



**Report of the Chief Officer – Financial Services  
Report to Executive Board  
Date: 10<sup>th</sup> February 2021**

**Agenda Item 7A**

**Subject: 2021/22 Revenue Budget and Council Tax**

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 checked="" type="checkbox"/> Yes	<input 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 17.1, 17.2 and 17.3 are not eligible for call in; Recommendation 17.4 is 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**

- This report seeks the approval of the Executive Board in recommending to Council a revenue budget and council tax for the 2021/22 financial year. The report sets out the framework for compiling the 2021/22 budget, taking into account the provisional Local Government Finance Settlement, the Proposed Budget for 2021/22 that was received at Executive Board in December 2020, the results of budget consultation and other factors that have influenced the final budget. The report provides an update to the equality impact assessment that was developed in the determination of the Proposed Budget for 2021/22. Further this report notes the updated provisional budgets for 2022/23 and 2023/24.
- The 2021/22 budget now being proposed supports 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.
- Following the Chancellor of the Exchequer's Spending Review 2020 announcement on 25<sup>th</sup> November, the provisional Local Government

Finance Settlement was announced on the 17<sup>th</sup> December 2020 by the Secretary of State for Housing, Communities and Local Government. The provisional settlement detailed an increase of £0.2m to the Council's Settlement Funding Assessment, which was also assumed in the Council's Proposed Budget Report. The Government has indicated that the Final Settlement will be published in February. The Board will be notified of any changes arising from the Final Settlement once published.

- 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 24<sup>th</sup> 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 a one year Spending Review 2020 on 25<sup>th</sup> November 2020, covering the financial year 2021/22. Announcements made in the Spending Review were further detailed in the provisional Local Government Finance Settlement, announced on 17<sup>th</sup> December 2020. The implications of these announcements, which include a number of one-off funding allocations specific to the current economic situation due to COVID-19, are included in this Budget Report. In summary:
  - new Adult Social Care funding of £4.5m;
  - the ability to raise an Adult Social Care precept through Council Tax of £10.0m, thus increasing the amount of local funding used to fund Adult Social Care;
  - an additional £24.6m for COVID-19 Expenditure Pressures Grant;
  - an additional £9.2m Local Council Tax Support Grant;
  - Local Tax income guarantee grant, equating to a projected £31.0m, £8.6m of which is budgeted to be used in 2021/22;
  - an extension of the Sales, Fees and Charges scheme for the first three months of the year.
- Whilst this funding is welcomed in the current situation, the nature of any one-off funding and of a one year spending review is the uncertainty regarding future funding for Local Government which makes financial planning difficult.
- 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.
- Since the Proposed Budget report was received at Executive Board in December 2020 there have been a number of changes to the position that was outlined in that report and these are detailed in Section 5. These

include significant improvements in council tax and business rates income estimates based on the most up to date information, but associated reductions in Section 31 grant income reflecting this improved position. Also, contributions to reserves to improve the Council's financial resilience and sustainability have increased and this will help protect against considerable financial uncertainty.

- 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 while making decisions which are sustainable for the future. 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-19. 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 budget proposals, when compared to the 2020/21 budget, are as follows:
  - An increase in the Settlement Funding Assessment (SFA) of £0.2m (0.1%).
  - An increase in council tax of 1.99% together with a further 2.99% in respect of the Adult Social Care precept. These increases are partly balanced out by a decrease in the council tax base, due to an increase in the number of Council Tax Support claimants, and the deficit from 2020/21 that will have to be funded in 2021/22. In total an additional £11.2m of local funding is generated through Council Tax.
  - 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 £26.3m.
  - A decrease in the Council's net revenue budget of £90.4m to £435.3m. 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 £75.5m 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 £14.9m.

- Whilst resources receivable from SFA and council tax have increased pay, price and demand pressures mean that the Council will need to deliver £87.5m of budget reduction measures by March 2022 to achieve a balanced budget position.
- In respect of the Housing Revenue Account, it is proposed to increase rents to all properties in accordance with the government formula for rent increases of CPI+1% from April 2021. This will see rents for all tenants increase by 1.5% in 2021/22 whilst service charges will increase by RPI of 1.1%.
- As set out in respect of the Schools Budget, the High Needs Block budget for 2021/22 proposes £91.1m of funding and £92.3m of spend, resulting in a £1.2m deficit for the year. This is due to a cap on funding increases combined with increases in demand which exceed the allocated funding.
- The North and West Yorkshire Business Rates Pool, of which Leeds City Council is a member, concludes on the 31st March 2021. Leeds City Council submitted an application on behalf of the following authorities to form a Business Rates pool operating under the national 50% scheme in 2021/22: Bradford, Calderdale, Harrogate, Kirklees, Leeds, Wakefield, and York. On 17th December 2020 it was confirmed that the application, to form a new pool operating under the national 50% business rates retention scheme had been accepted by the Secretary of State. As such, these budget proposals recognise that Leeds City Council will be required to make a levy payment to this new pool in 2021/22.
- The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 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 was agreed by Full Council in January 2021 and the additional premium has been included in the calculation of the Council Tax base.
- Small Business Rates Relief is provided to those business with a rateable value of less than £51,000. The amount of relief received was increased in March 2020 to 100% in response to the Coronavirus outbreak. In guidance issued to billing authorities in December 2020 the Government indicated that no decision had been taken in relation to continued support for the retail, hospitality and leisure sectors but that a review of the situation would take place in the New Year of 2021. The guidance indicated that billing authorities should budget as though no support was currently being offered and these budget proposals make that assumption. If business rates reliefs were later to be offered to these sectors, it is assumed that local government will be fully compensated for any loss of income. These budget

proposals do reflect that local newspaper relief and support for small business will continue into 2021/22 also in line with the guidance issued in December 2020.

- 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.

## **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 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 provides the framework for the determination of the Council's annual revenue budget, with the 2021/22 proposals contained in this report.
- The 2021/22 submitted budget continues to both ensure that resources are directed towards the Council's priorities and that the requirement to identify budget savings does not impact upon the level of service delivered in these priority areas. The 2021/22 submitted budget still demonstrates that over 60% of the Council's net revenue charge is spent within Adults and Children's services.

## **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 reported position at September, a gap of £118.8m was identified for 2021/22 and budget savings proposals to address this position and deliver a balanced budget position are contained within this report.
- After taking account of increased resources from SFA and Council Tax, a review of all other pressures including price and demand, means that the Council will now need to deliver £87.5m of budget reduction measures by March 2022.
- An updated budget gap of £100.0m is shown for the years 2022/23 to 2023/24.
- Further detail is provided in Sections 4 to 7 and 12 below.

## **Recommendations**

1. To recommend to Council that they note the recommendation of the Council's statutory officer (the Chief Officer – Financial Services) that the Budget proposals for 2020/21 are robust and that the proposed level of reserves is adequate, as set out at Section 12 of this report.
2. To recommend to Council the adoption of the following resolutions:
  - i) That the revenue budget for 2021/22 totalling £435.3m be approved. This means that the Leeds element of council tax for 2021/22 will increase by 1.99% plus the Adult Social Care precept of 2.99%. This excludes the police and fire precepts which will be incorporated into the report to be submitted to Council on the 24<sup>h</sup> February 2021;
  - ii) Grants totalling £69.0k to be allocated to parishes;
  - iii) Approval of the strategy at Appendix 9 in respect of the flexible use of capital receipts;
  - iv) In respect of the Housing Revenue Account that the budget be approved with:
    - An increase of 1.5% (CPI+1%) in dwelling rents;
    - A 30p/wk change in the standing charge for Leeds PIPES (Providing Innovative Pro-Environmental Solutions) as a step towards full cost recovery.
    - A 1.1% RPI increase in charges for all other District Heating schemes;
    - That service charges for low/medium and multi-storey flats are increased by RPI of 1.1%;

- That the charge for tenants who benefit from the sheltered support service is increased to £15.14 per week to reflect full cost recovery. The charge is eligible for Housing Benefit;
  - That the subsidy for tenants who are not eligible for benefits but receive the sheltered support service is set at £3.14 per week; Therefore the amount payable by these tenants will increase from £10 per week to £12 per week;
  - Subject to consultation, a Retirement Life charge is introduced for the provision of additional services linked to communal areas and for communal facilities where they are within a standalone community centre.
  - Whilst a full charge covering communal areas equates to £7.83, it is proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service is set at £3.01 per week meaning the amount payable by these tenants will increase from £3.30 per week to £4.82 per week;
  - Whilst a full charge for stand-alone community centres equates to £3.34, it is proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service is set at £2.04 per week meaning the amount payable by these tenants will be £1.30 per week.
  - That any overall increase to tenants in respect of rents, service and sheltered support who are 'self-payers' will be no more than £3.25 per week;
- v) In respect of the Schools Budget, that the High Needs Block budget for 2021/22, as set out in paragraph 3.4.7 of the Schools Budget Report at Appendix 8 be approved.

3. That Executive Board thanks Scrutiny Boards for their comments and observations made in consideration of the Council's Proposed Budget.
4. Agree the recommendations in the two 'Service Review' proposals at Appendix 3 and that consultation commences. 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 report**

- 1.1 This report sets out the Council's budget for 2021/22, set within the context of the Council's Proposed Budget for 2021/22 which was agreed by the Executive Board in December 2020, the Provisional Local Government Finance Settlement and in accordance with the Council's budget and policy framework. As agreed by Executive Board, the Proposed Budget has been submitted to Scrutiny for review and have also been used as a basis for wider consultation.
- 1.2 This report seeks approval from the Executive Board to recommend to Council that the revenue budget for 2021/22 be approved at £435.3m. This results in an increase of 4.99% in the Leeds element of council tax, which for a Band D property is an increase of £72.29 to £1,521.29 for 2021/22.
- 1.3 Detailed budget proposals for each directorate are set out in the budget reports attached in Appendix 8. This information will be consolidated into the annual financial plan and the budget book. The annual financial plan brings together the revenue budget, capital programme and performance indicators for 2021/22, providing a clear link between spending plans and performance at directorate level. The budget book contains detailed budgets for each directorate at both service level and by type of expenditure/income.
- 1.4 This report also provides an update on the provisional budgets for 2022/23 and 2023/24 and Executive Board are asked to note these revised positions.
- 1.5 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 17.1 and 17.2 are not subject to call in as the budget is a matter that will ultimately be determined by Full Council. Recommendation 17.3, that Executive Board thanks Scrutiny for their comments, is likewise not subject to call in. However, recommendation 17.4, to agree the recommendations in the two 'Service Review' proposals at Appendix 3 and that consultation commences, is subject to call in.
- 1.6 The budget proposals contained within this report have, where appropriate, been the subject of the Council's equality impact assessment process and mitigating measures have been put in place or are planned where appropriate.

## **2. The national context**

- 2.1. The Chancellor announced the Government's 2020 Spending Review on 25<sup>th</sup> November, which covers the financial year 2021/22 only. It was originally intended that this would be a multi-year Spending Review. However, the economic impact of the current COVID-19 situation has led to a one year settlement in order to better manage economic recovery. The

economic context in which this Budget Report must be considered will be influenced by the ongoing economic scarring of COVID-19, the impact of the UK leaving the EU, and the strength and resilience of the national economy.

## 2.2. **Spending Review 2020 and the Office for Budget Responsibility (OBR) Financial Forecasts**

2.2.1. The headline announcements in the 2020 Spending Review are outlined below and the implications for Leeds are detailed in Sections 4 to 7:

- The UK saw the biggest fall in GDP for a long time. Thus explaining why the settlement was for one year only and focused the short term pressures of health and COVID-19 related issues.
- An increase in local government's Core Spending Power (CSP) of 4.5%, or £2.1 billion, in 2021/22. This was predicated on local authorities increasing their Council Tax raising powers by the maximum.
- Local authorities could increase "core" Council Tax by up to 2%, plus a further 3% increase in the Adult Social Care precept - this position was included as part of the Provisional Settlement consultation.
- Councils will receive a further £300m for adult and children's social care in 2021-22. This is in addition to the existing social care grants. Local authorities will receive £3.775m in specific grant funding in 2021-22:
  - Improved Better Care Fund (£1.837m)
  - Winter Pressures Grant (£240m)
  - Social Care Support Grant (£1.710m) – including the new £300m grant.
- Revenue Support Grant will be increased in line with inflation.
- The Business Rates baseline will not increase.
- A new allocation of New Homes Bonus was announced for 2020/21 but this will not give rise to a legacy payment in 2021/22
- An additional £3 billion for COVID-19 related pressures including:
  - £670m to fund council tax support
  - £762m to fund 75% of "irrecoverable loss of council tax and business rates revenues in 2020-21"
  - £1.55bn is for additional expenditure pressures
  - Continuation of the 2020/21 Sales, Fees and Charges scheme for the first three months of 2021/22
- A Public Sector pay "pause", however, public sector workers earning less than £24,000 to receive a minimum £250 increase.
- Income tax allowance and higher rate threshold to increase by Sept CPI.

- Cutting PWLB lending rates and ending the use of PWLB for investment in properties primarily for yield.
- New Levelling Up Fund of £4bn to deliver a range of community projects by the end of this parliament. These include investing in local infrastructure and supporting economic recovery. The government will publish a prospectus for the fund and launch the first round of competitions in 2021.
- A new UK Infrastructure Bank, to be headquartered in the North of England, will finance infrastructure projects from next spring, alongside the private sector.
- A £2.5bn investment in the transport networks of eight city regions across England.
- £120 million for 500 new zero-emissions buses.
- £257m for cycling and walking.
- Over £1.3bn for electric charging infrastructure points.
- Nearly £20bn of investment to support new housing from 2021-22, including the introduction of a £7.1bn National Home Building Fund and the £12.2bn Affordable Homes Programme.
- A new planning system, with an emphasis on beautiful homes.

2.2.2. 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.

- 2.2.3. 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.
- 2.2.4. 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.
- 2.2.5. 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”<sup>1</sup>. It is within this economic context that the Budget Proposals for 2021/22 need to be considered.

### 2.3. **The 2019 Indices of Multiple Deprivation (IMD)**

- 2.3.1. The 2019 Indices of Multiple Deprivation (IMD) were released in late September (IMD), 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. Key headlines for Leeds include:
- 24% of Leeds’ LSOAs now fall within the most deprived 10% nationally, compared with 22% in 2015 which highlights some increase in relative deprivation.
  - 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 which compares to 16 in 2015.
- 2.3.2. 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. It was initially intended that this new methodology would be in place by 2020/21, but this implementation was first delayed until the Spending Review in 2020 and has now been further delayed due to the impact of COVID-19.
- 2.3.3. One of the aims of the Fair Funding Review was to consider how the relative needs and resources of local authorities should be assessed,

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<sup>1</sup> OBR, Economic and Fiscal Outlook – October 2018, p7, para 1.12

looking at the factors that drive costs. In the context of budget setting and financial planning the increase in relative deprivation in Leeds is significant as deprivation will be reflected 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 known at this time.

#### **2.4. 2021/22 Provisional Local Government Settlement**

2.4.1. The Secretary of State for Communities & Local Government published a written statement on the Provisional Local Government Finance Settlement 2021/22 to the House of Commons on 17th December 2020. This largely mirrored the measures announced in the 2020 Spending Review in November 2020 and reflected in the proposed Budget approved by Executive Board in December 2020.

2.4.2. The key headlines from the Provisional Local Government Finance Settlement were:

- Settlement Funding Assessment (SFA) is the sum of Revenue Support Grant (RSG) and the Baseline Funding Level. RSG was uplifted by the equivalent of the Consumer Prices Index (0.55%). The Baseline Funding Level is uplifted by the increase in the small business rates multiplier, which was frozen for 2021/22. Therefore the Baseline Funding Level remained the same in 2021/22 as it was in 2020/21.
- Core Spending Power will increase by 4.5%.
- The maximum increase in core Council Tax is up to 2% with a further maximum increase of 3% for the Adult Social Care precept. The Adult Social Care precept increase can be applied flexibly over two years.
- The social care grant introduced in 2020/21 will be increased by £300m. Approximately £240m will be used to equalise resources available to councils for social care using a Council Tax income measure, with the remainder being distributed in line with the Adult Relative Needs Formula. This increase is not sufficient to fund Adult Social Care Growth – whilst the majority is substituted by the additional year of the precept the remaining pressure has been funded from Adult Social Care reserves
- A new £111m grant to support the provision of lower tier services in England will be introduced and Rural Services Delivery Grant will be increased by £4m to £85m.
- It is expected that 2021/22 will be the final year of the New Homes Bonus. Legacy payments already earned will continue based on the current system but the allocations for 2019/20 and for 2020/21, which is payable in 2021/22, will not give rise to further legacy payments. Government will consult on a future incentive scheme in the Spring of 2021.

**3. Developing the 2021/22 Budget within the context of the Medium Term Financial Strategy and 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 in 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 its 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. Whilst this report proposes a balanced and robust budget for 2021/22, the lack of clarity as to the Government's funding intentions beyond 2021/22 presents significant uncertainty and challenge to the Council's ambitions and its financial planning.
- 3.5. 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.
- 3.6. As detailed in the Council's Medium Term Financial Strategy in September 2020, the Council was facing an estimated budget gap of £166.3m for the period up to and including 2025/26 and of this gap £118.76m related to 2021/22. Whilst these budget proposals present a balanced position for 2021/22, the budget gap in 2022/23 to 2023/24 has widened by £11.8m to

£100m during this budget process. The Medium Term Financial Strategy will be reviewed in September 2021. The financial challenge now facing the Council is to manage these pressures alongside the significant impact brought on 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 affected by the longer term economic scarring that will inevitably result from the virus.

- 3.7. In recognition of the financial challenge the Council embarked on a programme of service reviews which, combined with business as usual savings, contributed towards closing the estimated revenue budget gap and has enabled the Authority to present a balanced budget position for 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. Local Authorities have been awaiting a multi-year funding assessment since 2019/20, initially delayed due to the ongoing delays to Brexit and now further delayed due to the ongoing Coronavirus crisis. Consequently the provisional Local Government Finance Settlement for 2021/22, published in December 2020, was for one year only. In addition to this, local government have been awaiting the outcome of the Fair Funding Review, intended to set new baselines for business rates retention and consider the relative needs and resources of local authorities. Government have confirmed that the Review has been delayed due to COVID-19 and will not proceed as previously planned in 2021. Although no future implementation date has been confirmed these budget proposals assume implementation in 2023/24 alongside the planned reset of the Business Rates system.
- 4.1.3. Table 1 sets out the Council's Settlement Funding Assessment for 2021/22, as provided in the Provisional Local Government Finance Settlement

published in late December 2020. This represents a small increase of £0.2m compared to 2020/21.

**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	
<b>Settlement Funding Assessment</b>	<b>186.6</b>	<b>186.8</b>	<b>0.2</b>	<b>0.1</b>

- 4.1.4. In 2021/22 the Government has increased Revenue Support Grant by the Consumer Prices Index for September 2020 (0.55%). The Business Rates Baseline Funding increases in line with the small business rates multiplier, which normally increases in line with the Consumer Prices Index. However because of the economic consequences of restrictions applied in response to Coronavirus, the Government has sought to limit increases in business rates bills for business and the multiplier has not been increased in 2021/22. Therefore the Baseline Funding Level will not increase in 2021/22.
- 4.1.5. A number of funding streams notionally make up the Settlement Funding Assessment. These funding streams include general grant and also early intervention, homelessness prevention, lead local flood authorities and learning disability & health reform funding.

**Table 2 - Breakdown of the Settlement Funding Assessment**

	2020/21	2021/22	Change
	£m	£m	£m
<b>Settlement Funding Assessment</b>	<b>186.65</b>	<b>186.80</b>	<b>0.16</b>
<b>Which includes:</b>			
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

## 4.2. Business Rates Retention

- 4.2.1. Leeds has the most diverse economy 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; 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 rateable value of businesses in Leeds as at 30<sup>th</sup> December 2020 is £929.3m. However due to the national lockdown implemented in January 2021 it is expected that there will be a continued reduction in the tax base in Leeds by 31<sup>st</sup> March 2021 to £918.19m which would then generate gross business rates income of £458.18m in 2021/22. No further growth, or decline, in the tax base is forecast in 2021/22. However, as shown in Table 3, the impact of a range of business rate reliefs (discussed in paragraph 4.3) and statutory adjustments reduces gross income to a net income figure of £343.22m.
- 4.2.3. Under the 50% Business Rates Retention (BRR) scheme, Leeds City Council's share of this income is £168.18m (49%). The Authority then pays a tariff of £14.4m to Government because Leeds is assessed to be generating more business rates income than it needs.
- 4.2.4. The Council must also meet its share of the business rates deficit created in 2020/21. This deficit is made up of three parts. The first part is £3.6m carried forward from the unpaid 2019/20 deficit. The second part is as a result of reliefs introduced by Government in response to the Coronavirus restrictions, principally for the retail, hospitality and leisure and childcare sectors and totals £76.0m. These two elements, £79.6m, have to be paid from the general fund to the collection fund in full in 2021/22 as shown in Table 3 below. The third part of the deficit is mainly caused by the decline of the tax base in Leeds in 2020/21, delays to development in the city, increases in Empty Rate Relief, and increases in the provisions required for costs arising from both bad debts and from appeals by ratepayers against their rateable value. These 'irrecoverable losses' were, as a whole, caused by the economic consequences of COVID-19 and the Government has announced a 75% compensation scheme for them. This portion of the deficit, known as the 'exceptional balance', has to be repaid to the collection fund over three years instead of the usual one year to try and alleviate pressures on local authorities budgets in the wake of the pandemic. The 2021/22 payment of the exceptional balance will be £12.2m.

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

	£
<b>Rateable Value in Leeds projected to 31 March 2021</b>	<b>918.19</b>
multiplied by business rates multiplier	0.499
<b>Gross business rates based on projected rateable value</b>	<b>458.18</b>
Estimated Growth	0.00
<b>equals gross business rates to be collected in Leeds</b>	<b>458.18</b>
less: -	
Mandatory Reliefs	-77.71
Discretionary Reliefs	-1.25
Transitional Adjustments (year 4)	1.76
<b>equals net business rates paid by ratepayers</b>	<b>380.97</b>
less adjustments for: -	
Bad debts and appeals	-31.70
Cost of collection	-1.25
Projected Enterprise Zone and renewable energy projects yield	-3.05
Transitional Adjustments repaid to Government	-1.76
<b>equals non-domestic rating income in Leeds</b>	<b>343.22</b>
Split into shares: -	
<b>Leeds City Council (49%)</b>	<b>168.18</b>
<i>West Yorkshire Fire Authority (1%)</i>	<i>3.43</i>
<i>Central Government (50%)</i>	<i>171.61</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	-79.63
Adjustment for spreading the 'exceptional balance' over 3 years	-12.23
<b>Leeds City Council 's 2021-22 income from business rates</b>	<b>61.96</b>

- 4.2.5. 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.
- 4.2.6. 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. 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 December 2019 there were around 1,140 outstanding appeals against the 2010 ratings list in Leeds.
- 4.2.7. A new ratings list, primarily based on rental values in 2015, was introduced on 1<sup>st</sup> April 2017. This ratings list appeared to be more accurate than the previous 2010 list which was based on rental values in 2008, just before the 'financial & economic crisis'. Further, appeals submitted against this new list could only be backdated to 1<sup>st</sup> April 2017. This, together with the impact of the new 'check, challenge, appeal' appeals process also introduced on

1<sup>st</sup> April 2017, had reduced the impact of business rate appeals and volatility going forward.

4.2.8. However, following the imposition of the first national lockdown in March 2020, the number of checks, the first stage in the new appeals process, increased dramatically. Initially these checks, where the Valuation Office Agency and ratepayer attempt to agree that the information held by each party is consistent, were being determined without any reductions to rateable values in Leeds. Unfortunately in the last three months a significant proportion of these determined cases are returning as challenges, the second stage of the process where the Valuation Office Agency and ratepayer discuss whether the facts of the case are being applied to individual cases correctly in law. The impact of around half of these challenges should be limited as they apply specifically only to the period of the lockdown restrictions, however the remainder apply to the entirety of the lifetime of the 2017 list. Appropriate provisions have to be made for these appeals in 2020/21 which have increased the deficit carried forward to 2021/22. The Government has indicated that the cost of these provisions will be provided for in 2021/22 at a rate of 75% and this compensation has also been included in the 2021/22 budget

4.2.9. Since 2013/14 the total amount repaid by way of business rate appeals is £160.2m, at a cost to the Council's general fund of £84.2m. 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 budget proposals provide for an additional £6.6m contribution from the general fund to fund this provision.

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

4.3.1. The rateable value threshold for small businesses is £12,000 and the threshold above which businesses pay the higher national business rates multiplier is £51,000. As a result an additional 3,300 small businesses in Leeds immediately paid no business rates at all and in total almost 12,600, about 40%, of business properties in Leeds will pay no business rates in 2021/22. Of these businesses just over 9,500 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 £9.1m 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 2020/21 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 £28.2m in 2020/21, costing the Council an estimated £2.7m more in lost income in 2020/21.

- 4.3.3. With the imposition of the first national lockdown in response to the COVID-19 crisis in March 2020, the Government announced that all retail, hospitality and leisure properties and all children’s nurseries would receive 100% relief against their business rates liabilities. Currently the Government has not indicated that there will be any relief for these properties in 2021/22. If the Government were to make a late announcement of reliefs for these properties, it is expected that local government will be compensated in full for any lost retained income, as in 2020/21, and therefore no further allowance for extended reliefs has been made in the forecasts of business rates income. The Government has confirmed that the temporary local newspaper relief of £1,500 will continue to 31<sup>st</sup> March 2025, and this has been included in the forecast.

#### 4.4. **Business Rates Retention and the Budget Proposals**

- 4.4.1. In terms of the budget proposals, it is estimated that the local share of business rates funding in 2021/22 will be £168.2m, as set out in Table 4. As per Table 4, the budget proposals recognise a business rate decline below the baseline of £4.6m, a deterioration of £15.5m from the 2020/21 budget.

**Table 4 – Business Rates, Estimated Growth above the Baseline**

	2020/21	2021/22	Change
	£m	£m	£m
Business rates local share	183.66	168.18	(15.49)
Less: business rates baseline	172.79	172.79	0.00
Growth above baseline	10.87	(4.61)	(15.49)

- 4.4.2. This is a significant decline in retained business rates income, largely due to the immediate impact of the Coronavirus outbreak and subsequent restrictions on commercial activity. Table 5 analyses the impact of the crisis on the main affected elements of the Council’s business rates income and tentatively forecasts these over the current Medium Term Financial Strategy period. The largest single decline has been seen in the current tax base during 2020/21 with Leeds share of business rates yield reducing by £8.4m, although whether this is due to delayed rather than cancelled developments in the city is not yet clear. This fall in income is followed by an increased requirement for provisions against bad debt (£4.7m) and an increase in demand for Empty Rates Relief (£3.6m) as properties become vacant following business failures. As described in paragraph 4.2.8 above, there has been a significant increase in appeals against rateable value by ratepayers in the last year which has meant that these costs will be £2.5m

higher than normally anticipated. The receipt of Small Business Rates Relief became central to eligibility to some business grants during the first lockdown and therefore there has been an increase in the uptake of this relief (£1.3m). These losses in business rates income have been partially offset by the lack of proposals from the Government about the extended retail and leisure reliefs in 2021/22 producing a reduced cost of £4.1m compared to the 50% relief for smaller shops included in the 2020/21 budget reliefs. There have also been some minor reductions in the cost of other reliefs in the city totalling £0.8m.

**Table 5 – Movements in growth above the baseline in 2021/22**

	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%
<b>Growth above baseline assumed previous year (£m)</b>	<b>10.9</b>	<b>-4.6</b>	<b>-3.6</b>	<b>0.6</b>	<b>6.5</b>
Adjustment due to introduction of 75% retention	0.0	0.0	-1.8	0.0	0.0
Reduction in current taxbase in 2020/21 (£m)	-8.4	0.0	0.0	0.0	0.0
Change in cost of bad debt provisions (£m)	-4.7	1.1	1.7	1.8	1.8
Change in cost of provisions for appeals (£m)	-2.5	0.0	0.0	0.0	0.0
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
Abolition of Retail Relief (£m)	4.1	0.0	0.0	0.0	0.0
Other changes in the tax base (£m)	0.8	-0.1	-0.1	0.0	0.1
<b>Growth above baseline assumed current year (£m)</b>	<b>-4.6</b>	<b>-3.6</b>	<b>0.6</b>	<b>6.5</b>	<b>13.3</b>

4.4.3. The £168.2m local share of business rates funding is then reduced by a £14.4m tariff payment and £91.9m deficit on the collection fund to give the £62.0m estimated business rates funding shown in Table 6.

4.4.4. Comparing the £62.0m 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 £96.5m which is a £101.8m net deterioration against the budgeted surplus in the 2020/21 financial year. However a large portion of this deficit is due to the extended reliefs the Government mandated as a response to the COVID-19 outbreak in March 2020, the cost of which has been fully compensated into the General Fund. This compensation, received in 2020/21, has largely been held in reserve and therefore £75.5m can be taken from reserves and applied to the negative impact on business rates income in 2021/22 leaving a net reduction in income of £26.3m in the 2021/22 Budget.

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

	2020/21 £m	2021/22 £m
<b>Business rates baseline (including tariff)</b>	<b>158.4</b>	<b>158.4</b>
Projected growth above the baseline to March	8.3	(4.6)
Estimated growth in the year	2.5	0.0
<b>Total estimated growth</b>	<b>10.9</b>	<b>(4.6)</b>
Estimated provision for appeals	(5.9)	(6.6)
Additional cost of transitional arrangements and provision for bad debts	0.4	(9.7)
Expanded Retail, Leisure and Childcare Reliefs		(75.5)
<b>Estimated total year-end Collection Fund deficit (Leeds Share)</b>	<b>(5.5)</b>	<b>(91.9)</b>
<b>Estimated Business Rates Funding</b>	<b>163.8</b>	<b>62.0</b>
<b>Increase/(reduction) against the Business Rates baseline</b>	<b>5.3</b>	<b>(96.5)</b>
<b>Business Rates Retention - Impact on General Fund Income</b>		<b>(101.8)</b>
<b>Application of the reserve of the additional funding for 2020/21 reliefs</b>		<b>75.5</b>
<b>Net impact of Business Rates Retention on the 2021/22 General Fund</b>		<b>(26.3)</b>

#### 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 COVID-19 has significantly affected the business rates of the Pool members and the decision was taken to revoke this Pool from 31<sup>st</sup> March 2021.
- 4.5.4. Following discussions within Leeds City Region authorities, the following 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. The Council was informed that this application had been successful in December 2020.

- 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 will be around £4.8 million. Leeds City Council's financial commitment will be in the region of £2.1m, whether as a levy to the Pool or to Central Government. As such, these budget proposals recognise that Leeds City Council will be required to make a levy payment in 2021/22.
- 4.5.6. At its January 2021 meeting Executive Board agreed 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.

#### 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.

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

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

- 4.6.2. Whilst the 2021/22 proposed budget recognises an overall increase of £11.2m, this increase is wholly due to the increase in core Council tax level and the increased Adult Social Care precept, as discussed at paragraphs 4.6.7 and 4.6.8. The tax base itself has shrunk, with a projected loss of £2.7m (1,798 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.

- 4.6.3. The 2021/22 budget also recognises an increase in the deficit on the collection fund of £2.6m, from a deficit of £1.6m in 2019/20 to a deficit of £4.2m in 2020/21. This movement is shown at Table 8, whereby the declared deficit on the Collection Fund for 2020/21 is £13.2m. This is offset by an adjustment of £9.0m to spread the deficit over three years, resulting in a 2020/21 deficit of £4.2m. The 2020/21 projected deficit and deficit spreading is further explained at paragraph 4.6.4 and 4.6.5.

**Table 8 – Movement in Council Tax Deficit**

	£m	£m
Surplus/(Deficit) 2019/20		(1.6)
Declared Deficit 2020/21	(13.2)	
Spreading two thirds of deficit to future years	<u>9.0</u>	
Surplus/(Deficit) 2020/21		(4.2)
Overall movement in Council Tax Deficit		<u>(2.6)</u>

- 4.6.4. In 2020 the Government announced a Hardship Fund to support Council Tax Support claimants with the economic impact of COVID-19. This fund was administered by councils and Leeds City Council were granted £8.9m to undertake this task on behalf of the precepting authorities. As a consequence Leeds City Council offered discretionary discounts to claimants who met the scheme's criteria. This has the effect of being a cost to the Council's Collection Fund and increases the projected deficit to £24.5m. However, Leeds City Council will then apply the Hardship Fund grant value to the Collection Fund before the 2020/21 year end, reducing this deficit to £15.6m. The Leeds' share of the resulting projected year end deficit is £13.2m and the impact of the Hardship Fund is net nil to the Authority.
- 4.6.5. At the 2020 Spending Review the Chancellor announced that local authorities would be able to spread their 2020/21 Collection Fund deficit balances over three years. Further detail was provided at the provisional Local Government Finance Settlement. As such, Leeds City Council will spread the Council Tax 'exceptional balance', made up of the 2020/21 deficit position updated for prior year adjustments. The exceptional balance is £13.5m and the amount that will be spread to future years (2022/23 and 2023/24) is £9.0m, leaving a remaining deficit balance of £4.5m in the 2020/21 deficit. This is adjusted by £0.3m, the effect of prior years, resulting in an estimated deficit of £4.2m being carried forward to 2021/22.
- 4.6.6. 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. The decision 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, was agreed by Full Council as part of their approval of the Council Tax base in January 2021.

- 4.6.7. Following an increase in 2019/20 Government maintained the limit of council tax increases at up to but not including 4% in 2020/21 including the Adult Social Care precept, above which a Local Authority must seek approval through a local referendum. 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 was reiterated at the provisional Local Government Finance Settlement for consultation and this budget reflects a core council tax increase of 1.99%.
- 4.6.8. At the Spending Review 2020 the Chancellor also announced that authorities would be able to increase their Adult Social Care (ASC) precept by up to 3%. Following this, the provisional Local Government Finance Settlement 2021/22 included an ASC precept of 3% on top of the core principle. This budget proposes an increase of 2.99%. As with the core increase, a final decision on this will be taken by Full Council.
- 4.6.9. The Council Tax Report, to be received at Full Council alongside this report, requests Full Council to approve these increases.
- 4.6.10. As referenced above, the referendum ceiling for 2021/22 has yet to be confirmed. However, the draft document, The Referendums Relating to Council Tax Increases (Principles) (England) Report 2021/22, is consistent with the announcements referenced above, whereby the council tax referendum limit for a 'relevant local authority', i.e. those with social care responsibilities, is excessive if the authority's relevant basic amount of council tax for 2021/22 is 5% greater than that for 2020/21 (comprising 3% for expenditure on adult social care and 2% for other expenditure). Subject to confirmation, the Council Tax Report proposes that core council tax is increased by 1.99% in 2021/22, and Adult Social Care precept by 2.99%, and those assumptions are reflected in this report.

**Table 9 – Estimated Council Tax Income in 2021/22**

	2020/21	2021/22
	Baseline	Forecast
	£m	£m
Previous year council tax funding	316.8	333.7
Change in tax base - increase / (decrease)	4.4	(2.7)
Increase in council tax level	6.4	6.6
Adult Social Care precept	6.4	10.0
<b>Council Tax Funding before surplus/(deficit)</b>	<b>334.1</b>	<b>347.6</b>
Surplus/(Deficit) 2018/19	(1.1)	
Surplus/(Deficit) 2019/20	(1.6)	(1.6)
Surplus/(Deficit) 2020/21		(4.2)
<b>Change in collection fund contribution - increase/(decrease)</b>	<b>(0.4)</b>	<b>(2.6)</b>
<b>Total - Council Tax Funding</b>	<b>333.7</b>	<b>344.9</b>
Increase from previous year		11.2

4.6.11. Table 9 sets out the estimated total council tax income in 2021/22, recognising the £2.74m estimated decrease in the council tax base and the £4.2m estimated deficit on the collection fund together with £10.0m of additional income generated from the Adult Social Care precept and the general £6.6m increase in the council tax rate. In total the level of Council Tax receivable by the Council in 2021/22 will increase by £11.2m when compared to that receivable in 2020/21.

4.6.12. 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%, or £66k for 2021/22.

4.6.13. In addition to this, at the Spending Review 2020 the Chancellor announced additional funding, the Local Council Tax Support grant, which is to fund authorities for the expected increase in local council tax support in 2021/22. The provisional Local Government Settlement indicates the Leeds share to be £9.2m. An increase in the number of CTS claimants in a parish has the effect of reducing the parish tax base. As such, some of the 2021/22 Local Council Tax Support grant has been used to increase the LCTS grant payable to parish and town councils. The LCTS grant is increased by a

further £3.2k, leading to an overall proposed payment to parish and town councils of £69k.

4.6.14. Appendix 5 provides a breakdown by parish/town council.

### The Net Revenue Budget 2021/220

4.6.15. After taking into account the changes to Settlement Funding Assessment notified in the Provisional Local Government Finance Settlement, business rates and council tax, the Council's overall net revenue budget is anticipated to decrease by £90.4m or 17.2% from £525.7m to £435.3m, as detailed in Table 10 and at Annex 1.

**Table 10 – 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
<b>Settlement Funding Assessment</b>	186.6	186.8	0.2
Business Rates Growth	10.9	(4.6)	(15.5)
Business Rates Deficit that will not be spread	(5.5)	(79.6)	(74.1)
Business Rates Deficit: One-third of 'exceptional balance'	0.0	(12.2)	(12.2)
Council Tax (incl. Adult Social Care Precept)	335.3	349.1	13.9
Council Tax Surplus that will not be spread	(1.6)	0.3	1.9
Council Tax Adjustment: One-third of 'exceptional balance'	0.0	(4.5)	(4.5)
<b>Net Revenue Budget</b>	<b>525.7</b>	<b>435.3</b>	<b>(90.4)</b>

4.6.16. Table 11 analyses this £90.4m estimated decrease in the net revenue budget between the Settlement Funding Assessment and locally determined funding sources.

