loading" planning applications could potentially reduce challenges that often emerge in the later stages of the application process, improve the quality of outcomes and increase efficiency.

50. The Board was reassured that government funding remained in place for major schemes so work in those areas could continue.
51. The Board discussed strategies for reducing Council activity in some areas to reduce costs. An example within asset management was bringing forward the release of surplus properties to secure capital receipts and reduce the cost of maintaining properties that are not in use.
52. Board members asked for clarification about the Council's position regarding the potential capitalisation of costs incurred as a result of Covid-19, with a view to spreading those costs over a number of years. Members noted that this would provide the Council with a financial mechanism similar to that already available to central government. However, it was also noted that the consequences of such an arrangement would themselves bear risk including with regard to the associated change in the city council's broader relationship with Government.

Strategy and Resources

53. In addition to the concerns outlined in paragraph 18 and 19 (above) Board members sought further clarity on workloads for staff that remain with the authority once the Early Leavers' Initiative (ELI) has been completed and vacant posts have been withdrawn from directorate structures. Particular concern was around whether workloads would be manageable given the scale of staffing reductions.
54. Questions were raised by the Board on the use of 'talent pools' and redeployment to ensure that staff are able to retrain and move on into new roles in the Council



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

when services are impacted by the Service Review approach. One example discussed by the Board related to staff being able to move into positions within housing services, supported by appropriate training, when they become available as those are funded by the Housing Revenue Account (HRA) and not the general fund. Board members were keen to ensure a flexible approach is taken by decision makers to ensure that staff are retrained and retained when such opportunities arise.

55. Members noted the wider implications of estate realisation particularly in light of Covid-19 and the council's rapid deployment of new ways of working that could see less office space used and a requirement to realise assets as part of the Medium-Term Financial Strategy. The Board were keen to ensure that savings made from estate realisation formed part of the council's future financial planning.
56. Treasury Management Strategy was also a point of interest for the board and members were keen to note the significant savings made through a prudent approach to borrowing and securing cheaper interest rates that has significantly benefitted the overall revenue budget position in recent years. Members also sought assurance that borrowing remained affordable and were keen to ensure that risk assessments were carried out as appropriate.
57. Whilst recognising the pressure placed on Council budgets as a result of year on year budget reductions and the added and unprecedented impact of Covid-19, members were keen to ensure the sufficiency of general and earmarked reserves.
58. The board was interested in proposals to make savings on the Leeds Lights Service accessed by communities city wide. A strong view was to ensure that all options are considered for this service as it is both valued and considered to be cost effective for the services it provides. Options that board members wanted decision makers to consider included evaluation of whether the business model could operate in the private sector or could be sold as a going concern, concerns about additional costs if the service did involve the private sector, whether the proposed £200K of savings might jeopardise the existing business model and encouragement to ensure that all commercial opportunities are being explored.
59. The proposals to reduce opening hours at Lotherton Hall also attracted comments and suggestions. Board members, whilst mindful of the financial challenge faced by the Council and the need to set a realistic rather than hopeful budget, were keen to ensure that the future business model for Lotherton Hall should be focussed on generating income and ensuring that one off events in particular are maximised as a means to generate income as the facility has proven to be capable of delivering this type of event successfully. Additional comments for decision makers to consider included providing improved café facilities, availability of room hire and events space and that there is focus on 'building up' the offer at Lotherton Hall in future years once the current financial challenge has been dealt with.
60. Given the proposals for both Lotherton Hall and Thwaites Mill members were interested in ensuring that residents could access cultural facilities as seamlessly as possible and that residents should be encouraged to visit the attractions that are



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

in the Council's ownership. Members therefore suggested that a more joined up approach might be preferable and encouraged decision makers to give consideration to linking up the two existing discount cards the Breeze Card and the Leeds Card.

61. The proposals to increase charges on the Breeze Card by £3 attracted further comments from Board members. There was concern that consultation should be thorough with young people on these plans and whilst recognising the opportunity to enhance the digital offer through the proposed increase in charges, members felt that consultation was important to get the proposals right and to ensure that young people continued to access the Breeze Card and continued to believe that it offered value for money. Members were strongly supportive of the opportunities the Breeze Card offers to young people as a 'gateway to culture' that can create a lifelong interest in culture and the benefits it offers.
62. Board members suggested enhanced consultation on the Breeze Card proposals to include; the Council's Community Committees through the Children and Young People's Champions appointed to each committee and also with the city's colleges and further education providers and in particular Leeds City College.
63. Members welcomed that there were no proposals in relation to the sale of any of the Council's cultural and arts collections and noted the value they offered to Leeds residents in terms of their cultural value and the local connection that many of the items had with the city. Board members were cautious about any proposals to sell any arts or cultural items held in the Council's collections or archive.

Children and Families Scrutiny Board

64. Board Members noted that the largest element of the Children and Families Directorate budget relates to staffing. Recognising the projected increase in demand for services due to the Covid-19 pandemic, Members sought assurance that staffing levels would remain sufficient in light of the current budget savings proposals, which equates to a reduction of 47.5 FTEs across the directorate. Members were advised that the current 'Business As Usual' approach is aimed at supporting requests for early leavers where appropriate, whilst being mindful of teams under significant pressure and the impact of staffing reductions on statutory responsibilities.
65. With regard to service delivery, particular reference was made to Children Looked After Services. While this is the directorate's largest element of expenditure, the Board was reassured that no budget savings proposals would be made against Children Looked After placements, particularly as the Covid-19 pandemic is likely to significantly impact more families and potentially add further pressure in terms of children entering the care system.
66. Linked to the above, Board Members noted the council's intention to accept an additional 26 Unaccompanied Asylum Seeking Children (UASC) into the care system, thereby moving towards the 0.07% UASC to total child population threshold. While this would be adding pressure to the service, Board Members were assured that the associated increased level of income expected would be enough to cover the service's costs. However, a point was made by the Board



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

that while funding would follow each child through the local authority, the health sector would not receive any additional funding for UASC and therefore this needed to be taken into account in terms of their overall health and care needs.

67. Linked to Partnerships & Health, the Board particularly discussed the proposal to further rollout personal transport allowances linked to the delivery of the Independent Travel Training to pupils, which will also be provided in-house. The Board was assured that any arrangements put in place would be in the best interests of the pupil and with the mutual consent of the pupil's parents/guardian and the Independent Travel Team. However, as part of any new in-house provision, the Board advised that schools should also be actively involved with the Independent Travel Trainers, as well as parents.
68. The Board particularly welcomed the directorate's target to achieve an additional £1.7 million of funding by working closely with the NHS Leeds Clinical Commissioning Group to look at increasing their contribution base to a level that would be more on par with contributions made to other local authorities by the health sector.
69. Another suggestion was also put forward by the Board for the directorate to explore the potential to introduce a Council run supply teacher agency, to be used as a traded service for schools at a lower cost.
70. With regard to the directorates Service Review proposals, the Board particularly discussed the proposal to cease the delivery of childcare from the Little Owls Firthfields, Garforth site and relocate the Children Centre Family Services from Garforth Academy to this building. In

doing so, the Board was assured that while the council's sufficiency duty would still be met through local alternatives for every affected child, this proposal would also be offering an enhanced quality of family services on offer to the community. As a Service Review proposal, the Board acknowledged that further consultation will take place with all relevant stakeholders prior to a decision being made.

Adults, Health and Active Lifestyles

71. Linked to the Board's 'Active Lifestyles' remit, particular consideration was given to the 3 related service review proposals made by the City Development directorate, as reported to Executive Board in October.
72. With regard to the proposed closure of Yeadon Tarn Sailing Centre, the Board questioned the current usage of this facility, which was reported to be approximately 9,000 users a year. Due to the nature of the activities, it was noted that there are substantially more young people accessing the sailing courses than older people, with the vast majority being of teenage age with an average age of attendance being 13 years of age. However, the Board felt that more detailed analysis of this data should be done to identify key groups and characteristics affected by the proposal.
73. It was highlighted that the site is predominantly used by schools (primarily within the Yeadon area), together with some public sessions. While acknowledging that this is the only venue within the Active Leeds portfolio to offer these type of outdoor water based programmes, it was reported that there are other venues in Bradford, Wakefield, Huddersfield and York that offer the same



Report of the Scrutiny Boards
Statement for Executive Board – December 2020
Phase 1 Budget Consultation 2021/22
(September–November 2020)

facilities as the sailing centre. While acknowledging the need to find a financial solution towards addressing the significant subsidy costs associated with this centre, Members were assured that all possible options will be explored during the consultation to try and find an optimum solution.

74. With regard to the proposed operating efficiencies at the John Charles Centre for Sport, Board Members were assured that any proposed club increased fees will not increase above the rates of other swimming pools and/or facilities and will still be below other local authorities. Prices will be negotiated to ensure the clubs can afford the costs. The Board was also pleased to learn that efforts are continuing to be made to increase the centre's public access time, rather than reduce it.
75. In consideration of the savings proposals being identified within the Adults and Health Directorate, Board Members very much welcomed the success of the Leadership Academy in achieving 'Centre of Excellence' status with Skills for Care. This has attracted both National Providers and other local authorities in the region who wish to buy in this service. While this will require an additional training post, it will also deliver a net surplus in income.
76. With regard to other identified efficiency measures, Board Members particularly acknowledged the importance of having effective systems in place to ensure that when care services are not being delivered, the respective payments for such services are being recovered.
77. Board Members also noted the proposal linked to the reassessment of individual care requirements for people with a learning disability, based upon a strengths-based approach that aims to further enrich lives by encouraging re-engagement in the community and employment opportunities. However, Board Members felt that it would be helpful to provide case study evidence to further demonstrate the benefits of this approach.
78. With regard to the proposed closure of Osmondthorpe Resource Centre, Board Members were informed that 27 people from across the city would be affected by this proposal, but were also assured that such individuals would continue to receive support services either via other day care hubs or through the operation of a revised service model, which will continue to be monitored by the service.
79. The Board also discussed the service review proposal to decommission two adult social care residential homes: Homelea House in Rothwell and Richmond House in Farsley.
80. With regard to Richmond House in particular, it was noted that this is a 20 bedded residential service that offers short term care and support to people who require a period of recovery following a hospital admission. The service also offers support to people from the community to prevent hospital admission.
81. However, it was noted that the facility is continually under occupied as the NHS Leeds Clinical Commissioning Group Community Care Beds contract is now established and provides a greater recovery residential and nursing offer. As such, this current type of provision can easily be assimilated in wider system provision.
82. While acknowledging that both proposals will be subject to further consultation, it



Report of the Scrutiny Boards Statement for Executive Board – December 2020 Phase 1 Budget Consultation 2021/22 (September–November 2020)

was highlighted that the estimated timescales for a full decommissioning and ensuring all customers are appropriately transferred to a new home of their choice, is approximately 12 months from the onset of a formal consultation, anticipated in this proposal as no earlier than end of January 2022.

83. The Board acknowledged the difficult position of the directorate in having to balance the cost of delivering quality statutory services against the desire to maintain other valuable discretionary services. However, some concerns were raised regarding the Strategic Commissioning (Older Adults) proposals to reduce funding to a number of third sector organisations, including Neighbourhood Network Services. As part of the consultation process, Board Members were therefore assured that the exact details of implementation would be worked through in close dialogue with the sector.

Conclusions and Next Steps

84. In line with the Council's '[Vision for Scrutiny](#)' members of all five Boards have sought to provide "critical friend challenge" to those developing budget proposals for 2021/22 and have welcomed the time and contributions of Executive Members, directors and senior officers.
85. In January 2021 Scrutiny Board members will consider the initial package of budget proposals as agreed by Executive Board in December 2020, before final proposals are recommended to Full Council in February 2021.
86. Throughout this initial phase of budget consultation, scrutiny members have regularly acknowledged the enormous

scale of the financial challenge facing the organisation and the way in which 'built in' savings required for 2021/22 have been substantially exacerbated by the need to respond to the Covid-19 pandemic.

87. Board members have further recognised that the result of these pressures is an accelerated pace of change in the organisation and highlighted the importance of individual service areas being empowered to deliver the scale of change necessary to achieve a balanced budget in 2021/22.
88. Alongside the Executive Board, Scrutiny Members will seek to maintain a degree of oversight of the budget delivery process as it pertains to the remits of the various boards during the coming municipal year.
89. As noted above, all the Boards welcomed the opportunity to engage in the budget setting process earlier in the municipal year than has been in the case previously. All Boards are keen that such consultation continues in future years and is not limited to the unprecedented circumstances of 2020/21.
90. Looking to future years, scrutiny board members have noted that additional training on departmental budgets as they relate to individual boards would assist in ensuring members have the tools and the contextual knowledge necessary to add maximum value to the budget setting process through effective 'check and challenge.' It is therefore recommended that consideration is given to providing such training on an annual basis through the member development process at the start of each municipal year.

**Scrutiny Boards
Joint Statement for the Executive Board
Phase 1 Consultation: 2021/22 Budget Proposals
December 2020**

Budget savings proposals for 2021/22 – for consideration at Executive Board 16th December 2020

Summary

- The Medium Term Financial Strategy 2021/22 - 2025/26 considered at September's Executive Board meeting reported an estimated budget gap of £166.3m for the period of the strategy, of which £118.8m relates to 2021/22. Of this £118.8m, £59.7m is due to pressures identified prior to the impact of COVID-19 with the balance of £59.1m resulting from the ongoing financial impact of COVID-19.
- In response to this financial position, the council established a 'Financial Challenge' programme of service reviews to identify savings that contribute towards closing the estimated budget gap and enable the authority to present a robust, balanced budget position in 2021/22. In line with the council's ambitions and values, these aim to protect services that support the most vulnerable whilst ensuring that the council becomes more financially resilient and sustainable for the future.
- The saving proposals resulting from these reviews are categorised as either 'Business as Usual' proposals which can be implemented within the council's delegated decision-making framework and without consultation, or 'Service Reviews' which will require meaningful consultation with relevant stakeholders prior to any decisions being taken. The results of any such consultation with staff, trade unions, service users and the public will be used to inform the final decision.
- Executive Board has already approved three sets of savings proposals for 2021/22 through its September, October and November 2020 meetings. Combined with £0.3m savings resulting from a review of the capital programme and a reduction of 50 full-time equivalent (FTE) posts through a review of the Housing Revenue Account (both considered at September's Executive Board), these total £58.2m, with an anticipated reduction in the workforce of 816.5 FTEs.
- A further £5.2m potential savings are presented for consideration today with an anticipated reduction in the workforce of 97.5 FTE budgeted posts. If today's proposals are approved, taken together with the £58.2m proposals previously approved, the total savings proposals identified so far come to £63.4m (rounded). The total anticipated reduction in the workforce is 914 FTEs. All efforts will be made to avoid compulsory redundancies.
- The main cover report 'Proposed Budget for 2021/22 and Provisional Budgets for 2022/23 and 2023/24' sets out further measures to reduce the budget gap. Additional savings proposals will be brought to the Executive Board in February as part of the recommended Budget 2021/22 report.

Recommendations

Executive Board is requested to:

- a) Note the financial position for 2021/22 outlined in this paper and that further savings are required to deliver a balanced budget position;
- b) Note the 'Business as Usual' savings and that decisions to give effect to them shall be taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive functions);
- c) Agree the recommendations in the 'Service Review' proposals at Annexe 4.2 and that consultation commences. And to note that decisions to give effect to them shall be taken by the relevant Director or Chief Officer, following the consultation

period, in accordance with the Officer delegation scheme (Executive functions) save where the Leader, relevant portfolio holder or Director considers that the matter should be referred to Executive Board for consideration.