**Table 11 – Increase in the Funding Envelope**

Funding Envelope	2021/22 £m
Government Funding	
Settlement Funding Assessment	0.16
<b>Sub-total Government Funding</b>	<b>0.16</b>
Locally Determined Funding	
Council Tax (incl tax base growth)	11.21
Business Rates	(101.82)
<b>Sub-total Locally Determined Funding</b>	<b>(90.60)</b>
<b>Increase/(decrease) in the Net Revenue Budget</b>	<b>(90.45)</b>

## 5. Revenue Budget Proposals 2021/22

- 5.1. The submitted budget needs to be seen in the context of the Council's forecast financial position from 2022/23 onwards where there are significant areas of uncertainty in respect of both funding and spending assumptions. Specifically the Government's future spending plans for Local Government are uncertain and the outcome of the Government's Fair Funding Review will have implications for the level of resources receivable by the Council. In addition further information is required around the future funding of both adult and children's social care.
- 5.2. This section summarises the 2021/22 budget proposals and provides an overview of the funding (paragraph 5.6) and cost increases (paragraphs 6.1 to 6.26) which the Council is facing in 2021/22 and concludes with the savings proposals (paragraphs 7.1 to 7.10) to balance the 2021/22 budget to the estimated available resources. Table 12 provides a high level of summary of these changes.

**Table 12 - Summary of Changes in Funding, Cost Increases and Savings Proposals in the Budget Proposals 2021/22 and comparison with the position at the Proposed Budget**

	Proposed Budget 21/22 £m	Changes since Proposed Budget £m	Budget 21/22 £m
<b>Funding</b>			
Reduction in Net Revenue Charge	106.1	(15.6)	90.4
Change in contribution to/(from) General Reserve	10.9	2.0	13.0
Change in contribution to/(from) Earmarked Reserves	16.5	8.8	25.3
COVID-19 Grants	(83.2)	7.6	(75.5)
Increases in Other Specific Grant	(28.5)	(14.4)	(42.9)
Fall Out of Other Specific Grant	2.7	0.0	2.7
Other Non-Collection Fund Business Rates Movements	(10.7)	2.5	(8.2)
	<b>13.8</b>	<b>(9.0)</b>	<b>4.8</b>
<b>Pressures</b>			
Pay Inflation	3.3	0.4	3.7
General Inflation	11.5	(4.3)	7.2
New ELI scheme	6.8	(1.4)	5.4
COVID	9.1	(1.0)	8.1
Other incl. Debt	49.9	(23.0)	27.0
	<b>80.7</b>	<b>(29.3)</b>	<b>51.3</b>
<b>Total Funding and Cost Pressures</b>	<b>94.5</b>	<b>(38.3)</b>	<b>56.1</b>
<b>Actions to Reduce the Budget Gap</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business As Usual	(71.4)	32.9	(38.6)
Service Review	(17.7)	0.2	(17.6)
<b>Total Actions</b>	<b>(89.2)</b>	<b>33.0</b>	<b>(56.1)</b>
<b>Gap Remaining After Actions</b>	<b>5.3</b>	<b>(5.3)</b>	<b>0.0</b>

## Changes since the Proposed Budget

- 5.3. Since the Proposed Budget was received at Executive Board in December 2020 there have been a number of changes to the 2021/22 budget submission. Table 12 shows the movement between the position for 2021/22 reported in the Proposed Budget and the budget position contained in this report. Whilst Sections 5 to 7 below provide detail regarding these budget proposals, any significant changes from the position shown in the Proposed Budget are highlighted here.
- 5.4. At the Proposed Budget it was noted that some of the savings proposals identified would impact on the funding assumptions and cost increases discussed in paragraphs 5 and 6. In the December Executive Board Report, the level of the savings identified was not reduced for any funding changes or reductions in cost pressures identified. They have, however, been detailed against the appropriate area in this final Budget report. As such, the savings proposals have reduced by £33.0m, as detailed in Table 12, to account for the reclassification of these savings as changes to funding and reductions to identified cost pressures. Although the budget reduction measures have reduced, the 2021/22 budget proposals still require the Authority to deliver £87.5m of measures to achieve a balanced budget, whether this is through ensuring that assumed increases in funding are realised, delivering budgeted reductions in costs or implementing agreed savings.

**Table 13 - Reclassification of Savings in Proposed Budget**

	Proposed Budget 21/22 £m	<i>Changes since Proposed Budget £m</i>	Budget 21/22 £m
<b>September MTFS Budget Gap</b>	<b>118.8</b>	<b>0.0</b>	<b>118.8</b>
Amendments to Budget Position due to Spending Review	(27.5)	(3.8)	(31.2)
Measures to Manage the Budget	(22.6)	(8.8)	(31.4)
Directorate Savings Proposals	(63.4)	7.3	(56.1)
<b>Gap Remaining</b>	<b>5.3</b>	<b>(5.2)</b>	<b>(0.0)</b>
<b>Total Savings and Measures to Manage Budget</b>			<b>(87.5)</b>

- 5.5. Other key headline changes since the Proposed Budget can be summarised as:
- Using the latest Council Tax information, as calculated for the 2021/22 Council Taxbase, Council Tax has risen by £5.76m from the Proposed Budget. This is due to the actual number of Local Council

Tax Support claimants being lower than projected at the Proposed Budget.

- Based on the most up to date business rates position to be reported on the 2021/22 NNDR1 return to Government, the decline in the tax base in Leeds has not been as dramatic during the third quarter of 2020/21 as earlier in the year. Consequently, at the beginning of 2021/22 the Council's share of the tax base will be approximately £3.2m higher than expected in the Proposed Budget.
- The declared deficit in the Collection Fund for Council Tax and Business Rates has improved by £6.7m from the position detailed in the Proposed Budget. The Council Tax deficit from 2020/21 has reduced by £7.3m, from £11.5m to £4.2m. This is primarily due to changing assumptions around how the deficit is spread and application of the Hardship Fund grant. The Business Rates deficit from 2020/21 has deteriorated by £0.7m because, although there has been a slowdown in the deterioration of the tax base in Leeds, the Authority has needed to create significant additional provisions for appeals following the increased number of ratepayer appeals in the third quarter. Leeds share of the cost of these provisions is £11.1m, however this can be spread over three years so the increase in the 2020/21 deficit is £3.7m. The cost of these provisions are expected to be compensated for at a rate 75% by Government grant.
- The net change in contributions to Reserves is £11.8m. The budget proposals include contributions to the following reserves:
  - A net contribution of £6.2m to the Strategic Contingency Reserve which will enable the Council to fund unforeseen pressures identified during 2021/22 where additional resources are required.
  - Creation of an Energy Contingency Reserve of £1.1m
  - Creation of a Merrion House Reserve of £1.1m
  - A contribution of £0.6m to the Insurance Reserve to provide for the level of reserve required.
  - A £0.6m increase in the contribution to the new COVID reserve.
  - Other changes to earmarked reserves of £0.2m.
  - The proposed contribution to the General Reserve has increased by £2m.
- Overall, grant income assumed in the Budget is £2.1m higher than in the Proposed Budget position. This movement includes £9.8m of additional funding confirmed at the Provisional Settlement, of which £9.2m relates to Local Council Tax Support funding. The Budget assumes receipt of £1.7m of funding through Gainshare in relation to the West Yorkshire Devolution Deal, and Homelessness grants will increase by £0.8m.
- However, assumptions made in the Proposed Budget regarding how Section 31 grants would apply to both Business Rates and Council

Tax have been clarified and the amended position is a reduction of £11.7m in 2021/22. This includes greater clarity around the application of the Local Tax Income Guarantee Grant, through which Government funds 75% of irrecoverable Collection Fund losses arising due to COVID-19. This impact is netted down in part by a £1.5m saving on the Business Rates Levy.

- The net change in pressures, excluding the impact of reclassification of savings, is a reduction of £1.13m. This includes reversal of the increase for electricity and gas inflation included in the Proposed Budget, which reflects planned asset rationalisation and new ways of working on energy budgets. As referenced above, a reserve has been created to meet any budget pressures if they should arise.
- Provision for pay award and ELI costs has been updated to reflect the latest position regarding ELI leavers, reducing these costs by £1.0m.
- The cost of insurance is estimated to increase by £0.9m in 2021/22, as detailed in paragraph 6.18. The Proposed Budget contained provision of £0.6m, thus an additional £0.3m is required.
- A reprioritisation of Public Health funding to manage a reduction in funding has seen this income replaced by core funding from this Budget Strategy to the value of £1.2m which will restore the base level of funding for Children's Centres, Citizens Advice Bureau and Welfare Rights services.
- Homelessness spend has increased by £0.8m, funded fully by a corresponding increase in Homelessness grants.
- The level of capital receipts applied to debt had increased by £1.1m.
- The net changes in savings, excluding the impact of reclassification to Funding and Pressures, is a reduction of £1.6m, the majority of which relates to a review of identified savings relating to COVID pressures.
- Updated assumptions have been incorporated into Directorate reports in Appendix 8.

## 5.6. **Decreases/(Increases) in Funding in these Budget Proposals**

- 5.6.1. Changes in both the Settlement Funding Assessment (SFA) of (£0.2m increase) and local funding (£90.6m reduction), a net decrease of £90.4m, are detailed in Section 4.

### **Reserves and Balances**

- 5.6.2. **Contributions from the General Reserve** – the movement of £13.0m 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 £4.0m to the reserve.

- 5.6.3. **Changes in the use of Earmarked Reserves** – the £25.3m change in the use of earmarked reserves reflects a net contribution of £6.2m to the Strategic Contingency Reserve which is intended to provide for any unforeseen events requiring additional resources in 2021/22.
- 5.6.4. Contributions from reserves utilised in earlier years have reduced in the following areas resulting in budget pressures:
- Adults & Health reserves (£3.1m)
  - Better Care Fund Reserves (£0.5m)
  - Waste Management Reserve (£0.4m)
  - Other reserves (£0.49m).
- 5.6.5. These budget proposals provide for the creation of three new reserves;
- COVID Reserve (£16.7m) to be applied to any pressures arising which exceed the initial estimate of COVID impact in 2021/22;
  - Energy Contingency Reserve to provide contingency funding should energy costs exceed provision in the budget (£1.1m);
  - Merrion House Reserve (£1.1m) to resource annual lease payments for Merrion House.
- 5.6.6. The increased pressures on the General Fund set out above are netted down by a net £4.8m fallout of the budget required in 2020/21 to contribute to reserves or planned use of reserves in 2021/22. This includes a net £1.6m reduction in budgeted contributions to the Insurance Reserve and a release of £2.7m from Adults and Health reserves to fund the identified gap in Social Care funding.
- 5.6.7. 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 such as clawback. The 2021/22 budget proposals provide for fall out of previous use of £0.5m of balances, included in the overall £24.2m movement in Earmarked Reserves.

### **Changes in Grant Funding**

- 5.6.8. **Specific Grant Funding Changes – Adults and Health (£4.5m increase).** 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 at the 2020 Spending review.

- 5.6.9. In addition the Spending review announced additional Social Care funding of £300m nationally, of which Leeds received an allocation of £4.5m. Further, 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. Prior to the Spending Review, the assumption had been that Leeds' 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 the new funding of £4.5m and the ability to raise an Adult Social Care precept through Council Tax of £10.0m. The Spending Review indicated that in the longer term the Government is committed to sustainable financing of the adult social care system, and will bring forward proposals next year.
- 5.6.10. **Specific Grant Funding Changes – Children and Families (£2.0m increase).** 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 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.
- 5.6.11. The 2021/22 proposed budget includes an expected increase in grant funding from the Department for Education of £1.58m. This being based on trends in funding received in previous years and linked to the Council's ability to attract additional funding due to its outstanding rating for Children's Services.
- 5.6.12. Further to this, the budget also reflects an additional £370k contribution from the Dedicated Schools Grant (DSG). £220k of this relates to an increased contribution towards eligible costs of providing central education services, and a further £150k has been assumed for an increase in the recovery of the education costs of eligible external residential placements.
- 5.6.13. **Specific Grant Funding Changes – City Development (£1.7m increase).** The 2021/22 budget reflect receipt of £1.7m of Gain Share from WYCA in respect of the West Yorkshire Devolution Deal.
- 5.6.14. **Specific Grant Funding Changes – Communities, Housing and Environment (£0.8m increase).** The Flexible Homelessness Support Grant and the Homelessness Reduction Act grants have been combined into a single grant called the Homelessness Prevention Grant with total funding increased by £0.7m. The Council was successful in its Next Steps Accommodation grant bid in 2020/21. In total £2.7m has been awarded, £0.1m of which will be applied in 2021/22. During 2020-21, a bid of £0.2m from MHCLG's Asylum Migration Integration Fund was successful. This is a

2 year programme and £90k of the grant will be used in 2021/22, with the balance being used in 2022/23. 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 have not yet been made. A grant for Welfare & Benefits New Burdens Funding of £0.1m is still subject to confirmation of the final allocations by the Government.

- 5.6.15. **Specific Grant Funding Changes –COVID-19 Grant (£24.6m).** At Spending Review 2020, Government announced £1.55bn of funding for additional COVID related expenditure pressures in 2021/22. The Leeds allocation has been confirmed as £24.6m and is expected to be used to offset additional expenditure pressures as they occur.
- 5.6.16. **Specific Grant Funding Changes – Local Council Tax Support Grant (£9.2m).** At the 2020 Spending Review MHCLG announced they would provide local government with £670m of new funding for 2021/22 in recognition of the increased costs of providing local council tax support and other help to economically vulnerable households following the pandemic. The provisional Local Government Finance Settlement has indicated that the Leeds allocation will be £9.2m. The Local Council Tax Support grant to parish and town councils has been uplifted by £3.2k to reflect this increase in funding to the Authority. The remainder of the grant will be held in reserves and allocated as required.
- 5.6.17. **Specific Grant Funding Changes – Collection Fund COVID-19 Grants (£75.5m).** Section 31 grant funding of £75.5m will be held in a reserve by the Council and carried forward to be applied to the Business Rates deficit in 2021/22. It has been assumed that this is a one-off grant.
- 5.6.18. **Specific Grant Funding Changes – New Homes Bonus (£2.5m reduction).** 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 2020/21 Local Government Finance Settlement the Government stated that new allocations earned in 2019/20 and paid in 2020/21 would be paid in that year but would not give rise to legacy payments for the following three years as would normally be the case. Leeds accounts for the receipt of this grant in the year in which the housing growth has taken place, with the grant actually received in the following year.
- 5.6.19. In the 2021/22 provisional Local Government Finance Settlement the Government confirmed that the allocation earned in 2019/20 will not be paid again, and that the allocation earned in 2020/21 would give rise to a

payment accounted for in 2020/21 but also would not give rise to legacy payments in subsequent years. This 2020/21 allocation was not expected at the time of the 2020/21 Budget and has therefore produced a £2.3m surplus. For the 2021/22 allocation this Budget assumes that the Government will honour the final legacy payment for the allocation earned in 2018/19 (£2.2m), however the Government has stated that it will consult on how best to incentivise housebuilding in the Spring of 2021, including the possibility that New Homes Bonus may be abolished entirely. The £2.3m surplus earned in 2020/21 is therefore held in reserve should this risk materialise.

- 5.6.20. **Specific Grant Funding Changes – Local Tax Income Guarantee Grant (£8.6m).** Local authorities experienced significant reductions in business rates income in 2020/21 as a result of the commercial restrictions imposed in response to COVID-19. A proportion of this reduction was due to the 100% relief schemes for businesses in the retail, hospitality, leisure and childcare sectors, which the Government fully funded. However the crisis has had a direct impact on other elements of the business rates system such as causing the tax base in Leeds to reduce and not be replaced, either because of delayed or cancelled development, an increased demand for both Empty Rate and Small Business Rate Relief and an increase in both provisions for bad debt and appeals. These impacts were not initially funded by the Government and the impact on Leeds share of business rates income was £36.7m, which would normally have had to be funded from the general fund in 2021/22. In the Spending Review 2020 the Government announced that repayment of this ‘exceptional balance’ would be spread over three years and indicated that 75% of ‘irrecoverable losses’ would be compensated by Government. Later statements indicate that ‘irrecoverable losses’ refer to the exceptional balance with 75% of this, reduced by any reductions to the levy payment brought about by the fall in business rates income, being compensated. These budget proposals reflect the assumption that a grant of £25.8m will be payable to the authority under the Local Tax Income Guarantee scheme. This will be spread over the three years the exceptional balance has to be repaid, with £8.6m being received in 2021/22.
- 5.6.21. The Local Tax Income Guarantee Grant is also applicable to Council Tax. For Council Tax, losses in scope will be measured through a comparison of each authority’s council tax requirement and an adjusted Net Collectable Debit, which is identified from the Council’s billing system. 75% of the resulting deficit calculated will be compensated by Government. These budget proposals reflect the assumption that a grant of £5.2m will be payable to the authority under this scheme. These budget proposals and the strategy for future years reflect that this funding will not be utilised in 2021/22, but will, instead, be held in reserve and applied in 2022/23 and 2023/24, when the loss of funding will be accounted for.
- 5.6.22. **Other Non-Collection Fund Business Rates Movements – (£0.4m reduction).** 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 and its share of any losses resulting from these.

- 5.6.23. These budget proposals reflect the latest guidance issued by the Government in December 2020. Although compensation will continue for additional permanent reliefs introduced between 2012/13 and 2020/21 i.e. the changes to the Small Business Rates Relief scheme, local newspaper relief and a further scheme designed to help businesses that don't quite meet the criteria for Small Business Rates Relief, no further reliefs have been announced. This particularly refers to the assistance the Government has given to businesses during the COVID-19 crisis such as the extended retail and leisure relief. Although the Government has stated that it will consider and announce continued assistance 'in the New Year' the current guidance is to forecast business rates on the basis that these reliefs will not be given and it is speculated that any announcement may not be until the March 2021 Budget. It is, however, expected that any cost to the Authority should new reliefs be announced will be compensated for in full, as was the case in 2020/21.
- 5.6.24. The temporary retail relief that was meant to be implemented in 2020/21 and was included in the Council's 2020/21 budget awarded 50% relief to small retail establishments with a rateable value of less than £51,000, was superseded by the extended 100% COVID-19 retail relief, which will not continue to be awarded in 2021/22, and therefore compensation for this relief will not be forthcoming. Overall there has been a reduction in the compensation for reliefs introduced since 2012/13 of £3.3m between the budgets of 2020/21 and 2021/22.
- 5.6.25. In the Spending Review 2020 the Government announced that the small business rates multiplier would be frozen at 49.9% in 2021/22 rather than increasing by CPI as was expected. Compensation to local authorities for this, along with compensation for historic changes the Government has made to the multiplier, means that the reduction in section 31 grant due to the ending of the above reliefs will be partially offset by an increase of £1.3m in grant for the loss of income incurred due to the continued capping of the multiplier. Therefore the total funding received for changes made to the business rates system will reduce by £2.0m compared to the 2020/21 budget.
- 5.6.26. In addition to these movements in section 31 grants, under 50% Retention in 2021/20 there will have to be a levy payment of 8.31% made on any income above the Business Rates Baseline from the sum of the local share of business rates and section 31 grants. Given the assumptions outlined above about both these elements, it is estimated the Council will have to pay £0.5m to the Leeds City Region business rates pool in 2021/22, a reduced cost compared to the 2020/21 budget of £1.6m.

5.6.27. Overall, in 2021/22, the changes in Non-Collection Fund Business Rates income compared to 2020/21 represent a net reduction in income of an estimated £0.4m.

## 6. Cost Increases

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

*Table 14 - Cost Increases 2021/22*

	<b>2021/22</b>
	<b>£m</b>
Pay - Leeds City Council	4.8
Employer's LGPS contribution	0.0
Fall-out of capitalised pension costs	(1.1)
Capitalised Pension Costs (New ELI scheme)	5.4
Wage costs - commissioned services	5.7
Inflation: General	1.4
Inflation: Electricity and Gas Tariffs	0.0
Demand and demography - Adult Social Care	7.2
Demand and demography - Children Looked After	1.8
Demand and demography - Other	0.2
Income pressures	0.5
COVID Pressures	8.1
Transforming Care Programme	1.5
Fallout of Public Health funding	1.2
Insurance	0.9
Homelessness	0.8
CPM Maintenance	0.6
Loss of revenue income - Asset Sales	0.6
Housing Benefit Overpayment income	0.5
Town Hall Closure	0.5
Other Pressures/Savings	0.5
Debt - external interest / Minimum Revenue Provision	<u>10.3</u>
<b>Cost Increases</b>	<b>51.3</b>

6.2. **Pay Inflation** - the proposed budget allows for £4.8m of pay inflation in 2021/22. This reflects the announcement of a public sector pay freeze by Government Spending Review 2020. The increase provides for two elements: £3.2m for the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and £1.6m 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 provision 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.

- 6.3. **Employers Local Government Pensions Contributions** - The most recent actuarial valuation showed that the West Yorkshire Pension Fund is in a surplus position. As a result 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 therefore no provision has been made in this budget.
- 6.4. The fall out of **capitalised pension costs** associated with staff who have left the Council under the previous 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 31<sup>st</sup> March 2021. As such any associated severance costs will be met in 2020/21. However, provision of £5.4m 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.
- 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 £5.7m has been included in these budget proposals. 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.
- 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 budget proposals allow for **net price inflation** of £1.4m. It provides inflation where there is a contractual commitment but anticipates that the majority of other spending budgets are cash limited.
- 6.9. An inflationary uplift on fees and charges of 3% is assumed where they can be borne by the market.
- 6.10. These budget proposals do not provide for any specific increases for **gas and electricity**, reflecting the impact of planned asset rationalisation and new ways of working on energy budgets.

- 6.11. The 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 Budget 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 these budget proposals for 2021/22 to deal with this demand and demographic growth.
- 6.12. 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 budget proposals for 2021/22 provide £1.8m 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.
- 6.13. 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).
- 6.14. The proposed budget includes £0.5m for a number of **income variations**. Specifically £0.2m provides for a reduction in car parking income resulting from a reduction in car parking spaces in the city centre and £0.1m provides for a base budget pressure due to the decision not to increase parking charges at Woodhouse lane in 2020/21 as a consequence of the impact of COVID-19; 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.
- 6.15. 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 £8.1m, of which £2.3m relates to additional costs, mainly:
- £0.6m for increased CLA external placements,

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

A further £5.8m of COVID-19 pressures relate to estimated income losses, largely:

- £1.6m relating to Sport and Arts and Heritage,
- £1.2m 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,
- £0.2m planning income
- £0.1m loss of music trading and 0-19 learning improvement income.

- 6.16. As discussed in paragraph 5.6.16, 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.
- 6.17. **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.
- 6.18. A reprioritisation of **Public Health funding** to manage a reduction in funding has seen this income replaced by core funding from this Budget Strategy to the value of £1.2m which will restore the base level of funding for Children's Centres, Citizens Advice Bureau and Welfare Rights services.
- 6.19. The cost of **Insurance** is estimated to increase by £0.9m in 2021/22. This increase is largely due to a combination of having to provide for new large insurance claims and a re-assessment of the amounts set aside for previously submitted claims.
- 6.20. These budget proposals reflect an increase of £0.8m in **Homelessness** expenditure, which is fully funded by additional Homelessness grant income referred to in paragraph 5.6.15. The £0.7m increase in Homelessness Prevention grant is being used to help fund the accommodation up to 40 people currently in hotel accommodation due to COVID to remain off the streets and to increase funding assisting homeless households with private rented tenancies. £0.1m of Next Steps

Accommodation grant is being utilised to fund Housing Navigators posts within partner organisations.

- 6.21. 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. These budget proposals provide £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, and this portfolio is being reviewed as part of the Estate rationalisation programme.
- 6.22. A key measure to achieve a balanced budget in 2021/22 is the planned sale of some of the Council's commercial assets portfolio. The capital receipts received from these sales will be applied to the Debt requirement, discussed in paragraph 6.25. Currently the Council receives annual revenue income from these assets, therefore these budget proposals make provision of £0.6m for these revenue losses.
- 6.23. 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 2020/21 budget is estimated to be £0.5m.
- 6.24. 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.
- 6.25. These budget proposals provide for a £10.3m 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 net MRP will increase by £9.6m in 2021/22. Other Debt variations total £0.7m, and include a £5.1m increase in general debt costs and a £1.3m increase in respect of PFI lifecycle costs, netted down by £5.8m of Treasury Management savings.
- 6.26. Other Net Pressures – other net budget pressures of £0.5m have been identified for 2021/22. The key pressures include:
- Microsoft product licences and a move to the Cloud requires an additional £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;
- £0.1m increase in the Council’s contribution to West Yorkshire Joint Services;
- (£0.3m) saving against previously identified pressures in Leeds Building Services;
- (£0.2m) reduction in running cost pressures previously identified by Children and Families;
- The effect of other pressures across all Directorates is a net saving of (£0.3m).

## 7. The Budget Gap – Savings

*Table 15 – Savings included in the Budget Proposals*

	Proposed Budget 21/22 £m	Changes since Proposed Budget £m	Budget 21/22 £m
<b>Total Funding and Cost Pressures</b>	<b>94.5</b>	<b>(38.3)</b>	<b>56.1</b>
<b>Actions to Reduce the Budget Gap</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business As Usual	(71.4)	32.9	(38.6)
Service Review	(17.7)	0.2	(17.6)
<b>Total Actions</b>	<b>(89.2)</b>	<b>33.0</b>	<b>(56.1)</b>
<b>Gap Remaining After Actions</b>	<b>5.3</b>	<b>(5.3)</b>	<b>0.0</b>

7.1. As explained at paragraph 5.4, some of the savings proposals identified at the Proposed Budget impact on the funding assumptions and cost increases discussed in paragraphs 5 and 6. In the December Executive Board Report, the level of the savings identified were not reduced for any funding changes identified or reductions in cost pressures identified. They have, however, been detailed against the appropriate area in this final Budget report.

7.2. As such, the £33.0m reduction in savings shown in Table 15 is due in the main to reclassification of these savings as changes to funding and reductions to identified cost pressures. As Table 13 shows, the budget reduction measures still need to deliver £87.5m of proposals to achieve a balanced budget, whether this is ensuring that assumed increases in funding are realised, delivering budgeted reductions in costs or implementing agreed savings.

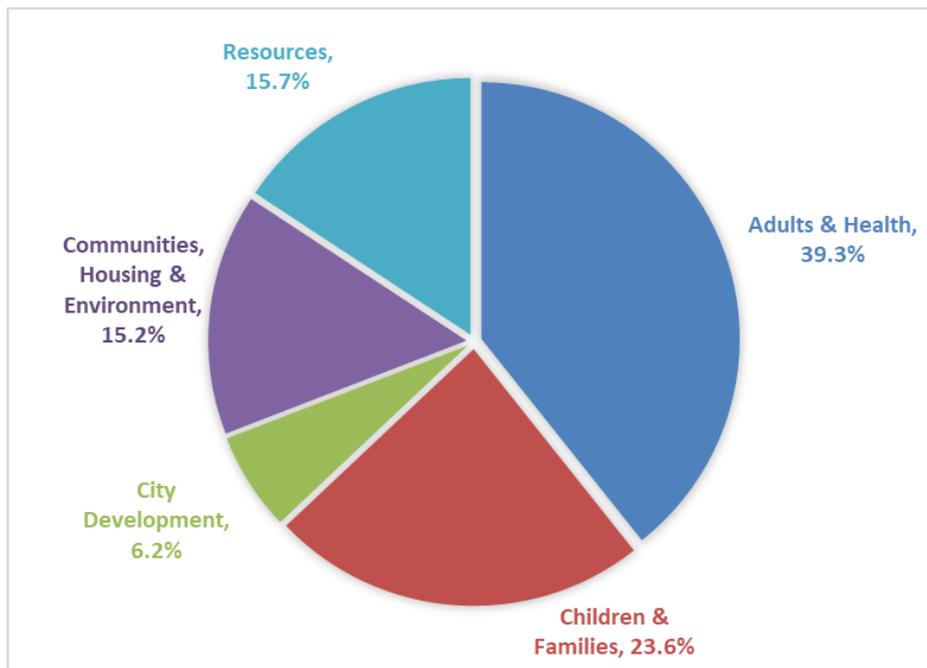
## **The Budget Gap – Corporate and Directorate Savings Programme**

- 7.3. 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.
- 7.4. 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.
- 7.5. 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.
- 7.6. The Financial Challenge programme has been 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, with proposals considered at December's Executive Board also considered through Scrutiny meetings in January as part of their wider review of the Proposed Budget for 2021/22.
- 7.7. The outcome from the reviews led to a set of savings proposals 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.
- 7.8. Across its September, October, November and December meetings, the Executive Board approved £63.4m of savings proposals for implementation or consultation as required. This included £2.1m in December through a range of organisational design proposals. Further information with proposed savings (part of the £2.1m put forwards in December) on two of these proposals – Customer Contact and bringing together all Property-related delivery and strategy services within City Development, with all Facilities Management actively delivered and/or coordinated from a single function within Civic Enterprise Leeds, including construction and maintenance – is provided at Appendix 3, requesting Executive Board approval to proceed to consultation. Updates on the service reviews approved to go out to public consultation are provided through the directorate reports at Appendix 8.
- 7.9. Through the savings proposals reports received at its September to December meetings, the Board approved the recommendations to note that:
- Business as Usual savings and decisions to give effect to them would be taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive functions); and
  - With regard to Service Review proposals, decisions to give effect to them would 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.
- 7.10. **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. 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.

### 7.10.3. Share of Net Managed Expenditure 2021/22



7.10.4. The budget proposals would mean that the Council's spend on Children and Families and Adult Social Care will increase from 61.8% of service budgets in 2020-21 to 62.9% in 2021/22. The size of this overall share of the Council's resources continues to reflect the Council's priorities around supporting the most vulnerable across the city and therefore to prioritise spending in these areas.

## 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 3,194 headcount up to the 30<sup>th</sup> November 2020.

8.2. The budget savings proposals detailed in this report (please refer to Appendix 8) result in an estimated potential reduction of 791 FTEs (this includes a potential reduction of 81 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 February 2021.

8.3. Details of the movements in full time equivalents for the 2021/22 Budget are shown by directorate in Table 16:

**Table 16 – Movements in Full Time Equivalents 2021/22 Budget**

	<b>2021/22 Budget</b>		
	<b>+</b>	<b>-</b>	<b>Net</b>
Adults and Health	3	(44)	(41)
Children and Families	0	(53)	(53)
City Development	0	(176)	(176)
Communities, Housing and Environment	7	(92)	(85)
Resources	100	(455)	(355)
	<b>110</b>	<b>(820)</b>	<b>(710)</b>
Housing Revenue Account		(81)	(81)
	<b>110</b>	<b>(901)</b>	<b>(791)</b>

8.4. 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. Breakdown of the 2021/22 budget**

9.1. Annex 1 to this report provides a summary of the budget changes by directorate and in total.

9.2. Annex 2 provides a detailed analysis of the 2021/22 revenue budget at directorate level.

## **10. Reserves Strategy and General Reserve**

10.1. 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.

10.2. The purposes of the general reserve policy are to help longer-term financial stability and to mitigate the potential impact of future events or developments which may cause financial difficulty. General and useable reserves are a key measure of the financial resilience of the Council, allowing the Authority to address unexpected and unplanned pressures.

- 10.3. 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.

**Table 17 - General Reserve**

<b>General Reserve</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Brought Forward 1st April</b>	31.6	26.7	30.6	30.6
Budgeted Contribution/(Use) in-year	(10.0)	4.0	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
<b>Carried Forward 31st March</b>	<b>26.7</b>	<b>30.6</b>	<b>30.6</b>	<b>33.6</b>

- 10.4. The revenue budget proposals for 2021/22 assume a contribution of £4.0m to the general reserve and the level of general reserves at 31st March 2022, as set out in Table 17, is projected to be £30.6m.
- 10.5. 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.
- 10.6. 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 Executive 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 £39.6m by 2025/26.
- 10.7. 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.

## **11. Robustness of the Budget and the adequacy of reserves**

11.1. The Local Government Act (Part II) 2003 places a requirement upon the Council's statutory officer (the Chief Officer – Financial Services) in Leeds to report to members on the robustness of the budget estimates and the adequacy of the proposed financial reserves.

11.2. In considering the robustness of any estimates, the following criteria need to be considered:

- The underlying budget assumptions such as:
  - The reasonableness of provisions for inflationary pressures
  - The extent to which known trends and pressures have been provided for
  - The achievability of budget savings proposals built into the budget
  - The realism of income targets
  - The alignment of resources with the Council's service and organisational priorities;
- A review of the major risks associated with the budget;
- The availability of reserves to meet unforeseen cost pressures;
- The strength of the financial management function and reporting arrangements.

11.3. In coming to a view as to the robustness of the 2021/22 budget the Chief Officer – Financial Services has taken account of the following issues:

- Detailed estimates are prepared by directorates in accordance with principles laid down by the Chief Officer – Financial Services based upon the current agreed level of service. Service changes are separately identified and plans are in place for them to be managed.
- As detailed elsewhere in this report the Council established a "Financial Challenge" programme of service reviews. This cross council "Silver" group approach provided high support, co-ordinated and consistent approach to the identification of robust, realistic and deliverable budget savings proposals.
- The same "Silver" group will have oversight over the 2021/22 budget savings programme. Through this robust and accountable approach any variations to budgeted assumptions can be readily identified and addressed. Where appropriate, and in accordance with the Council's adopted budget principles, alternative proposals will be identified to ensure that a balanced budget position can be delivered in 2021/22. Progress against the delivery of these targeted savings will be incorporated into the monthly Financial Health reporting to this Board.
- The estimate submission has been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process

involving both financial and non-financial senior managers throughout the Council.

- Financial pressures experienced in 2020/21 have been recognised in preparing the 2021/22 budget.
- As part of the budget process, directorates have undertaken a risk assessment of their key budgets, and provided a summary of major risks within the directorate budget documents. All directorate budgets contain efficiencies, income generation and service reviews which will require actions to deliver and any delay in taking decisions may have significant financial implications. Whilst the level of risk within the 2021/22 budget is considered manageable, it must be on the understanding that key decisions are taken and that where identified savings are not delivered alternative savings options will be needed. This is all the more important given that the Council will face further financial challenges over the years beyond 2021/22.
- In recognition of the financial challenge the Council faced in 2021/22 from an unprecedented event the Council has established a Strategic Contingency Reserve in 2020/21 which will be used to fund future unforeseen budget pressures and to ensure the Council becoming more financially resilient. In addition two specific reserves have been established as part of these proposals to deal with variations in assumptions with regard to the ongoing impact of COVID-19 and energy costs in 2021/22.
- In addition to specific directorate/service risks, the collection of council tax and the generation of business rate yields are two key risks which are closely monitored.
- In April 2013 a scheme of Council Tax discounts was introduced, enabling the Council to manage the risk of non-collection in given circumstances. Also, the overall assumed collection rate for council tax in 2021/22 is budgeted at 98%, lower than the pre-COVID-19 budgeted collection rate of 99%. This is to reflect the impact of COVID-19 and is therefore considered to be realistic.
- Where the budget assumes the generation of capital receipts from property and land sales which are utilised to offset PFI liabilities, repay MRP, resource transformation projects and fund redundancy payments, the timing of the delivery of these receipts needs to be closely monitored and contingency actions identified should there be any slippage to budgeted assumptions.
- Under the business rates retention scheme the Council's local share of business rates is exposed to risks from both collection and reductions in rateable values. In addition, and as detailed in paragraph 4.4 in this report, the impact of COVID-19 has been factored into the Council's assumptions in respect of the overall level of business rates that are receivable.
- Business rates income continues to be a significant risk, however, as in the case of council tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the current year although this will be an issue in future financial years.

- The Council's financial controls are set out in the Authority's financial regulations. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council.
- Budget management and monitoring is a continuous process which operates at a number of levels throughout the Council. The Council's budget accountability framework clearly articulates roles and responsibilities and aligns financial accountability within service decision making. This contributes towards providing a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate and corporate levels. Each month Executive Board receives a risk-based financial health report from each directorate and action plans are utilised to manage and minimise any significant variations to approved budgets.
- In July 2019 this Board agreed the adoption of principles which were developed to support both the determination and management of the revenue budget, provided at Appendix 10. Adoption of these principles results in a more robust and accountable approach to budget management which closely aligns itself with the principles set out in CIPFA's Financial Management Code which all local authorities will be required to fully implement by 31st March 2021.

11.4. In the context of the above, the Chief Officer – Financial Services considers the budget proposals for 2021/22 to be robust and the level of reserves to be appropriate, given a clear understanding by members and senior management of the following:

- That Directors and other budget holders accept their budget responsibilities and subsequent accountability.
- The level of reserves is in line with the risk based reserves strategy but their enhancement will be a prime consideration for the use of any fortuitous in-year savings and that the Medium Term Financial Strategy provides for further contributions to the Council's reserves.
- Risk based budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action.
- The budget contains a number of challenging budget savings proposals and other actions. These are clearly identified and as such are at this time considered reasonable and achievable.
- That a separate robust process is in place to monitor and report on the delivery of the £56.1m of budget reduction measures contained in the 2021/22 budget.
- Risk based budget reporting to members will continue in 2021/22.
- Budget risks are identified and regularly reviewed and will be subject to focused control and management.
- As part of the Council's reserves strategy directorates are required to have in place budget action plans which set out how they will deal with variations during the year.

- Risks associated with council tax and business rates, although potentially significant, will feed into the Medium Term Financial Strategy via the Collection Fund and will therefore not impact on the 2021/22 budget.
  - There is a clear understanding of the duties of the Council's statutory financial officer and that the service implications of these being exercised are fully understood by members and senior management alike.
- 11.5. The impact of the COVID-19 pandemic has had a significant impact upon the Council's financial position in 2020/21 and 2021/22 and beyond. Whilst the impact of the pandemic could not have been foreseen the Council's Executive Board received a series of reports in 2020/21 detailing the financial impact of COVID-19 and the actions being taken to achieve a balanced budget position. Grant Thornton, the Council's external auditors, have also been kept up to date as to the actions being taken by the Council and have been "fully supportive of the measures Leeds City Council are taking to help bring the Council's finances back into balance and comply with statutory duties." As detailed in this report the ongoing impact of COVID-19 has been factored into the 2021/22 budget.