1. Purpose of this report

- 1.1 This report details the actions underway and proposed to address the financial gap for 2021/22 estimated at £118.8m. The report presents a series of savings proposals to contribute to the council achieving a balanced budget for 2021/22 Budget and, where appropriate, seeks agreement to begin meaningful consultation with staff, trade unions, service users and the public as required.

2. Background information

- 2.1 A report received at this Board in June set out the impact that the COVID-19 pandemic is having upon the council's financial position in 2020/21 and 2021/22. Updates have since been provided to the Executive Board on the 2020/21 position through monthly Financial Health reports.
- 2.2 The Medium-Term Financial Strategy 2021/22 to 2025/26 received at this Board in September further detailed the significant financial uncertainties resulting from COVID-19 and how this will continue to impact upon the council's financial position for the period covered by the strategy.
- 2.3 The council's financial position and the estimated budget gap for the period covered by the Medium Term Financial Strategy need to be seen against a backdrop of ongoing national economic uncertainty, which 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.
- 2.4 With regard to 2021/22, the authority's estimated financial gap has previously been reported as £118.8m. To start to reduce that gap, an initial set of savings proposals were considered and approved by this Board at its September, October and November meetings (available at Item 43 [here](#), Item 21 [here](#) and Item 77 [here](#) respectively). Today's report presents a fourth set of proposals for consideration.

3. Main issues

Revenue Budget 2021/22: Service reviews

- 3.1 A 'Financial Challenge' programme of service reviews has been established to identify savings that will contribute towards closing the estimated revenue budget gap and enable the authority to present a balanced budget position in 2021/22. These comprise several cross-council reviews and others that relate to individual services; a small number of more complex reviews have received external, independent support.
 - The cross-council reviews include those relating to activities that the council has been pursuing for some time, such as a review of business administration, mail and print expenditure reduction and changing the workplace. More recently identified reviews include reducing the wage bill, estate rationalisation (building on the long-standing changing the workplace programme), procurement, customer contact and workforce development. Reports on estate rationalisation and accelerating capital receipts were considered by this Board at its September, October and November 2020 meetings (Item 46 available [here](#), Item 22 available [here](#) and Item 78 available [here](#) respectively).

- In addition to the cross-council reviews, directorates have also carried out reviews of all services, working towards an indicative target saving of 10% of gross expenditure or 20% of net expenditure for each directorate.
- 3.2 The Financial Challenge programme is being carried out across all services with a cross-council ‘Silver’ group set up to provide support and ensure a co-ordinated, consistent approach. Directors have carried out peer reviews of each other’s emerging proposals to provide additional high support and high challenge and Scrutiny Board working groups have also met to consider proposals brought to this Executive Board and for further support and challenge to identify new proposals.
- 3.3 The outcome from the reviews has led to a set of savings proposals which are categorised as either ‘Business as Usual’ (BAU) or ‘Service Review’ proposals:
- BAU proposals are those that do not require consultation to implement: for example, they relate to improving the efficiency of the service, are cost reduction measures with no impact on service users or, where there are budgeted staffing reductions, these are anticipated to be met through deletion of vacant posts or voluntary means, as has been collectively agreed. Where voluntary measures have a modest and/or residual impact on the workforce, local / BAU consultation would be expected.
 - Service Review proposals (some cross-council, some service-specific) are those requiring consultation: for example, the way in which a service is delivered or the level of service provided is impacted and so meaningful consultation with service users is needed; and/or the proposal relates to a significant internal restructure, requiring consultation with trade unions and staff.
- 3.4 A summary of the BAU proposals is provided at Annexe 4.1. The total value of these proposals is £2.9m. The Service Review proposals are summarised at Annexe 4.2 with a total value of £2.3m. Executive summaries and equality, diversity, cohesion and integration screening documents for each Service Review proposal are also provided. Any new savings identified from the cross-council reviews have been captured within the BAU and Service Review proposals. The combined value of the BAU and Service Review proposals set out in today’s report is £5.2m. Further savings proposals to address the remaining estimated budget gap will be brought to the Executive Board in February as part of the recommended Budget 2021/22 report.

General Fund: Revenue Budget 2021/22 - savings proposed

- 3.5 Table 1 summarises the proposals set out in this report for the Board’s consideration.

Directorate	Business as Usual		Service reviews		Total	
	2021/22 savings / £'000s	FTE budgeted posts	2021/22 savings / £'000s	FTE budgeted posts	2021/22 savings / £'000s	FTE budgeted posts
Adults & Health	0	0.0	0	0.0	0	0.0
Children & Families	2,500	-5.0	0	0.0	2,500	-5.0
City Development	0	0.0	0	0.0	0	0.0
Communities & Environment	383	-4.5	223	-7.0	606	-11.5
Resources & Housing	0	0.0	0	0.0	0	0.0
Cross-council	0	0.0	2,100	0.0	2,100	0.0
	2,883	-9.5	2,323	-7.0	5,206	-16.5

Table 1: Summary of 2021/22 Revenue Budget Savings Proposals for December Exec Board

- 3.6 Should these December proposals be approved, the total savings for 2021/22 approved by this Board since September are as follows:

2021/22 revenue savings	£'m	£'m
Capital programme review		
September Executive Board		-0.3
Savings proposals		
September Executive Board	-32.3	
October Executive Board	-7.9	
November Executive Board	-17.6	
December Executive Board	-5.2	
		-63.1 (rounded)
TOTAL		-63.4

Table 2: Summary of 2021/22 Revenue Budget Savings Proposals Sep to Dec Executive Board

Staffing implications

- 3.7 The implications of the savings proposals set out in today's report project a potential reduction of 16.5 FTE budgeted posts with a further potential reduction of 81 FTE budgeted posts through a review of the Housing Revenue Account (further detail is provided in the cover report at section 12). Combined with the proposals approved at September's, October's and November's Executive Board meetings (816.5 FTE budgeted post reductions – including 50 HRA-funded FTE posts), the total potential reduction is 914 FTE budgeted posts.
- 3.8 The council issued a Section 188 Notice to the trade unions in June 2020 confirming our duty to consult to avoid, reduce and mitigate the risk and consequences of compulsory redundancies. Pursuant to the council's Managing Staff Reductions Policy, a range of voluntary measures are now being progressed, including early retirement, flexible retirement, severance and other voluntary changes to working patterns.
- 3.9 The expressions of interest in the voluntary leavers' scheme were very high and, following the scheme's closure at the end of September, decision-making has taken place over October and November. 1,992 expressions of interest were received and, of these, 1,058 colleagues reaffirmed their interest in leaving under the Early Leavers' Initiative (ELI) scheme: 900 through voluntary retirement, 158 through voluntary severance.
- 3.10 To date a total of 714 staff have been approved at panel for exit by the 31st March 2021 and, as of the 30th November 2020, 148 of these people have exited the organisation. Work continues to progress other cases through the decision making process and further ELI panels are booked in for December to facilitate further exits.
- 3.11 A collectively agreed framework has been established to ensure meaningful and frequent consultation with trade unions colleagues takes place regarding the impact of the approved voluntary measures in the context of progressing the service reviews already agreed by Executive Board.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Senior officers and elected members have been engaged in developing the savings proposals set out in today's report. Trade unions have also been informed in headline terms of the emerging proposals. Where required, further consultation and engagement will be carried out with staff, trade unions, service users and the public as appropriate on the Service Review proposals set out at Annexe 4.2.
- 4.1.2 Scrutiny Boards have considered the September, October and November Executive Board proposals as relevant to their remits and will also carry out further consideration of these December Executive Board proposals through their meetings in January 2021. (Please refer to Appendix 3 for the Scrutiny Board report on their savings consultation to date.)
- 4.1.3 The outcomes of any consultation will inform the council's decision-making and be incorporated into the 2021/22 Budget Report) timetabled for initial consideration at February's Executive Board.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 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.
- 4.2.2 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.
- 4.2.3 Equality impact screenings have been carried out on the service review savings proposals and included with those proposals at Annexe 4.2. Where appropriate, equality impact assessments will be carried out as part of the decision-making process.

4.3 Council policies and the Best Council Plan

- 4.3.1 The Best Council Plan sets out the council's ambitions, outcomes and priorities for the organisation and the city, many delivered in partnership. The current plan is therefore aligned with both the Council's Medium Term Financial Strategy and its annual budget. To help mitigate the pressures on the financial sustainability of the council – significantly exacerbated by the impacts of COVID-19 - it is imperative that the proposals contained in this report are considered in order that the council's strategic priorities can be delivered within a robust financial framework.

Climate Emergency

- 4.3.2 There are no specific implications for the climate emergency resulting from this report.

4.4 Resources, procurement and value for money

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

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

- 4.5.1 Decisions giving effect to the Business as Usual proposals included in this report can be taken by the relevant Director or Chief Officer in accordance with the Officer Scheme of delegation (Executive functions) and will be subject to the Executive and decision – making procedure rules. Notice of any decision which is “Key” will be published on the list of forthcoming decision not less than 28 clear calendar days in advance of the date of the proposed decision.
- 4.5.2 Decisions giving effect to the Service Reviews will be made following the outcome of consultation having regard to representations made. Decisions will be taken by the relevant Director or Chief Officer following the procedure set out in paragraph 4.5.1 above, save where the Leader or the relevant Portfolio Holder has directed or the Director considers that the matter should be referred to Executive Board for consideration.
- 4.5.3 As a decision of Executive Board, the recommendations in this paper are eligible for call-in.

4.6 Risk management

- 4.6.1 The financial projections for 2021/22 contain a number of inherent risks even without taking account of the impact of COVID-19. These include risks associated with budgets which are subject to fluctuating demand and demographic pressures and key income budgets that rely upon the number of users of a service. In addition the approved Budget makes assumptions in respect of the level of resources that are receivable through council tax, business rates and government grants.
- 4.6.2 Factoring in the impact of COVID-19, the financial position for 2021/22 makes a number of assumptions around income, expenditure and collection rates for both Business Rates and Council Tax – the pandemic will continue to affect the levels that can be collected. Any variations from these assumptions has implications for the level of resources available to the council to fund services.
- 4.6.3 There also remain uncertainties around the impacts of the Government’s Comprehensive Spending Review, business rates reform and Fair Funding Review and Government’s intentions for the future funding of social care.
- 4.6.4 These risks and assumptions will be subject to review as more information becomes available and through the council’s financial management, monitoring and reporting processes.
- 4.6.5 This report contains several budget saving proposals that will be subject to consultation. There remains a risk that there is slippage in the implementation of these proposals or that the assumptions contained in these proposals change as a result of the consultation exercises. This could lead to a variation in the assumed level of savings and the council’s ability to set a balanced budget for 2021/22.

5. Conclusions

- 5.1 The council faces an unprecedented financial challenge with an estimated budget gap for 2021/22 of £118.8m. In response, the authority has carried out a review of

its capital programme and established a 'Financial Challenge' programme of service reviews to identify savings that will contribute towards closing the estimated budget gap and enable the authority to present a robust, balanced budget position in 2021/22. These aim to protect services that support the most vulnerable whilst ensuring that the organisation becomes more financially resilient and sustainable for the future.

- 5.2 Thus far, £63.4m (rounded) of savings have been identified through the reviews (£58.2m approved at September's and October's Executive Board meeting, including £0.3m from the capital programme review, and a further £5.2m for consideration through this report). Work continues to identify further savings with proposals to come to this Board in February through the Budget 2021/22 report.
- 5.3 Meaningful consultation will be carried out with staff, trade unions, service users and the public on proposals as required with the results used to inform the decisions taken in respect of Service Reviews.

6. Recommendations

- 6.1 Executive Board is requested to:
- a) Note the financial position for 2021/22 outlined in this paper and that further savings are required to deliver a balanced budget position;
 - b) Note the 'Business as Usual' savings and that decisions to give effect to them shall be taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive functions);
 - c) Agree the recommendations in the 'Service Review' proposals at Annexe 4.2 and that consultation commences. And to note that decisions to give effect to them shall be taken by the relevant Director or Chief Officer, following the consultation period, in accordance with the Officer delegation scheme (Executive functions) save where the Leader, relevant portfolio holder or Director considers that the matter should be referred to Executive Board for consideration.

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.

Annexe 4.1: 'Business as Usual' 2021/22 savings proposals

Table 1: Adults & Health Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	-	-
Total 'BAU' Adults & Health 2021/22 savings	0	0.0

Table 2: Children & Families Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
Reductions in operational running costs across the directorate and a reduction in the additional funding provided for CLA costs in light of recent trends and the return of schools	560	0.0
Proposal to seek a contribution from the Central Services' Schools Block of DSG (subject to consultation with, and agreement by, Schools Forum)	120	0.0
Work with providers to negotiate efficiencies in existing contracts	270	0.0
Sector-led improvement income from other local authorities, assumptions around existing grant regimes and target for in-year funding based on previous successful bids	1,250	0.0
Deletion of recently vacated posts/costs attributable to Strengthening Families Protecting Children and charges for training	300	-5.0
Total 'BAU' Children & Families 2021/22 savings	2,500	-5.0

Table 3: City Development Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	-	-
Total 'BAU' City Development 2021/22 savings	0	0.0

Table 4: Communities and Environment Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
Proposal to delay planned investment in Waste Strategy. The full year delay of introducing changes or new services to improve recycling rates/reduce waste to meet the ambitions of the Leeds Waste Strategy. This is in addition to £200k already agreed at the November Exec Board meeting for the first half of 2021/22. The delay mirrors a year's delay in the consultation phase of the national Resource and Waste Strategy, caused by Covid-19 prioritisation. It is expected this phase will include clarity on changes to legal requirements on waste collections and how funding will be provided to councils to invest in significant infrastructural changes and subsequent service delivery costs.	225	0.0
Proposal to reduce grant to Groundwork by 10%	8	0.0
To continue the suspension of the household food waste collection pilot offered to 12,343 (3.5%) of homes in Leeds until the end of 2021/22	150	-4.5
Total 'BAU' Communities & Environment 2021/22 savings	383	-4.5

Table 5: Resources & Housing Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	-	-
Total 'BAU' Resources & Housing 2021/22 savings	0	0.0

Table 6: Total 'BAU' 2021/22 savings proposals for December Executive Board		
Directorate	2021/22 saving / £'000s	FTE budgeted posts
Adults and Health	0	0.0
Children & Families	2,500	-5.0
City Development	0	0.0
Communities & Environment	383	-4.5
Resources & Housing	0	0
Total	2,883	-9.5

Annexe 4.2: Summary Service Review Proposals (reports and equality screenings on each proposal are provided below this summary)

Table 1: Cross-council		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
<p>A number of organisational design proposals aimed at realigning services to maximise savings, capacity and collaboration:</p> <ul style="list-style-type: none"> a) Proposal to move Housing from Resources & Housing to Communities & Environment; b) Proposal to move the Contact Centre from Communities & Environment to Resources & Housing c) Proposal to bring together all Property-related services within City Development, with all Facilities Management activity delivered and/or coordinated from a single function within Civic Enterprise Leeds; and d) Proposal to bring together Council Tax and Business Rates & Recovery under Financial Services within Resources & Housing. <p>If agreed, these areas will be realigned with effect from 1st April 2021. Service reviews will then be undertaken with new structure proposals put forward for consideration during 2021/22 to deliver the required savings. Consideration is also being given to how best to align Youth and Community given the impact of the pandemic on the young and the inequality challenges still very evident. Proposals will be brought forward for consideration in the future.</p>	2,100 with potential for further savings	N/A at this stage
Total cross-council savings proposals requiring consultation	2,100	N/A