## **12. Revenue Budget Update 2022/23 and 2023/24**

- 12.1. At its meeting in December 2020 Executive Board received the Council's Proposed Budget report for 2021/22. Contained within this report were the Provisional Budget positions for 2022/23 and 2023/24 which showed budget gaps of £55.7m and £32.4m respectively. The report recognised that savings would need to be identified in order that a balanced budget position could be delivered in 2022/23 and 2023/24.
- 12.2. In the context of both the Provisional Local Government Settlement and variations identified during the determination of this 2021/22 revenue budget the financial projections for 2022/23 and 2023/24 have been refreshed. The revised position continues to reflect assumed core council tax increases of 1.99% in each year and no Adult Social Care precept. However it should be stressed that under the Council's constitution the decision to set the council tax base and rate of council tax can only be taken by Full Council and therefore these decisions will continue to be made as part of the Council's annual budget setting process. The Government's Spending Review in 2021 will provide some clarification as to what future Council Tax increases are assumed for the period covered by the review.
- 12.3. The Government's intention remains to move to 75% business rate retention, however the timing of this move is uncertain. The Government has confirmed that the Revaluation of non-domestic properties will not now take place until 2023/24 and as both the Revaluation and move to 75% retention require significant adjustments to the Business Rates Retention Scheme this budget assumes that both take place in the same year. Given

the uncertainty about how this will impact on local authority funding, the initial budget for 2023/24 and 2024/25 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 projection for 2023/24 onwards assumes that the impact of any business rates reset and the implications of the outcome of the Government's Fair Funding review, also assumed to be implemented in 2023/24, is revenue neutral upon the Council with any impacts being addressed through transitional arrangements. For calculating SFA no increases have been assumed from 2022/23 onwards.

- 12.4. 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. This is compounded by the long term economic scarring resulting from COVID-19, the impact of the UK leaving the EU, the strength and resilience of the national economy and the spending priorities of Government. 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, the outcome of the Government's Fair Funding review is still to be announced and the future funding arrangements for social care remain unknown.
- 12.5. After taking account of the funding assumptions outlined in 12.2 to 12.4 above and the variation in pressures and savings that have been identified in the determination of the 2021/22 budget proposals, the revised indicative positions for 2022/23 and 2023/24 are detailed in Table 18.

**Table 18 - Revenue Budget 2021/22 and 2022/23**

	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>
<b>Proposed Budget December 2020</b>	<b>55.7</b>	<b>32.4</b>
<b>Changes to Funding</b>		
Net Revenue Charge Assumptions	15.6	(1.8)
Contribution to General Reserve	(2.0)	0.0
Changes in Earmarked Reserves	(4.9)	0.0
Grants	2.8	3.2
	<u>11.5</u>	<u>1.4</u>
<b>Revised Pressures</b>		
Debt	(5.6)	(4.1)
Debt: Fallout of one off capital receipts	21.7	0.0
Other	1.8	0.4
	<u>17.9</u>	<u>(3.7)</u>
<b>Revised Savings</b>		
Directorate Savings	(1.3)	0.0
Corporate Savings	(18.1)	4.1
	<u>(19.3)</u>	<u>4.1</u>
<b>Revised Gap at 2021/22 Budget</b>	<u>65.7</u>	<u>34.2</u>

- 12.6. As can be seen in Table 18, the estimated budget gap has increased to £65.7m in 2022/23 and to £34.2m in 2023/24. Since the Proposed Budget was presented to December's Executive, the 2022/23 estimated gap has increased by £10.0m and the 2023/24 position by £1.8m. These movements mainly reflect changes to funding assumptions of £11.5m in 2022/23 and of £1.4m in 2023/24 as a consequence of updated Council Tax and Business Rates assumptions, fallout of increased contributions to reserves in 2021/22 and changes in grant assumptions which are again largely a consequence of Collection Fund assumptions and related impact on Section 31 grant income. There are also net movements in pressures and savings of £1.4m in 2022/23 and £0.4m in 2023/24. The increase in debt pressures and corresponding reduction in corporate savings is largely the impact of the reclassification of savings in these years as reduced pressures. As can be seen, a significant component of the revised pressures in 2022/23 is the fallout of one-off capital receipts income applied in 2021/22.
- 12.7. The position set out above contains a number of assumptions, as set out in paragraphs 12.2 to 12.4, for which updated information would alter the projected financial position. Any such changes in these assumptions will be incorporated into an updated Medium Term Financial Strategy report that will be presented to a future meeting of this Board.

### **13. Schools Budget**

- 13.1. The Schools Budget is funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and is funded in four separate blocks for Early Years, High Needs, Schools and Central Schools Services. The details of 2021/22 funding for each of the blocks is set out in the Schools Budget 2021/22 report at Appendix 8.
- 13.2. The allocation of funding for each of the blocks is determined by the Government with new national funding formulas for the Schools Block, High Needs Block and Central Schools Services Block implemented in 2018/19. Whilst funding allocations are determined by the Government there is still some local discretion with various decisions made locally. In terms of the Schools Block, Early Years Block and Central Schools Services Block there are some decisions that are made by the Leeds Schools Forum following appropriate consultation. These include the transfer of funding between the Schools Block and the High Needs Block, the retained element of the Central Schools Services Block and the rate paid to providers through the Early Years Block.
- 13.3. Approval of the High Needs Block budget is a Council decision and paragraph 3.4.7 of the Schools Budget 2021/22 report provides a summary of the proposed High Needs Block budget for 2021/22 of £91.1m funding and £92.3m spend.

13.4. The High Needs Block provides funding for Special Educational Needs and Disabilities (SEND). In line with the national picture, Leeds has experienced an increase in SEND demand and complexity in recent years, with this trend expected to continue. Although Leeds will receive a £12m increase in High Needs funding for 2021/22, this allocation has been capped by £3.9m as part of the Government's transitional arrangements towards the national funding formula. This cap combined with an anticipated increase in special school places and pupils eligible for additional top-up funding means that there are expected to be ongoing funding pressures for the High Needs Block. As a result, a deficit of £6.92m is currently projected on DSG by the end of 2020/21. This deficit is ringfenced to DSG and does not impact on the Council's overall financial position.

13.5. The Children and Families directorate are currently carrying out further work to identify a medium term plan which looks to bring the High Needs Block back into balance and addresses the current DSG deficit, to the extent that this is possible given any limitations in funding and increases in demand. In the context of growing needs within the city and the cap on High Needs funding increases, options for managing within the available funding will be carefully considered and consulted on as appropriate in order to develop proposals. Particular consideration will need to be given to the fact that the High Needs budget supports the education of some of the most vulnerable children in the city and that benchmarking shows costs are comparatively low in this area. Options that result in outcomes being maintained or even improved, while also reducing costs, would be prioritised. Details of the plan will be brought to a future Executive Board meeting during 2021/22.

#### **14. Housing Revenue Account**

14.1. 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.

14.2. The determination of the 2021/22 budget proposals for the Housing Revenue Account needs to be seen in the context of reduction in the Council's housing stock as tenants exercise their right to buy their own home. An increase in accordance with the Government's rent formula of CPI+1% is proposed.

14.3. Details of the 2021/22 Housing Revenue Account can be found in Appendix 8.

## **15. Corporate Considerations**

### **15.1. Consultation and Engagement**

- 15.1.1. Full results from the public budget consultation are provided at Appendix 1 together with comments and observations from Scrutiny Board at Appendix 2.

#### Budget consultation headlines

- 15.1.2. Public consultation on the Council's Proposed Budget for 2021/22 took place between the 16<sup>th</sup> December 2020 and 12<sup>th</sup> January 2021, through an online survey. The survey was carried out using online methods only, as in previous years when paper surveys have been offered they have had low take-up and those predominantly from groups of respondents that are already over-represented. Online only has also mitigated the challenge of carrying out, collecting and processing paper surveys during a pandemic.
- 15.1.3. As in previous years, the consultation survey explored a range of themes relevant to the Proposed Budget, including: principles of how we should be funded, proposed changes to Council Tax, how we plan to spend the revenue budget, and respondents' service priorities. Additional areas were explored this year including: perceptions of the Council, attitudes around our social contract with citizens, and how people are coping and their concerns around the COVID-19 pandemic.
- 15.1.4. Residents were invited to take part primarily through Leeds City Council social media channels and online community groups, and a news item on the Council's website. Members of the Citizens' Panel (3,265 people) and the COVID-19 support and information e-newsletter (114,000 people) received an email with a link to the survey. Staff and elected members were invited to share their views through a news item on the intranet (InSite). Invitations were also emailed to partner organisations, requesting that they share through their networks. In addition to the ten LCC Community Committee Facebook groups, further targeted advertising, carried out through Instagram, was found to be successful in increasing engagement of younger people aged under 29.
- 15.1.5. A total of 2,495 responses were received, representing more than 60% more surveys than last year (1,537 in 2020/21, up on the 1,241 in 2019/20), from a range of respondents from different demographic groups, broadly representative of the population of Leeds residents as compared with the 2011 Census. Responses from younger (18-29) and BAME people were found to be slightly underrepresented, however statistically significant numbers were received from these groups. The majority of respondents (96%) said that they live in Leeds and over half (54%) work in Leeds. Around 1 in 8 (12%) said they work for Leeds City Council and a smaller group said they study in Leeds (3%).

15.1.6. In response to the challenges that Leeds City Council face from the COVID-19 pandemic on top of year-on-year budget reductions, respondents were asked how we should prioritise services against raising income:

- Over three quarters of respondents (77%) agreed we should raise money through increasing council tax and charges, with more than a third of these (29% of all respondents) saying we should raise enough to avoid having to cut services.
- Almost a quarter of respondents (23%) agreed with the statement that we should not raise council tax or charges, even if this has a large impact on the services we can provide.
- Over two thirds of respondents (69%) agreed that we should target some or all services to where they are needed most. However almost a third of respondents (31%) agreed with a universal approach where we aim to provide the same level of service to all, even if this results in a reduction in services across the board.

15.1.7. Respondents were asked how much they agree or disagree with our approach to increase council tax in 2021/22 by 4.99% (comprising a 1.99% increase with an additional 3% specifically to fund adult social care):

- In total, 3 in 5 respondents (59%) agreed with our approach. Almost 1 in 4 respondents (23%) strongly disagreed with our approach.
- Levels of agreement have decreased slightly over the previous 2 years by -3% in 2019/20 (from 62%, when the proposed council tax increase was 3.99%, comprising a 2.99% increase for the Leeds element with an additional 1% specifically to fund adult social care), and by -1% in 2020/21 (from 60%, when the proposed council tax increase was 3.99%, comprising a 1.99% increase for the Leeds element with an additional 2% specifically to fund adult social care).
- Participants were given the opportunity to tell us more about what they thought about our proposal to increase council tax. Of those that disagreed with our approach, 779 made a comment. These were analysed and, when grouped into principle themes, identified:
  - The highest number referred to the financial impact a 4.99% increase would have on residents, particularly as people are already struggling due to the pandemic.
  - A second major theme was the suggestion to use some other means to meet the shortfall, either by reducing expenditure or raising money from other sources.
  - The third main theme referred to the increase as being too high with references to the rate being higher than wage increases and inflation.
  - A fourth theme explored views on Council Tax as a form of taxation and how it is spent.

15.1.8. Participants were presented with a summary of how we plan to spend our revenue budget for 2021/22, split by directorate area and compared to 2020/21:

- Almost two thirds of respondents (63%) agreed to our proposed approach, with 1 in 8 (12%) strongly disagreeing.
- Levels of agreement have decreased by -7% (from 70% in 2020/21).
- A high proportion, 1 in 5 (21%) of all participants, chose not to answer this question or said that they don't know.
- Participants were then invited to comment around the proposed approach to how we spend our revenue budget. In total 1,012 respondents commented. These were analysed and, when grouped into principle themes, identified:
  - The theme with the highest number of comments disagreed with the amount of the reduction to Housing, calling for more money to be available.
  - The second most frequent theme was to reduce the amount of money spent on City Development.
  - The third main theme referred to the Council being able to save money, for example through reduced salaries or greater efficiencies in service provision.

15.1.9. Participants were asked to rate some of our services by how much they matter to them personally, and by how much they think they matter for the city of Leeds (and the people that live, work and visit here).

- The services that were most likely to be rated as mattering a lot to the city of Leeds, and the people that live, work and visit here, were:
  1. Keeping children safe (85%)
  2. Helping prevent and tackle crime and anti-social behaviour (ASB) (78%)
  3. Supporting older and vulnerable people (75%)
  4. Dealing with waste and recycling (68%)
  5. Support for schools and families (62%)
  6. Helping people earn enough to support themselves/family (61% and increased in priority from last year)
- Respondents identified many of the same services as key priorities for them personally, however in different order:
  1. Helping prevent and tackle crime and ASB (81%)
  2. Dealing with waste and recycling (76%)
  3. Keeping children safe (71%)
  4. Keeping streets and neighbourhoods clean (69%)
  5. Supporting older and vulnerable people (69% and increased in priority from last year)
  6. Tackling climate change and protecting the environment (61%)

15.1.10. Participants were asked a few questions around how they feel about the Council and the way our teams run services:

- Around 3 in 5 respondents (61%) were satisfied with the way Leeds City Council runs things. However almost a quarter (23%) were dissatisfied.
- Almost half of respondents (46%) agreed that the Council provides value for money. Almost a third (31%) disagreed.
- More than half of respondents (53%) said that they think Leeds City Council acts on the concerns of local residents either 'a great deal' or 'a fair amount', with just 1 in 8 (13%) saying 'not at all'.
- Around 3 in 5 respondents (61%) said that they trust Leeds City Council either 'a great deal' or 'a fair amount', with just 1 in 8 (12%) saying 'not at all'.

15.1.11. Participants were asked how they feel about the local area where they live and the people that live there:

- Almost three quarters (73%) were satisfied with the local area as a place to live. However 1 in 6 (16%) were dissatisfied.
- Three quarters of respondents (75%) said they felt very or fairly strongly that they belong to their local area, with only 1 in 20 (5%) saying 'not at all'.
- More than two thirds (68%) agreed that people in their neighbourhood pull together to improve the local area.
- Over 4 in 5 (83%) agreed that residents should take more responsibility for tackling straightforward problems and issues in their local area.
- Participants were asked to tell us more about how they think local issues should be tackled. 1,275 comments were made. A representative sample was analysed and, in total, 406 themes were identified from the 320 participants included in the sample:
  - Many suggestions for resident actions, of which most were around litter and street cleaning and community groups.
  - The need for improved listening and communication between Leeds City Council, partners and local residents.
  - Issues where the Council can do more, most of which related to crime and anti-social behaviour.
  - However, some comments expressed caution in placing too much responsibility on local communities.

15.1.12. Respondents were asked a series of questions around how they have been coping with the COVID-19 pandemic:

- More than 7 in 10 (71%) agreed that they are getting the information they need from public authorities on COVID-19.
- The Leeds City Council website was the third most likely option to be selected for where people access information about local COVID-19 restrictions, after Government websites and the national media.

- Many more respondents said that their finances, physical health and mental/emotional health had worsened than improved.
- Almost 2 in 5 (38%) were either extremely or very worried, with only 1 in 14 (7%) not worried at all.
- Respondents were asked to list three things that worry or concern them about the COVID-19 pandemic. In total, 2,118 people responded with at least one concern and 5,728 comments were made across all fields. Text-mining analysis was used to identify common words that appear together, of which the highest proportions were:
  - Mental health (16% of respondents)
  - Friends/family (13% of respondents), of which many were worried about friends or family catching COVID-19, or not being in contact with friends or family due to restrictions
  - Job security (10% of respondents)
- Participants were then asked to select up to 3 options to say where they go to mostly for information about local COVID-19 restrictions:
  - Respondents were most likely to select Government websites or the national media for where they go to mostly, with 3 in 5 respondents including them as one of their three selections (60% each)
  - The Leeds City Council website was the third most likely information source to be selected, with more than a third of respondents including this as one of their three selections (37%)
  - Social Media was the next most selected source of information, with more than 1 in 5 of respondents (23%) including this as one of their three selections

## 15.2. **Equality and diversity / cohesion and integration**

- 15.2.1. 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”.
- 15.2.2. 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.
- 15.2.3. Equality impact screenings have been carried out on all service review savings proposals previously approved by this Board at its September, October, November and December meetings. 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.

- 15.2.4. A joint equality assessment of the Budget 2021/22 at a strategic level has been carried out and this is attached as Appendix 6.

### 15.3. **Council policies and Best Council Plan**

- 15.3.1. 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.
- 15.3.2. The budget proposals will, if implemented, have implications for the Council's policy and governance and these are explained within the report.
- 15.3.3. There are no proposed changes to delegations and limits which form part of the Council's budget and financial control environment. The current limits are set out at Appendix 7.

#### Climate emergency

- 15.3.4. There are no implications for the climate emergency resulting from this report. Where specific decisions are to be made to implement budget proposals then the decision report will address any specific climate emergency issues.

### 15.4. **Resources, procurement and value for money**

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

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

- 15.5.1. This report has been produced in compliance with the Council's Budget and Policy Framework.
- 15.5.2. The Budget is a key element of the Council's Budget and Policy framework and therefore subject to that framework's consultation processes. In addition, many of the proposals will be subject to separate consultation and decision-making processes, which will operate within their own defined timetables and be managed by individual directorates.
- 15.5.3. Details of the decisions that will be required to be taken to deliver the budgeted assumptions contained in this document are included in Appendix 4.
- 15.5.4. 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 17.1 and 17.2 are not subject to call in as the budget is a matter that will ultimately be determined by Full Council. Recommendation 17.3, that Executive Board thanks Scrutiny for their comments, is likewise not subject to call in. However, recommendation 17.4, to agree the recommendations in the two 'Service Review' proposals at Appendix 3 and that consultation commences, is subject to call in.

## 15.6. **Risk management**

- 15.6.1. 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.
- 15.6.2. 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.
- 15.6.3. 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 health reports brought to Executive Board.
- 15.6.4. 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 these budget proposals are identified below.
- 15.6.5. 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 these budget proposals 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.

15.6.6. As detailed in this report the proposed budget for 2021/22 assumes the delivery of £56.1m of savings proposals 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.

15.6.7. 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 achieve a balanced budget for 2021/22.

### 15.7. **Risks to Funding**

15.7.1. The period covered by the Government's current Spending Review will end in March 2021. Whilst the Provisional Local Government Financial Settlement published on the 17<sup>th</sup> December 2020 detailed the Government's spending intentions for 2021/22 these will need to be ratified in the Final Local Government Financial Settlement which is expected to be received before the Parliamentary recess in February. Whilst the Provisional Local Government Settlement detailed the level of resources available to the Council there always remains a risk that the details contained in the Final Settlement are different and this would have implications as to the level of resources available to the Council in 2021/22.

15.7.2. The 2021/22 budget submission contains a number of assumptions about the level of resources receivable through some specific grants. Where the Government has yet to announce or finalise how much grant will be receivable in 2021/22 then a number of assumptions will be made in the determination of the budgeted figures receivable. Examples of grants where the Council is waiting for final confirmation of how much will be receivable in 2021/22 include the Housing Benefit and Localised Council Tax Support Administration Subsidy Grants and the Public Health Grant. Where the grant received is less than assumed in the Budget then, as per the Revenue Budget Principles approved at Executive Board in June 2019, provided at Appendix 10, the directorate concerned will need to manage the reduction in both expenditure and income through the identification and implementation of an exit strategy.

15.7.3. 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.

- 15.7.4. 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.
- 15.7.5. For 2021/22 Leeds will again 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.
- 15.7.6. 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.
- 15.7.7. 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 deficit and will not impact in the current year, although this will be an issue in future financial years.
- 15.8. **Key risks to cost and income assumptions**
  - 15.8.1. 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 submitted budget.
  - 15.8.2. 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 Budget report.
  - 15.8.3. 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 these budget proposals make 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.

- 15.8.4. 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.
- 15.8.5. 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.

## **16. Conclusions**

- 16.1. The Budget for 2021/22 and the indicative 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.
- 16.2. As a result of COVID-19 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 budget proposals for 2021/22 and the provisional budgets for 2022/23 and 2023/24.
- 16.3. 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.

- 16.4. As a result in the determination of these budget proposals, 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.
- 16.5. Given the scale of the financial challenge faced by the Council there is a requirement to deliver £87.5m of budget reduction measures in 2021/22, including £56.1m of savings, and robust processes have been established to monitor and report on the achievement of these.
- 16.6. 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.
- 16.7. The Provisional Local Government Settlement 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 up to but not including 2% and an increase on the Adult Social Care precept of 3%. Despite these increases, which now become part of the Council Tax base in future years, we only project a small increase in local funding of £11.2m on Council Tax. This is due to Council Tax increases being offset by a reduction in the council tax base, mainly a consequence of 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 income has reduced due to a contraction of the tax base in 2020/21, a projected increase in Empty Rates Relief 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 £26.3m. 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 £87.5m of budget reduction measures by March 2022. Overall this proposed budget results in a Net Revenue Charge which has reduced by £90.4m from 2020/21 to £435.3m.
- 16.8. In accordance with the Provisional Local Government Finance Settlement the Budget for 2021/22 assumes a Council Tax increase of 4.99% in 2021/22.

- 16.9. The initial budget positions for 2022/23 and 2023/24 identify estimated budget gaps of £65.7m and £32.4m respectively. Budget savings proposals to reduce these gaps will be brought to this Board for consideration.
- 16.10. As set out in both the Medium Term Financial Strategy 2021/22-2025/26 and these budget proposals 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 on one off funding sources to fund revenue expenditure and to reduce the Council's expenditure base so that it is affordable within the level of resources that are available to the Council in line with the Council's Medium Term Financial Strategy.

## **17. Recommendations**

- 17.1. To recommend to Council that they note the recommendation of the Council's statutory officer (the Chief Officer – Financial Services) that the Budget proposals for 2020/21 are robust and that the proposed level of reserves is adequate, as set out at Section 12 of this report.
- 17.2. To recommend to Council the adoption of the following resolutions:
- i) That the revenue budget for 2021/22 totalling £435.3m be approved. This means that the Leeds element of the council tax for 2020/21 will increase by 1.99% plus the Adult Social Care precept of 3%. This excludes the police and fire precepts which will be incorporated into the report to be submitted to Council on the 24<sup>th</sup> February 2021;
  - ii) Grants totalling £69.0k to be allocated to parishes;
  - iii) Approval of the strategy at Appendix 9 in respect of the flexible use of capital receipts;
  - iv) In respect of the Housing Revenue Account that the budget be approved with:
    - An increase of 1.5% (CPI+1%) in dwelling rents;
    - A 30p/wk change in the standing charge for Leeds PIPES (Providing Innovative Pro-Environmental Solutions) as a step towards full cost recovery.
    - A 1.1% RPI increase in charges for all other District Heating schemes;
    - That service charges for low/medium and multi-storey flats are increased by RPI of 1.1%;
    - That the charge for tenants who benefit from the sheltered support service is increased to £15.14 per week to reflect full cost recovery. The charge is eligible for Housing Benefit;
    - That the subsidy for tenants who are not eligible for benefits but receive the sheltered support service is set at £3.14 per week; Therefore the

amount payable by these tenants will increase from £10 per week to £12 per week;

- Subject to consultation, a Retirement Life charge is introduced for the provision of additional services linked to communal areas and for communal facilities where they are within a standalone community centre.
  - Whilst a full charge covering communal areas equates to £7.83, it is proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service is set at £3.01 per week meaning the amount payable by these tenants will increase from £3.30 per week to £4.82 per week;
  - Whilst a full charge for stand-alone community centres equates to £3.34, it is proposed that for self-payers this charge is initially subsidised and introduced over 3 years. Therefore the subsidy for tenants who are not eligible for benefits but receive the service is set at £2.04 per week meaning the amount payable by these tenants will be £1.30 per week.
  - That any overall increase to tenants in respect of rents, service and sheltered support who are 'self-payers' will be no more than £3.25 per week;
- v) In respect of the Schools Budget, that the High Needs Block budget for 2021/22, as set out in paragraph 3.4.7 of the Schools Budget Report at Appendix 8 be approved.

17.3. That Executive Board thanks Scrutiny Boards for their comments and observations made in consideration of the Council's Proposed Budget.

17.4. Agree the recommendations in the two 'Service Review' proposals at Appendix 3 and that consultation commences. 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.

## **18. Background documents**

18.1. None.



## Statement of 2020/21 and 2021/22 budgets

## Annex 2

Service	2020/21			2021/22		
	Net managed budget £000s	Net budget managed outside service £000s	Net budget £000s	Net managed budget £000s	Net budget managed outside service £000s	Net budget £000s
<b>Adults and Health</b>						
Health Partnerships	532	121	653	511	133	644
Access and Care	216,576	2,382	218,958	218,875	2,655	221,530
Service Transformation Team	1,991	249	2,240	1,895	189	2,084
Strategic Commissioning	(42,820)	1,115	(41,705)	(47,214)	1,099	(46,115)
Resources & Strategy	5,013	1,133	6,146	5,077	1,315	6,392
Provider services	19,379	3,913	23,292	15,695	4,588	20,283
Leeds Safeguarding Adults Board	226	31	257	150	38	188
Public Health	344	258	602	222	345	567
Pensions adjustment	0	(6,549)	(6,549)	0	(6,873)	(6,873)
	<b>201,241</b>	<b>2,653</b>	<b>203,894</b>	<b>195,211</b>	<b>3,489</b>	<b>198,700</b>
<b>Children and Families</b>						
Learning	5,535	1,683	7,218	5,576	1,841	7,417
Social Care	95,728	27,566	123,294	91,852	27,212	119,064
Resources and Strategy	21,108	(5,437)	15,671	19,596	(5,124)	14,472
Pensions adjustment	0	(5,688)	(5,688)	0	(6,380)	(6,380)
	<b>122,371</b>	<b>18,124</b>	<b>140,495</b>	<b>117,024</b>	<b>17,549</b>	<b>134,573</b>
<b>City Development</b>						
Planning and Sustainable Development	1,683	940	2,623	999	856	1,855
Economic Development	1,731	137	1,868	1,707	411	2,118
Asset Management & Regeneration	(3,232)	4,614	1,382	(3,638)	2,012	(1,626)
Employment & Skills	1,713	429	2,142	913	477	1,390
Highways and Transportation	17,909	47,718	65,627	14,989	51,481	66,470
Arts and Heritage	12,382	3,111	15,493	10,476	2,207	12,683
Sport and Active Recreation	6,172	4,191	10,363	5,838	4,450	10,288
Resources and Strategy	1,045	109	1,154	602	204	806
Markets and City Centre	(1,064)	135	(929)	(1,238)	150	(1,088)
Pensions adjustment	0	(8,467)	(8,467)	0	(8,092)	(8,092)
	<b>38,339</b>	<b>52,917</b>	<b>91,256</b>	<b>30,648</b>	<b>54,156</b>	<b>84,804</b>
<b>Resources</b>						
Strategy and Improvement	5,170	(650)	4,520	3,584	(1,363)	2,221
Finance	9,342	30	9,372	7,926	(356)	7,570
Human Resources	5,962	460	6,422	5,090	510	5,600
Digital and Information Services	21,148	7,499	28,647	21,510	11,895	33,405
Procurement & Commercial Services	1,390	227	1,617	1,078	124	1,202
Legal Services	3,084	500	3,584	2,787	549	3,336
Democratic Services	5,095	(5,054)	41	4,780	(3,201)	1,579
Contact Centre & Digital Imp	7,309	620	7,929	6,512	847	7,359
Leeds Building Services	(10,655)	3,574	(7,081)	(10,000)	3,460	(6,540)
Corporate Property Management	6,320	294	6,614	6,638	369	7,007
Shared Services	19,234	2,614	21,848	17,059	2,149	19,208
Commercial Services	4,421	7,079	11,500	2,974	10,255	13,229
Facilities Management	7,916	918	8,834	7,099	1,025	8,124
Sustainable Energy and Air Quality	1,046	280	1,326	835	3,908	4,743
Pensions adjustment	0	(17,880)	(17,880)	0	(15,739)	(15,739)
	<b>86,782</b>	<b>511</b>	<b>87,293</b>	<b>77,872</b>	<b>14,432</b>	<b>92,304</b>
<b>Communities, Housing and Environment</b>						
Communities	4,852	1,155	6,007	4,414	1,199	5,613
Customer Access	15,620	2,314	17,934	15,389	2,649	18,038
Elections, Licensing and Registration	411	418	829	209	426	635
Welfare and Benefits	627	390	1,017	151	260	411
Car Parking Services	(7,385)	959	(6,426)	(7,361)	956	(6,405)
Community Safety	2,338	825	3,163	1,521	704	2,225
Waste Management	34,513	3,487	38,000	34,980	3,740	38,720
Parks & Countryside	7,767	4,072	11,839	7,693	4,900	12,593
Environmental Action - City Centre	1,692	204	1,896	1,713	240	1,953
Environmental Health	1,457	150	1,607	1,326	227	1,553
Cleaner Neighbourhood Team	8,390	3,238	11,628	8,066	3,230	11,296
Supporting People Contract	6,083	32	6,115	6,083	35	6,118
Strategic Housing Partnership	1,409	10,011	11,420	1,241	7,064	8,305
Pensions adjustment	0	(10,534)	(10,534)	0	(11,218)	(11,218)
	<b>77,774</b>	<b>16,721</b>	<b>94,495</b>	<b>75,425</b>	<b>14,412</b>	<b>89,837</b>
<b>Strategic and Central Accounts</b>						
Strategic and Central accounts	8,198	(59,091)	(50,893)	(64,883)	(68,703)	(133,586)
Pensions adjustment	0	(31,835)	(31,835)	0	(35,335)	(35,335)
	<b>8,198</b>	<b>(90,926)</b>	<b>(82,728)</b>	<b>(64,883)</b>	<b>(104,038)</b>	<b>(168,921)</b>
<b>NET COST OF CITY COUNCIL SERVICES</b>	<b>534,705</b>	<b>0</b>	<b>534,705</b>	<b>431,297</b>	<b>0</b>	<b>431,297</b>
Contribution to/(from) General Fund Reserves	(9,000)	0	(9,000)	3,961	0	3,961
<b>NET REVENUE CHARGE</b>	<b>525,705</b>	<b>0</b>	<b>525,705</b>	<b>435,258</b>	<b>0</b>	<b>435,258</b>

# Proposed Budget 2021/22 - Consultation Report

Consultation held December 2020 - January 2021

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## 1. Introduction and approach

Public consultation on the council's Proposed Budget for 2021/22 took place between the 16<sup>th</sup> December 2020 and 12<sup>th</sup> January 2021, through an online survey. The full Proposed Budget can be viewed in the public reports pack for the 16th December 2020 Executive Board (available [here](#) at item 96), where the initial proposals were considered.

The survey was carried out using online methods only. In previous years, when paper surveys have been offered, they have had low take-up and those predominantly from groups of respondents that are already over-represented. Online only has also mitigated the challenge of carrying out, collecting and processing paper surveys during a pandemic.

As in previous years, the consultation survey explored a range of themes relevant to the proposed budget, including: principles of how we should be funded, proposed changes to Council Tax, how we plan to spend the revenue budget, and respondents' service priorities. Additional areas were explored this year including: perceptions of the council, attitudes around our social contract with citizens, and how people are coping and their concerns around the Covid-19 pandemic.

Residents were invited to take part primarily through Leeds City Council (LCC) social media channels and online community groups, and a news item on the council's website. Members of the Citizens' Panel (3,265 people) and the Covid-19 support and information e-newsletter (114,000 people) received an email with a link to the survey. Staff and elected members were invited to share their views through a news item on the intranet (InSite). Invitations were also emailed to partner organisations, requesting that they share through their networks. In addition to the ten LCC Community Committee Facebook groups, further targeted advertising, carried out through Instagram, was found to be successful in increasing engagement of younger people aged under 29.

## 2. Analysis of respondents

A total of 2,495 responses were received, representing over 60% more surveys than last year (1,537 in 2020/21, up on the 1,241 in 2019/20), from a range of respondents from different demographic groups, broadly representative of the population of Leeds residents as compared with the 2011 Census.

Responses from younger (18-29) and BAME people were found to be underrepresented, however statistically significant numbers were received from these groups.

Proportions of respondents are shown in Table 1 below - note that the percentages of respondents relate only to those who answered the relevant question (on their age, gender etc.), and the % 'Valid' respondents excludes those who preferred not to say.

Table 1. Comparison of respondents to Census 2011

		% Survey Respondents	% Valid Respondents	% Leeds Residents - Census 2011	
Age / years	Under 18	0%	<b>0%</b>	-	Residents of Leeds, aged 18 and over only
	18 - 29	8%	<b>8%</b>	27%	
	30 - 44	31%	<b>31%</b>	26%	
	45 - 64	41%	<b>41%</b>	29%	
	65+	21%	<b>21%</b>	18%	
Sex	Female	51%	<b>53%</b>	52%	All Leeds Residents - day to day activities limited a lot
	Male	44%	<b>46%</b>	48%	
	Non-binary/Other	1%	<b>1%</b>	-	
	Prefer not to say	4%	-	-	
Ethnicity	BAME*	11%	<b>11%</b>	17%	Estimate – Leeds City Council (not available in the last Census)
	White: British	89%	<b>89%</b>	83%	
Disability	Yes	11%	<b>12%</b>	8%	Residents of Leeds, aged 18 and over only
	No	85%	<b>88%</b>	92%	
	Prefer not to say	4%	-	-	
Sexuality	Heterosexual / Straight	83%	<b>91%</b>	90%	Residents of Leeds, aged 18 and over only
	LGBT+**	8%	<b>9%</b>	10%	
	Prefer not to say	8%	-	-	
Religion	No religion or belief	48%	<b>51%</b>	30%	Residents of Leeds, aged 18 and over only
	Christian	42%	<b>44%</b>	60%	
	Other religion or belief	5%	<b>5%</b>	10%	
	Prefer not to say	6%	-	-	

\* This group refers to those who selected another ethnicity than 'White: English / Welsh / Scottish / Northern Irish / British'

\*\* This group refers to those that either said they are 'Lesbian, Gay, Bisexual or Other' or told us that the gender they identify with is different to their sex as registered at birth.

The majority of respondents (96%) said that they live in Leeds and over half (54%) work in Leeds. Around 1 in 8 (12%) said they work for Leeds City Council and a smaller group said they study in Leeds (3%). Only 12 (0.5%) respondents said that they solely visit the city and neither live nor work here.

The high number of responses makes the results statistically highly robust and they represent the population of Leeds to a Confidence Interval of +/-2.0% (with 95% confidence). Throughout the report responses to questions are explored by different groups. For the purposes of this analysis all respondents aged under 30 are grouped together. Due to the very low number of responses to 'Non-binary' and 'Other' sex (16 in total), these have not been included in demographic analysis.

### 3. Executive summary

A total of 2,495 were received, representing many more surveys than previous years, from a range of respondents from different demographic groups, broadly representative of the population of Leeds residents as compared with the 2011 Census.

- Responses from younger (18-29) and BAME people were found to be underrepresented, however statistically significant numbers were received from these groups.
- The majority of respondents (96%) said that they live in Leeds and over half (54%) work in Leeds. Around 1 in 8 (12%) said they work for Leeds City Council and a smaller group said they study in Leeds (3%).

In response to the challenges that Leeds City Council face from the COVID-19 pandemic on top of year-on-year budget reductions, respondents were asked how we should prioritise services against raising income:

- Over three quarters of respondents (77%) agreed we should raise money through increasing council tax and charges, with more than a third of these (29% of all respondents) saying we should raise enough to avoid having to cut services.
- Almost a quarter of respondents (23%) agreed with the statement that we should not raise council tax or charges, even if this has a large impact on the services we can provide.
- Over two thirds of respondents (69%) agreed that we should target some or all services to where they are needed most. However almost a third of respondents (31%) agreed with a universal approach where we aim to provide the same level of service to all, even if this results in a reduction in services across the board.

Respondents were asked how much they agree or disagree with our approach to increase council tax in 2021/22 by 4.99% (comprising a 1.99% increase with an additional 3% specifically to fund adult social care):

- In total, 3 in 5 respondents (59%) agreed with our approach. Almost 1 in 4 respondents (23%) strongly disagreed with our approach.
- Levels of agreement have decreased slightly over the previous 2 years by -3% in 2019/20 (from 62%, when the proposed council tax increase was 3.99%, comprising a 2.99% increase for the Leeds element with an additional 1% specifically to fund adult social care), and by -1% in 2020/21 (from 60%, when the proposed council tax increase was 3.99%, comprising a 1.99% increase for the Leeds element with an additional 2% specifically to fund adult social care).
- Participants were given the opportunity to tell us more about what they thought about our proposal to increase council tax. Of those that disagreed with our approach, 779 made a comment. These were analysed and, when grouped into principle themes, identified:
  - The highest number referred to the financial impact a 4.99% increase would have on residents, particularly as people are already struggling due to the pandemic.
  - A second major theme was the suggestion to use some other means to meet the shortfall, either by reducing expenditure or raising money from other sources.
  - The third main theme referred to the increase as being too high with references to the rate being higher than wage increases and inflation.
  - A fourth theme explored views on Council Tax as a form of taxation and how it is spent.

Participants were presented with a summary of how we plan to spend our revenue budget of £420m for 2021/22, split by directorate area and compared to 2020/21:

- Almost two thirds of respondents (63%) agreed to our proposed approach, with 1 in 8 (12%) strongly disagreeing.
  - Levels of agreement have decreased by -7% (from 70% in 2020/21).
  - A high proportion, 1 in 5 (21%) of all participants, chose not to answer this question or said that they don't know.
- Participants were then invited to comment around the proposed approach to how we spend our revenue budget. In total 1,012 respondents commented. These were analysed and, when grouped into principle themes, identified:
  - The theme with the highest number of comments disagreed with the amount of the reduction to Resources and Housing, calling for more money to be available for housing.
  - The second most frequent theme was to reduce the amount of money spent on City Development.
  - The third main theme referred to the council being able to save money, for example through reduced salaries or greater efficiencies in service provision.

Participants were asked to rate some of our services by how much they matter to them personally, and by how much they think they matter for the city of Leeds (and the people that live, work and visit here).