Table 2: Adults & Health Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	0	0.0
Total Adults & Health 2021/22 savings proposals requiring consultation	0	0.0

Table 3: Children & Families Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	0	0.0

Table 3: Children & Families Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
Total Children & Families 2021/22 savings proposals requiring consultation	0	0.0

Table 4: City Development Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	-	-
Total City Development 2021/22 savings proposals requiring consultation	0	0.0

Table 5: Communities and Environment Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
Proposal to implement new intruder monitoring system at 4 sites across the Parks & Countryside portfolio with staff and trade union consultation	73	-3.0
Proposal for a 50% reduction in floral decorations in the city centre and seasonal bedding displays with public consultation	150	-4.0
Total Communities & Environment 2021/22 savings proposals requiring consultation	223	-7.0

Table 6: Resources & Housing Directorate		
Proposal	2021/22 saving / £'000s	FTE budgeted posts
No further proposals	-	-
Total Resources & Housing 2021/22 savings proposals requiring consultation	0	0.0

Table 7: Total proposals requiring consultation for 2021/22 for December Exec Board		
Directorate	2021/22 saving / £'000s	FTE budgeted posts
Cross-council	2,100	N/A at this stage
Adults and Health	0	0.0
Children & Families	0	0.0
City Development	0	0.0
Communities & Environment	223	-7.0
Resources & Housing	0	0.0
Total	2,323	-7.0



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



Service review report

Report to: Executive Board

Date of meeting: 16th December 2020

Report author(s): Gemma Taskas

Report of: Directors of Resources & Housing, Communities & Environment and City Development

Portfolios: Resources, Communities

Does the report contain confidential or exempt information? No

Proposal title:	Organisation Design Proposals
2021/22 savings from proposal	£2.1m (with the potential for further savings to be identified)

Who are you expecting to consult with?	Service users?	N / A
	Staff?	Yes
	Other stakeholders?	Yes – Trade Union Colleagues

Are there equalities implications?	No
If yes, have you attached a screening document?	N / A

Executive Summary

1.0 Overview

The current context in which the Council finds itself in is very dynamic with both internal and external factors influencing the future direction of the organisation. Our short-term challenges include the impact of the COVID pandemic, the current financial position, the subsequent need to reduce the workforce and our need to deliver new and more efficient ways of working. These challenges sit alongside longstanding commitments to eradicate duplication, to adapt our services to meet the demands of a digital age and create thriving communities. Building on the strengths of the Council and its partners, this is an opportune time to reflect on and review our current structure.

This report sets out, at a high level, a number of structural change proposals that will realign some services differently within the current Directorate structure.

2.0 Aims of Organisation Design Proposals

In considering changes to our organisation design it is important to understand what is trying to be achieved as a result of any structural change. The organisation design proposals are intended to support the delivery of the following aims:

- Maximising the delivery of further financial savings in the short, medium- and long-term on the back of those leaving under the council's Early Leavers' Initiative whilst delivering sustainable structural change for the future.
- Sharing resource where possible to avoid duplication and maximise capacity: whether that be in terms of staffing resource, leadership capacity, use of systems and technology or business processes.
- Alignment of services to support a more collaborative working approach and the breakdown of silo'd working.
- Refreshed leadership arrangements, capacity and diversity to support the delivery of better outcomes.
- Drive towards digital approach with more automation and self-service functionality to enable



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



those who can help themselves to do so

- Support the longer term direction of travel towards an organisational design that is grounded by and focused on the city's key strategies, outcomes and priorities. In particular, advocating systems leadership, working with communities and partners to develop asset-based solutions and moving our locality working agenda to the next level to enhance thriving communities.

In addition, the revised organisation design principles recently agreed at Executive Board in October 2020 will be applied to future structural changes of each service area to deliver the required savings.

3.0 Proposals

The following 4 areas of structural change are being put forward for consideration:

1. **Housing** to move from the current Resources & Housing Directorate to Communities & Environment Directorate to enable better integration, engagement and collaboration across face-to-face services and neighborhood management.

The move of Housing into a new Communities, Housing and Environment directorate will provide opportunities for further collaboration in a number of areas including:

- Community and tenant engagement activity;
- Anti-social behaviour and related community safety issues;
- Priority council estates and links with the priority neighbourhood approach;
- Estate management and improved links to environmental services and the broader environmental condition and impact of council estates including pest control, other related environmental health services and grounds maintenance functions;
- Private sector housing and selective licensing and stronger links to broader communities, environmental services and community safety activities;
- CCTV and the management and operation of support for the city's high rise properties and strategy;
- The development of further opportunities in face-to-face services for local communities and council tenants, particularly in respect of supporting those most in need and links with broader welfare, benefits and financial inclusion services;
- Links with Leeds housing options and the Leeds Street Support team; and
- Opportunities to explore more collaborative approaches to accessing external funding opportunities maximising on the return of the council's investment in neighbourhoods and localities.

As part of this work we will also consider opportunities to further strengthen and broaden out our approach to neighbourhood and locality working, seeking to bring about even further collaboration and integration across the council and its partners. We will do more to build on the success of asset-based community development approaches, working closely with communities and the third sector to enable and support communities doing more for themselves.

The changes proposed will provide an opportunity to explore ways of re-aligning current service provision in order to increase our focus on key areas, improve outcomes for local people and look to drive the delivery of efficiencies and savings.

2. The **Contact Centre and Web team** to move from the current Communities & Environment Directorate to Resources & Housing Directorate to better align work on digital, channel shift and communications with the relevant Support Services functions.

A review will be undertaken in relation to the Contact Centre focusing on the following areas:



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



- Potential efficiencies and clearer strategy in relation to our Websites and the internal InSite through joining teams covering this work;
- Potential efficiencies through joining of teams undertaking contact centre type work from across the council;
- Assessment of how web content is managed and potential crossovers between Web and Communications teams;
- Assessment of technical web design roles and potential crossovers between Web team and DIS Application Development;
- Review of the technology platforms in use to provide a web presence and opportunities of any cost savings;
- Potential efficiencies and improved prioritisation through joining teams undertaking Service design work within the Contact Centre and DIS;
- Development and delivery of projects which drive contact online and thereby reduce cost;
- Development and delivery of projects which improve the end-to-end user experience and focus on improvements which result in fewer calls and complaints;
- Development and delivery of projects which provide alternate automated means of handling customer calls;
- Development and delivery of projects which manage demand against capacity within the Contact Centre; and
- Development and delivery of initiatives which maximise the call handling capacity and match this to customer demand peaks.

3. All **Property-related services** to be brought together within City Development to align with our strategic asset management plan and all **Facilities Management** activity to be delivered and / or coordinated from a single function within Civic Enterprise Leeds to enable a streamlined, consistent and more efficient approach.

The proposal takes a revised approach to council-wide property management functions in directorates, recognising where there are discrete centres of specialist activity whilst providing clarity and renewed centralised accountability on the decision making, budgeting and implementation of whole lifecycle property management activities.

It is proposed that property functions are re aligned into the core areas of Property Strategy and Delivery provided by Asset Management & Regeneration in City Development, Construction and Maintenance into CEL in Resources and an integrated Housing team. These arrangements will ensure:

- A clear and single council lead on property management through Asset Management & Regeneration which will act on behalf of all service clients, ensuring that solutions are developed which reflect the overall needs of the council as well as delivering on specific service priorities.
- The internal service provision through CEL is not over-layered by internal contracting and inspection arrangements and collectively we optimise the income-earning and flexibility of in-house provision.
- The unique needs of the council's housing tenants are recognised by keeping property functions "close to the customer" alongside other housing functions. This also allows augmented and integrated service delivery through the HRA provisions.
- The control and oversight of all commissioned building/refurbishment work across the council. This will ensure the correct assignment of roles and effective, efficient and safe delivery of the project assurance and value for money consideration.



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



4. Council Tax and Business Rates & Recovery functions to be brought together under Financial Services within the current Resources & Housing Directorate to enable the integration of back office services to deliver efficiencies in operational service delivery and drive channel shift and self-service approaches.

The integration of the Council administration billing and collection together with business rates and sundry income collection will allow a single team to deliver a more integrated approach to administering and delivering these functions to the citizens and businesses of Leeds. The vision is to provide a better more integrated service to its customers by delivering high quality services, whilst continuing to maximise collection rates.

The service review will focus on the following areas:

- To the greatest extent possible, shift specialist expertise to the front of key business processes, thereby reducing downstream failure activity (from a customer perspective) and shortening end-to-end process cycle times.
- Integrating appropriate level work avoiding duplication and error.
- Encouraging and driving automation with the use of AI and self-service wherever possible. Other examples include automated billing and greater use of direct Debits.
- Pushing work down the structure to the lowest level possible to undertake the relevant task.
- Rationalise the management complexity and inconsistency between different levels.
- Increasing the spans of control of line managers to the optimum level.
- Increasing agility and flexibility across the teams to ensure that resources can be deployed to meet peaks in demand.
- Ensure a culture of 'right first time' approach, reducing the number and scope of checks and audits.
- Ensuring proportionality and a risk based approach, to ensure efficient cost of collection, through benchmarking: for example, debt collection rates and cost per case.

If agreed, these 4 areas outlined above will be realigned to the new directorates with effect from 1st April 2021. Service reviews will then be undertaken with new structure proposals put forward for consideration during 21/22 to deliver the required savings. At this point full equality impact assessments will be undertaken on the detailed proposals at a local service level.

It is also worth noting that consideration is also being given to how best to align the work of the Youth Service with Communities. This review will be led by the Chief Officer Communities reporting to the Director of Children's Services. Thinking around this is still ongoing and proposals will be brought forward for consideration in the future.

4.0 Recommendations

Executive Board are asked to consider and agree to the proposals set out in section 3.0 above as part of the council's medium-term financial strategy and preparation for setting the 2021/22 Budget. Also to note that the Directors of Resources & Housing, Communities & Environment and City Development will be responsible.



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



Service review report

Report to: Executive Board

Date of meeting: 16th December 2020

Report author(s): Sharon Coates

Report of: James Rogers, Director of Communities & Environment

Portfolio: Communities

Does the report contain confidential or exempt information? No

Proposal title:	Proposal to implement new intruder monitoring system at 4 sites across the Parks & Countryside portfolio with staff and trade union consultation
2021/22 savings from proposal	£ 73,000

Who are you expecting to consult with?	Service users?	No
	Staff?	Yes
	Other stakeholders?	No

Are there equalities implications?	Yes
If yes, have you attached a screening document?	Yes

Executive Summary

Overview

The proposal is to implement a new intruder monitoring system at four sites within the Parks & Countryside portfolio, the intruder monitor systems will be linked to the LeedsWatch Alarm Receiving Centre.

Impacts of proposal

An alternative monitoring solution will be provided by LeedsWatch, which would move away from the current service, to a more advanced technological solution which would alert LeedsWatch when motion has been detected, the service would have the ability to switch to live CCTV monitoring and recording of the sites whilst following an agreed procedure and notifying police if appropriate.

Once the new technology solution is in place, this will allow a reduction of three full time equivalents from the budgeted structure. In line with the corporate approach to reductions in staff FTEs, the service will consider releasing staff on ELI as and when budget savings actions are consulted on and progressed. Currently 3 employees are in these budgeted posts, therefore staff that will be affected and trade unions will be communicated with and consulted with at the earliest opportunity.

Recommendation(s)

Executive Board is requested to:

- Approve the proposal to implement a new intruder monitoring system at four sites within the Parks & Countryside portfolio going out to consultation as part of the council's medium-term financial strategy and preparation for setting the 2021/22 Budget; and
- Note that the Director of Communities and Environment, will be responsible.

Equality, diversity, cohesion and integration impact assessment - organisational change impacting on the workforce

As a public authority we need to ensure that all organisational change arrangements impacting on the workforce have given proper consideration to equality, diversity, cohesion and integration. In all appropriate instances we will need to carry out an equality, diversity, cohesion and integration impact assessment.

This form:

- can be used to prompt discussion when carrying out your impact assessment
- should be completed either during the assessment process or following completion of the assessment
- should include a brief explanation where a section is not applicable

Directorate: Communities and Environment	Service area: Parks and Countryside - Security
Lead person: Joanne Clough	Contact number: 3786002
Date of the equality, diversity, cohesion and integration impact assessment:	

2. Members of the assessment team:		
Name	Organisation	Role on assessment team For example, service user, manager of service, specialist
Joanne Clough	Communities and Environment	Manager of Service
Sharon Coates	Communities and Environment	Specialist

3. Summary of the organisational change arrangements to be assessed:
To implement a new intruder monitoring system at four sites within the Parks & Countryside portfolio, that will then be linked to the LeedsWatch Alarm Receiving Centre.

4. Scope of the equality, diversity, cohesion and integration impact assessment	
Organisational change (please tick all appropriate boxes that apply below)	
Restructuring and assimilation	<input checked="" type="checkbox"/>
Reorganisation and job redesign	<input checked="" type="checkbox"/>
Flexible deployment	<input checked="" type="checkbox"/>
Early leavers initiative	<input checked="" type="checkbox"/>
Cessation of a service	<input type="checkbox"/>
Downsizing of a service	<input checked="" type="checkbox"/>
Switching	<input checked="" type="checkbox"/>
Recruitment	<input type="checkbox"/>
Equal pay considerations	<input type="checkbox"/>
Job evaluation	<input type="checkbox"/>
Any other organisational change arrangements	<input type="checkbox"/>
<p>Please provide detail:</p> <p>The details are set out within the main body of the report and this EDCI needs to be read in conjunction with the report.</p>	

4a. Do your proposals relate to: please tick the appropriate box below	
The whole service	<input type="checkbox"/>
A specific part of the service	<input checked="" type="checkbox"/>
More than one service	<input type="checkbox"/>
Please provide detail: Security Services	

4b. Do your proposals relate to: please tick the appropriate box below	
Employment considerations only	<input type="checkbox"/>
Employment considerations and impact on service delivery	<input checked="" type="checkbox"/>
Please provide detail: This proposal will consolidate existing arrangements. The proposed structure aims to increase local responsiveness, effectiveness and strategic capacity, whilst improving efficiency and resilience including responding to legislative changes within this bespoke specialist service provision.	

<p>5. Fact finding – what do we already know Make a note here of all information you'll be using to carry out this assessment. This could include previous consultation, involvement, research, results from perception surveys, equality monitoring and customer or staff feedback.</p> <p>(priority should be given to equality, diversity, cohesion and integration related information)</p> <p>Equality monitoring data is gathered as part of normal HR procedures and recorded on SAP. Data relating to the P&C Service is as follows: General comments – under represented for women, BME, disabled. Age profile generally representative. This issue carries forward to both women and BME in senior roles.</p> <p>A study of the current workforce profile and related diversity issues was undertaken in 2017.</p>

From this, 676 staff in Parks and Countryside of which 561 employed on a permanent basis with a pool of 115 casual staff (mainly in retail/café) equivalent to 26 full-time employees. From analysis of the 2017 data the following key issues were highlighted:

- An under-representation of female employees with 19% compared to 51% in the Leeds population based on the 2011 census
- An under-representation of BME employees with 6% compared to 17% in the Leeds population based on the 2011 census
- The service has an aging workforce with 65% aged 41 and above

In terms of female and BME employees, this proportion has remained static over the last 5 years. Age profile however has improved from around 70% in 2010 due to around 50 gardeners leaving the service under ELI and the introduction of around 30 apprentices from 2012, with around 7 more anticipated to be recruited each year thereafter.