- The services that were most likely to be rated as mattering a lot to the **city of Leeds**, and the people that live, work and visit here, were:
  1. Keeping children safe (85%)
  2. Helping prevent and tackle crime and anti-social behaviour (ASB) (78%)
  3. Supporting older and vulnerable people (75%)
  4. Dealing with waste and recycling (68%)
  5. Support for schools and families (62%)
  6. Helping people earn enough to support themselves/family (61% and **increased in priority from last year**)
- Respondents identified many of the same services as key priorities for **them personally**, however in different order:
  1. Helping prevent and tackle crime and ASB (81%)
  2. Dealing with waste and recycling (76%)
  3. Keeping children safe (71%)
  4. Keeping streets and neighbourhoods clean (69%)
  5. Supporting older and vulnerable people (69% and **increased in priority from last year**)
  6. Tackling climate change and protecting the environment (61%)

Participants were asked a few questions around how they feel about the council and the way our teams run services:

- Around 3 in 5 respondents (61%) were satisfied with the way Leeds City Council runs things. However almost a quarter (23%) were dissatisfied.
- Almost half of respondents (46%) agreed that the council provides value for money. Almost a third (31%) disagreed.
- More than half of respondents (53%) said that they think Leeds City Council acts on the concerns of local residents either 'a great deal' or 'a fair amount', with just 1 in 8 (13%) saying 'not at all'.
- Around 3 in 5 respondents (61%) said that they trust Leeds City Council either 'a great deal' or 'a fair amount', with just 1 in 8 (12%) saying 'not at all'.

Participants were asked how they feel about the local area where they live and the people that live there:

- Almost three quarters (73%) were satisfied with the local area as a place to live. However 1 in 6 (16%) were dissatisfied.
- Three quarters of respondents (75%) said they felt very or fairly strongly that they belong to their local area, with only 1 in 20 (5%) saying 'not at all'.
- More than two thirds (68%) agreed that people in their neighbourhood pull together to improve the local area.
- Over 4 in 5 (83%) agreed that residents should take more responsibility for tackling straightforward problems and issues in their local area.
- Participants were asked to tell us more about how they think local issues should be tackled. In total, 1,275 comments were made. A representative sample from 320 participants found:
  - Many suggestions for resident actions, of which most were around litter and street cleaning and community groups.
  - The need for improved listening and communication between Leeds City Council, partners and local residents.
  - Issues where the council can do more, most relating to crime and anti-social behaviour.
  - Some comments expressed caution in placing too much responsibility on communities.

Respondents were asked questions around how they have been coping with the Covid-19 pandemic:

- More than 7 in 10 (71%) agreed that they are getting the information they need from public authorities on COVID-19.
  - When asked where respondents were most likely to access information about local Covid-19 restrictions, the Leeds City Council website was the third most likely option to be selected (by 37% of respondents), after Government websites and the national media (both selected by 60% of respondents).
  - Social Media was the next most selected source of information, with more than 1 in 5 of respondents (23%) including this as one of their three selections
- Many more respondents said that their finances, physical health and mental/emotional health had worsened than said they improved across each theme.
- Almost 2 in 5 respondents (38%) were either extremely or very worried, with only 1 in 14 (7%) not worried at all.
  - Respondents were asked to list three things that worry or concern them about the Covid-19 pandemic and 2,118 people responded with at least one concern. Text-mining analysis identified common words that appear together, of which the highest proportions were:
    - Mental health (16% of respondents)
    - Friends/family (13% of respondents), of which many were worried about friends or family catching Covid-19, or not being in contact with them due to restrictions
    - Job security (10% of respondents)

### 3.1 Summary of analysis of demographic groups

Throughout the report, the responses have been analysed by different demographic groups with highlights detailed in boxed Figures shaded in blue. Key findings are summarised below.

People who **work for LCC** were more likely to:

- support an increase in council tax and charges for services compared to non-council workers (82% compared to 75% of non-council workers),
- agree with a council tax increase (66%, than other Leeds workers 58%)
- agree with how we propose to spend our revenue budget (68%, compared to 62% of other Leeds workers and 63% of Leeds residents),
- identify keeping children safe, and helping people earn enough as higher service priorities compared to other Leeds workers and residents,
- be satisfied with the way we run things (68%, compared to 60% of other Leeds workers and 58% of residents).

Responses by different **age groups** show:

- those under 30 were more likely to disagree with a council tax increase (52%, compared to 35% of people aged over 65),
- there is a slight trend within age groups with those under 30 less likely to agree with the proposed budget (57%, rising to 65% for the over 65 group),
- respondents under 30 gave higher priority to helping people earn enough, preventing and tackling homelessness, and supporting local business, with less priority to parks and play areas compared to all other age groups,
- people under 30 were less likely to be satisfied with how we run things (50%, compared to 63% for those aged over 45),
- older respondents were more likely to strongly feel that they belong to their local area (80%, compared to just 59% of people under 30),
- 87% of people over 65 years only agree that people should be encouraged to take more responsibility in tackling issues in their area. This drops to 77% of people aged under 30.

Responses by **sex/gender** show:

- female respondents were more likely to be extremely or very worried about Covid-19 than male respondents (45% compared to 30% of male respondents).

**LGBT+** respondents were:

- more likely to support targeting services where they are needed the most (74%, compared to 69% for heterosexual respondents),
- more likely to identify preventing and tackling homelessness as a higher service priority, and keeping children safe as less of a priority compared to heterosexual respondents,
- less likely to have a strong feeling of belonging to their local area (68% compared to 78% of heterosexual respondents).

Responses by different **ethnicities** show:

- BAME respondents were more likely to disagree with a council tax increase (48%, compared to 39% of White:British respondents), and were less likely to agree with how we intend to spend our revenue budget (55%, compared to White:British respondents at 65%),
- White:British respondents gave a slightly higher priority to parks and play areas whereas BAME respondents gave a slightly higher priority to helping people earn enough,
- BAME respondents were less likely to be satisfied with how Leeds City Council runs things (54%, compared to 62% for White:British respondents),
- White:British respondents are more likely to disagree with the statement that residents should be encouraged to take more responsibility for tackling straightforward problems in their local area (20%) compared to respondents from the BAME community (14%),
- BAME respondents were less likely to have a strong feeling of belonging to their local area (64%, compared to 77% of White:British respondents),
- BAME respondents were more likely to be extremely or very worried about Covid-19 (43%, compared to 38% of White:British respondents).

Responses by different **Religion** echo'd many of the same concerns as those of the BAME ethnicities listed above.

**Disabled** respondents were:

- more likely to disagree with a council tax increase (47%, compared to 39% non-disabled respondents),
- least likely to agree with our proposed revenue budget (52%, compared to 66%),
- more likely to give a higher priority to supporting older and vulnerable people and helping people earn enough, and less priority to supporting local business compared to non-disabled respondents,
- less likely to be satisfied with how we run things (51%, compared to 63%),
- much more likely to be extremely or very worried about Covid-19 (53%, compared to 37% of people without a disability).

#### 4. Attitudes around how to deal with the challenges of reduced funding

##### Dealing with the challenges of reduced funding:

Respondents were asked which option they agreed with most in response to the statement: ‘Reduced funding from the government will impact on our ability to deliver the services we (the council) currently provide, unless we find other ways of raising money’. Responses are shown in Table 2 below.

Table 2. How should we deal with the challenges of reduced funding?

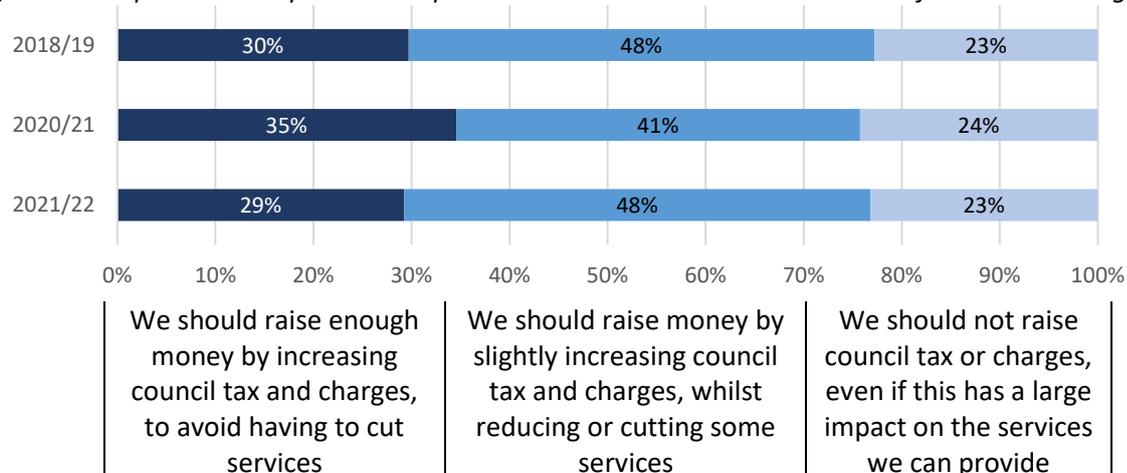
Which option do you agree with most?	Valid %	Count
We should raise enough money by increasing council tax and charges, to avoid having to cut services	29%	718
We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services	48%	1,167
We should not raise council tax or charges, even if this has a large impact on the services we can provide	23%	569
Did not respond to this question	-	41
<b>Grand Total</b>	<b>100%</b>	<b>2,495</b>

Over three quarters of respondents (77%) agreed we should raise money through increasing council tax and charges, with more than a third of these (29% of all respondents) saying we should raise enough to avoid having to cut services, and almost two thirds (48% of all respondents) saying this should be balanced with cuts to some services.

Almost a quarter of respondents (23%) agreed with the statement that we should not raise council tax or charges, even if this has a large impact on the services we can provide.

The same question was asked during the budget consultations for 2018/19 (proposed council tax increase of 4.99% - 2.99% for the Leeds element, 2% to fund adult social care) and for 2020/21 (proposed council tax increase of 3.99% - 1.99% for the Leeds element, 2% to fund adult social care). This question was not included in the 2019/20 budget consultation. Figure 1 compares results between these and the latest survey.

Figure 1. Comparison with previous responses around how we should deal with financial challenge



Comparing the responses, it can be seen that the proportion of respondents who agreed that we should raise enough money by increasing council tax and charges, to avoid having to cut services, has reduced by -6% (from 35% last year). Whereas the proportion that agreed with a balanced approach, where some services should be reduced or cut, increased by +7% (from 41%).

The proportion that agreed that we should not raise tax or charges, even if this has a large impact on services, has stayed much the same as the previous year at around a quarter (23%).

**Responses by different groups:**

Figure 2. How we should deal with the challenges of reduced funding, by different groups.

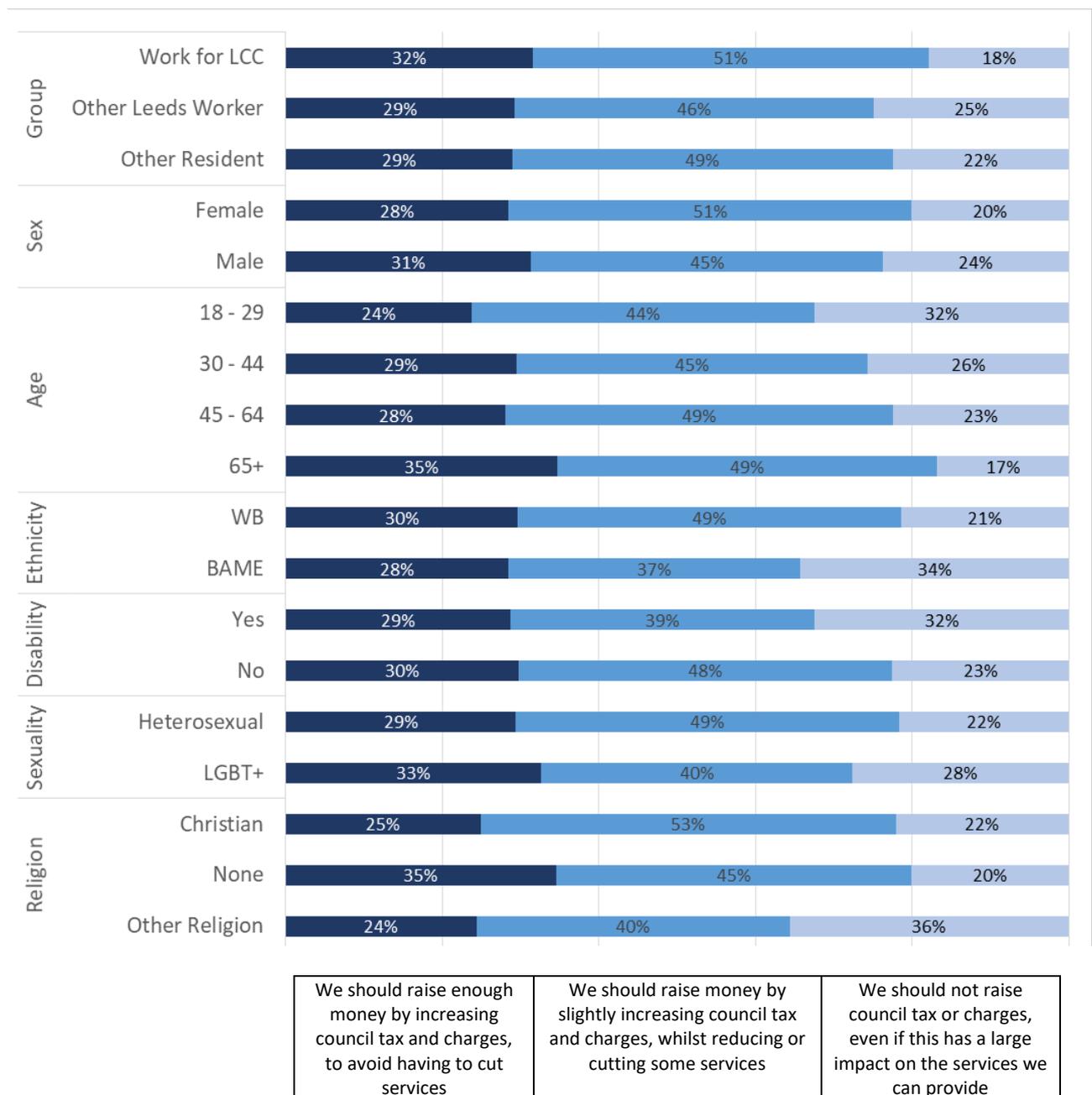


Figure 2 shows the responses made by different groups.

- People who work for LCC were more likely to support an increase in council tax and charges for services (82%, compared to 75% of non-council workers).
- Respondents aged over 65 were more likely to support an increase in tax and charges to protect services than any other age group (35%, compared to 29% or below for other age groups).
  - The under 30 age group were more likely to say we should not raise council tax, even if it has an impact on services, than older age groups (32%).
- BAME respondents were more likely to say we should not raise council tax even if it has an impact on services (34%, compared to 21% for White:British).
- Disabled respondents were more likely to say we should not raise council tax even if it has an impact on services (32%, compared to 23%).

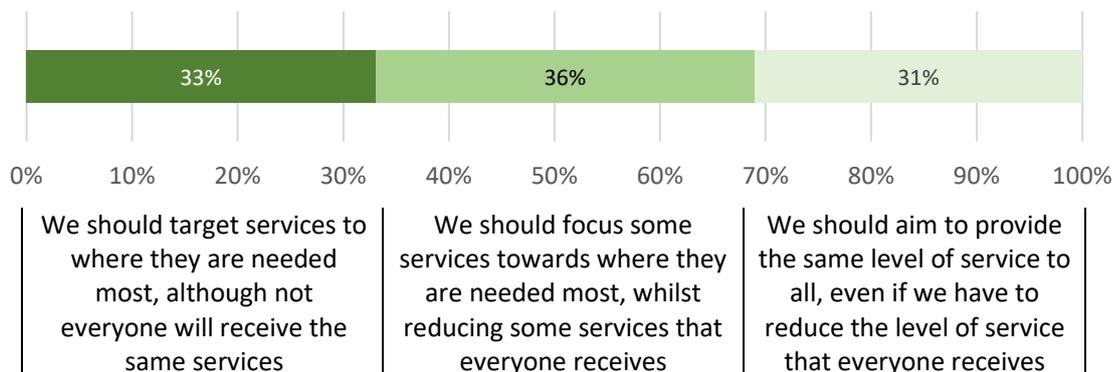
### Prioritising Service Provision:

Respondents were asked: ‘Given the level of savings that we need to make, we may still need to reduce some services in order to balance the budget. Thinking about how we prioritise our services, which one of these options do you agree with most?’ Responses are shown in Table 3 and Figure 3 below.

Table 3. How should we prioritise the services we provide?

Which option do you agree with most?	Valid %	Count
We should target services to where they are needed most, although not everyone will receive the same services	33%	810
We should focus some services towards where they are needed most, whilst reducing some services that everyone receives	36%	881
We should aim to provide the same level of service to all, even if we have to reduce the level of service that everyone receives	31%	760
Did not respond to this question	-	44
<b>Grand Total</b>	<b>100%</b>	<b>2,495</b>

Figure 3. How should we prioritise the services we provide?

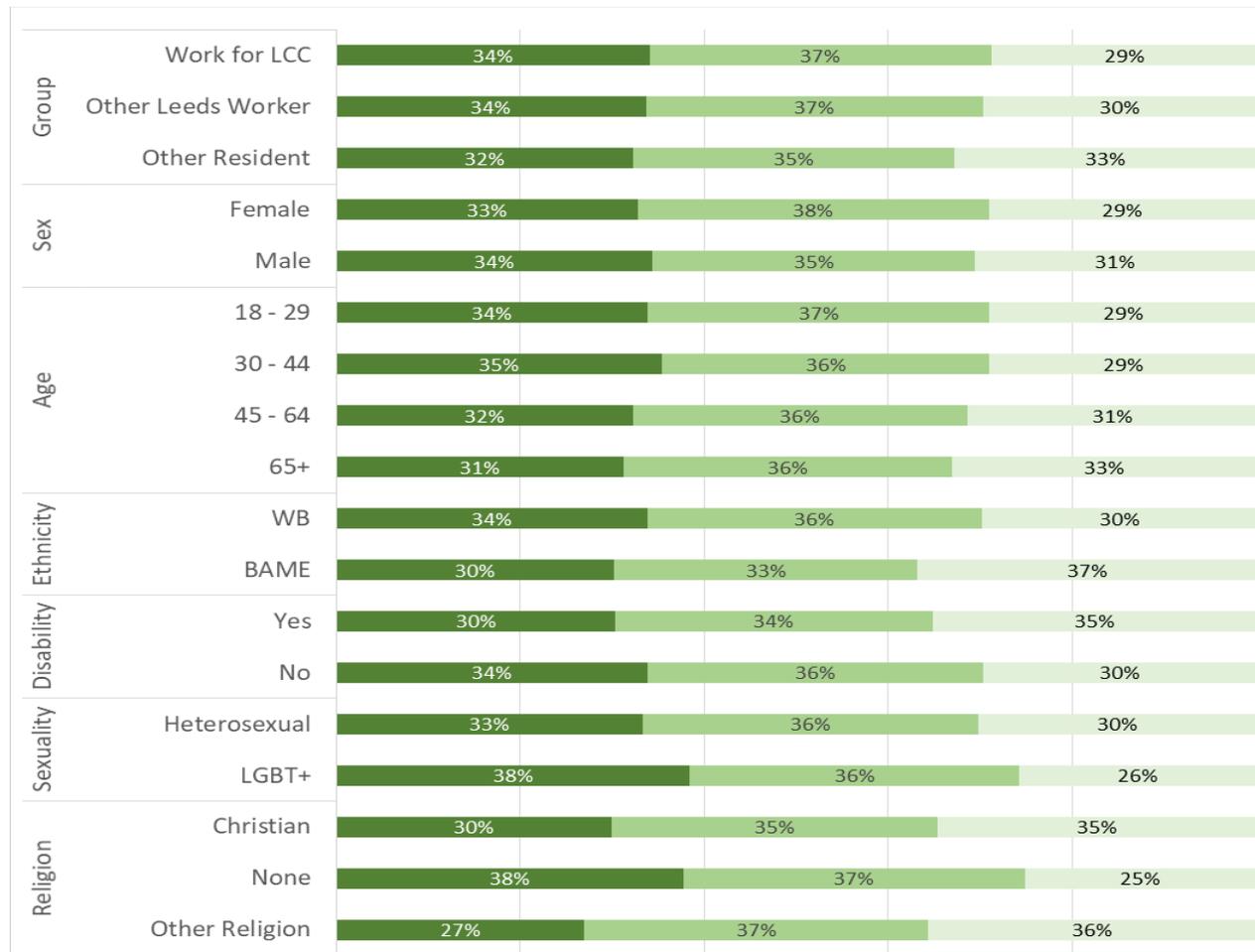


Responses were split into broadly equal groups of around a third each. Although the group that agreed with a balanced approach of focusing some services towards where they are needed most, whilst reducing some that everyone receives, were largest (36%).

Over two thirds of respondents (69%) agreed that we should target some or all services to where they are needed most. However almost a third of respondents (31%) agreed with a universal approach where we aim to provide the same level of service to all, even if this results in a reduction in services across the board.

**Responses by different groups:**

Figure 4. How we should prioritise services



We should target services to where they are needed most, although not everyone will receive the same services	We should focus some services towards where they are needed most, whilst reducing some services that everyone receives	We should aim to provide the same level of service to all, even if we have to reduce the level of service that everyone receives
---	--	--

Figure 4 shows the responses made by different groups.

- BAME respondents were more likely to agree that we should aim to provide the same level of service to all (37%, compared to 30% for White British).
- Respondents of no religion were more likely to support targeting services where they are needed the most (75%, compared to 65% for Christians and 64% for other religions).
- LGBT+ respondents were more likely to support targeting services where they are needed the most (74%, compared to 69% for heterosexual respondents)

## 5. Council Tax

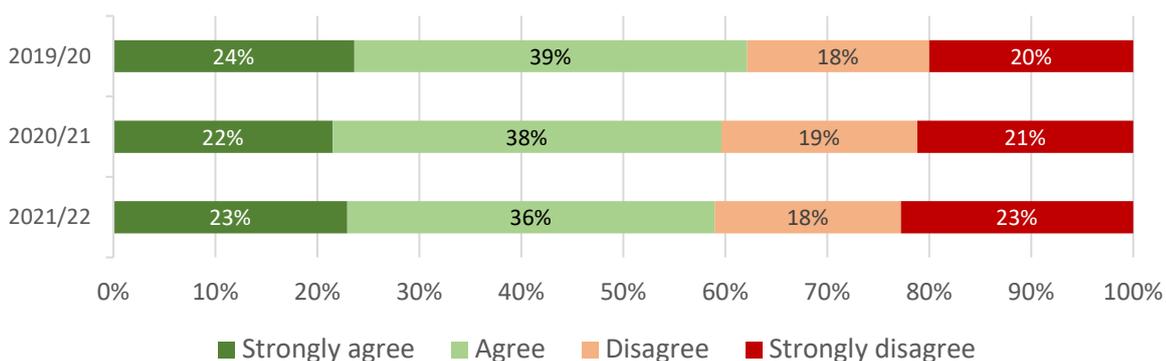
Participants were informed that we propose to increase the core council tax in Leeds by 1.99%, plus an additional 3% to support adult social care services. They were then asked how much they agree or disagree with our proposals as per Table 4 below.

Table 4. To what extent do you agree with our approach to increase council tax?

To what extent do you agree..?	Valid %	Count
Strongly agree	23%	564
Agree	36%	887
Disagree	18%	449
Strongly disagree	23%	560
No response	-	35
<b>Total</b>	<b>100%</b>	<b>2,495</b>

In total, 3 in 5 respondents (59%) agreed with our approach to increase council tax. Almost 1 in 4 respondents (23%) strongly disagreed with our approach.

Figure 5. Comparison with previous responses around approach to increase council tax



Comparing the responses with previous years (Figure 5), it can be seen that the proportion of respondents who agreed with our approach to increase council tax has reduced by -3% in 2019/20 (from 62%, proposed council tax increase of 3.99% - 2.99% for the Leeds element, 1% to fund adult social care) and by -1% in 2020/21 (from 60%, proposed council tax increase of 3.99% - 1.99% for the Leeds element, 2% to fund adult social care).

## Responses by different groups:

Figure 6: Level of agreement with council tax proposals, by different groups

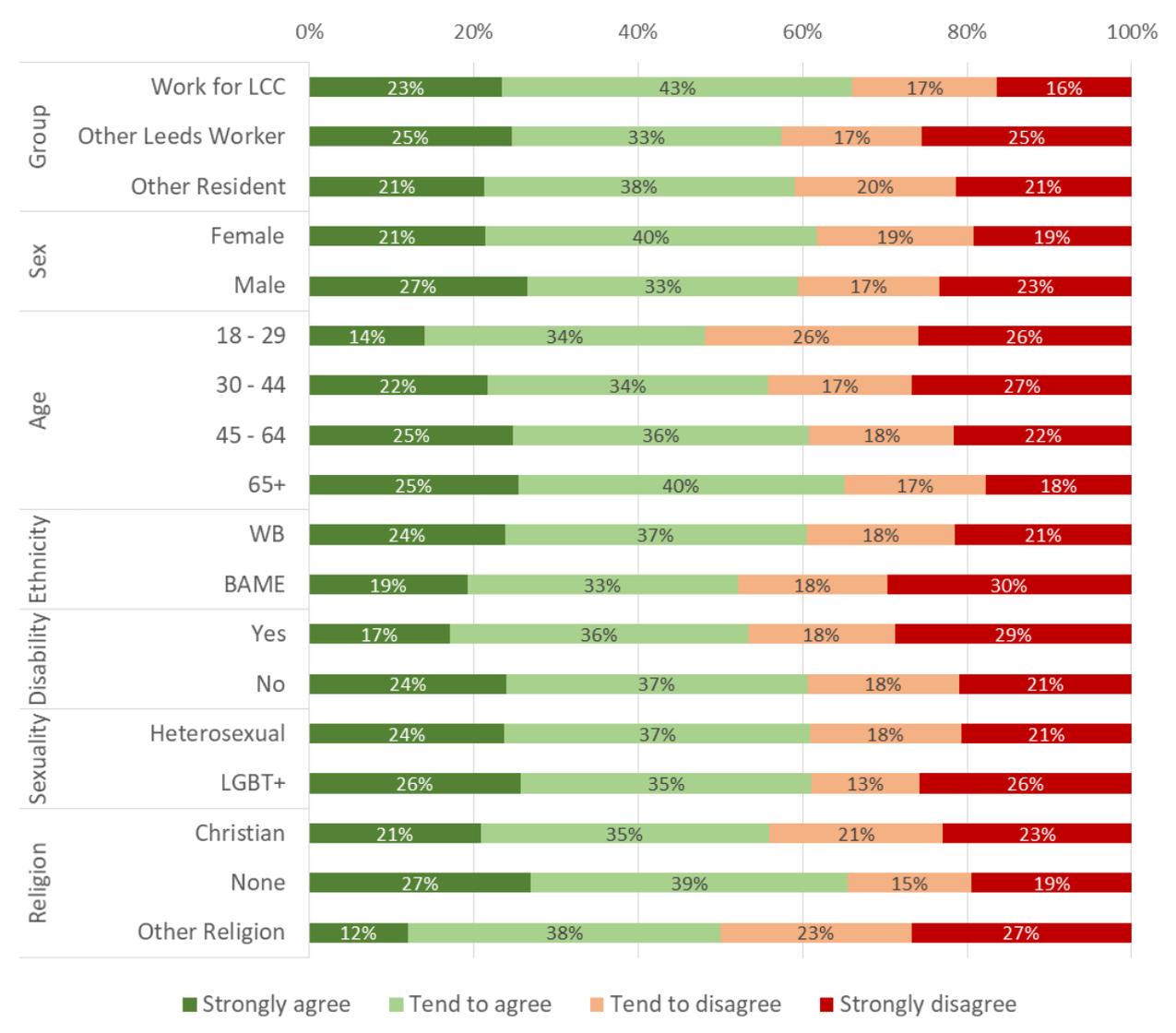


Figure 6 shows the responses made by different groups.

- Those aged under 30 were much more likely to disagree with a council tax increase (52%, compared to 35% of people aged over 65).
- BAME respondents were more likely to disagree with a council tax increase (48%, compared to 39% of White:British respondents).
- Disabled respondents were more likely to disagree with a council tax increase (47%, compared to 39%).
- People who work for LCC are more likely to agree with a council tax increase (66%) than other Leeds workers (58%) and Leeds residents (59%).

## 5.1 Comments from those that disagree with the council tax increase

Respondents were given the opportunity to provide further information on why they agreed or disagreed with the proposed increase to council tax. In total, 1,707 of 2,495 respondents left a comment. Of these, 779 (46%) comments were from respondents who had said they disagreed or tended to disagree with the proposal and these have been analysed below. Often comments refer to more than one theme and the comments of respondents who disagreed with the council tax increase referred to 1,181 themes.

These comments have been grouped into principal themes, with sub-themes also detailed, and examples provided in Table 5.

- The highest number of these comments referred to the financial impact a 4.99% increase would have on residents, particularly as people are already struggling due to the pandemic.
- A second major theme was the suggestion to use some other means to meet the shortfall, either by reducing expenditure or raising money from other sources.
- The third main theme referred to the increase as being too high with references to the rate being higher than wage increases and inflation.
- A fourth theme explored views on Council Tax as a form of taxation and how it is spent.

*Table 5. Reasons given for disagreeing with council tax increase.*

Theme of Comment	Count	Examples
<b>Financial impact</b>	<b>330</b>	
People already struggling	165	"Many of us are struggling financially because of the pandemic. Whereas in normal years we could absorb an increase in council tax, this year it will be much harder. Frozen wages, cut hours etc."
Income has been cut due to Covid	92	"Families already have a general reduced income of up to 20% due to furlough. An additional 5% on a bill that has to be paid would only increase already harsh times even more."
Can't afford the increase	61	"The cost of everything seems to be increasing for the householder and I often struggle to pay my council tax as it is."
Pensioner struggling financially	12	"As a pensioner, I have limited income above any threshold for benefits to kick in so a 5% increase is significant. Take away my bus pass instead!"
<b>Use other means</b>	<b>324</b>	
Reduce wastage / make efficiency savings	126	"Effective management and cutting wastage and implementing efficiencies - the money could be saved without increase in council tax..."
Cut wages / staff / councillors	62	"There are too many managers/supervisors in LCC and why do we need three councillors to a ward, cut these and keep the council tax increase to a minimum."
Cut widening pavements / cycle lanes / road schemes	58	"If so much money wasn't wasted on road schemes (which make it a nightmare trying to get round the city) and doubling the size of the city centre (when the current centre is half empty) you would save a fortune."
Fewer vanity projects	37	"During the hardest time in modern history for people's jobs and livelihoods LCC want to make its citizens pay more whilst spending ridiculous amounts of money on vanity projects such as a cycle path no one uses."
Cut services instead	18	"Fiscal mismanagement should not result in the public having to balance the books. Leeds should look more carefully at what services are fundamental to its population and take difficult decisions on those that are not critical..."

Theme of Comment	Count	Examples
Maximise revenue from council assets / business rates	13	"It's a bit too much, especially with people already struggling with pay freezes, pay cuts, cuts to hours and redundancies. I understand the government underfunds councils and I think it's disgusting. Perhaps raise business rates for those who have thrived this year such as supermarkets: spread the wealth a bit more."
Use enforcement	10	"...You should find some other way of re-cooping [sic] money from companies and individuals who break the rules..."
<b>Increase is too high</b>	<b>249</b>	
Amount is too high	116	"That's a big increase and somewhere in the middle might be more widely accepted in the city."
Council tax already high	62	"Council tax is a lot of money as it is for families and households to find."
Increase is higher than pay	50	"It is always the working person that is slightly above the benefit threshold that suffers with rises. My wage hasn't risen for 7 years beyond 1%. I am a low paid NHS worker that gets no help"
Increase is higher than inflation	21	"Because 4.99% is 5 times the rate of inflation and too much for people on fixed incomes to afford."
<b>Views on Council Tax</b>	<b>191</b>	
Services are getting less	72	"Council services have been very poor this year. Lights are regularly out, pavements are not cleaned. Discarded masks, gloves. Mounds of leaves. Drains not cleared, wasting money on Covid Marshall's. Potholes in many roads etc."
Unfair tax	60	"Council tax is inequitable. Better a local income tax or a reformed council tax whereby all citizens pay something, all be it a peppercorn; and certainly include students. Making some form of financial contribution connects citizens to our city and the way we are governed locally."
It's not value for money for me	27	"Why should everyone pay for services only a few use. If they need those services, they should be charged for them."
3% increase not just for adult social care	32	"Council tax should go to all. Whilst adult social care is obviously important so are other demographics such as our children (the future of the city)..."
<b>Miscellaneous</b>	<b>87</b>	
Central government issue	44	"Social care should be funded by central government and does not warrant a 3% increase for hard up young families."
Need more information	17	"I'd need to know where the money will go and just because you can have 3% for social care again I'd need to know exactly where this 3% would go."
Don't trust LCC to spend wisely	13	"I am not confident that the 3% will be used for that purpose."
Increase will be counter productive	9	"You will use up the money you raise paying for the extra people you force into poverty through this rise."
People should become more self-reliant	4	"I believe ( <i>people</i> ) need to take responsibility for their actions and not assume the rest of the population will pick up the tab for their bad decisions."

## 6. How we propose to spend the money we receive

Participants were presented with a summary of how we plan to spend our revenue budget of £420m for 2021/22, split by directorate area and compared to 2020/21, as per Table 6 below:

Table 6. Revenue budget comparison 2021/22 and 2020/21

	2020/21	2021/22	Change
	£m	£m	%
Adults & Health	£ 201.5	£ 195.2	-3%
Children & Families	£ 123.2	£ 116.6	-5%
City Development	£ 38.3	£ 33.1	-14%
Communities & Environment	£ 79.7	£ 77.8	-2%
Resources & Housing	£ 83.7	£ 73.8	-12%
<b>Directorate Budgets</b>	<b>£ 526.5</b>	<b>£ 496.4</b>	<b>-6%</b>
Strategic	-£ 0.8	-£ 71.5	
<b>Overall Net Revenue Budget</b>	<b>£ 525.7</b>	<b>£ 424.9</b>	<b>-19%</b>

They were asked how much they agreed or disagreed with our proposed approach to the revenue budget. Results are shown in Table 7 below:

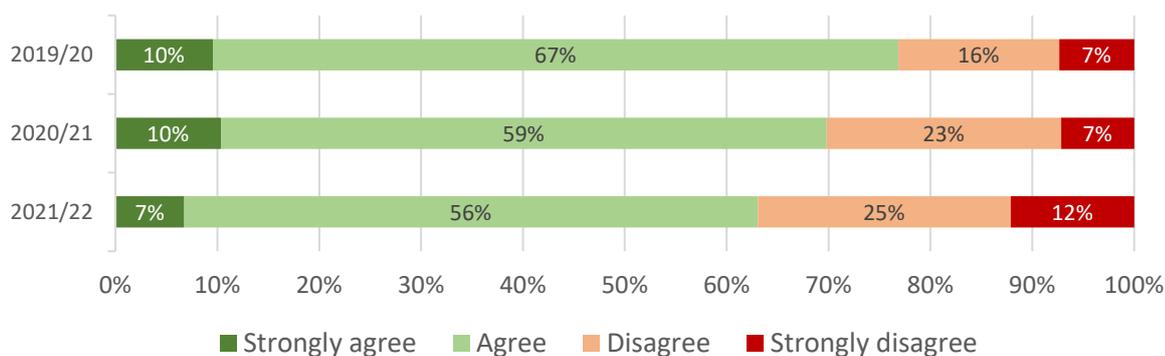
Table 7. To what extent do you agree with how we propose to spend the revenue budget?

To what extent do you agree..?	Valid %	Count
Strongly agree	7%	133
Agree	56%	1,109
Disagree	25%	489
Strongly disagree	12%	239
Don't know / no response	-	525
<b>Total</b>	<b>100%</b>	<b>2,495</b>

In total, almost two thirds of respondents (63%) agreed with our proposed revenue budget. However, 1 in 8 respondents (12%) strongly disagreed with our approach.

It should be noted that a high proportion of 1 in 5 (21%) of all participants chose not to answer this question or said that they don't know.

Figure 7. Comparison in agreement with proposed revenue budget by year



Analysis of responses by year (Figure 7) shows a steady decrease in those that agree with our proposed revenue budget year-on-year of -7% per year (to 63%), along with an increase in those that strongly disagree of +5% from 2020/21 (from 7% to 12%).

**Responses by different demographic group:**

Figure 8. Agreement with budget proposal by different groups.

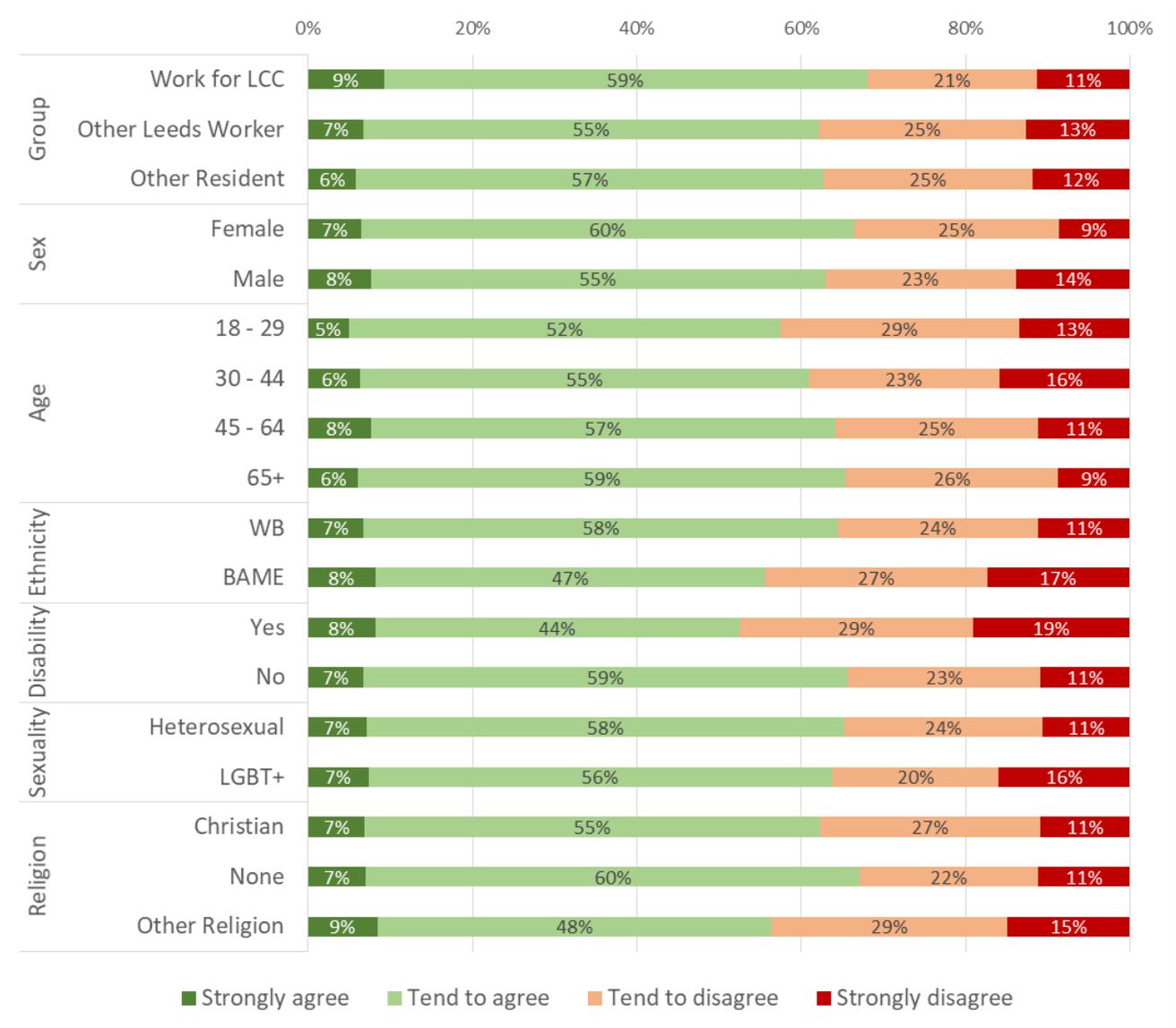


Figure 8 shows the responses made by different groups.

- Disabled respondents were least likely to agree with how we proposed to spend our revenue budget (52%, compared to 66%).
- BAME respondents were less likely to agree with how we intend to spend our revenue budget (55%, compared to White:British respondents at 65%).
- There is a slight trend within age groups with those under 30 less likely to agree with the proposed budget (57%, rising to 65% for the over 65 group).
- LCC staff were more likely to agree with how we propose to spend our revenue budget (68%, compared to 62% of other Leeds workers and 63% of Leeds residents).

## 6.1 Comments around our approach to how we spend our revenue budget

Participants were then invited to make any comments around the proposed approach to how we spend our revenue budget. In total 1,012 respondents commented and referred to 1,219 themes. Table 8 below illustrates the themes emerging in descending order, and also details whether the respondent had previously stated that they agreed, disagreed or didn't know whether they approved of the proposed revenue budget.

Table 8: Comments around our proposed revenue budget

Theme of comment	Respondent's view of budget proposal			Total
	Agree	Disagree	Don't know	
Spend more on Housing	25%	66%	9%	122
Spend less on City Development	20%	75%	5%	118
Improve Council efficiency / reduce salaries	22%	66%	13%	102
Spend more on Children and Families	28%	64%	8%	92
Agree	99%	0%	1%	88
Need more information	10%	24%	66%	68
Spend more on Communities and Environment	33%	53%	13%	60
Consultation too complex	23%	16%	61%	57
Spend more on Adults and Health	15%	79%	6%	52
Spend more on City Development	18%	76%	7%	45
LCC doing best it can / rely on your expertise	83%	0%	17%	42
Fewer cycle lanes	31%	54%	15%	39
Disagree	0%	97%	3%	33
Prioritise the vulnerable	69%	13%	19%	32
More from other sources e.g. assets / businesses	34%	59%	7%	29
Spend less on Communities and Environment	25%	75%	0%	24
Government should pay more	38%	50%	13%	24
Encourage more self-reliance	35%	48%	17%	23
Focus on the core services	43%	43%	14%	21
Spend more on affordable / social housing	53%	42%	5%	19
Stop vanity projects	24%	65%	12%	17
Spend less on Adults and Health	25%	69%	6%	16
Need long term planning and funding	69%	15%	15%	13
Fairer distribution of resources	0%	100%	0%	13
Prioritise the climate emergency	70%	10%	20%	10
Prioritise tackling homelessness	44%	44%	11%	9
Spend less on roads / transport schemes	22%	56%	22%	9
Spend less on Children and Families	13%	88%	0%	8
Spend less on Housing	13%	88%	0%	8
Other	19%	62%	19%	26
<b>Total</b>	<b>404</b>	<b>635</b>	<b>180</b>	<b>1,219</b>

Examples of comments are provided in Table 9 below, where they have been grouped with reference to the Budget in general or by Directorate.

- The theme with the highest number of comments disagreed with the amount of the reduction to Resources and Housing, calling for more money to be available for housing.
- The second most frequent theme was to reduce the amount of money spent on City Development.
- The third main theme referred to the council being able to save money, for example through reduced salaries or greater efficiencies in service provision.

Table 9: Examples of comments around our proposed revenue budget

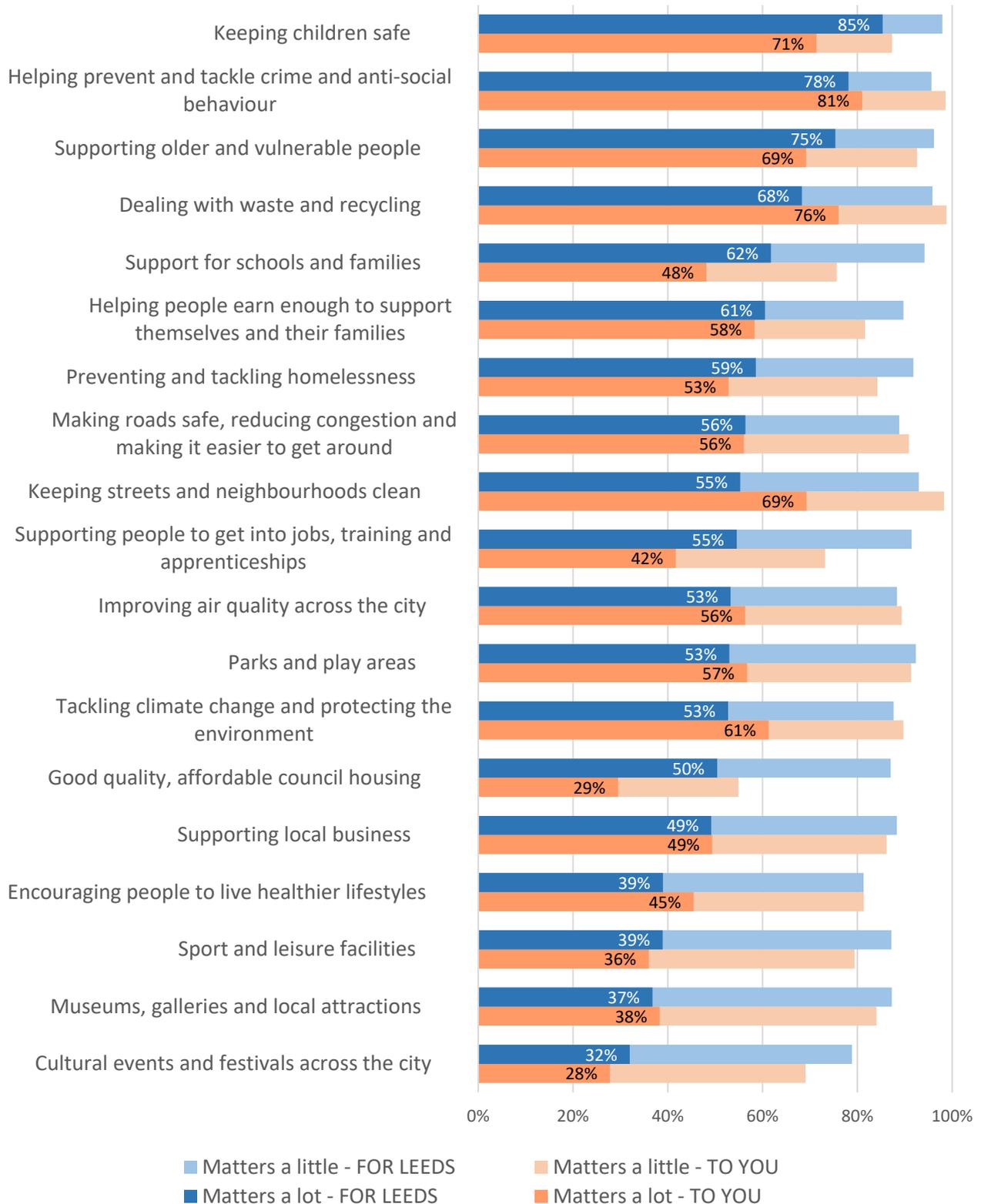
Theme of comment	Count	Examples
<b>Budget in general</b>	<b>554</b>	
Improve Council efficiency / reduce salaries	102	<p>"I feel that maybe some senior posts could be removed, reduction in expenses for city councillors, more cohesive working across local regional authorities to merge/share some key responsibilities."</p> <p><i>"It is hard to comment on this without understanding better what these reductions will mean in terms of services."</i></p> <p>"You have to reduce spending. You have the figures so you make the hard choices."</p> <p><i>"I'm worried about the cuts that will become necessary but hope you'll protect those in most need."</i></p> <p>"Not so much how you spend it, more on how you raise it. Business rates should go up."</p> <p><i>"This is a pragmatic response to the situation - I strongly feel that Central government should stump up more, though"</i></p> <p>"Improvement of low income areas should be prioritised. When people have better access to resources and public transport, they have better job opportunities and are able to help themselves much more. We need to improve these opportunities and enable people to better their lives whilst providing suitable support to these areas."</p>
Agree	88	
Need more information	68	
Consultation too complex	57	
LCC doing best it can / rely on your expertise	41	
Disagree	33	
Prioritise the vulnerable	32	
More from other sources e.g. assets / businesses	29	
Government should pay more	24	
Encourage more self-reliance	23	
Focus on the core services	21	
Need long term planning and funding	13	
Fairer distribution of resources	13	
Prioritise the climate emergency	10	
<b>City Development</b>	<b>228</b>	
Spend less on City Development	118	<p><i>"I think for the next few years, city development at the rate it is moving needs to take more of a back seat and channel this money into the other areas such as adults, health, housing etc. It may hold the city back temporarily in its standing within the country but after the virus it is far more important to get its community back onto its feet."</i></p> <p>"Not spending on city development is a false economy we need to encourage people to come to the city from outside to generate income and support businesses..."</p>
Spend more on City Development	45	
Fewer cycle lanes	39	
Stop vanity projects	17	
Spend less on roads / transport schemes	9	

Theme of comment	Count	Examples
<b>Resources and Housing</b>	<b>158</b>	<p><i>"I have some concern with the reduction in housing and resourcing as housing is essential to health and wellbeing which in turn is essential to the recovery of the city."</i></p> <p>"Housing is an important area. There are far too few affordable housing options in the Leeds area, together with an obviously increase in homelessness. Cuts to this area will only make this worse."</p>
Spend more on Housing	122	
Spend more on affordable / social housing	19	
Prioritise tackling homelessness	9	
Spend less on Housing	8	
<b>Children and Families</b>	<b>100</b>	<p><i>"Please try to keep the amount for children &amp; families at the current rate; I work with children &amp; their families. I've seen the desperation &amp; the ways that parents sacrifice their own needs for those of their children. Invest in the future, please."</i></p> <p>"More reduction needed in Children and Families"</p>
Spend more on Children and Families	92	
Spend less on Children and Families	8	
<b>Communities and Environment</b>	<b>84</b>	<p><i>"Glad that less is being spent in the City Centre which seems to be re-designed every few years with new paving put down. More needs to be spent on the outlying areas."</i></p> <p>"I feel that communities and environment could take a bigger cut if you could get communities to take more pride and responsibility for their own little patch..."</p>
Spend more on Communities and Environment	60	
Spend less on Communities and Environment	24	
<b>Adults and Health</b>	<b>68</b>	<p><i>"I agree but would like LCC to limit the impact to Adults and Children as much as possible even at the expense of other services."</i></p> <p>"Too much emphasis and funds directed towards adult and social care. 2/3rds of the budget on this, ridiculous."</p>
Spend more on Adults and Health	52	
Spend less on Adults and Health	16	

## 7. Service priorities

Participants were asked to rate some of our service priorities by how much they matter to them personally, and by how much they think they matter for the city of Leeds (and the people that live, work and visit here). Figure 9 compares the results for both the city (in blue) and for respondents personally (in orange), listed in order of how much they mattered a lot for the city of Leeds.

Figure 9. Importance of council services for Leeds and to respondent personally



## Service priorities for the city of Leeds:

The services that were most likely to be rated as mattering a lot to the city of Leeds, and the people that live, work and visit here, as shown in Figure 9, were:

1. Keeping children safe (85%)
2. Helping prevent and tackle crime and ASB (78%)
3. Supporting older and vulnerable people (75%)
4. Dealing with waste and recycling (68%)
5. Support for schools and families (62%)
6. Helping people earn enough to support themselves/family (61%)

Table 10. Services that matter a lot for LEEDS, comparison in priority ranking with 2020/21

Service	% Matters a lot FOR LEEDS		Priority Rank		
	2020/21	2021/22	2020/21	2021/22	Trend
Keeping children safe	85%	85%	1	1	
Helping prevent and tackle crime and anti-social behaviour	80%	78%	2	2	
Supporting older and vulnerable people	77%	75%	4	3	↘
Dealing with waste and recycling*	79%	68%	3	4	↘
Support for schools and families	70%	62%	6	5	↘
Helping people earn enough to support themselves and their families	65%	61%	9	6	↘
Preventing and tackling homelessness	68%	59%	7	7	
Making roads safe, reducing congestion and making it easier to get around	77%	56%	5	8	↘
Supporting people into jobs, training and apprenticeships	58%	55%	12	9	↘
Keeping streets and neighbourhoods clean		55%		9	
Improving air quality across the city	63%	53%	10	10	
Parks and play areas	56%	53%	13	11	↘
Tackling climate change and protecting the environment	63%	53%	11	12	↘
Supporting local business		49%		13	
Good quality, affordable council housing**	65%	50%	8	13	↘
Encouraging people to live healthier lifestyles	39%	39%	14	14	
Museums, galleries and local attractions		37%		15	
Sport and leisure facilities	32%	39%	15	15	
Cultural events and festivals across the city	26%	32%	16	16	

\*Service text has changed this year from 'Keeping streets and neighbourhoods clean and dealing with the city's waste'

\*\*Service text has changed this year from 'Helping people to live in good quality, affordable housing'

Comparison of the priority rankings with 2020/21 for what matters a lot for Leeds and the people that live, work and visit here, is shown in 10 above. This highlighted the following as increased priorities for the city of Leeds, where they had changed by two rankings or more:

- Helping people to earn enough to support themselves and their families
- Supporting people into jobs, training and apprenticeships
- Parks and play areas

The following services were found to have reduced in priority for the city of Leeds, where they had changed by two rankings or more:

- Making roads safe, reducing congestion and making it easier to get around
- Good quality, affordable council housing. \*\*Note however that the text for this had changed significantly through specifying 'council' as the type of housing, so a drop should be expected.

### Service priorities for you personally:

As shown in Figure 9, Respondents identified many of the same services as key priorities for them personally, however in different order:

1. Helping prevent and tackle crime and ASB (81%)
2. Dealing with waste and recycling (76%)
3. Keeping children safe (71%)
4. Keeping streets and neighbourhoods clean (69%)
5. Supporting older and vulnerable people (69%)
6. Tackling climate change and protecting the environment (61%)

Table 11. Services that matter a lot for YOU personally, comparison in priority ranking with 2020/21

Service	% Matters a lot FOR YOU		Priority Rank		
	2020/21	2021/22	2020/21	2021/22	Trend
Helping prevent and tackle crime and anti-social behaviour	71%	81%	2	1	↑
Dealing with waste and recycling*	77%	76%	1	2	↓
Keeping children safe	70%	71%	3	3	
Supporting older and vulnerable people	61%	69%	6	4	↑
Keeping streets and neighbourhoods clean		69%		4	
Tackling climate change and protecting the environment	61%	61%	5	5	
Helping people earn enough to support themselves and their families	49%	58%	10	6	↑
Parks and play areas	50%	57%	8	7	↑
Improving air quality across the city	56%	56%	7	8	↓
Making roads safe, reducing congestion and making it easier to get around	68%	56%	4	9	↓
Preventing and tackling homelessness	46%	53%	11	10	↑
Support for schools and families	49%	48%	9	11	↓
Supporting local business		49%		11	
Encouraging people to live healthier lifestyles	32%	45%	14	12	↑
Supporting people to get into jobs, training and apprenticeships	34%	42%	13	13	
Sport and leisure facilities	25%	36%	15	14	↑
Museums, galleries and local attractions		38%		14	
Good quality, affordable council housing**	43%	29%	12	15	↓
Cultural events and festivals across the city	17%	28%	16	16	

\*Service text has changed this year from 'Keeping streets and neighbourhoods clean and dealing with the city's waste'

\*\*Service text has changed this year from 'Helping people to live in good quality, affordable housing'

Comparison of the priority rankings with 2020/21 for what matters a lot to the respondents personally, is shown in 11 above, which highlighted the following as increased personal priorities, where they had changed by two rankings or more:

- Supporting older and vulnerable people.
- Helping people to earn enough to support themselves and their families.
- Encouraging people to live healthier lifestyles.

The following services were found to have reduced in priority for the respondents personally, where they had changed by two rankings or more:

- Making roads safe, reducing congestion and making it easier to get around.
- Support for schools and families.
- Good quality, affordable council housing. \*\*Note however that the text for this had changed significantly through specifying 'council' as the type of housing, so a drop should be expected.

## Service priorities to respondents personally by different groups

Figure 10 shows what matters to people personally by different groups. Each response was given a score based on the answer, where a score of 0 means it doesn't matter, 1 means it matters a little and 2 means it matters a lot. Conditional formatting was applied by row to create a heat map, where the highest proportions of each group that said it mattered are coloured in red (the deeper the red, the higher the priority) and the lowest in blue:

Figure 10. Importance of council services to respondent personally, by different groups.

		Keeping children safe	Prevent and tackle crime and ASB	Supporting older and vulnerable people	Preventing and tackling homelessness	Keeping streets clean	Dealing with waste and recycling	Parks and play areas	Roads safe, reducing congestion	Good quality, affordable council housing	Support for schools and families	Supporting local business	Supporting people to get into jobs/training	Helping people earn enough	Encouraging healthier lifestyles	Improving air quality across the city	Climate change/environment	Sport and leisure facilities	Cultural events and festivals	Museums/galleries
Group	Work for LCC	491	509	467	408	456	477	421	409	275	390	354	345	427	337	398	426	323	276	333
	Other Leeds Worker	1669	1889	1642	1453	1768	1860	1559	1564	813	1321	1468	1195	1505	1313	1541	1627	1242	1052	1302
	Other Resident	1636	1902	1765	1395	1785	1834	1548	1532	904	1208	1391	1173	1366	1360	1512	1518	1169	973	1275
Gender	Female	2026	2206	2043	1791	2081	2190	1875	1821	1100	1584	1707	1455	1799	1618	1867	1949	1442	1273	1582
	Male	1594	1875	1636	1305	1723	1784	1494	1518	781	1213	1334	1114	1324	1269	1444	1477	1152	940	1189
Age	18 - 29	278	303	277	280	279	301	218	252	168	220	275	214	286	215	252	278	215	190	214
	30 - 44	1192	1295	1113	1031	1220	1261	1133	1099	552	995	1005	824	1045	917	1075	1138	902	750	920
	45 - 64	1536	1784	1605	1323	1642	1706	1441	1421	838	1158	1292	1146	1371	1239	1387	1428	1115	941	1178
	65+	776	901	859	613	845	892	720	718	439	543	627	528	591	633	727	714	486	406	587
Ethnicity	WB	3346	3797	3413	2850	3533	3679	3116	3084	1707	2561	2813	2355	2879	2643	3037	3155	2406	1991	2531
	BAME	403	460	414	371	432	453	377	388	269	339	368	338	389	353	397	396	305	288	348
Disability	Yes	404	459	454	362	425	447	351	354	260	269	319	292	373	312	374	367	260	216	302
	No	3247	3668	3258	2764	3416	3563	3028	3017	1665	2551	2770	2321	2794	2593	2951	3085	2367	2000	2484
Sexuality	Heterosexual	3174	3560	3205	2664	3312	3456	2946	2901	1635	2476	2646	2250	2732	2548	2868	2969	2311	1893	2391
	LGBT+	280	336	307	291	319	338	267	284	167	204	270	218	275	232	297	302	184	225	245
Religion	Christian	1621	1844	1681	1328	1690	1723	1479	1479	829	1239	1338	1127	1385	1334	1421	1426	1177	870	1173
	None	1740	1963	1743	1550	1852	1974	1654	1629	909	1347	1505	1242	1512	1348	1643	1755	1252	1180	1404
	Other Religion	193	214	197	172	201	206	173	182	120	155	166	158	185	171	188	189	133	128	149

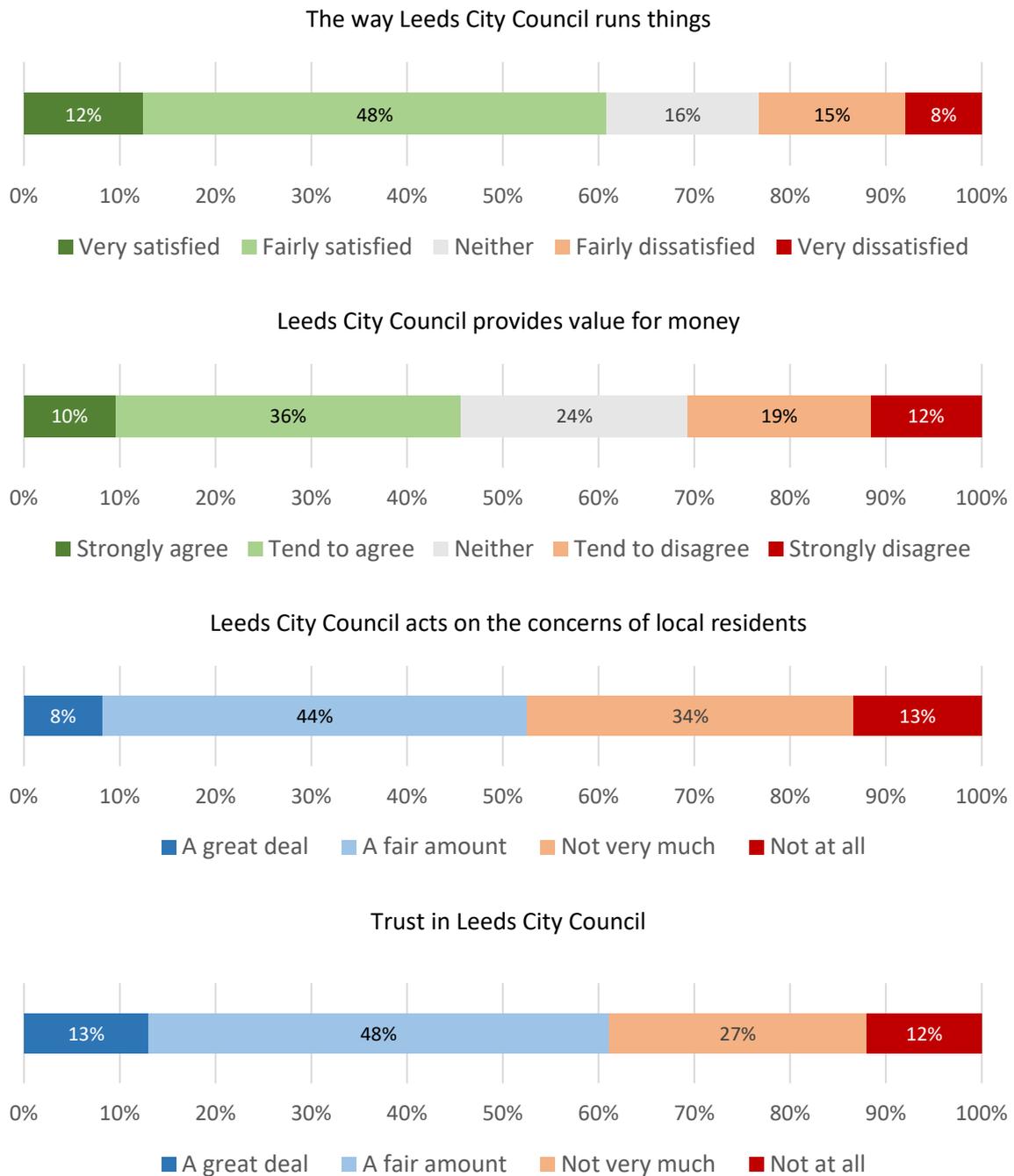
Figure 10 shows the responses made by different groups. Key differences between demographic groups are:

- LCC staff identified keeping children safe, and helping people earn enough as higher priorities compared to other Leeds workers and residents.
- Respondents under 30 gave higher priority to helping people earn enough, preventing and tackling homelessness, and supporting local business, with less priority to parks and play areas compared to all other age groups.
- White:British respondents gave a slightly higher priority to parks and play areas whereas BAME respondents gave a slightly higher priority to helping people earn enough.
- Disabled respondents gave a higher priority to supporting older and vulnerable people and helping people earn enough, with less priority to supporting local business compared to non-disabled respondents
- LGBT+ respondents identified preventing and tackling homelessness as a higher priority, and keeping children safe as less of a priority compared to heterosexual respondents.
- Respondents who said they had a religion other than Christian gave a higher priority to helping people earn enough, with less of a priority to parks and play areas compared to respondents who were Christian or who had no religion.

## 8. Perceptions of Leeds City Council

Participants were asked a few questions around how they feel about the council and the way our teams run services. Although not strictly a satisfaction survey, the results from the consultation are hoped to provide an indication of areas of concern. Results are shown in Figure 11 below:

Figure 11. Perceptions of Leeds City Council



Analysis of the questions around perceptions of Leeds City Council showed:

- Around 3 in 5 respondents (61%) were satisfied with the way Leeds City Council runs things. However almost a quarter (23%) were dissatisfied.
- Almost half of respondents (46%) agreed that the council provides value for money. Almost a third (31%) disagreed.
- More than half of respondents (53%) said that they think Leeds City Council acts on the concerns of local residents either 'a great deal' or 'a fair amount', with just 1 in 8 (13%) saying 'not at all'.
- Around 3 in 5 respondents (61%) said that they trust Leeds City Council either 'a great deal' or 'a fair amount', with just 1 in 8 (12%) saying 'not at all'.

**Responses by different demographic group:**

The question for overall satisfaction on how the Leeds City Council runs things has been compared for different groups in Figure 12 below.

Figure 12. How Leeds City Council runs things, by different groups

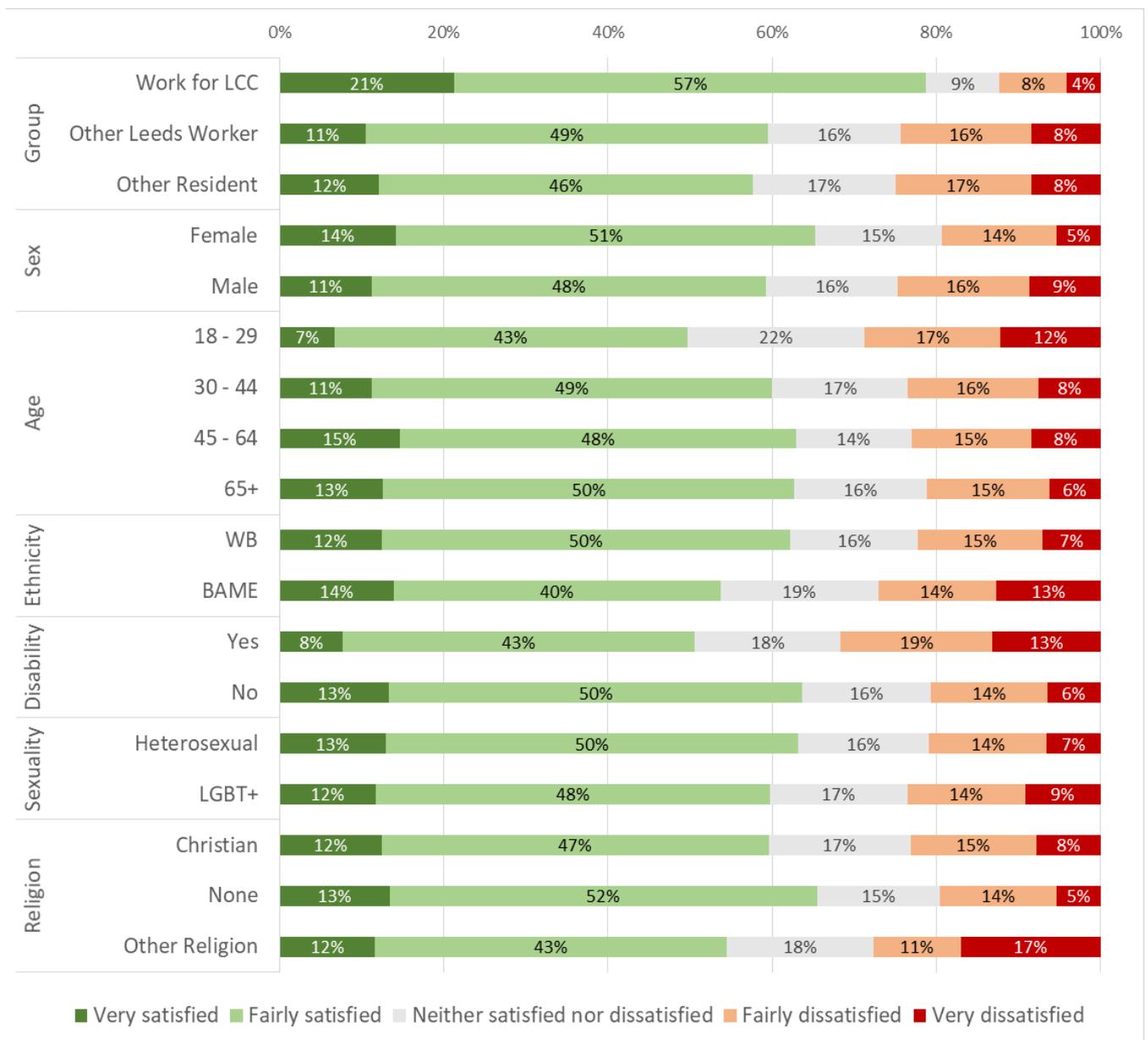


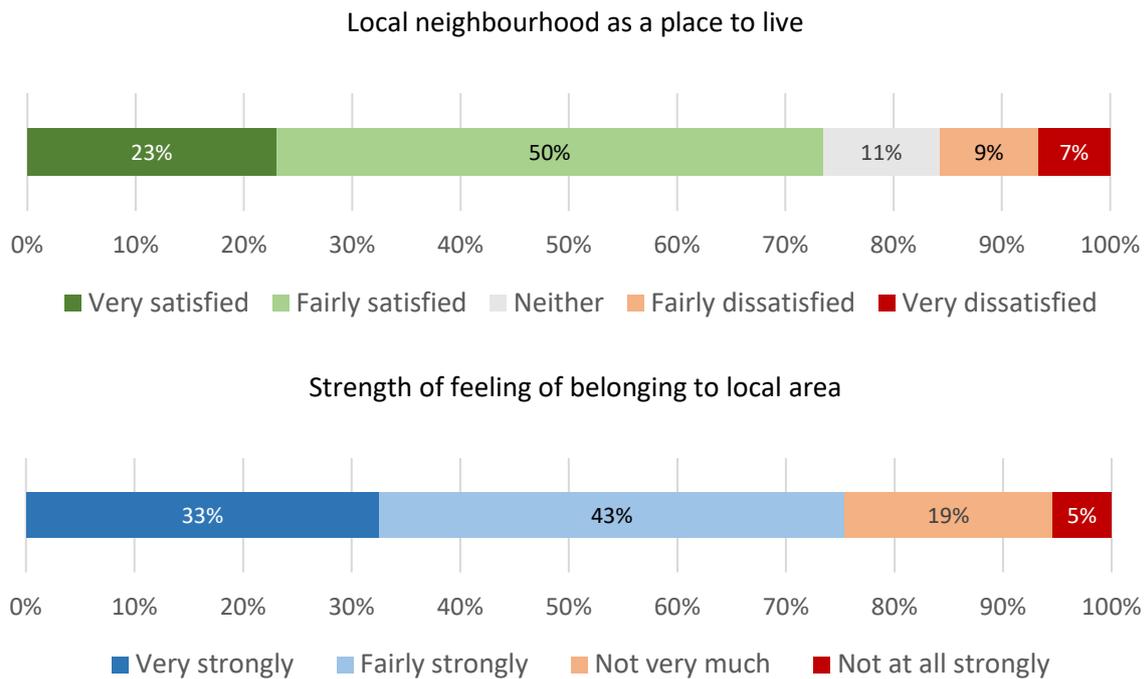
Figure 12 shows the responses made by different groups.

- People who work for LCC were much more likely to be satisfied with the way we run things (68%, compared to 60% of other Leeds workers and 58% of residents).
- People under 30 were less likely to be satisfied with how we run things (50%, compared to 63% for those aged over 45).
- People with disabilities are less likely to be satisfied with how we run things (51%, compared to 63% of people without a disability).
- BAME respondents were less likely to be satisfied with how we run things (54%, compared to 62% for White:British respondents).

## 9. Feelings about the local area and the residents that live there

Participants were asked how they feel about the local area where they live, with results shown in Figure 13 below:

Figure 13. Feelings about the local area



Analysis of the questions around respondents' feelings about the local area showed:

- Almost three quarters (73%) were satisfied with the local area as a place to live. However 1 in 6 (16%) were dissatisfied.
- Three quarters of respondents (75%) said they felt very or fairly strongly that they belong to their local area, with only 1 in 20 (5%) saying 'not at all'.

## Responses by different demographic group:

Figure 14. Strength of feeling of belonging to local area, by different groups

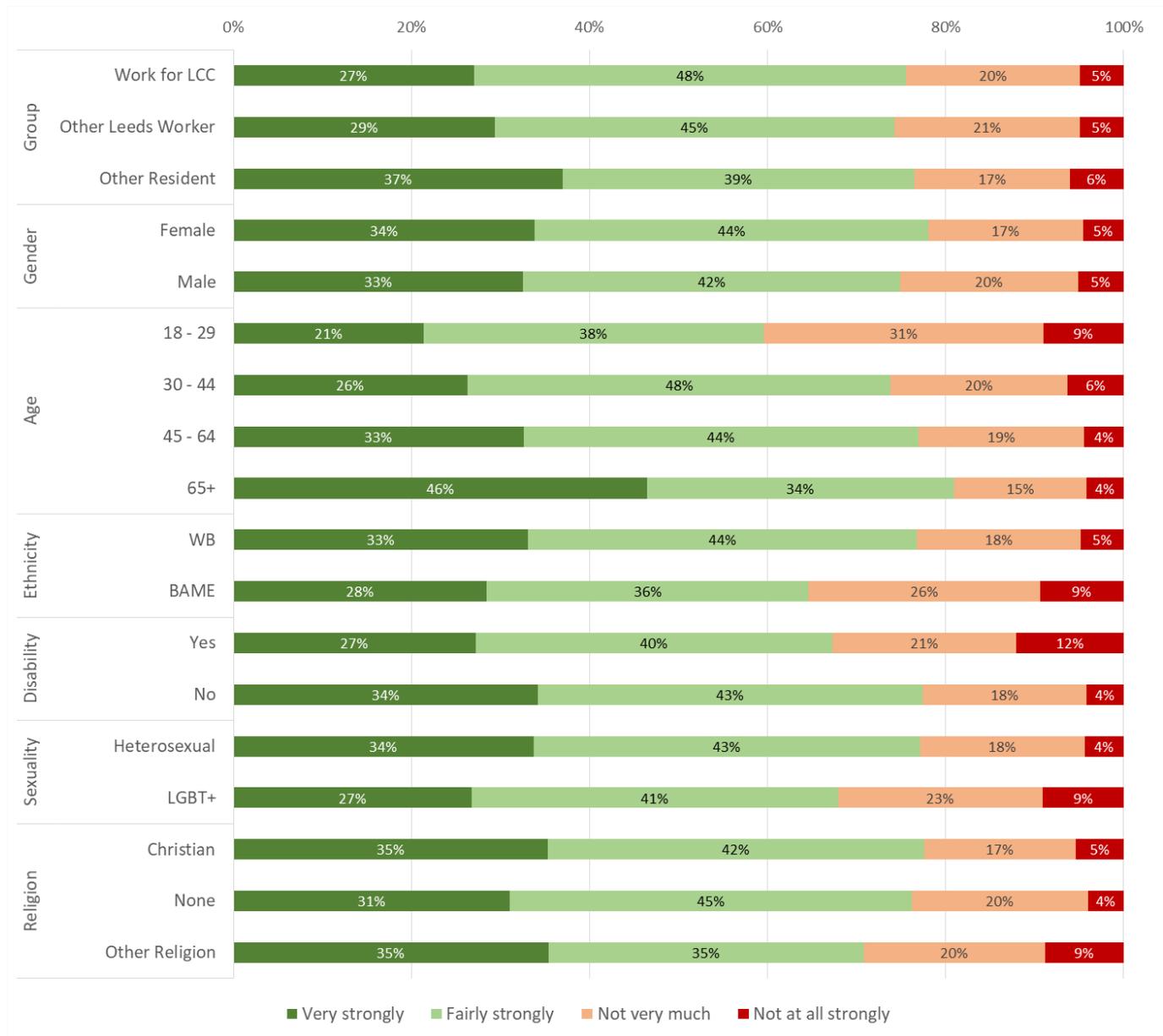
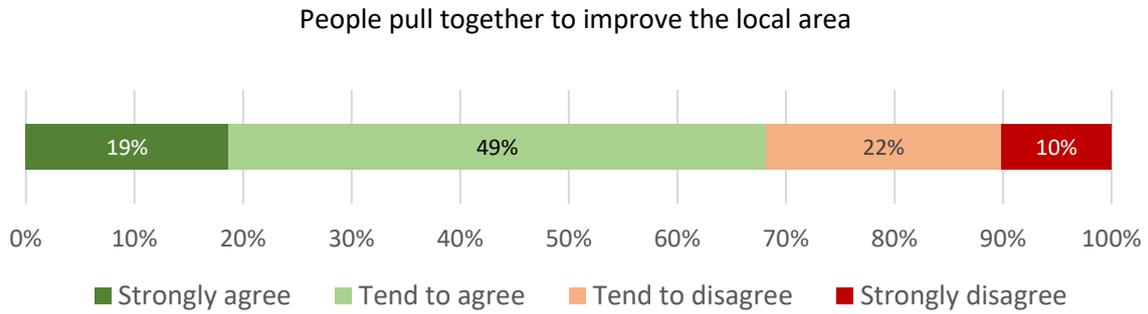


Figure 14 shows the responses made by different groups.