It should be noted that equality monitoring data is incomplete with an issue of non-disclosure of information relating to carer status, sexual orientation and religion from existing employees. In addition from 163 applicants for apprentice roles in 2015, only 5 provided data on age, 7 on ethnic origin, gender and relationship status compared to 159 who were willing to provide data on sexual orientation.

The Parks and Countryside service currently employ 3 FTE's security staff who are all based at the Arium, working on a shift pattern, covering 24hrs all year round. Cover for annual leave and sickness is sourced by an external provider.

The staff monitor a number of high value assets across the Parks service via remote monitoring using CCTV. The security staff are only able to monitor live feed and any incidents are reported directly through to LeedsWatch, who also undertake the out of hours staff welfare call checks.

An alternative monitoring solution is to be provided by LeedsWatch, which would move away from the current service, to a more advanced technological solution which would alert LeedsWatch when motion has been detected, the service would have the ability to switch to live CCTV monitoring and recording of the sites whilst following an agreed procedure and notifying police if appropriate.

LeedsWatch are the Council's internal specialist service providers and the Parks and Countryside service is reliant on LeedsWatch to supply all the technological support in relation to CCTV services.

**Are there any gaps in equality and diversity information
Please provide detail:**

Action required:

6. Wider involvement – have you involved groups of people who are most likely to be affected or interested
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please provide detail:
Action required: A consultation exercise has yet to be carried out with the security staff and Trade Unions.

7. Who may be affected by this activity? please tick all relevant and significant equality characteristics, stakeholders and barriers that apply to your strategy, policy, service or function
Equality characteristics
<input checked="" type="checkbox"/> Age <input checked="" type="checkbox"/> Carers <input checked="" type="checkbox"/> Disability
<input checked="" type="checkbox"/> Gender reassignment <input checked="" type="checkbox"/> Race <input checked="" type="checkbox"/> Religion or belief
<input checked="" type="checkbox"/> Sex (male or female) <input type="checkbox"/> Sexual orientation
<input type="checkbox"/> Other
(for example – marriage and civil partnership, pregnancy and maternity, social class, income, unemployment, residential location or family background, education or skills level)
Please specify:

Stakeholders		
<input type="checkbox"/> Services users	<input checked="" type="checkbox"/> Employees	<input checked="" type="checkbox"/> Trade Unions
<input type="checkbox"/> Partners	<input type="checkbox"/> Members	<input type="checkbox"/> Suppliers
<input type="checkbox"/> Other please specify		
Potential barriers		
<input type="checkbox"/> Built environment	<input type="checkbox"/> Location of premises and services	
<input type="checkbox"/> Information and communication	<input type="checkbox"/> Customer care	
<input type="checkbox"/> Timing	<input type="checkbox"/> Stereotypes and assumptions	
<input type="checkbox"/> Cost	<input checked="" type="checkbox"/> Consultation and involvement	
<input type="checkbox"/> Specific barriers to the organisational change proposals		
Please specify		

8. Positive and negative impact Think about what you are assessing (scope), the fact finding information, the potential positive and negative impact on equality characteristics, stakeholders and the effect of the barriers
8a. Positive impact: An alternative monitoring solution will be provided by LeedsWatch, which would move away from the current service, to a more advanced technological solution.
Action required: For the Parks and Countryside CCTV services to be managed by the Council's in house specialist service provider namely, LeedsWatch.

8b. Negative impact:
As a result of the proposal, three security staff A1/A3 will in the first instance be displaced due to the deletion of these posts. This change affects two male and one female employees.
Action required:
<p>In line with Managing Staff Reductions Policy selection, it will be important to support the staff to find suitable alternative employment. These opportunities are likely at a graded equivalent or higher than the substantive A1/A3 grade. It will be necessary to undertake a skills analysis to help with this process.</p> <p>Assess individual instances on a case by case basis, including the potential for any reimbursement in line with Council policy.</p> <p>Review physical access needs to buildings when appointing and assigning staff location. Assess any adverse affects of staff relocation in line with Council policy.</p> <p>To ensure that information is communicated to all absent employees at their place of residence by the most appropriate method.</p> <p>Assess individual circumstances at application, interview and appointment in line with Council policy</p>

9. Will this activity promote strong and positive relationships between the groups or communities identified?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Please provide detail:
Action required:

10. Does this activity bring groups or communities into increased contact with each other (for example in schools, neighbourhood or the workplace)?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please provide detail:

Action required: The scope of this assessment is focussed on employee issues and as such community groups have not been involved.

11. Could this activity be perceived as benefiting one group at the expense of another?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please provide detail:
Action required: The very nature of security services and working out of hours can attract a high turnover of staff and competing for specific shift patterns and hours to fit in with private domestic arrangements. LeedsWatch already being the inhouse service provider, may not have other job opportunities for the Parks security staff.

12. Equality, diversity, cohesion and integration action plan

(insert all your actions from your assessment here, set timescales, measures and identify a lead person for each action)

Action	Timescale	Measure	Lead person
To ensure that information is communicated to all employees who will be effected.	Dec 2020	Ensure all employees who are effected by the proposals are made aware via the consultation process including Trade Unions.	Joanne Clough
Utilise the LCC Managing Staff Reductions and recruitment process.	March 2021	Assess individual circumstances and support staff within the MSR process	Joanne Clough
Work with LeedsWatch to explore alternative employment opportunities	March 2021	The Parks Security Staff have the same opportunities as the LeedsWatch employees to apply for available posts as part of the LeedsWatch review.	Joanne Clough / Jayne Russell

Action	Timescale	Measure	Lead person

13. Governance, ownership and approval

State here who has approved the actions and outcomes from the equality, diversity, cohesion and integration impact assessment

Name	Job title	Date
Joanne Clough	Trading and Operational Support Manager	4 December 2020

14. Monitoring progress for equality, diversity, cohesion and integration actions (please tick)

- As part of service planning performance monitoring
- As part of project monitoring
- Update report will be agreed and provided to the appropriate board
Please specify which board
- Other (please specify)

15. Publishing

If this equality, diversity, cohesion and integration impact assessment relates to a **key delegated decision, executive board, full council** or a **significant operational decision** a copy should be emailed to corporate governance and will be published along with the relevant report.

A copy of **all other** equality and diversity, cohesion and integration impact assessment's should be sent to equalityteam@leeds.gov.uk. For record keeping purposes it will be kept on file (but not published).

Date impact assessment completed	4/12/20
If relates to a key decision – date sent to corporate governance	
Any other decision – date sent to equality team	



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



Service review report

Report to: Executive Board

Date of meeting: 16th December 2020

Report author(s): Sean Flesher

Report of: Director of Communities and Environment

Portfolio: Environment and Active Lifestyles

Does the report contain confidential or exempt information? No

Proposal title:	A 50% reduction in floral decorations in the city centre and seasonal bedding displays
2021/22 savings from proposal	£150k

Who are you expecting to consult with?	Service users?	Yes
	Staff?	Yes
	Other stakeholders?	Yes

Are there equalities implications?	Yes
If yes, have you attached a screening document?	Yes

Executive Summary

Overview

Many parks and green spaces have seasonal beds which are removed and replanted twice each year with bedding plants supplied by the Arium. Parks and Countryside also provide floral decorations (such as hanging baskets, troughs and planters) provided mainly in the city centre. This is in addition to those provided to 'in bloom' groups which are not included in this proposal.