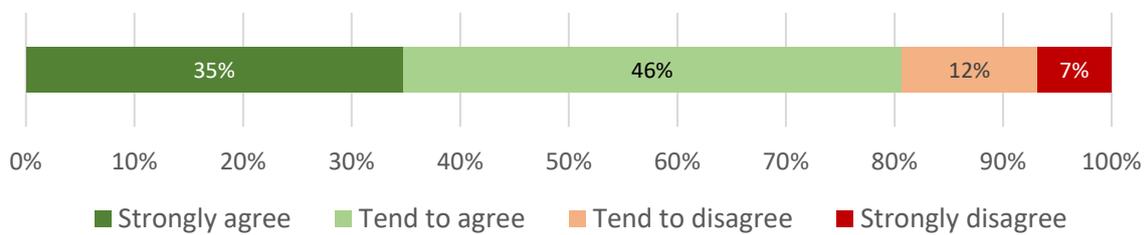
- Older respondents were more likely to have a strong feeling that they belong to their local area (80%, compared to just 59% of people under 30).
- BAME respondents were less likely to have a strong feeling of belonging to their local area (64%, compared to 77% of White British Respondents)
- LGBT+ respondents were less likely to have a strong feeling of belonging to their local area (68% compared to 78% of heterosexual respondents).

Participants were asked about the residents in their local area, as shown in Figure 15 below:

Figure 15. Perceptions around local residents taking responsibility



Residents should be encouraged to take more responsibility for tackling straightforward problems and issues in their local area



Analysis of the questions around respondents' perceptions around local residents taking responsibility showed:

- More than two thirds (68%) agreed that people in their neighbourhood pull together to improve the local area.
- Over 4 in 5 (83%) agreed that residents should take more responsibility for tackling straightforward problems and issues in their local area.

## Responses by different demographic group:

Figure 16. Residents should be encouraged to take more responsibility, by different groups.

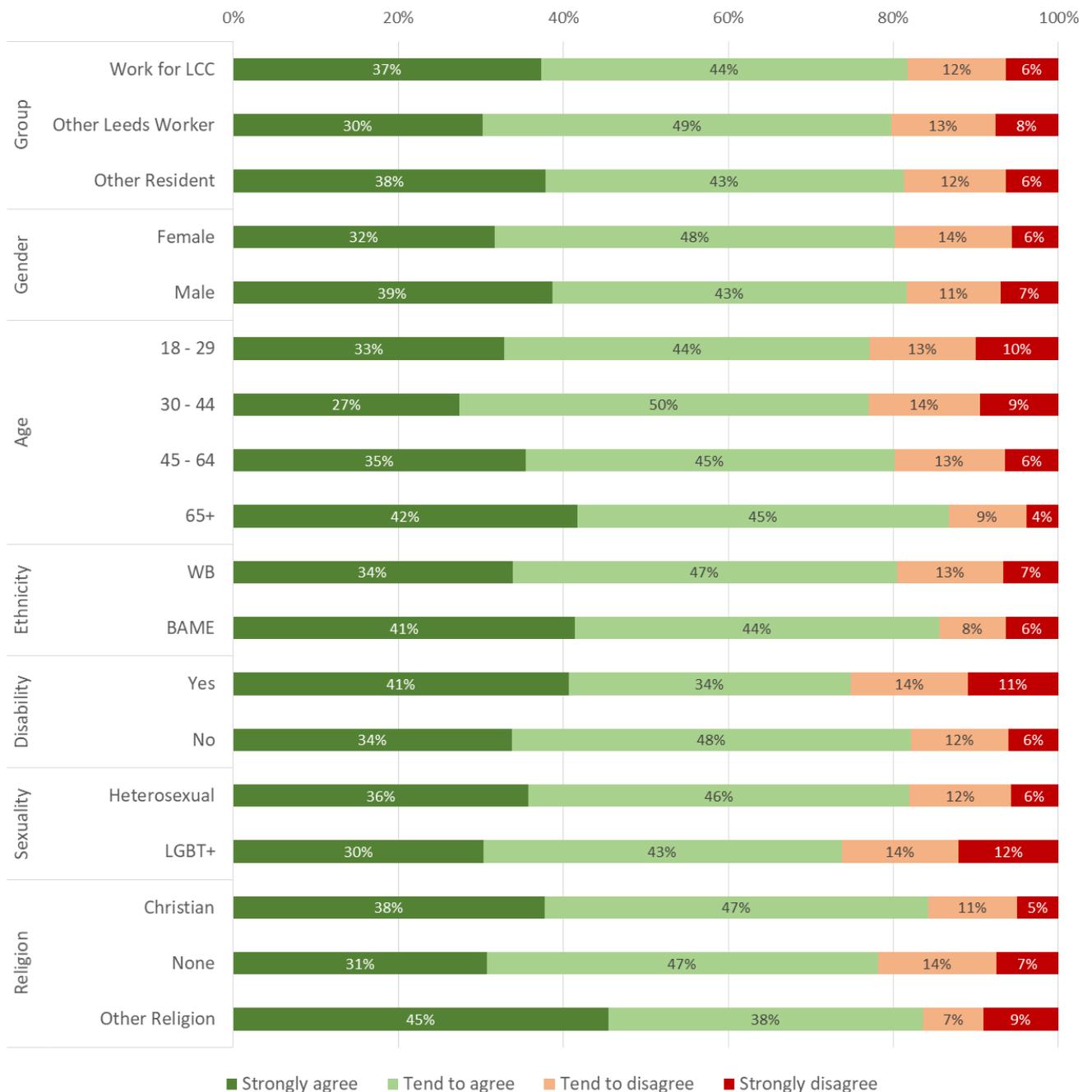


Figure 16 shows the responses by different groups:

- BAME respondents were more likely to agree that people should be encouraged to take more responsibility (86%, compared to 80% for White British respondents).
- Those over 65 years were more likely to agree that people should be encouraged to take more responsibility (84%, dropping to 77% for people aged under 30).
- Disabled respondents were less likely to agree that people should be encouraged to take more responsibility (75%, compared to 82%).

## 9.1 Comments around encouraging residents to take responsibility

Participants were asked to tell us more about how they think local issues should be tackled. In total, 1,275 comments were provided.

A representative sample of 320 comments, stratified by response to the previous question around whether residents should be encouraged to take more responsibility, was analysed to identify key themes. The sample, which was proportionate of different sentiments, was representative of all comments to a confidence interval of +/-4.7 (with 95% confidence), and the key themes identified should accurately represent those of all comments. Comments were often found to cover more than one theme and, in total, 406 themes were identified from the 320 participants included in the sample.

The comments were found to contain a number of specific ideas and suggestions, along with examples of local people taking more responsibility, which could be learnt from. These are to be shared in full with relevant staff from the Communities & Environment directorate.

Table 12 provides examples of the major themes emerging including:

- many suggestions of what residents could do;
- the need for listening and communication between Leeds City Council, partners and local residents;
- key issues where residents feel Leeds City Council and partners could do more; as well as
- comments expressing the view that there needs to be caution in placing too much responsibility on local communities.

*Table 12: Examples of comments around residents taking greater responsibility for tackling local issues*

Theme of comment	Count	Examples
<b>Suggestions of what residents could do</b>	<b>103</b>	
Litter and street cleaning	42	"Straightforward tasks such as litter picking. Getting to know neighbours more and supporting each other in difficult times."
Neighbourhood/community groups	30	"Local groups with the support from local authorities. "
Local management of green space	10	"I think people locally would happily volunteer to do small jobs like park upkeep, litter picking etc. if they were provided with the right equipment from a H&S perspective."
Tackle ASB	7	"Help for the Elderly and lonely"
Examples	7	"...Could include exercise/ walking groups/ social media groups to support this plus healthy eating..."
Tackling social isolation	3	"Plus food banks, clothes banks, toy banks. Schemes to involve volunteers in supporting all these (don't need to be run by council) Use of church groups etc."
Food/clothes/toy banks	2	
Health initiatives	2	
<b>Listen and communicate</b>	<b>84</b>	
LCC should listen more/ more consultation	34	"More engagement between local councillors and public to develop strategies for tackling issues"
Local communication	23	"I think people expect the council to do all the work without being properly informed on the situation. People need to start by reporting more to solve the problems we have"
Support/leadership from local councillors	18	"Residents should be invited to take part in actual or online forums to discuss local issues with councillors and be able to give their viewpoint."
Use of online and Social Media	9	

Theme of comment	Count	Examples
<b>Issues where LCC /partners need to do more</b>	<b>45</b>	"Fly Tipping, littering, crime in local communities... We need more cctv and police about."
ASB/Crime	34	<i>"I live in Harehills and very few people take responsibility for themselves or others. Landlordism has ruined the area. Few people stay around long enough to take any responsibility"</i>
Fly tipping	8	
Private landlords	3	
<b>Develop a sense of local responsibility</b>	<b>37</b>	"Residents should have more respect for the area and environment. Respect is very much lacking in this day and age."
Build social responsibility	23	<i>"With Council services budgets being cut we all have a duty to act responsibly in looking after our local areas with more collaboration at a local level"</i>
This is more of a local responsibility	14	
<b>More support and resources</b>	<b>35</b>	"LCC to identify, advertise, recruit for, and support opportunities for local people to get involved."
Support from LCC	16	<i>"...Devolve a portion of budget to local councillors to spend as they see fit with the help of parish councils."</i>
Devolved budgets	13	
More support / resources for some areas	6	
<b>Not the responsibility of local people</b>	<b>26</b>	"I feel that local government is best placed to deal with local issues, supported by the electorate and tax payers, although of course there is a big place for volunteers. Think there is a danger of amateurising and underfunding if too much is left to local activists."
Responsibility of council	11	<i>"Putting the burden on local communities would increase inequality - richer areas would still be fine but more deprived areas might not"</i>
Taking responsibility locally is risky	8	
This is the job of the police	5	
Limit to what residents can do	2	
<b>Doubts about the approach</b>	<b>26</b>	"I can't answer this without further information on what is meant by 'straightforward problems'..."
Question unclear	19	<i>"It clearly depends on the issue. E.g. provision of waste bins is the Council's responsibility but a litter pick is an individual and group responsibility"</i>
Depends on the issue and resources	7	
<b>Other</b>	<b>53</b>	

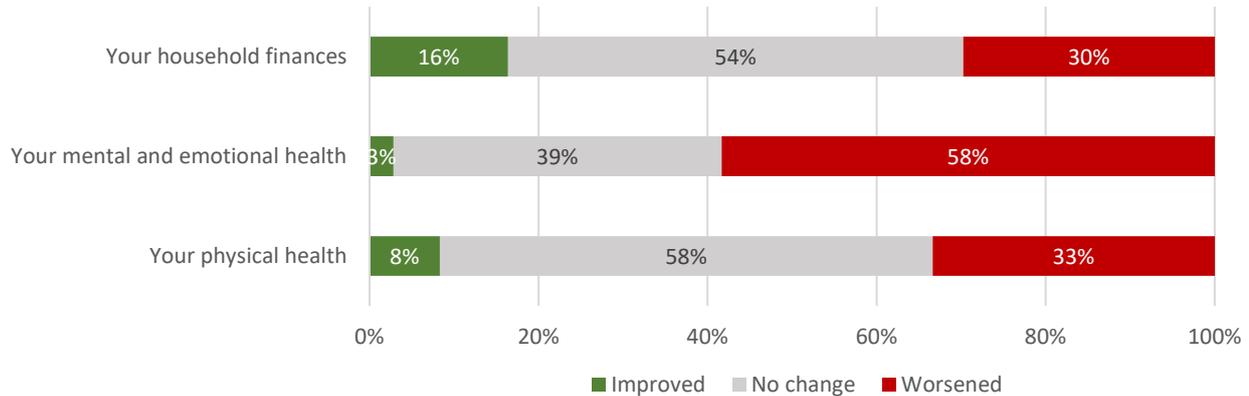
## 10. Coping with the Covid-19 pandemic

### 10.1 Personal impact of Covid-19

Participants were asked questions around how they have been coping with the Covid-19 pandemic.

The first question asked how, if at all, they had been affected. Results are showing in Figure 17 below:

Figure 17. How affected by Covid-19

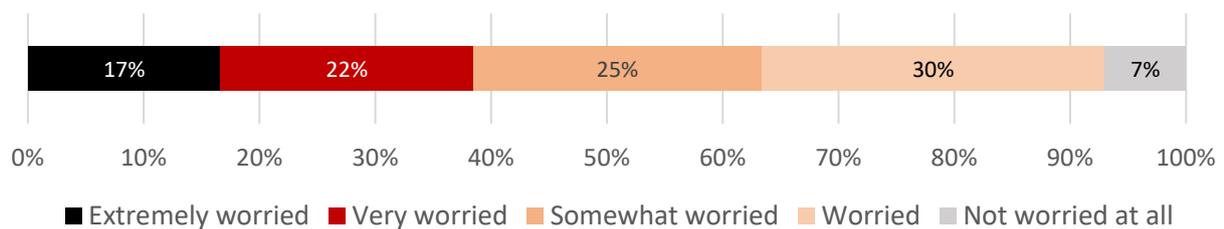


Across each area many more respondents said that their finances, mental/emotional health and physical health had worsened than said it had improved:

- Almost twice as many (30% compared to 16%) said that their household finances had worsened than said it had improved.
- Only a very small number of respondents said that their mental and emotional health had improved (3%) and nearly twenty times as many (58% compared to 3%) said that it had worsened.
- Four times more respondents (33% compared to 8%) said that their physical health had worsened than said it had improved.

A further question asked respondents how worried or not they are currently about Covid-19. Results can be seen in Figure 18 below:

Figure 18. Currently, how worried or not about Covid-19



- Almost 2 in 5 (38%) were either extremely or very worried, with only 1 in 14 (7%) not worried at all.

## Responses by different demographic group

Figure 19. Currently, how worried or not about Covid-19. By different groups.

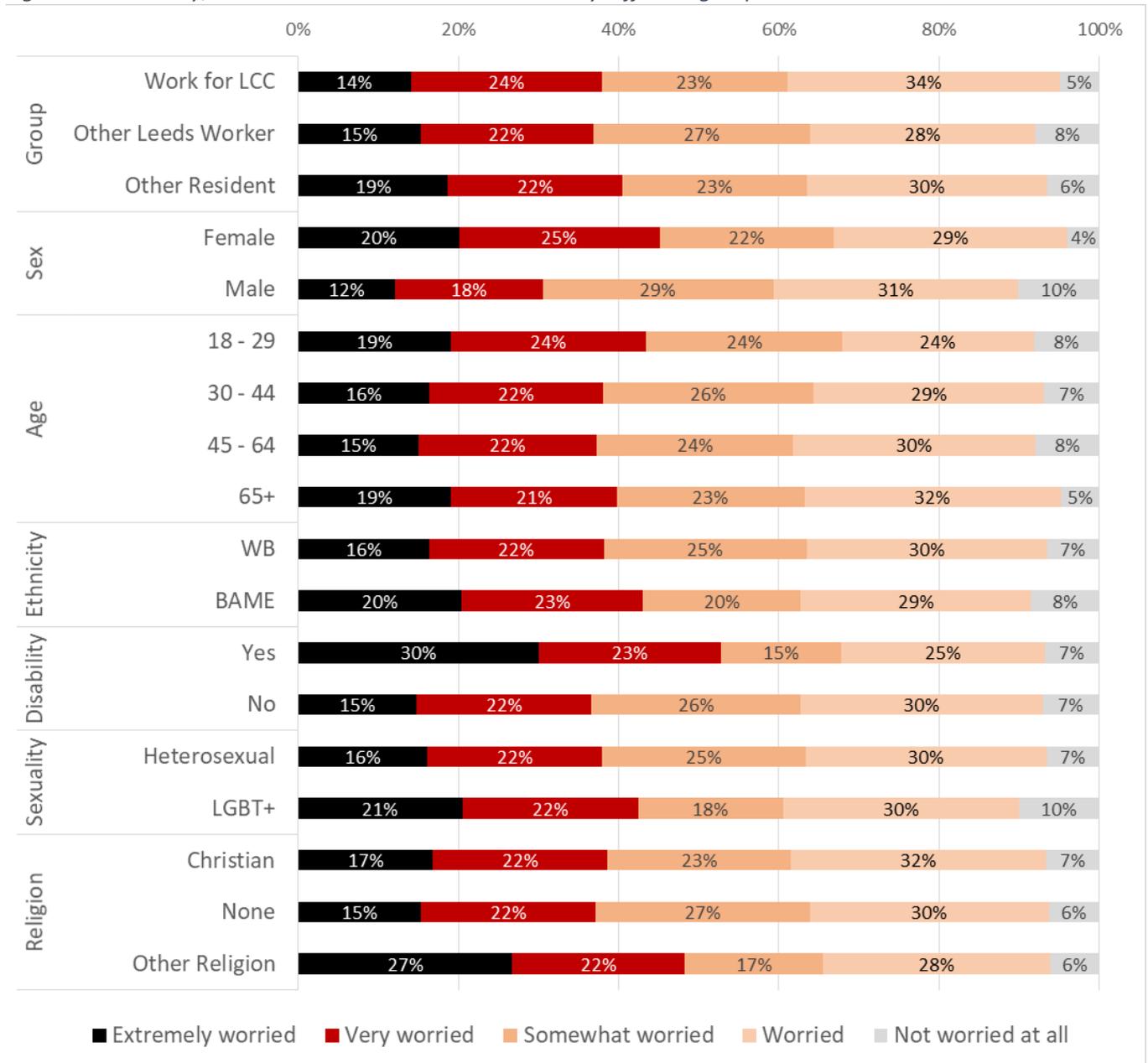


Figure 19 shows the responses made by different groups.

- Disabled respondents were much more likely to be extremely or very worried about Covid-19 (53%, compared to 37%)
- Female respondents were more likely to be extremely or very worried about Covid-19 than male respondents (45% compared to 30% of male respondents)
- BAME respondents were more likely to be extremely or very worried about Covid-19 (43%, compared to 38% of White British respondents). This may link to the high level of worry in the 'other religion' group.
- Younger people aged under 30 were slightly more likely to be extremely or very worried than older respondents (43%, compared to other age groups in the range between 37% and 40%).



Table 13: Grouped bigrams of over 10 occurrences

Bigram	Frequency	As %
mental health	341	16%
friends/family	285	13%
job security	210	10%
catch covid	161	8%
local economy	140	7%
economic impact	119	6%
covid rules	117	5%
get vaccination	116	5%
NHS/Health Services	115	5%
longer term	101	5%
return to normal	82	4%
young people	76	4%
health issues	69	3%
older people	56	3%
physical health	55	3%
children's education	51	2%
social interaction	39	2%

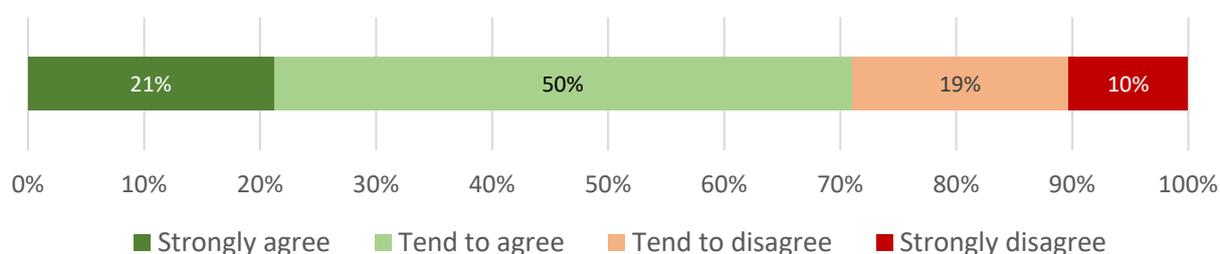
The second highest term, 'friends/family', could have multiple meanings. A random sample of 100 comments featuring these words was considered to gain more insight:

- Of these, 45% were worried about friends or family catching Covid-19 and becoming ill and 39% were referring to not being in contact with friends or family due to restrictions.
- The remaining 16% were referring to other concerns such as their children not being able to socialise with their friends and financial impact on families as a result of Covid-19.

### 10.3 Getting information about Covid-19

Participants were asked how much they agree or disagree that they are getting the information they need from public authorities around Covid-19. Results are shown in Figure 21 below:

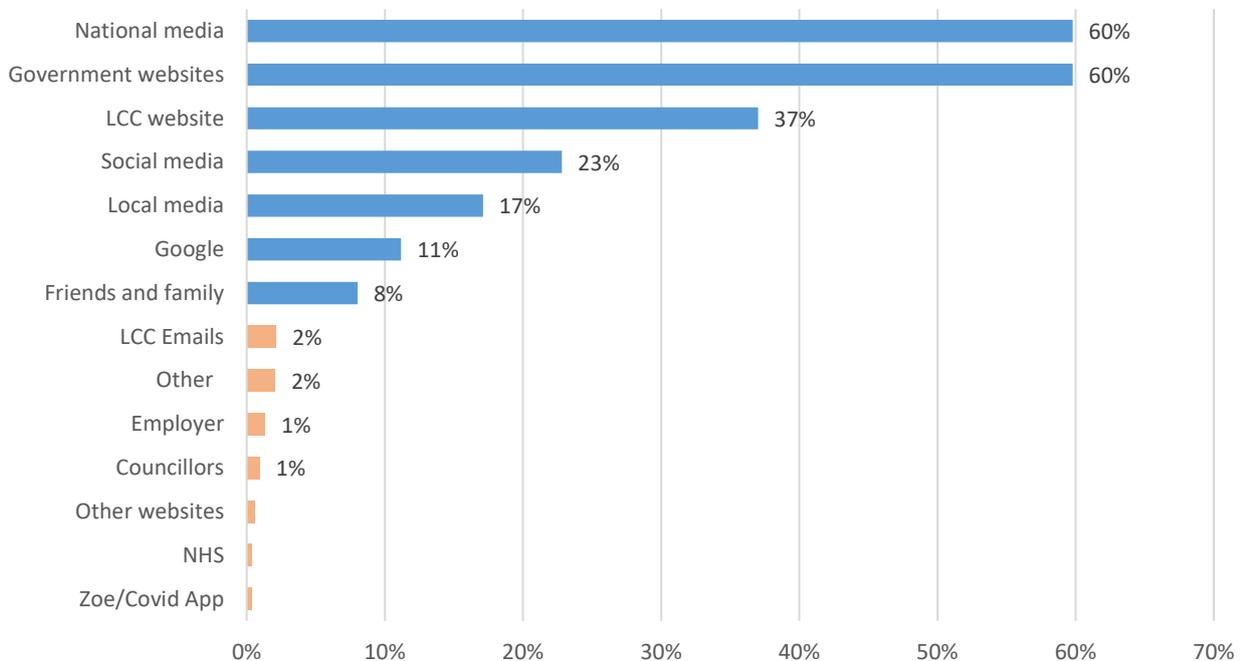
Figure 21. Getting the information needed from public authorities on Covid-19



More than 7 in 10 of respondents (71%) agreed that they are getting the information they need from public authorities around Covid-19.

Participants were then asked to select up to 3 options to say where they go to mostly for information about local Covid-19 restrictions. Those that selected 'Other' were able to write in further information sources. Results are shown in Figure 22 below. Responses to the 'Other' selection have been grouped into key themes and included in orange below:

Figure 22. Where go to mostly for information about local Covid-19 restrictions



Analysis of the responses shows that:

- Respondents were most likely to select Government websites or the national media for where they go to mostly, with 3 in 5 respondents including them as one of their three selections (60% each)
- The Leeds City Council website was the third most likely information source to be selected, with more than a third of respondents including this as one of their three selections (37%)
- Social Media was the next most selected source of information, with more than 1 in 5 of respondents (23%) including this as one of their three selections

# Leeds City Council Budget Consultation 2021-22



Leeds City Council is considering the budget for our city in 2021-22. We would like Leeds residents' views on the important decisions about where to spend money.

Councillors will see the results of this consultation before they make a final decision on the budget in February 2021. Your views will help to make sure the final decision is in the best interests of the city and its residents. To help you consider your responses we will provide a summary of the key points from our proposed budget throughout the survey. If you'd prefer to look at the Proposed Budget in full, you can read this in our 16th December Executive Board Agenda [here](#) at Item 6.

Like many councils across the UK, Leeds faces significant challenges with next year's budget. This is due to the impact of COVID-19 and reduced funding from central government.

By law we have to address the £119 million gap we have estimated in the budget for the next financial year (2021 to 2022), so we have developed a series of savings proposals that our Executive Board has been considering at its monthly meetings since September 2020.

We must look again at how Leeds City Council delivers services to residents, and we want these decisions to be informed by your views and opinions.

We also want to hear how you're coping with the COVID-19 pandemic, to better understand the concerns of Leeds residents and the people who work in and visit the city.

The survey should take you 10-15 minutes to complete. Thank you for taking part. Your views are very important to us and by participating you'll help shape Leeds services in the future. Please complete the survey before 13 January 2021.

## Privacy Notice

Your response to this public consultation is being collected by Leeds City Council (as data controller) and will be used to help us make decisions about our budget proposals.

By submitting your response, you are giving your consent for us to use the information you have provided. When results of the consultation are shared publicly or with other organisations, your information is anonymised so you cannot be identified.

We will keep your information safe and secure in line with UK data protection law. Your data will be processed by the relevant services (departments) within Leeds City Council. Our software supplier, SmartSurvey Ltd, will also process your data on our behalf but will never use these for its own purposes. We will store your responses for up to 2 years.

You have rights under UK data protection law including withdrawing your consent for us to use your information. Visit the [ICO website](#) (data protection regulator) to learn more. General information about how Leeds City Council uses your data can be found [here](#).

We use cookies to help improve your experience of using our website. See our [cookies page](#) for more information. If you continue without changing your cookie settings we assume that you are happy with our use of cookies.

## 2. How you feel about Leeds City Council

First, we'd like to ask how you feel about the council and the way our teams run services. These questions will be particularly relevant if you live in Leeds but people who visit, work or study in the city also use Leeds City Council services, so we'd like to hear your views too.

Throughout this survey, when we ask about your local area we mean the area within 15 – 20 minutes walking distance from your home.

If you live in Leeds, overall, how satisfied or dissatisfied are you with your local area as a place to live?

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know/Not Applicable

Leeds City Council is responsible for running a range of services across the city and in local areas. For example, council employees collect your recycling, clean your streets, make sure there are enough school places for your children, plan your city and look after vulnerable people.

Overall, how satisfied or dissatisfied are you with the way Leeds City Council runs things?

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know

To what extent do you agree or disagree that Leeds City Council provides value for money

- Strongly agree

- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree
- Don't know

**To what extent do you think Leeds City Council acts on the concerns of local residents?**

- A great deal
- A fair amount
- Not very much
- Not at all
- Don't know

**How much do you trust Leeds City Council?**

- A great deal
- A fair amount
- Not very much
- Not at all
- Don't know

### **3. Meeting our financial challenge**

The COVID-19 pandemic has presented financial challenges we have never seen before, on top of year-on-year budget reductions. The resources we receive through the government support grant, council tax and business rates have all been affected, resulting in a £119 million gap in our budget for the next financial year (2021 to 2022), that we need to address.

**We have had to consider stopping, changing or charging for some services that we cannot afford or are less of a priority to the people of Leeds.**

**Reduced funding from the government will impact on our ability to deliver the services we currently provide, unless we find other ways of raising money. Which one of these options do you agree with most?**

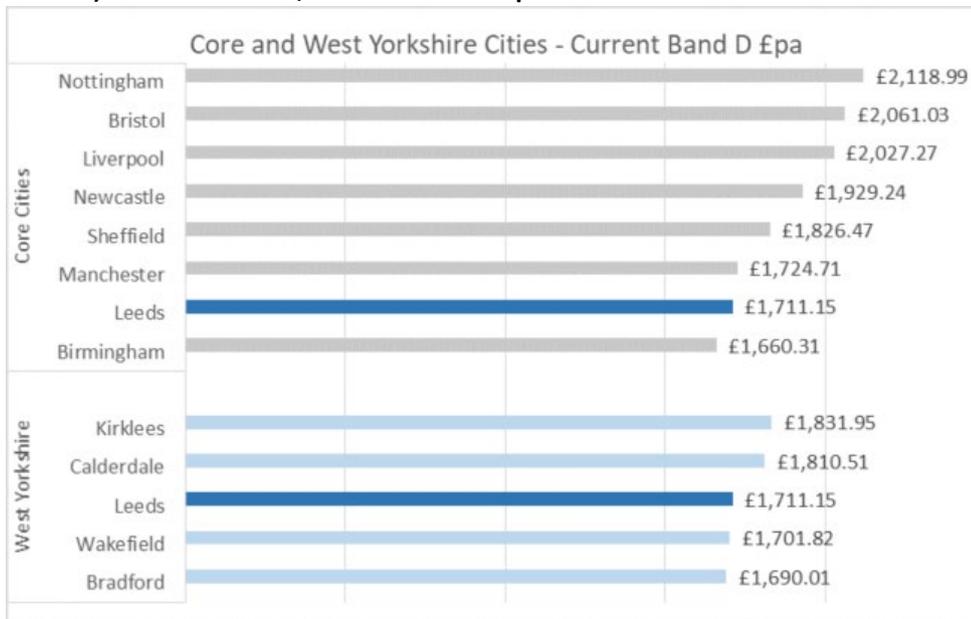
- We should raise enough money by increasing council tax and charges, to avoid having to cut services
- We should raise money by slightly increasing council tax and charges, whilst reducing or cutting some services
- We should not raise council tax or charges, even if this has a large impact on the services we can provide

Given the level of savings that we need to make, we may still need to reduce some services in order to balance the budget. Thinking about how we prioritise our services, which one of these options do you agree with most?

- We should target services to where they are needed most, although not everyone will receive the same services
- We should focus some services towards where they are needed most, whilst reducing some services that everyone receives
- We should aim to provide the same level of service to all, even if we have to reduce the level of service that everyone receives

## 4. Meeting our financial challenge

At a local level, we can raise additional income through council tax. As shown on this chart, Leeds currently has the second lowest rate of council tax amongst England's eight 'core' city (the largest cities outside London) local authorities, and is at the mid-point of the five West Yorkshire districts.



For 2021-22, in order to help balance the budget and minimise the impact of reductions in government funding on services, we are proposing to increase council tax in Leeds by 1.99%. For a limited period, Government is allowing local authorities to include a further 3% increase to council tax, specifically to help pay for adult social care services. This additional 3% would bring our total proposed council tax increase to 4.99%.

How much do you agree or disagree with our approach for increasing council tax in 2021-22 by 4.99%, an increase to the core rate of 1.99%, plus 3% to support adult social care services?

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree

Please tell us more about why you gave this response:

## 5. How we propose to spend the money we receive

The day-to-day costs of running Leeds City Council as a business are managed through a revenue budget, and we make long-term investments to look after assets Leeds already has or create new ones through capital spend.

The council's net revenue budget is funded from the government support grant, council tax and business rates, and covers the day-to-day spending for all our services. The 2021-22 Provisional Budget sets this at £420 million, a reduction of over £100 million from the current financial year.

As shown in the table below, when compared to 2020-21, reductions are proposed in the budgets for all of our directorates (how we group council services together). Almost two thirds of directorate budgets will fund adult social care and children's services (62.8%), a slightly higher proportion than last year (61.7%), reflecting our priorities around supporting the most vulnerable. These services, along with communities and environment, have also seen smaller funding reductions compared to others.

	2020/21	2021/22	Change
	£m	£m	%
Adults & Health	£ 201.5	£ 195.2	-3%
Children & Families	£ 123.2	£ 116.6	-5%
City Development	£ 38.3	£ 33.1	-14%
Communities & Environment	£ 79.7	£ 77.8	-2%
Resources & Housing	£ 83.7	£ 73.8	-12%
<b>Directorate Budgets</b>	<b>£ 526.5</b>	<b>£ 496.4</b>	<b>-6%</b>
Strategic	-£ 0.8	-£ 71.5	
<b>Overall Net Revenue Budget</b>	<b>£ 525.7</b>	<b>£ 424.9</b>	<b>-19%</b>

The large change in funding to the 'Strategic' budget area, which offsets more than £71million of the revenue budget, includes a number of changes to how Leeds City Council is funded. Much of this represents additional grants to help manage COVID-19 pressures.

To what extent do you agree or disagree with how we propose to spend our revenue budget for 2021-22?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Don't know

Please use this space to make any comments around our overall approach to how we spend our revenue budget:

## 6. How the COVID-19 pandemic has affected you

The following questions focus on how you're coping with the COVID-19 pandemic to help us understand concerns of Leeds residents and people who work in and visit the city.

How, if at all, have the following been affected by the COVID-19 pandemic?

	No change	Worsened	Improved	Don't know
Your physical health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your mental and emotional health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your household finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How worried or not do you currently feel about the COVID-19 pandemic?

- Extremely worried
- Very worried
- Worried
- Somewhat worried
- Not worried at all

Thinking about the coming year what, if anything, worries or concerns you the most about the COVID-19 pandemic? (Please list up to 3 concerns)

1.

2.

3.

How much do you agree or disagree that you are getting the information you need from public authorities on COVID-19?

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree
- Don't know

Where do you go to mostly for information about local COVID-19 restrictions? (Please select up to 3 options)

- Government websites
- Friends and family
- Leeds City Council website
- Social media

- Google
- National media
- Local media
- Other (please specify):

## 7. Responsibility for looking after your local area

Since the COVID-19 pandemic began, many of us have been spending more time in our local areas. Amenities like your nearby park or shops might be more important to you now, and as a result you may feel differently about local issues.

We would like to know how you feel about where you live.

How strongly do you feel you belong to your local area?

- Very strongly
- Fairly strongly
- Not very much
- Not at all strongly
- Don't know

To what extent would you agree or disagree that people in your neighbourhood pull together to improve the local area?

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree
- Don't know

In general do you think that residents should be encouraged to take more responsibility for tackling straightforward problems and issues in their local area?

- Strongly agree
- Tend to agree
- Tend to disagree
- Strongly disagree
- Don't know

Please tell us more about how you think local issues should be tackled:

## 8. Your service priorities

Leeds City Council and partner organisations provide a wide range of services. Given how the COVID-19 pandemic has affected our daily lives and what matters most to all of us, we want to hear about which Leeds City Council services are most important to you at the moment.

These are some of our service priorities. Please rate each one by how much it matters to you personally, and also how much you think it matters to the city of Leeds and the people that live, work and visit here. (Please select one option for you and one for the city, for each priority)

	For you personally	For the city of Leeds
Keeping children safe	<input type="checkbox"/>	<input type="checkbox"/>
Helping prevent and tackle crime and anti-social behaviour	<input type="checkbox"/>	<input type="checkbox"/>
Supporting older and vulnerable people	<input type="checkbox"/>	<input type="checkbox"/>
Preventing and tackling homelessness	<input type="checkbox"/>	<input type="checkbox"/>
Keeping streets and neighbourhoods clean	<input type="checkbox"/>	<input type="checkbox"/>
Dealing with waste and recycling	<input type="checkbox"/>	<input type="checkbox"/>
Parks and play areas	<input type="checkbox"/>	<input type="checkbox"/>
Making roads safe, reducing congestion and making it easier to get around	<input type="checkbox"/>	<input type="checkbox"/>
Good quality, affordable council housing	<input type="checkbox"/>	<input type="checkbox"/>
Support for schools and families	<input type="checkbox"/>	<input type="checkbox"/>
Supporting local business	<input type="checkbox"/>	<input type="checkbox"/>
Supporting people to get into jobs, training and apprenticeships	<input type="checkbox"/>	<input type="checkbox"/>
Helping people earn enough to support themselves and their families	<input type="checkbox"/>	<input type="checkbox"/>
Encouraging people to live healthier lifestyles	<input type="checkbox"/>	<input type="checkbox"/>
Improving air quality across the city	<input type="checkbox"/>	<input type="checkbox"/>
Tackling climate change and protecting the environment	<input type="checkbox"/>	<input type="checkbox"/>
Sport and leisure facilities	<input type="checkbox"/>	<input type="checkbox"/>
Cultural events and festivals across the city	<input type="checkbox"/>	<input type="checkbox"/>
Museums, galleries and local attractions	<input type="checkbox"/>	<input type="checkbox"/>

## 9. About you

We would like to know a little more about you so we can be sure we are hearing from a wide range of people from different backgrounds.

Answering these questions will also help us consider how our policies affect people from different backgrounds; we have a legal duty to do this under the Equality Act 2010.

All questions are voluntary.

Do you? (please tick all that apply)

- Live in Leeds
- Work in Leeds
- Visit Leeds
- Work for Leeds City Council
- Study in Leeds

Please tell us the first part of your post code and the first digit of the second part, for example 'LS8 1' or 'LS16 2'.

How old are you?

- Under 18
- 18 - 29
- 30 - 44
- 45 - 64
- 65+

**Sex and gender identity:**

Please select the option that you most identify with:

- Male
- Female
- Non Binary
- Other
- Prefer not to say

Is the gender you identify with the same as your sex registered at birth?

- Yes
- No
- Prefer not to say

**What is your ethnic group?**

**White**

- English / Welsh / Scottish / Northern Irish / British
- Irish
- Gypsy or Irish Traveller
- Any other White background

**Mixed / Multiple ethnic groups**

- White and Black Caribbean
- White and Black African
- White and Asian
- Any other Mixed / Multiple ethnic background

**Asian / Asian British**

- Indian
- Pakistani
- Bangladeshi
- Kashmiri
- Chinese
- Any other Asian background

**Black / African / Caribbean / Black British**

- African
- Caribbean
- Any other Black / African / Caribbean background

**Other ethnic group**

- Arab
- Any other ethnic group

If you selected an 'Any other' option then describe your ethnic group:

**Do you consider yourself to be disabled?**

- Yes
- No
- Prefer not to say

**Please indicate which best describes your sexual orientation:**

Heterosexual / Straight

Lesbian / Gay woman

Gay man

Bisexual

Prefer not to say

Other (please specify):

**Please indicate which best describes your religion or belief:**

No religion or belief

Christian (including Church of England, Catholic, Protestant and all other denominations)

Buddhist

Hindu

Jewish

Muslim

Sikh

Prefer not to say

Any other religion (please describe):

**Please now click the Submit button below to save and send your responses to us.**



**Phase 2 Consultation  
2021/22 Budget  
Proposals  
(January 2021)**

**Summary of Scrutiny  
Board comments.**



# Report of the Scrutiny Boards Statement for Executive Board – February 2021 Phase 2 Budget Consultation 2021/22 (January 2021)

## Introduction

1. At its [meeting on 16<sup>th</sup> December 2020](#), the Executive Board considered a report from the Chief Officer – Financial Services setting out the Initial Budget Proposals for 2021/22, as well as providing an update on the provisional budgets for 2022/23 and 2023/24.
2. The report acknowledged the Executive Board's position at that stage in having already approved three sets of savings proposals for 2021/22 through its September, October and November 2020 meetings. It also referenced the early consultation undertaken with Scrutiny Boards in relation to such saving proposals and included a copy of the composite Scrutiny Statement summarising the feedback during this first phase of consultation. However, the report also presented a further £5.2m of potential savings, with an anticipated reduction in the workforce of 97.5 FTE budgeted posts, for the Executive Board's approval.
3. Having noted the financial position for 2021/22, the Executive Board also noted that further savings are required to deliver a balanced budget position. The Board also noted the Business as Usual savings set out in the report and that decisions to give effect to these shall be taken by the relevant Director or Chief Officer.
4. The Executive Board also agreed the recommendations within the 'Service Review' proposals set out within the report, with agreement also being given to the commencement of related consultation; with it being noted that decisions to give effect to such matters shall be taken by the relevant Director or Chief Officer, following the consultation period, save where the Leader, relevant portfolio holder or Director

considers that the matter should be referred to Executive Board for consideration.

5. The Executive Board also agreed for the budget proposals to be submitted to Scrutiny and used as a basis for wider consultation with stakeholders. In doing so, the outcome of the Scrutiny Boards' further deliberations are to be reported back to the Executive Board during its meeting on 10th February 2021.
6. This 'Phase 2' consultation was undertaken during the Scrutiny Boards' January meeting cycle as follows:

Scrutiny Board	Public Meeting
Adults, Health and Active Lifestyles	<a href="#">5<sup>th</sup> January 2021</a>
Children and Families	<a href="#">6<sup>th</sup> January 2021</a>
Environment, Housing & Communities	<a href="#">14 January 2021</a>
Infrastructure, Investment & Inclusive Growth	<a href="#">20 January 2021</a>
Strategy and Resources	<a href="#">11 January 2021</a>

7. However, in acknowledging that a further £5.3m of savings proposals are expected to be brought to February's Executive Board, along with the Council's Budget Report (as highlighted in the December Executive Board report), it was also agreed that should any Scrutiny Board wish to review and provide feedback to the Executive Board on these additional proposals once made available, then special arrangements would be put in place to facilitate this ahead of the Executive Board's February meeting. In view of the restricted timescales involved, any comments arising from Scrutiny on the £5.3m additional savings



Report of the Scrutiny Boards  
Statement for Executive Board – February 2021  
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proposals would be provided by way of a late supplement to the Executive Board's meeting on 10<sup>th</sup> February 2021.

8. While a summary of the comments and observations made by the individual Scrutiny Boards during their January meetings is set out below, it is advised that such comments are read in context of the Phase 1 Scrutiny Statement too.

## Comments and observations from Scrutiny Boards

### Children and Families Scrutiny Board

9. The Children and Families Scrutiny Board noted the additional £2.5m 'Business As Usual' savings proposals linked to the Children and Families directorate, which had been reported to the Executive Board in December. This brought the total figure of proposed savings in 2021/22 for this particular directorate to £10.965m, with an anticipated reduction of 52.5 FTE budgeted posts across the directorate.
10. Having previously acknowledged that the largest element of the Children and Families Directorate budget relates to staffing, the Board again sought assurance that staffing levels within the directorate would remain sufficient in light of the current budget savings proposals. Linked to this, the Board expressed particular concern regarding the wellbeing of the remaining staff who may need to take on more responsibilities and workloads to mitigate the impact of having a reduced workforce and therefore also queried why such staffing reductions had been regarded as 'Business as Usual' proposals given the potential significance of their impact.

11. While acknowledging the challenging financial position of the Council and the need to make difficult decisions, Members were advised by the Director of Children and Families that services within the directorate, as well as the Adults and Health directorate, had continued to be prioritised as much as possible by the Council in view of the need to protect the most vulnerable people in the city.

### Adults, Health and Active Lifestyles

12. The Adults, Health and Active Lifestyles Scrutiny Board noted that the Executive Board report in December included no further budget saving proposals relevant to those areas within its remit. However, further to the Chancellor's announcement at the Spending Review, Members did note that the proposed budget for 2021/22 does include an Adult Social Care precept at 2.99% in 2021/22. The potential impact of any change to this existing proposal, as set out in the Executive Board's December report, was noted too.
13. The Board had made reference again to the service review proposal surrounding Yeadon Tarn Sailing Centre as it was noted that the Phase 1 Scrutiny Statement to Executive Board had made reference to this facility predominantly being used by schools primarily within the Yeadon area. Having sought further clarity on this, it was reported that while the facility is still predominantly used by schools, these are primarily from the North Leeds area and not just the Yeadon area.
14. The Board also revisited the Strategic Commissioning (Older Adults) proposals to reduce funding to a number of third sector organisations, including Neighbourhood Network Services. While acknowledging that consultation with the



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sector on this proposal was still ongoing, Members were informed of the Council's attempt to mitigate some of the impact on Neighbourhood Networks in particular by seeking to provide a £0.5 million one off payment through the use of the Test and Trace funding in recognition of the key support that the Neighbourhood Network Service continue to give during the pandemic. This was considered a significant amount in the context of the annual budget for the Neighbourhood Network Service being around £3.0 million<sup>1</sup>.

Environment, Housing and Communities

15. It was noted that the substantive proposals relating to the remit of the Environment, Housing and Communities had been debated by the Board at earlier meetings and as such the commentary reflected in the composite Phase 1 statement continued to reflect the Board's primary concerns – particularly with regard to proposals relating to community hubs, bowling greens, homelessness reduction and the Council's waste strategy.
16. During the first phase of budget consultation members also 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 as set out in the initial budget proposals. 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.
17. As part of Phase 2 consultation Board members have reiterated their recommendation that this information should be presented to decision makers ahead of any such proposal being recommended by Executive Board to full Council in February.
18. Members received an overview of the key changes in the Council's budget position following the announcement of the Government settlement in December 2020, including the potential role of a series of asset sales in assisting the organisation in achieving a balanced budget for 2021/22.
19. The Board returned to discussions regarding proposals to decommission a number of bowling greens in Leeds. The Board acknowledged that stakeholder consultation is ongoing and the details of any final proposals would therefore not be available until February. However, in light of further informal engagement with a number of stakeholders members reiterated the importance of the health and well-being benefits of the sport, particularly for older people. Members remained keen that where possible creative solutions be identified to support the continuation of these community assets in various localities.
20. It was further requested that the Executive Board Member consider including explicit reference to the sport as part of the Get Set Leeds initiative.

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<sup>1</sup> This figure reflects a post-meeting correction provided by the Adults and Health Directorate.



Report of the Scrutiny Boards  
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Infrastructure, Investment and Inclusive Growth

21. The Board welcomed an update on the progress of public consultation on the service review proposals that had been considered by the Board in September, October and November 2020.
22. Members were keen to understand how consultation responses would be evaluated and the timescales for confirming the impact of that feedback on individual budget proposals.
23. Board members requested that should the outcome of public consultation materially alter proposals discussed in 2020 a working group be held to examine those changes with a view to feeding back additional comments from the Board to Executive members in February.
24. The Board acknowledged that while there were no new proposals relating to its remit in the December 2020 Executive Board papers, the context of the financial challenge had evolved following the announcement of the Government settlement.
25. Given the particular sensitivity of the City Development portfolio to economic fluctuations, members sought an update on the impact of the second and third periods of national lockdown on income generation. While recommending income generation opportunities were maximised, the Board also explored the availability of government funding to assist the organisation in reducing the significant extra budget pressures resulting from the extended periods of economic restriction.
26. The Board members further explored proposals for the centralisation of property

management services, within the context of delivering savings through organisational change. It was noted that this impacts both the City Development and Resources and Housing portfolios.

Strategy and Resources

27. Board members welcomed the refreshed approach to budget setting for 2021/22. The added involvement of scrutiny through working groups and the earlier publication of budget proposals were felt to have enhanced the role of scrutiny and enabled earlier and deeper input into the process. Members felt that decision makers should continue this approach in future years.
28. Members of Scrutiny Board Strategy and Resources drew particular attention to staffing levels following the budget proposals for 2021/22. Members noted that across the Resources and Housing directorate there will be a reduction of 261.8 FTEs with the majority of that impacting functions that fall under the board's remit. Members were keen to ensure that staff workloads, in light of these reductions, will be adjusted and monitored to ensure that they are manageable and that they are aligned to ensure that they deliver against organisational priorities.
29. Discussion also focussed on the ongoing inquiry work being carried out by the Board that focusses on agile working and estate realisation. A key element of this is ensuring that staff well-being is being monitored and supported following the challenges posed by the pandemic and the likelihood that with reduced staffing moving forward and the development of new ways of working in response to Covid-19 staff well-being will remain a factor as staff adjust to both a reduced



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Statement for Executive Board – February 2021  
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overall workforce and potentially new working arrangements. Members noted that a separate inquiry report will be issued that focuses on future working arrangements and whilst that report cannot be pre-empted a likely recommendation could relate to staff well-being and it forming a key element of the staff appraisal process and appraisal objectives for managers.

30. The Board also looked at how the Council could play a role in recovery from the Covid-19 pandemic. One example that members welcomed was the use of the North and West Yorkshire Business Rates Pool to invest in a scheme involving the Massachusetts Institute of Technology (MIT) focussing on enabling high potential entrepreneurs both to support existing entrepreneurs and to identify new ones. Board members welcomed the existing work and also felt that decision makers could expand this to include work in schools and further education settings to identify and support future entrepreneurs and to support new generation businesses. The Board suggested that decision makers consider using this type of initiative as a means to drive economic recovery following the Covid-19 pandemic.

31. Whilst noting that Right to Buy principally sits under the remit of the Environment, Housing and Communities Scrutiny Board members felt that Right to Buy would benefit from a number of technical changes. The Board supported previous Council correspondence with Government that sought to ensure that new build council properties should not be sold until any outstanding debts related to them being built were paid off. Failure to do this has meant that Councils can be left with associated construction debts even though they no longer own the property. In

addition members thought that future resale of council properties, after the initial Right to Buy agreement, should be restricted to owner occupiers to prevent them becoming private lets and ultimately being subject to housing benefit payments creating a net negative for both local authorities and the Government.

32. Members of the Board noted the pressure on the budget posed by Minimum Revenue Provision (MRP). Due to prioritising frontline service delivery and dealing with funding reductions from the Government the Council historically made changes to MRP the effect of which is now beginning to unwind into the budget for 2021/22 and over the course of the Medium Term Financial Strategy (MTFS). The board were keen to ensure that the budget position of the Council was robust and would be going forward both into future years of the MTFS and beyond. Members noted that by limiting borrowing to the level of MRP payments in future years and by building up general reserves that the Council was planning to enhance the robustness of the budget in 2021/22 and the years beyond.

## Conclusions and Next Steps

33. As referenced in paragraph 7 above, the Scrutiny Boards have acknowledged that a further £5.3m of savings proposals are expected to be brought to February's Executive Board, along with the Council's Budget Report. As such, it was agreed that should any Scrutiny Board wish to review and provide feedback to the Executive Board on these additional proposals once made available, then special arrangements would be put in place to facilitate this ahead of the Executive Board's February meeting. In



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view of the restricted timescales involved, any comments arising from Scrutiny on the £5.3m additional savings proposals would be provided by way of a late supplement to the Executive Board's meeting on 10<sup>th</sup> February 2021.

34. 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.
35. As previously acknowledged within the Phase 1 Scrutiny Statement, all Scrutiny Boards have also welcomed the opportunity to engage in the budget setting process earlier in the municipal year than has been in the case previously and are therefore keen that such consultation continues in future years and is not limited to the unprecedented circumstances of 2020/21.
36. Moving forward, Scrutiny Members will also maintain a degree of oversight of the budget delivery process, alongside the Executive Board, as well as continuing to monitor and review any consequential service outcomes and impacts on citizens that pertains to the remits of the various boards during the coming municipal year.

**Scrutiny Boards  
Joint Statement for the Executive Board  
Phase 2 Consultation: 2021/22 Budget Proposals  
January 2021**



## Service review report

**Report to:** Executive Board

**Date of meeting:** 10<sup>th</sup> February 2021

**Report author(s):** Bev Fisher, Deputy Chief Digital & Information Officer

**Report of:** Director of Resources and Housing

**Portfolio:** Resources and Housing

**Does the report contain confidential or exempt information?** No

Proposal title	Customer contact
2021/22 savings from proposal	£1m (target)

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

Are there equalities implications?	TBC
If yes, have you attached a screening document?	N/A at this stage

### Executive Summary

#### Overview

As part of the ‘Revenue budget update 2021/22 and budget savings proposals’ report considered at the Executive Board meeting on 16<sup>th</sup> December 2020, a number of organisational design proposals aimed at realigning services to maximise savings, capacity and collaboration were put forward. These included a proposal to move the council’s Contact Centre from the Communities & Environment to Resources & Housing directorate and to deliver further channel shift or automation.

These proposals, to deliver further channel shift and automation, are based on an independent review undertaken in 2020 by Social Finance and InfinityWorks. Further discussions will be needed with service areas to:

- Understand the opportunities and what would be needed to deliver changes
- Ensure there is no double counting of already assumed savings.
- Agree how service areas will change ways of working and how savings can be realised through reducing posts.

The target of £1m of savings is believed to be achievable however it is likely that the make-up of the actual savings will vary as more detailed discovery proceeds.

There is a potential need to consult with service users if proposals around channel shift result in a change to the way services are provided.

#### Impacts of proposal

It is envisaged that savings will be targeted from further automation and channel shift and a corresponding reduction in staffing undertaken to deliver the financial saving.

#### Recommendation(s)

Members are requested to:

- Approve the proposals set out in this report to deliver savings through further channel shift



# BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



- Note and agree the areas of further investigation
- Note the potential staffing efficiencies which will require consultation with Trade Unions and may result in reductions through compulsory means
- Note and support that discussions will be needed with service areas about how these savings will be realised and how changes in the way they work will be implemented.
- Note that specific proposals which impact how citizens access our services will require public communication and may require public consultation depending on the nature of those changes
- Note that the Director of Resources and Housing will be responsible for the Service Review



# BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



## Service review report Organisational Design: Property and Facilities Management

**Report to:** Executive Board

**Date of meeting:** 10 February 2021

**Report author(s):** Angela Barnicle (Chief Officer, Asset Management & Regeneration) and Sarah Martin (Chief Officer, Civic Enterprise Leeds)

**Report of:** Directors of Resources & Housing and City Development

**Portfolio:** Resources & Inclusive Growth and Culture

**Does the report contain confidential or exempt information?** No

<b>Proposal title:</b>	<b>Proposal to bring together all Property-related Delivery and Strategy services within City Development, with all Facilities Management activity delivered and/or coordinated from a single function within Civic Enterprise Leeds including construction and maintenance.</b>
<b>2021/22 savings from proposal</b>	£750k (with split between City Development and Resources TBA)

<b>Who are you expecting to consult with?</b>	Service users?	N/A
	Staff?	Yes
	Other stakeholders?	Yes

<b>Are there equalities implications?</b>	Yes
If yes, have you attached a screening document?	N/A at this stage

### Executive Summary

#### Overview

It is proposed that there is a revised approach to Council wide property management functions in Directorates which recognises some 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. In doing so it meets the objectives set out in the Organisational Design Service Review.

This alignment requires the integration of service based activities where there is duplicate functions and the streamlining of any internal client /contractor delivery arrangements. Bringing greater knowledge and professional support to activities and therefore performance efficiencies and assurances.

It is proposed that the property functions currently across Directorates are re aligned into the core areas of Property Strategy and Delivery provided by Asset Management &



# BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



Regeneration in City Development and Construction and Maintenance into CEL in Resources and an integrated Housing team.

In doing so:

- All remaining property strategy and delivery Directorate based resources would transfer into Asset Management & Regeneration and align accordingly;
- Asset Management & Regeneration will lead on the specification of property based strategy, specification, design and project management for delivery of such. Creating a single point for instruction, professional clienting and delivery management;
- A realignment of functions between CEL and Housing will see a reduction in duplication in the assessment, inspection and delivery of works for maintenance and construction activities; and
- Realignment of service based FM functions (both hard and soft) into Facilities Management will take place on a phased programme. It is proposed that some premises related budgets will be centralised as part of this exercise in order that benefits can be realised from economies of scale and greater control of costs and business processes.

These arrangements are proposed to ensure:

- There is a clear and single council lead on property management through Assessment Management & Regeneration who 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.
- Effective Facilities Management of buildings and effective support provided to bespoke service delivery buildings.
- The unique needs of LCC 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 under CDM and effective, efficient and safe delivery of the project assurance and VFM consideration.

## **Impact**

This savings option will impact on approx. 70 staff currently involved in Property across the Directorates who will then benefit from being part of a wider team in terms of development and support. The Facility Management review may result in a number of operational building management staff being managed by CEL to align with service reviews, estate rationalisation and appropriate FM tiered support.



# BEST COUNCIL – MEETING OUR FINANCIAL CHALLENGE



The completion of this work will contribute to the delivery of the Best Council plan and our ambition to be an efficient, enterprising healthy organisation through making the best use of our resources.

## **Recommendation(s)**

Members are requested to:

- i) Approve the proposals set out in this report in that the property functions are re aligned into the core areas of Property Strategy and Delivery provided by Asset Management & Regeneration in City Development and Construction and Maintenance into CEL in Resources and an integrated Housing team.
- ii) Note this will provide a saving with minimum disruption to staff and customers
- iii) Note that if approved, consultation with Trade Union colleagues and other key stakeholders will commence as soon as practicable.
- iv) Note that the Director of City Development and the Director of Resources and Housing will be responsible for the Service Review.

## Adults and Health

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected decision date	2020/21 Budget Amount £	Decision Maker
Decommission two Care Homes – Richmond House and Homelea	Decommission the service due to the need for residential homes decreasing within Leeds and where this resource is required to meet people's needs, there is a well-developed independent sector market	There is a risk whenever a home is closed to a client's immediate well-being	Consultation in progress	To be undertaken at the same time as the decision	June 2021	£1,531k	Director of Adults and Health
Review of Client Contributions whilst maintaining means-testing	A review of the Maximum Assessed Charge, charging for the cost of care	Though charging is still to be means-tested there is a risk that clients do not take up services	Consultation in progress	To be undertaken at the same time as the decision	June 2021	£33,523k	Director of Adults and Health
Reduction in Services - Working Age Adults	Reducing grants, contracts	There is a risk that services provided will be reduced	Consultation in progress	To be undertaken at the same time as the decision	March 2021	£14,235k	Director of Adults and Health
Reduction in Services - Older People	Reducing grants, contracts	There is a risk that services provided will be reduced	Consultation in progress	To be undertaken at the same time as the decision	March 2021	£5,114k	Director of Adults and Health

## Children and Families

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Ceasing childcare delivery from a Council run childcare site, which has been closed since the start of the first Covid lockdown.	<p>The provision has struggled to be financially sustainable for the last six years as other providers gained a market share.</p> <p>It is proposed to cease the delivery of childcare from this site and relocate the Children Centre Family Services from another site to this building, enhancing the quality of family services on offer to the community.</p> <p>There is sufficient child care provision to ensure that local alternatives will be available for every affected child.</p>	Changes may be required to the proposal depending on feedback received during consultation.	Yes	Because family services are expanding and sufficient alternative childcare is available nearby, this process will support improved community involvement and no particular group should be disadvantaged.	By April 2021	£162k	Director of Children and Families
Proposal to achieve savings through closer integration of Early Help and Social Work teams. Staffing implications will be identified through the course of the review.	The review will consider increased integration and multi-disciplinary approaches that will result in improved experiences and outcomes for children and families.	The proposals are focused on identifying efficiencies that result in maintaining or improving outcomes.	To be undertaken prior to the decision, if required.	An initial assessment has been completed, however this will be updated as work progresses to identify the changes required to achieve the savings set out.	By April 2021	£750k	Director of Children and Families
Commissioning savings	Ongoing work with providers to negotiate efficiencies in existing contracts.	Delivery of some commissioned services may change.	To be undertaken for individual contracts prior	To be undertaken for individual contracts prior to the decision, if required.	On agreement of any individual	£500k	Director of Children and Families

## Children and Families

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
			to the decision, if required.		changes required		
Additional Home Office funding from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city.	The net additional funding is assumed from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city. This net additional funding arises due to economies of scale as the Council moves towards the Home Office target of the UASC population being 0.07% of the child population of the city.	The additional numbers will need to be achieved. Additional capacity will need to be available to support increased numbers.	A decision may be required, depending on the need for additional capacity. If this is the case, consultation will be undertaken as appropriate prior to the decision.	To be undertaken prior to the decision, if a decision is required.	On identification of any changes requiring a separate decision	£1,000k	Director of Children and Families
Savings on school and further education premature retirement costs	The proposed savings are expected to be achieved from ongoing trends, however the criteria for payment will also be reviewed to ensure this remains fit for purpose and in line with regulations.	There are some statutory requirements relating to the costs that fall to the Council.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By April 2021	£450k	Director of Children and Families
Revised contribution to One Adoption West Yorkshire (OAWY), reflecting actual activity levels	Contributions to the OAWY partnership have been reviewed based on activity levels across the member authorities. This proposal reflects a reduction in the Council's	The decision on changes to contributions will be made by the OAWY Management Board.	Consultation with partner LAs will take place through the OAWY Management Board.	The proposed contributions fairly reflect the actual activity levels across partner LAs.	By April 2021	£990k	OAWY

## Children and Families

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
	contribution to ensure this is proportionate compared to other authorities.						
Increase in rates for the secure residential unit	Rates are reviewed annually to set reasonable price increases.	An increase in rates could affect demand, however this has been taken into consideration as part of the proposal.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By September 2021	£250k	Director of Children and Families
Savings from ending the contribution to two West Yorkshire Police posts	The need for an ongoing contribution from the Council towards these posts has been reviewed.	These posts are not part of the Council's core early help offer and therefore there will be minimum disruption to staff and services. There will be no impact on direct service delivery.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By April 2021	£106k	Director of Children and Families

## City Development

## Appendix 4

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality impact assessment</b>	<b>Expected decision date</b>	<b>2021/22 Budget Amount £</b>	<b>Decision Maker</b>
Economic Development - Staffing reduction and reduction in memberships and events attendance	Budget review of activities undertaken	Reduced economic outcomes for Leeds – mitigated by overall economic position	Non – considered as a BAU proposal with no staffing implications not delivered through voluntary means	No significant equality implications	February 2021	£110k	Chief Officer Economic Development
Strategic Planning - develop further options following completion of service review	Options for efficiencies were supported by independent review	Some technologic risks associated with deliverables	Yes, as part of the service review and through further internal staff consultation	No significant equality implications	February 2021	£100k	Chief Planning Officer
Highways & Transportation - review staffing operations across the service for savings and/or additional income	Budget review of activities undertaken	Reduced capacity to deliver – mitigated by effective deployment of resources	Internal Staff Consultation	No significant equality implications	February 2021	£1,620k	Director of City Development
Planning Applications - savings through voluntary staffing reductions and procedural efficiencies	Options for efficiencies were supported by independent review	Some technologic risks associated	Internal Staff Consultation	No significant equality implications	February 2021	£100k	Chief Planning Officer

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
		with deliverables					
Proposal to reduce opening hours at Lotherton Hall	Operating costs of facility and collection make-up alongside visitor attendance	N/A	Numerous Stakeholders including staff and public/service users	No significant equality implications	February 2021	£67k	Chief Officer Economic Development
Proposal to reduce opening Hours at Thwaite Mills Museums	Operating costs of facility and collection make-up alongside visitor attendance	N/A	Numerous Stakeholders including staff and public/service users	No significant equality implications	February 2021	£70k	Chief Officer Economic Development
Proposal to consult on introduction of an annual charge for Breeze card	Area of discretionary Spend.	Differential impact on most vulnerable – mitigated by use of concessions	Numerous Stakeholders including staff and public/service users	There are equality implications as the card is used by younger people. Some safeguarding of detrimental impact could be provided by the use of concessionary pricing	February 2021	£150k	Chief Officer Economic Development

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Proposed reduced programme and new delivery model for Leeds Lights	Area of discretionary spend	N/A	Numerous Stakeholders including staff and public/service users and local organisations/commissioners of lighting displays	No significant equality implications	February 2021	£208k	Chief Officer Economic Development
Proposal to end SLA with Chippendale Pool	Operating costs of facility and usage and attendance	Reduced community and primary school usage of facility	Numerous Stakeholders including staff and public/service/users and school and local Members	No significant equality implications	February 2021	£37k	Chief Officer Operations
Proposal to close Leeds Sailing and Activity Centre	Operating costs of facility and usage and attendance. Discrete activity.	Loss of discrete functionality	Numerous Stakeholders including staff and public/service/users and 'Friends of' Group	As a single source of activity within Leeds, removal of the facility would impact upon certain groups. Mitigation could	February 2021	£88k	Chief Officer Operations

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
				identification of alternative provision outside the city.			
Proposal for operational efficiencies within John Charles Centre for Sport	Operating costs of facility and usage and attendance. Discrete activity in relation to Tennis Centre	Loss of discrete functionality	Numerous Stakeholders including staff and public/service/ users and LTA	No significant equality implications	February 2021	£200k	Chief Officer Operations
Cessation of annual Christmas Lights switch on and international football screenings in Millennium Square	Area of discretionary spend			No significant equality implications	February 2021	£88k	Chief Officer Economic Development
Cessation funding contributions to several sporting partnerships	Area of discretionary spend		Numerous Stakeholders including staff and public/service/ users and individual sporting associations impacted	No significant equality implications	February 2021	£100k	Chief Officer Operations

## Communities, Housing and Environment

## Appendix 4

<b>Proposal</b>	<b>Options considered and justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of equality impact assessment</b>	<b>Expected decision date</b>	<b>2021/22 Budget Amount £</b>	<b>Decision Maker</b>
Environmental Services managerial and supervisory restructure and realignment of functions	To review current management structure to deliver staffing efficiencies	Final structure doesn't deliver sufficient savings	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.68m reduced costs	Chief Officer – Environmental Services
Contribution to delivery costs and administration of replacement bins for residents and new bins for housing developers	Currently no admin/delivery costs included in charges. Residents will still receive an element of subsidy.	None identified	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.11m additional income	Chief Officer – Environmental Services
Increase in charges made for bulky collections from £20 to £30 to contribute to administration, collection and disposal	To reduce amount of subsidy provided by the Council for this service	None identified	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.07m additional income	Chief Officer – Environmental Services
Partial closure of Otley (Ellar Ghyll) Household	Ellar Ghyll has the lowest tonnages of waste/recycled material p.a. of	None identified	A public consultation exercise began on 4th January	To be undertaken as a part of the	March 2021	£0.075m reduced costs	Chief Officer – Environmental Services

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Waste and Recycling Centre	the 8 Leeds sites and has the least use by Leeds residents		and ended on 25th January.	decision process			
5% increase in bereavement charges	Proposed price increase reflects savings requirement of the Council and will ensure there continues to be no subsidy for this service	None identified	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.37m additional income	Chief Officer – Parks and Countryside
Reduced contribution to Groundwork by 10%	Reduction reflects savings requirement of the Council	Possible implications for service delivery for Groundwork	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.008m reduced costs	Chief Officer – Parks and Countryside
Closure of Leeds Country Park visitor centre	Reflects savings requirement of the Council. There is a potential opportunity for interested parties to take over the building	None identified	A public consultation was undertaken between 16th November and 14th December (4 weeks)	To be undertaken as a part of the decision process	March 2021	£0.09m reduced costs	Chief Officer – Parks and Countryside

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Additional income from Bowling Greens to be generated through increasing the annual price of a season ticket from £31 to £40	Reflects savings requirement of the Council. Alternatives include closures and community asset transfers	Possible impact on demand	Consultation period commenced on 16th November 2020 and closed on Monday 14th December 2020.	To be undertaken as a part of the decision process	March 2021	£0.012m additional income	Chief Officer – Parks and Countryside
50% reduction in floral decorations in the city centre and seasonal bedding displays	Reflects savings requirement of the Council. There may 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.	Potential impact on the visual appeal of the city	Consultation due to close 1st Feb	To be undertaken as a part of the decision process	March 2021	£0.15m reduced costs	Chief Officer – Parks and Countryside
Reduced contribution (10%) to Third Sector	Reduction reflects savings	Infrastructure organisation's capacity to	Consultation with infrastructure organisation	To be undertaken as a part of the	March 2021	£0.036m reduced costs	Chief Officer – Communities

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Infrastructure Fund budget	requirement of the Council	provide service support to the wider third sector	complete and delivery plan for 2021/22 agreed. Enhanced delivery objectives in respect of the third sector hub mutual support architecture agreed	decision process			
Closure of 3 community centres: Lewisham Community Centre, Allerton Bywater Youth Centre and Windmill Youth Centre. To also deliver additional efficiencies across all community centres.	Continuing review of arrangements to reduce the net cost of community centres	None identified	Consultation due to close 1st Feb.	To be undertaken as a part of the decision process	March 2021	£0.2m reduced costs	Chief Officer – Communities
Savings in Safer Leeds through restructuring and increasing grant income	It is anticipated the current service areas will be maintained but due to the	None identified	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.171m reduced costs/additional income	Chief Officer – Safer Leeds

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
	likelihood of staffing reduction measures will be introduced to mitigate any service delivery issues						
Reduced contribution (25%) to Leeds City Credit Union	Reduction reflects savings requirement of the Council	Possible impact on service delivery of Credit Union	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2021	£0.063m reduced costs	Chief Officer – Customer Access & Welfare
Review of opening hours and staffing rotas within Community Hub / Library provision across the city	The proposal will provide an overall net increase in total hours open in community hubs and libraries while achieving a significant budget saving	None identified	Consultation due to close 2 <sup>nd</sup> February.	To be undertaken as a part of the decision process	March 2021	£0.457m reduced costs	Chief Officer – Customer Access & Welfare

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
<p>Housing Services – it is proposed to introduce a charge for Retirement Life schemes for the provision of additional services linked to communal areas and for communal facilities where they are within a standalone community centre</p>	<p>As the Housing Revenue Account is ring-fenced, this service is being subsidised by those tenants not in receipt of the service</p>	<p>Consultation outcome may impact on income generated</p>	<p>Currently being undertaken.</p>	<p>Details are in the narrative of the HRA budget report along with the impact of all rental and service charge increases upon tenants. These will be eligible for Housing Benefit or Universal Credit where appropriate</p>	<p>April 2021</p>	<p>£0.4m additional income</p>	<p>Chief Officer – Housing Services</p>

## Resources

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Shared Services – Business Administration Service. Proposal for restructure	To improve the efficiency of back office processes to prioritise funding for front line services	Delays to implementation impact on the savings assumed.	To be undertaken prior to the decision report.	To be undertaken prior to the decision report.	April 21	£2,250k (incl ELI leavers)	Director of Resources & Housing
Strategy and Improvement – Communications & Risk Business. Proposal for temporary changes to the structure	To improve the efficiency of back office processes to prioritise funding for front line services	Delays to implementation impact on the savings assumed.	Being undertaken with Staff and TU's	To be undertaken prior to the decision report.	Feb/Mar 21	£170k (incl ELI leavers)	Director of Resources & Housing
Strategy and Improvement – Intelligence and Policy. Restructure proposals	To improve the efficiency of back office processes to prioritise funding for front line services	Delays to implementation impact on the savings assumed.	Being undertaken with Staff and TU's	To be undertaken prior to the decision report.	Feb/Mar 21	£173k (incl ELI leavers)	Director of Resources & Housing
DIS – Proposals for restructure	Different options considered but includes a realignment of the staffing resources within the service to	Delays to implementation impact on the savings assumed and the reductions impact upon the	To be undertaken prior to the decision report.	To be undertaken prior to the decision report.	April 21	£2,843k (incl ELI leavers)	Director of Resources & Housing

## Resources

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
	provide a greater focus upon the Council's priorities.	ability of DIS to support Council wide savings proposals					
LBS – Back office restructure proposals	To improve the efficiency of back office processes to prioritise funding for front line services	Delays to implementation impact on the savings assumed.	To be undertaken prior to the decision report.	To be undertaken prior to the decision report.	April 21	Circa £1,000k (incl ELI leavers)	Director of Resources & Housing
Catering – Implementation of an ICT System	Business case completed for proposal seeks to modernise the service and help mitigate some service risks in service delivery.	Delays to implementation impact on the savings assumed.	Some consultation undertaken with schools and any further consultation required will be undertaken prior to the decision report.	To be undertaken prior to any decision report.	April 21	£64k (net revenue effect)	Chief Financial Officer & Director of Resources & Housing
Adults and Health Decision – Impacting upon CEL front line services  Decommission two	Decommission the service due to the need for residential homes decreasing	There is a risk whenever a home is closed to a client's immediate well-being	Consultation in progress	To be undertaken at the same time as the decision	June 2021	£200k	Director of Adults and Health

## Resources

## Appendix 4

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Care Homes – Richmond House and Homelea	within Leeds and where this resource is required to meet people's needs, there is a well-developed independent sector market						

## PROPOSED COUNCIL TAX SUPPORT PAYMENTS FOR PARISH/TOWN COUNCILS

Parish	Proposed 2021/22 Payment £
Aberford and District	357
Allerton Bywater	2,144
Alwoodley	829
Arthington	38
Bardsey cum Rigton	672
Barwick in Elmet and Scholes	1,339
Boston Spa	1,540
Bramham cum Oglethorpe	647
Bramhope and Carlton	840
Clifford	586
Collingham with Linton	794
Drighlington	1,186
East Keswick	301
Gildersome	1,442
Great and Little Preston	602
Harewood	20
Horsforth	4,882
Kippax	2,768
Ledsham	97
Ledston	132
Micklefield	3,716
Morley	13,273
Otley	16,170
Pool in Wharfedale	832
Rawdon	1,583
Scarcroft	148
Shadwell	338
Swillington	2,146
Thorner	838
Thorp Arch	241
Walton	81
Wetherby	8,380
<b>TOTAL</b>	<b>68,962</b>

## Equality Impact Assessment: Council Budget 2021/22

### Introduction

This paper outlines the equality analysis and strategic equality assessment of the proposed Budget and Council Tax for 2020/21 (as detailed in the accompanying report to the Executive Board meeting 10th February 2021 recommending proposals to Full Council at its meeting 24<sup>th</sup> February 2021). The lead person for this equality impact assessment was Neil Evans, Director of Resources and Housing. Members of the assessment team were:

- Coral Main - Head of Business Planning & Risk
- Tim Rollett - Intelligence and Policy Manager
- Richard Ellis - Head of Finance
- Lelir Yeung - Head of Equality
- Graham Sephton - Head of HR
- Libby Megson – HR Service Manager
- Joanna Rowlands - Financial Inclusion Manager

### Overview

The Budget 2021/22 was developed in the context of the approach agreed by the Executive Board at its meeting on 16<sup>th</sup> December 2020 through the Proposed Budget for 2021/22 report. In accordance with the council's budget and policy framework and as agreed by Executive Board in December, these proposals were subsequently submitted to all Scrutiny Boards for review and consideration, and have also been used as the basis for wider public consultation.

The Budget proposals are set within the wider strategic context of the 2021/22 – 2025/26 Medium Term Financial Strategy which was approved by the Executive Board on the 24th September 2020 and the Government's Spending Review 2020 (25<sup>th</sup> November 2020) which covers the financial year 2021/22.

The financial climate for local government continues to present significant risks to the council's priorities and ambitions. The council continues to make every effort possible to protect frontline service delivery, and whilst we have been able to balance the budget each year since 2010, have continued to deliver a broad range of services despite declining income, and have avoided large scale compulsory redundancies, it is clear that the position continues to be difficult to manage. Resource implications will impact on all communities but those who have been identified at being at the greatest potential risk of negative impact include:

- Disabled people – including all impairment groups;
- Black, Asian and Minority Ethnic (BAME) communities;
- People from new and emerging communities;
- Women;
- Older and younger people; and
- Low socio-economic groups (within this group, there is over-representation by disabled people and BAME communities).

## Scope

The Equality Act 2010 requires public bodies to give 'due regard' to equality. The council is committed to ending unlawful discrimination, harassment and victimisation and to advancing equal opportunities and fostering good relations.

In order to achieve this we need to ensure that equality and diversity are given proper consideration when we develop policies and make decisions. The council has an agreed process in place to do this through the use of equality impact assessments.

## *Budget*

The council has so far responded successfully to the funding challenges since 2010 by reducing a number of areas of expenditure, most significantly on employees and through better procurement and demand management, and by increasing income as outlined in the Medium-Term Financial Strategy. Also, through targeting resources into preventative services, the council has ensured that the implications of demand and demographic pressures, which have resulted in significant cost pressures in other local authorities, have been contained within Leeds. The council is committed to responding to the challenges of inequality in Leeds within the pressures of the financial context in which we are now operating and ongoing uncertainty with regard to the Government's future spending plans.

After taking into account the impact of the anticipated changes in funding and cost pressures and the ongoing impact of COVID-19 on the council's financial position it is forecast that the council will need to generate savings, efficiencies and additional income to the order of £87.5 million in 2021/22 to balance to the anticipated level of resources available. The council remains committed to protecting front line services as far as possible, especially those that provide support to the most vulnerable, and is planning to meet the challenge of the estimated budget gap for 2021/22 through a combination of efficiencies, changes to service and increased income (generated through fees, charges and traded services and through the planned sale of some of the Council's commercial assets portfolio). Details of these proposals can be found in the directorate reports appended to the Budget 2021/22 report to February's Executive Board.

## *Impact of budget proposals on employees*

The council's budget for 2021/22 requires the authority to deliver budget reduction measures of £87.5m, on top of the significant savings already achieved since 2010. As a consequence of COVID-19, the council's financial challenges increased through a combination of additional expenditure incurred and loss of income across services. This was identified early and, accordingly, the council issued a Section 188 notice (notice to collectively consult to avoid redundancies issued under S188 of the Trade Union and Labour Relations (Consolidation) Act 1992) in June 2020, which also reflected on the difficult year ahead in 2021/22. As set out in the Medium-Term Financial Strategy 2021/22 – 2025/26 considered at September 2020's Executive Board meeting, a budget gap of £166.3m was estimated for the period, of which £118.8m related to 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 coronavirus.

Given the scale of this challenge, opportunities were given to staff to come forward to exit the organisation through the Voluntary Early Leavers' Initiative (ELI) to help create savings in line with service changes to help avoid the need for compulsory redundancies during 2020/21. However, whilst the scheme has attracted a good level of interest, there may still be a risk that the required level of savings cannot be achieved without the need for compulsory redundancies during 2021/22.

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The council has held extensive discussions with Trade Unions regarding the financial position and highlighted the service reviews that, subject to consultation where appropriate, will be taken forward during 2021/22 (as considered by the Executive Board at its meetings in September, October, November and December 2020). In previous years this has been both positive and constructive and has collectively explored opportunities to manage staff reductions down in a way that avoids compulsory redundancies. This approach and engagement will continue to help avoid, reduce or mitigate against the need for compulsory redundancies.

As a result, through a combination of normal turnover, voluntary retirement and severance, and through greater staff flexibility, the required savings have been achieved. Whilst it still may be necessary in some circumstances, the council will continue to strive to avoid compulsory redundancies.

The council has operated a voluntary retirement and severance scheme since 2010/11 which has already contributed significantly to the reduction in the workforce of around 2,300 FTEs or 3,045 headcount to March 2019.

The Budget Proposals for 2021/22 provide for an estimated net decrease of 791 FTEs (710 FTEs in the General Fund and 81 FTEs in the HRA) by 31st March 2022. In the context of future staffing reductions that will be required to meet the estimated revised budget gap of £137.3m for 2022/23 to 2025/26, it is the council's intention to issue an updated S188 notice following Full Council approval of the 2021/22 Budget.

In response to the significant change that the council will go through, additional support has been put in place to support individuals and manager through any change and challenges they experience, as well as looking to support people with the opportunities that the changes may present individuals to progress their career and personal development.

## **Fact finding – what we already know**

### ***Demographics: A Changing Population***

The population of Leeds was estimated to be 793,000 people in 2019 (ONS mid-year estimate) - an increase of 0.5% (3,800 people) in the year since the previous 2018 mid-year estimate. The population has increased by about 42,000 compared to the 2011 Census.

Based on the ONS 2019 MYE, there are estimated to be:

- 153,600 children and young people aged 0-15
- 516,100 people of working age (16-64)
- 123,500 older people aged 65 and over
- 50.9% (403,794) are female and 49.1% (389,345) are male
- One in ten people (10%) are in the 20-24 age band reflecting the large student population.

Looking at the 10 years between 2008 and 2018:<sup>1</sup>

- It is estimated that the Leeds population increased by 6.4% (47,500 people).
- The working age population had a smaller percentage increase (3.0%) than both the population of children and young people (13.7%) and the population aged 65 and over (13.1%).

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<sup>1</sup> ONS mid-year population estimates 2008-2018

- The population of older people aged 65 and above increased by 14,200 people. Although the 65 and above age group still has more women than men, there has been a bigger increase in the number of men, with 8,400 more men aged 65 and over resident in Leeds in 2018 than in 2008 (compared to 5,800 more women).
- There was a very significant increase in the number of primary school age children in Leeds, with an increase of 18,900 (20.7%) in the 0-10 age group.

Looking at the projected population 2018 to 2028:<sup>2</sup>

- Over the 10 years 2018 to 2028, the peak of those primary age increases will start feeding into secondary school, with a large increase in the number of teenagers in Leeds. There are projected to be 12,500 more young people aged between 11 and 17 by 2028 (21.5%).
- In the next 10 years, the increase in the older population is projected to be even bigger; with 20,000, more people aged 65 and over resident in Leeds in 2028 than in 2018.
- The Leeds population overall is predicted to continue to grow, reaching 830,500 by 2028; a 41,300 (5.2%) increase from 2018. The working age population will have a smaller percentage increase (2.6%) than both the population of 0 to 15 year olds (6%) and those aged 65 and over (15.3%).

The makeup of the city is outlined below:

- Leeds continues to become more ethnically diverse. The national 2011 Census showed that 18.9% of Leeds population was from a BME background.
- According to the 2020 School Census the proportion of the school population from BAME backgrounds has nearly doubled since 2005, increasing from 17.9% in 2005 to 35.5% in 2020.
- The greatest ethnic diversity is in younger age groups, with 36.6% BAME pupils in primary schools and 33.6% BAME pupils in secondary and post-16 settings.
- In 2020, 20.5% of Leeds school pupils speak English as an additional language, with the top five main languages being Urdu, Polish, Romanian, Arabic and Panjabi.
- According to the national 2011 Census, the population aged 65 and older is less ethnically diverse than younger age groups, but the proportion from BAME backgrounds will increase as people who settled in Leeds, as young adults grow older.
- The religious profile of the city is changing. In the 10 years between the 2001 Census and 2011 Census, the proportion of people who said they are Christian decreased from 68.9% to 55.9%. The proportion with no religion increased from 16.8% to 28.2%. Compared to England and Wales, Leeds had higher than average proportions of people stating their religion as Jewish (0.9% compared to 0.5%), as Muslim (5.4% compared to 4.8%) and as Sikh (1.2% compared to 0.8%). The Muslim community had the youngest age profile.
- There is no direct count of disability for the whole population, but the Census 2011 collected information about 'long term health problems or disability'. In Leeds 83.3% of people said that their day-to-day activities are not limited by long-term health problems or disability, 7.9% said they are limited a lot and 8.9% said that they are limited a little.
- The 2011 Census collected information on civil partnerships for the first time, reflecting the Civil Partnership Act 2004, which came into effect in the UK in December 2005. In Leeds, 41.5% of adults were married, which is lower than the England and Wales rate of 46.6%; 0.2% of adults were in a registered same-sex civil partnership, which is the same as the England and Wales rate; 40.8% of adults were single (never married or never registered in a same-sex civil partnership),

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<sup>2</sup> ONS 2016-based projections

which is much higher than the England and Wales rate of 34.6%; 17.5% of adults were separated, divorced or widowed, which is slightly lower than the England and Wales rate of 18.6%.

### **Poverty and Inequality**

The key message in the Best Council Plan is that for Leeds to be the Best Council in the Best City, we need to tackle poverty and reduce inequalities.

The council's approach to equality improvement recognises that people with a number of protected characteristics are disproportionately represented by poverty and financial exclusion.

#### *Picture of Leeds*

A significant number of people in Leeds were already being impacted by low income and poverty before COVID-19 took effect in March 2020.

Based on the IMD 2019, Leeds has 114 neighbourhoods (24% of its 482) in the most deprived 10% nationally. Although the IMD is based on neighbourhoods and is designed to identify pockets of deprivation, the government also publish summary measures for larger areas like local authorities. There is no single 'best' local authority measure, and the ranking of Leeds varies depending on the measure used.

Local authorities are often ranked on the proportion of neighbourhoods in the most deprived 10% nationally. Leeds is ranked at 33 out of 317 local authority districts (1 is most deprived) on this measure. However, there are two measures which identify local authority districts with large numbers of people experiencing deprivation. These are the income scale and the employment scale. The income scale ranks local authorities on the number of people experiencing income deprivation. Leeds had the 4th highest number (with Birmingham ranked 1, Manchester ranked 2 and Liverpool ranked 3). The employment scale ranks local authorities on the number of people experiencing employment deprivation. Leeds had the 3rd highest number (with Birmingham ranked 1 and Liverpool ranked 2.)

#### *Long Term Challenges*

Prior to the COVID-19 pandemic, long term challenges for the city in relation to poverty included:

- In 2018/19, 174,000 (22%) people across the city, were classified as being in 'relative poverty'<sup>3</sup>. In addition, almost 35,000 (23%) Leeds children below the age of 16 were estimated to be living in poverty in 2018/19<sup>4</sup>.
- An estimated 19.7% of all Leeds working residents earned less than the Real Living Wage in 2019, affecting 66,700 FTE residents, and an estimated 11,500 workers are on zero hour contracts.<sup>5</sup>
- Between April 1st 2019 to March 31st 2020, 41,600 people in Leeds had accessed a food bank, up by 23% on the previous year.

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<sup>3</sup> Relative Poverty measures individuals who have household incomes 60% below the median average. Source: DWP households below average income, published March 2020

<sup>4</sup> Children in Low Income Households Local Area Statistics (Source: HMRC & DWP Combined data published for the first time in 2020, replacing DWP's Children in out-of-work benefit households and HMRC's Personal Tax Credits: Children in low income families. This local measure provides a picture of children in low income families for both Relative and Absolute measures, but only Before Housing Costs (BHC)

<sup>5</sup> More information on Wages, Household Income and Employment in Leeds can be found in the [Leeds Poverty Factbook](#)

- In 2018, 10% of Leeds households were in fuel poverty (almost 35,000 households).<sup>6</sup>
- Prior to COVID-19, requests to the council for emergency food would be supported via the Local Welfare Support Scheme (LWSS) in Leeds. In 2019/20, 4,600 awards were made under this scheme, with 385 being food referrals to FareShare and 1,210 being awards for shopping vouchers, which could include food shopping and 1,800 awards were to support fuel costs.

### *Impact of COVID-19*

Research has shown how protected characteristics (particularly BAME and disadvantaged communities) have been disproportionately impacted both by COVID-19 directly and the associated negative economic impacts of the pandemic.

Families on low incomes reported to frontline council and partner services how during the initial lockdown period, panic buying and stockpiling led to low priced goods selling out fast and becoming unavailable. This problem was particularly acute for families in deprived communities, reliant on public transport to travel to access lower cost supermarkets. In addition, furlough had reduced household income for those jobs reliant on overtime and bonus schemes and also led to anxiety over jobs being sustained. Children not being in school/childcare and families on furlough or working from home increased the household spend on food and fuel due to being at home more, causing further strain on income.

Emergency regulations<sup>7</sup> were put in place by the Government, in recognition of the changing needs of both new and existing claimants at this time. These regulations included changes such as temporarily increasing the weekly standard allowance of Universal Credit by £20, suspending most debt deductions and removing both sanctioning and work commitments for claimants.

Data from the first 6 months of the pandemic has shown that the impact of COVID-19 has worsened existing inequalities that persist in the city, but also created new inequalities that have disproportionately affected households in poverty.

- In February 2020, pre-pandemic, 33,715 people citywide were claiming Universal Credit<sup>8</sup>, but by October 2020, this had more than doubled to 70,127 claims.
- According to the October 2020 school census, there are 27,888 children entitled to free school meals in Leeds (Reception to Year 11). This is a rise of 3,381 children since the January 2020 school census. Schools working with Catering Leeds provided 96,000 grab bags and 171,000 hampers to children eligible for free school meals (FSM) during lockdown between March and July 2020.
- A council survey of schools<sup>9</sup> to explore how schools supported families during the pandemic revealed that 30% had referred families to the Leeds Emergency Food Response, 16% had

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<sup>6</sup> Source: Department for Energy & Climate Change, 2018 results published in June 2020. Details are available online [here](#)

<sup>7</sup> The Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020 and Social Security (Coronavirus) (Further Measures) Regulations 2020

<sup>8</sup> Leeds moved to the full service digital platform of Universal Credit (UC) in October 2018. Full service means that all new claims to the 6 key legacy benefits (Job Seekers Allowance, Employment support Allowance, Income Support, Child Tax Credit, Working Tax Credit, Housing Benefit), will now be made to UC instead.

<sup>9</sup> School food provision and support survey conducted by the Health and Wellbeing Service July 2020. 73 responses received from schools, of which 22 had referred into the Leeds Emergency Food Response.

taken steps to set up their own food bank in school and 10% were able to offer FSM support to families who may have missed out on FSM qualifying criteria.

- In total over the 24 weeks of the council's Emergency Food Response<sup>10</sup> (23<sup>rd</sup> March to 6<sup>th</sup> September), there were almost 26,000 referrals for services. 48% of referrals were for food parcels, 19% for shopping, 17% for fuel and 9% for prescriptions. It is estimated that almost 34,000 food parcels were delivered over the whole 24 weeks.
- Leeds City Council delivered breakfast and lunch every day throughout lockdown (68,000 food bags), to up to 230 homeless people rehoused in hotels and bed and breakfasts.

The findings of the Welfare at a (Social) Distance project<sup>11</sup> suggest that the socio-demographic profile of new claimants differs from those who were already claiming before COVID-19. The new cohort of COVID-19 benefit claimants are more likely to be:

- Younger: almost half (46%) of new benefit claimants are aged between 18-39 years old, compared to 37% of existing claimants.
- BAME: 8% of new claimants are from BAME backgrounds compared to 6% of existing claimants. New BAME claimants have also been disproportionately impacted by job loss and/or a reduction in their hours.

In addition, findings relating to 'failed' benefit claimants showed:

- 80% reported some level of financial strain, with 48% experiencing more severe financial strain such as falling behind on housing costs, not keeping up with bills, not being able to afford daily fresh fruit and vegetables, or being hungry and not eating.
- The report found that unsuccessful claimants had much worse mental health on average than the wider non-claimant population, with 63% of unsuccessful claimants reporting poor mental health compared to 36% of non-claimants.
- High anxiety was also reported by 59% of unsuccessful claimants compared to 46% of the wider non-claimant population.

The national funding body for debt advice (MAPS) is projecting a 60% increase in debt problems over the next 18 months. In addition, Citizens Advice Leeds have provided the following data comparing March to July in 2019 to the same period in 2020:

- Universal Credit enquiries were 24% of total compared to 15% in 2019, reflecting numbers of people becoming unemployed or losing income through furlough/sickness etc.
- Employment enquiries increased to 10% from 6% in 2019, relating to furlough, redundancy etc.
- Of clients with a disability, people with mental health issues increased to 26% from 22% in 2019
- Increased enquiries from 20-44 year olds compared to previous years, reflecting the impact of the pandemic and lockdown on people of working age.

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<sup>10</sup> The Leeds Emergency Food response came into effect from the 16th March after Lockdown measures were announced nationally and has run for 24 weeks.

<sup>11</sup> Welfare at a (Social) Distance project a national research project investigating the benefits system during the COVID-19 pandemic, funded by the Economic and Social Research Council as part of UK Research and Innovation's rapid response to COVID-19. For their full reports to date, please see <http://hub.salford.ac.uk/welfare-at-a-social-distance/publications>.

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## Third sector

The council recognises and values the critical and significant role that the third sector plays in the life of the city and the importance of a diverse sector as articulated in the Leeds Third Sector Ambition Statement. The council has a long tradition of working in collaboration with the third sector in order to deliver the best possible outcomes for the people of Leeds.

The council demonstrates its commitment to the sector in many ways:

### *Partnership and engagement relationships*

The council invests financial and staff resource in the development and maintenance of partnership and engagement relationships with the sector, including city-wide strategic bodies and a network of locality, service, thematic, community and equality-focused third sector forums. This facilitates strategic engagement with the sector, dialogue between the sector, council and a range of partnerships and forums and enables the council to have better reach into communities through the third sector, resulting in more effective co-production and collaboration on key city and locality agendas. For example, the council provides executive support and plays a leading role in the Third Sector Partnership. This is a key part of the city infrastructure through which the third sector, council, NHS, universities and other public sector partners work together to ensure that collectively the conditions are created for a thriving third sector, so organisations can deliver better outcomes for the people of Leeds.

### *Investment in third sector infrastructure support*

The council invests in third sector-based infrastructure which provides a range of support to frontline third sector organisations, including: financial management, fundraising, training, legal, constitutional issues and governance, organisational development, volunteer management and brokerage. This investment has a particularly important role in ensuring that there is support for small and emerging groups and those groups from minority and marginalised communities and priority neighbourhoods.

### *Investment in the wider sector:*

The council makes a significant financial investment in the sector each year. An Annual Analysis of the council's investment in the Third Sector is produced and presented to the Third Sector Partnership. This allows council colleagues and partners to track trends, scrutinise and build an overview of where investment is made.

In 2019/20, provisional analysis shows the council's overall investment in the third sector to have been £130.5m with 1,264 individual third sector organisations. However it should be noted, as in previous years, that given the volume of data, the total costs and transactions identified as 'Third Sector' may not be fully reflective of all payments made to third sector organisations.

Of these:

- 598 organisations received payments of less than £1,000 (predominantly small, local, community and sports organisations).
  - 266 organisations received payments of between £1,000 and £5,000 (again these were predominantly payments to support smaller, local, and community-based activities).
  - 25 organisations / consortiums received £86.6m between them (principally agencies focusing on health, social care and the children's agendas; also included are some organisations acting as lead bodies for consortiums).
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- 182 faith organisations received £16.3m for their secular work in communities. (12.5% of total third sector investment)
- Members Improvement in the Community and Environmental (MICE) allocation totalling £153,000 was invested in third sector-led, community-based initiatives.

The total investment in the sector by the council has been broadly maintained in a period of very challenging financial circumstances. This is a positive picture but the council, along with third sector partners, continues to review the analysis of the council's financial relationship with the sector in order to understand whether the approach is supporting our shared ambitions for the sector and the city.

*Dialogue with the third sector around the budget pressures, the future direction of travel and investment in the sector*

There is ongoing dialogue with the third sector regarding the budget challenges and future plans, for example:

- In September 2020, the council's Head of Finance provided Leeds Third Sector Partnership with an overview of the council's financial position and the actual and predicted challenges that will need to be addressed in the council's budgets 2020/21 and 2021/22. In November 2020, further discussion took place on the council's financial position supplemented by analysis of council third sector spending and analysis from the National Lottery Community Fund and Leeds Community Foundation.
- Council directorates have well-established ongoing arrangements and dialogue with their third sector partners and other interested third sector stakeholders. This shapes and informs their approach to the budget challenges and their priorities. The Compact for Leeds sets out well understood expectations that they are in regular detailed discussions with organisations that will be impacted by any budget reductions or changes. Commissioners have worked closely with providers during the COVID-19 pandemic to ensure that Business Continuity Plans are in place and that Supplier Relief guidance was applied to minimise the financial impact on contracted providers.
- Voluntary Action Leeds, in partnership with Forum Central, Leeds Community Foundation, Social Enterprise Yorkshire and Humberside and Third Sector Leeds, have carried out two Resilience of the Third Sector surveys during COVID-19. The surveys sought to capture the impact of COVID-19 emergency arrangements on the third sector looking at:
  - sector viability in the light of changing income and expenditure
  - pressures on communities and changes in volunteering
  - the third sector's ability to adapt to changing circumstances and positive experiences.

As a result recommendations have been made to help reduce the worst impacts of the crisis on the third sector and capture the key positives of new working practices and changed relationships.

- As a response to COVID-19, a Resilience of the Third Sector Bronze Group has been set up in recognition of the critical support a thriving third sector provides to the people of Leeds. The work is led by the *obsession* to maintain the scope, diversity, capacity and sustainability of the third sector in Leeds. The Resilience of The Third Sector Bronze group has been established to:
    - Understand the potential impact of COVID-19 on third sector organisations and communities
    - Develop actions aimed at minimising the impact of COVID-19 on the third sector
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- Ensure that learning from COVID-19 is understood, shared and used to inform future actions and activity across the Third Sector and the wider system.
- A number of workstreams facilitated by third sector partners have been set up to support this work:
  - Resources - Secure commitment from all concerned with the resilience of the Third Sector to maintain the resources, especially funding, which are available to the sector
  - Communities - Develop solutions, provision and support in neighbourhoods and communities
  - Volunteering - Maximising the contribution of volunteers across the Leeds system.
  - Environment - Maintain and continue to build on the Environmental improvement in air quality, and reduction in all forms of transport
  - Generous Leadership – Development of a Generous Leadership model and enhanced network of community infrastructure
- The council worked closely with Voluntary Action Leeds (VAL) and other community and voluntary organisations to respond to needs in our communities as the COVID-19 pandemic set in. Over 8,000 Leeds residents registered as Community Care Volunteers in response to the crisis and were supported through registration and induction by VAL. A network of volunteer ‘hubs’ was set up across the city by the council’s Communities Team and VAL in partnership with a range of third sector organisations who were interested in being a ward level hub and leading the response to meeting needs at the local level. The speed at which the hub structure and support system was put in place is testament to the strength of partnerships which already exist in the city.
- The Communities of Interest network of community-based organisations was established in partnership between Forum Central, VAL, Healthwatch and Leeds City Council Communities Team following COVID-19 to ensure information and support connects with the most marginalised and vulnerable communities in Leeds. The network brings together representatives from third sector organisations supporting diverse communities from across Leeds to discuss and identify priority needs/issues and opportunities.

#### *Ongoing commitments and developments*

The council continues to drive forward and support a range of initiatives to ensure that Leeds has a thriving third sector and strong civil society that can deliver for all of the people of Leeds. For example:

- The Third Sector Partnership and Third Sector Resilience work continue to build on the following policy commitments:
    - The Compact for Leeds
    - The Third Sector Ambition Statement
    - The Characteristics of a Thriving Community
    - The Leeds Pledge to Strengthen Civil Society
    - The Leeds Commissioning Code of Practice
    - Leeds Code of Practice for Working Together
    - The Social Value Charter
  - In November 2020 the council’s Executive Board approved membership of the Keep it Local Network and adoption of the Keep it Local principles. The objective of the Keep it Local initiative is to support and encourage a determined focus on the ‘local’ through: investing in
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and building on local community assets; utilising local investment and resources for maximum local benefit; maximising external investment into the city; promoting collaboration and co-production across sectors for maximum local impact; and through the delivery of locally-focused and delivered, sustainable, people-centred services, save money and minimise demand on public sector funding.

- The council facilitates the cross sector Funding Leeds Partnership, which has been leading on ambitions to maximise external investment into Leeds through the third sector by making funding information and support accessible. This includes:
  - The development and promotion of a programme of training, funding fairs and workshops to enable front line third sector organisations to access information about funding opportunities and to develop skills and access support to maximise their success in bidding for funding.
  - The council funds the Funding Leeds platform: a comprehensive database of funding opportunities with information about local support that is available online and free to access.
- The council is further developing its employer-supported funding support programme which encourages council staff to volunteer to use their transferable skills and experience to help smaller community organisations to produce better funding bids, with a specific focus on support to minority and marginalised communities.
- The People's Commissioning arrangements in the council provide a vehicle to ensure that investment, including in the third sector, is coherent and coordinated.

Council colleagues and third sector partners will continue to broker further discussions as necessary on budget, global, national, local and other emerging challenges that impact on Leeds, in order to drive new ways of working and contribute to the delivery of the city ambitions; specifically to ensure that there is a diverse and thriving sector that continues to involve, engage and meet the needs of all communities.

### **The council's workforce profile**

In recent years in response to the financial challenges, the council has significantly reduced its workforce. Working closely with the trade unions and with the take-up of our voluntary leaver scheme we have managed to reduce staffing with relatively few compulsory redundancies. Reducing agency staff costs, overtime, sickness and introducing working from different locations has also brought costs down significantly. Reskilling and redeploying people whose roles are at risk helps continue to create a more flexible and responsive workforce and to minimise redundancies.

In-work poverty and low pay remain issues of national concern. In Leeds, work continues to tackle this, reflecting the commitments in the Low Pay Charter adopted by Council in April 2015.

- From 1st April 2020 the council's minimum hour rate increased to £9.36 which mirrored the Living Wage Foundation's recommended minimum rate of pay.
- A further increase from April 2021 onwards is planned.

These changes will continue to have a positive impact on in-work poverty, particularly for women, those under 25 and part-time workers. The council remains committed to annually reviewing pay in the overall context of the budget strategy. Increases are considered in terms of affordability, impact on pay structures and national pay settlements.

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As at November 2020 there were 14,912 people employed in the council (excluding schools and casual staff). The workforce profile of all employees is shown below.

Profile area	Headcount	% of overall headcount
<b>Gender</b>		
Male (including Trans)	5,827	39%
Female (including Trans)	9,085	61%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Age / years</b>		
16 – 25	957	6%
26 – 40	4,314	29%
41 – 54	5,503	37%
55 – 64	3,695	25%
Over 65	443	3%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Ethnicity</b>		
BAME	2,073	14%
Non BAME	11,415	75%
Prefer not to say	28	<1%
Not declared	1,396	10%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Disability</b>		
Disabled	919	6%
Not disabled	12,381	83%
Prefer not to say	111	1%
Not declared	1,501	10%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Carer</b>		
Carer	1,399	9%
Not a carer	7,989	54%
Prefer not to say	124	<1%
Not declared	5,400	36%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Sexual orientation</b>		
Heterosexual	8898	60%
Lesbian, Gay, Bisexual +	474	3%
Prefer not to say	155	1%
Not declared	5385	36%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Religion or belief</b>		
Religion stated	10,109	68%
Prefer not to say	137	1%
Not declared	4,666	31%
<b>Total</b>	<b>14,912</b>	<b>100%</b>
<b>Additional gender details</b>		
Same as assigned at birth	3,066	21%
Not same as assigned at birth	42	<1%
Not declared	11,804	79%
<b>Total</b>	<b>14,912</b>	<b>100%</b>

We continue to conduct monitoring on the number of people leaving through turnover and the voluntary early retirement and severance scheme. This acts as a check, to ensure that there is no adverse effect on the workforce equality profile.

We are working hard to encourage staff that have not specified/prefer not to say to update their equality information so we have a more accurate picture of our workforce; though long-term in nature, this work is deemed high priority.

The council promotes equality and diversity and is committed to creating a representative organisation with an inclusive culture. A refreshed People Strategy 2020-25, a key addition to the Best Council Plan 2020 to 2025, keeps inclusion and wellbeing at the centre of our plans and we continue to use our annual staff survey to gain valuable feedback that helps us improve the overall experience at work for our employees. The council has accreditation and recognition in the following areas:

- We achieved the Government's Disability Confident Leader Status in 2019
- We are a Stonewall Top 100 Employer.
- We have held Mindful Employer Status since 2011.

Due regard to equality continues to be given to all key and major decisions which may impact on the workforce.

### **Apprentices**

We continue to develop our current and future workforce, utilising the apprenticeship levy to upskill a wide range of staff, in line with our People strategy focussing on brilliant development and encouraging flexible career paths and progression. We have seen a significant increase in apprenticeship numbers since the levy was first introduced and this has continued in 2020 despite the COVID-19 pandemic. We have also achieved 47<sup>th</sup> place in The Top 100 Apprenticeship Employers accolade, run by the Employment & Skills Funding Agency (ESFA). This is a great achievement and one that we can build upon, when encouraging current and future staff to take up roles and training within the organisation.

As at November 2020, figures stand at 738 apprentices across the council, including schools. There continues to be a mix of new recruits and conversions of current employees onto apprenticeship training, although due to current recruitment restrictions, the emphasis moving forward is likely to continue to sway towards conversions over new recruits for a period of time. We now have apprentices training in over 85 different standards across all Levels 2 to 7.

We continue to engage communities and underrepresented groups within areas of deprivation and diversity across the city in order to widen participation and encourage inclusiveness and accessibility for all. This includes links with 6 target schools across the city, building awareness of local government opportunities, with students and parents alike.

Recent analysis of data indicates the number of BAME apprentices is at 15% and for disabled staff at 6%, both reflective of our workforce and the city. We are working closely with our staff networks to understand opportunities to grow the programmes and ensure they are accessible to all. After completing one or more apprenticeships, over 55% of our staff have progressed to higher graded roles. 48% of new Leeds City Council apprentices continue to be from the top 30% most deprived neighbourhoods in England.

Reflecting current financial challenges, apprenticeships are a strong part of our development offer and provide opportunities for staff to upskills and achieve career outcomes that they choose. This is

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reflected in the new Supporting Futures toolkit which continues to be developed as support and guidance during this time of change.

### **Equality Impacts and Improvement Work**

The council has developed and agreed the Equality Improvement Priorities 2018 – 2022. These ensure that the authority meets its legal duties under the Equality Act 2010 and they complement the ‘Best City’ ambition set out in the Best Council Plan for Leeds to have a Strong Economy and to be a Compassionate City.

Equality analysis continues to be used to set the council equality improvement priorities and has also been used to inform, and is an integral part of, the Best Council Plan and Budget proposals. The Equality Improvement Priorities recognise that there are currently different outcomes and experiences for different groups and communities, highlighting the challenges the city will have to address in order to tackle inequalities and help people out of poverty. They are based on evidence of disproportionate outcomes, which we are seeking to challenge and change.

The council’s Equality Improvement Priorities 2018 - 2022 were produced to ensure that the council meets its legal duties under the Equality Act 2010. The council’s Equality Improvement Priorities still take into account the protected characteristics as required under the Equality Act 2010, and we continue to recognise poverty as a barrier that limits what people can do and can be. We have, therefore, included priorities that specifically address poverty as we recognise that a number of the protected characteristics are disproportionately represented in those living in poverty. Recent work in Leeds has focused on understanding the disproportionate or differential impact on inequality of the COVID-19 pandemic on the city’s Communities of Interest and the protected characteristics. There is not an equality priority for every protected characteristic but all characteristics are taken into account. We are committed to equality for all our citizens and believe that improving a service for one community will have a positive impact for all communities. We will continue our work across all the protected characteristics, whether or not there are specific equality improvement priorities which are explicitly focussing on them. We will consider all communities when we give due regard to equality at both strategic and operational activities.

Progress against the equality improvement priorities is reported annually.

Current priorities include for example:

- Ensure people in Leeds can lead safer, healthier and happier lives and are free from the risks, threats and harms associated with domestic violence and abuse;
  - Keep people safe from harm;
  - Prevent and reduce levels of hate incidents by ensuring victims, witnesses and third parties of hate incidents are supported and offenders are brought to justice;
  - Improve inclusion and diversity across Active Leeds Services;
  - Increase digital inclusion, particularly for those in poverty to provide greater access to jobs, skills and learning;
  - Reduce the gaps in learning outcomes for vulnerable learners;
  - Improve equality outcomes across the six priority neighbourhoods with a focus on addressing inequality and poverty;
  - Improve access to social care services for LGBT+ people, through training, quality assurance and redesign of policies and processes;
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- Improve the well-being of young people that identify as Lesbian Gay Bisexual and Transgender across the city.
- Improve the walkability and accessibility of Leeds City Centre by developing and expanding a user friendly wayfinding system.
- Deliver well designed streets and transport infrastructure that is inclusive, people focused and accessible to all
- Ensure fair and equal access to taxi and private hire services for disabled people;
- Help people out of financial hardship; tackling the financial challenges of poverty, deprivation and inequality; and
- Develop a skilled and diverse council workforce.

In 2020, the city has had to respond to the COVID-19 pandemic. Recent work in Leeds has focused on understanding the disproportionate or differential impact on inequality of COVID-19 on the city's Communities of Interest and the protected characteristics covered by the Equality Act 2010. Communities of Interest have been identified as groups of people who share an identity, for example, people with a learning disability, or those who share an experience, for example, the homeless community. Work has started in the City to tackle and take forward the issues of COVID-19 inequality. Improving equality outcomes and tackling inequality are inextricably linked and the impact of the COVID-19 pandemic has brought this to the fore.

A new strategic approach to the council's Equality Improvement Priorities is to be developed for 2021 – 2025. These will take into account the disproportionate and differential impact of COVID-19 on inequality and will be closer aligned to the council's Best City Priorities. This will help to hard wire the council's approach to improving equality and tackling inequality into the strategic framework for the Best Council Plan, tackling poverty and reducing inequalities with the city's Inclusive Growth Strategy, Health & Wellbeing Strategy and Climate Emergency declaration as key drivers and locality working as a core principle.

They will also take into account tackling poverty and reducing inequalities with the city's Inclusive Growth Strategy, Health & Wellbeing Strategy and Climate Emergency declaration as key drivers and locality working as a core principle and will help to hard wire the council's approach to improving equality and tackling inequality into the strategic framework for the Best Council Plan and for the city.

The new Equality Improvement Priorities will be considered for approval by the council's Executive Board in July 2021.

### **Consultation and engagement**

The Budget 2021/22 proposals have been developed through consultation with a range of stakeholders, notably with the Executive Board, all Scrutiny Boards, the council's Corporate Leadership Team and other senior officers. They also draw on insights from the council's 2020 staff homeworking surveys and priorities set out in existing council and partnership plans and strategies which have themselves been subject to extensive consultation and engagement.

Public consultation on the council's Initial Budget Proposals for 2021/22 took place between 16th December 2020 and 13th January 2021. The consultation was carried out through an online survey that was advertised on the council's website and social media sites, govDelivery bulletin, via email to partner organisations, Equality Hub members and the Citizens' Panel, and was promoted to staff. A

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total of 2,495 surveys were completed, making the results statistically robust, by respondents from a range of different demographic groups, broadly representative of the Leeds population.

A summary of the public consultation results is included as part of the main Budget 2021/22 report to February's Executive Board and Full Council, with the results in full appended.

### **Summary and Next Steps**

This is a high-level strategic analysis and equality impact assessment of the proposed Budget and Council Tax for 2021/22. It has not identified any specific gaps in the equality and diversity information used to carry it out. The proposed Budget 2021/22 recognises the challenges that the city and the council are facing: reduced funding, increased demands on public services and inequalities impacting upon people's educational attainment, health and employment, many of which have worsened as a result of COVID-19. Having a clear, strategic vision centred firmly on tackling poverty and inequalities with a budget and wider financial strategy that supports this will help tackle these challenges.

The Budget is aimed at tackling inequalities through a range of activity and interventions. This requires an understanding of the potential negative impacts on communities and protected characteristics covered by the Equality Act 2010 and action identified to mitigate against these. The revenue budget will impact on all communities and, as previously stated, those groups identified at being at the greatest potential risk of negative impact include:

- Disabled people – including all impairment groups;
- Black, Asian and minority ethnic (BAME) communities;
- People from new and emerging communities;
- Women;
- Older and younger people; and
- Low socio-economic groups (within this group, there is over-representation by disabled people and BAME communities).

Other considerations also consider a range of factors including:

- Stakeholder status - for example, whether one is a service user, employee or elected member; and
- Potential barriers - for example, the built environment, location, stereotypes and assumptions, timing etc.

Equality impact screenings have been carried out on all 'service review' savings proposals for 2021/22 previously approved by the Executive Board for implementation /consultation at its September, October, November and December 2020 meetings. Full equality impact assessments will continue to be carried out on specific proposals in relation to implementing the Budget during 2021/22 and beyond through the council's decision-making processes.

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### VIREMENT DECISIONS TO AMEND APPROVED BUDGETS

#### Supplementary Votes (releases from the General Fund Reserve)

Supplementary votes, i.e. the release of general fund reserves, will only be considered in exceptional circumstances. The following approvals are required:

Up to £100,000	Chief Finance Officer <sup>(1)</sup>
Up to £5m	Executive Board
No specific limit	Council

#### Delegated Virements

- 1 Virement between budget book service heads, within the appropriate budget document approved annually by council will only be permitted in accordance with the following rules and value limits, summarised in Table 1. The virement limits and rules are set annually by council as part of the budget approval process.

The value limits apply to individual virements and are not cumulative.

- 2 Decisions taken in respect of virements will be executive decisions and should be taken in accordance with the requirements for delegated decisions in the council's constitution. Since by definition decisions which require virements do not fall within an existing budget, they should be treated as significant operational decisions unless they meet the threshold to be treated as key decisions. It is expected that any virement decisions arising from substantive operational decisions will form part of an overall decision making report, rather than being treated as a separate decision.
- 3 It should be noted that, whilst directors have delegated authority to approve virements up to £5 million, as with all executive delegations these are made save where the Leader or relevant Portfolio holder has directed, or where the director believes it is appropriate, that the matter should be referred to Executive Board for consideration.
- 4 Proposals to vary budgets arising as a result of the need to address a potential overspend (including shortfalls in income), recycling of efficiency gains and changed spending plans should satisfy the following criteria prior to approval by the decision taker as outlined within the attached table.

In considering proposals to vary budgets, the decision taker will take account of:

- The reason for the request for virement
- The impact on the council as a whole, including employment, legal and financial implications
- The impact on the efficiency of the