It is proposed that the area of summer bedding displays in parks and other green spaces is reduced by around 50% to make a saving of £134k via plants supplied from the Arium as well as the seasonal removal and planting required. As part of the delivery of these options there may also be scope to convert some seasonal bedding areas to more sustainable planting to provide colour and landscape interest through the use of naturalistic 'wildflower' type displays, although there is also a cost associated with creating these which would need to be taken into account. In addition a reduction of 50% of floral decorations in the city centre would result in a saving of £16k.

Impacts of proposal

There would be an impact in particular on the visual appeal of the city centre area however there is a potential opportunity via sponsorship etc. to mitigate the impact of the proposal. The proposal would fit well with climate change objectives as it would reduce watering and other resources associated with providing temporary displays of non-native plants.

In line with the corporate approach to reductions in staff FTEs, the service will consider releasing staff on ELI as and when budget savings actions are consulted on and progressed. Currently 4 FTE staff are in these budgeted posts, therefore staff that will be affected and trade unions will be communicated with and consulted with at the earliest opportunity.

Recommendations

It is recommended that consideration is given to the following:



BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



- Consider the proposal to remove 50% of containerised floral decorations mainly in the city centre along with a reduction in seasonal bedding to achieve a £150k saving
- Approve the proposal going out to consultation as part of the council's medium-term financial strategy and preparation for setting the 2021/22 Budget.
- Note that James Rogers, the Director of Communities and Environment, will be responsible.

Equality, Diversity, Cohesion and Integration Screening

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions.

Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being or has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: Communities and Environment	Service area: Parks and Countryside
Lead person: Sean Flesher	Contact number: 0113 3788159

1. Title: A 50% reduction in floral decorations in the city centre and seasonal bedding displays

Is this a:

Strategy / Policy

 Service / Function

 Other

If other, please specify

2. Please provide a brief description of what you are screening

It is proposed that the area of summer bedding displays in parks and other green spaces is reduced by around 50% to make a saving of £134k via plants supplied from the Arium as well as the seasonal removal and planting required.

As part of the delivery of these options there may also be scope to convert some seasonal bedding areas to more sustainable planting to provide colour and landscape interest through the use of naturalistic 'wildflower' type displays, although there is also a cost associated with creating these which would need to be taken into account. In addition a reduction of 50% of floral decorations in the city centre would result in a saving of £16k.

3. Relevance to equality, diversity, cohesion and integration

All the council's strategies and policies, service and functions affect service users, employees or the wider community – city wide or more local. These will also have a greater or lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation. Also those areas that impact on or relate to equality: tackling poverty and improving health and well-being.

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?		X
Have there been or likely to be any public concerns about the policy or proposal?	X	
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?	X	
Does the proposal involve or will it have an impact on <ul style="list-style-type: none">• Eliminating unlawful discrimination, victimisation and harassment• Advancing equality of opportunity• Fostering good relations		X

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

• **How have you considered equality, diversity, cohesion and integration?**
(**think about** the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

Many parks and green spaces have seasonal beds which are removed and replanted twice each year with bedding plants supplied by the Arium. Parks and Countryside also provide floral decorations (such as hanging baskets, troughs and planters) provided mainly in the city centre. This is in addition to those provided to 'in bloom' groups which are not included in this proposal.

• **Key findings**
(**think about** any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

There are no identified impacts on different equality characteristics however care will be required in selecting sites to ensure a fair distribution across the city.

• **Actions**
(**think about** how you will promote positive impact and remove/ reduce negative impact)

Consultation will be undertaken around these proposals to enable communities potentially impacted to inform site selection.

5. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

6. Governance, ownership and approval

Please state here who has approved the actions and outcomes of the screening

Name	Job title	Date
Sean Flesher	Chief Officer Parks and Countryside	2 nd December 2020
Date screening completed		2 nd December 2020

7. Publishing

Though **all** key decisions are required to give due regard to equality the council **only** publishes those related to **Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.**

A copy of this equality screening should be attached as an appendix to the decision making report:

- Governance Services will publish those relating to Executive Board and Full Council.
- The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions.
- A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record.

Complete the appropriate section below with the date the report and attached screening was sent:

For Executive Board or Full Council – sent to Governance Services	Date sent:
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent:

Equality, Diversity, Cohesion and Integration Screening

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions.

Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: Resources and Housing	Service area: Corporate Financial Management
Lead person: Victoria Bradshaw	Contact number: 88540

1. Title: Proposed Budget 2021/22

Is this a:

Strategy / Policy

Service / Function

Other

If other, please specify

2. Please provide a brief description of what you are screening

The council is required to publish its proposed budget two months prior to approval of the Budget by Full Council in February 2021. The proposed budget report for 2021/22 sets out the Executive's plans to deliver a balanced budget within the overall funding envelope. It should be noted that the budget represents a financial plan for the forthcoming year and individual decisions to implement these plans will be subject to equality impact assessments where appropriate.

3. Relevance to equality, diversity, cohesion and integration

All of the council's strategies/policies, services/functions affect service users, employees or the wider community – city-wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation. Also those areas that impact on or relate to equality: tackling poverty and improving health and well-being.

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?	X	
Have there been or likely to be any public concerns about the policy or proposal?	X	
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?	X	
Does the proposal involve or will it have an impact on <ul style="list-style-type: none"> • Eliminating unlawful discrimination, victimisation and harassment • Advancing equality of opportunity • Fostering good relations 	X X X	

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?**
(think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

The proposed budget identifies a savings requirement of £94.5m due to the impact of COVID-19 and unavoidable pressures such as inflation and demand/demography. Savings proposals to bridge this gap will affect all citizens of Leeds to some extent. The Council has consulted on its priorities in recent years and has sought to protect the most vulnerable groups. However, the cumulative effect of successive annual government funding reductions, means that protecting vulnerable groups is becoming increasingly difficult. Where consultation is required and has not already commenced with regard to the specific proposals contained in this report this will be carried out before the final budget for 2021/22 is agreed.

• Key findings

(think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

The budget proposals will impact on all communities and protected characteristics but those who have been identified as being at the greatest potential risk include:

- Disabled people
- BAME communities
- Older and younger people
- Women
- Low socio-economic groups

The proposed budget has identified the need for staffing savings in all areas of the Council which may impact on the workforce profile in terms of the at-risk groups. There will be some impact on our partners through commissioning and/or grant support which may have a knock on effect for our most vulnerable groups.

• Actions

(think about how you will promote positive impact and remove/ reduce negative impact)

Equality screening has already been carried out for all of the relevant budget savings proposals included in the position set out in this report. An overall strategic equality impact assessment of the budget will be undertaken prior to its approval in February 2021.

There will also be further equality impact assessments on all key decisions as they go through the decision making process in 2021/22.

5. If you are *not* already considering the impact on equality, diversity, cohesion and integration you *will need to carry out an impact assessment*.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	

Lead person for your impact assessment (Include name and job title)	

6. Governance, ownership and approval

Please state here who has approved the actions and outcomes of the screening

Name	Job title	Date
Victoria Bradshaw	Chief Officer Financial Services	7 th December 2020
Date screening completed		7 th December 2020

7. Publishing

Though **all** key decisions are required to give due regard to equality the council **only** publishes those related to **Executive Board, Full Council, Key Delegated Decisions** or a **Significant Operational Decision**.

A copy of this equality screening should be attached as an appendix to the decision making report:

- Governance Services will publish those relating to Executive Board and Full Council.
- The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions.
- A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record.

Complete the appropriate section below with the date the report and attached screening was sent:

For Executive Board or Full Council – sent to Governance Services	Date sent: 7 th December 2020
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent: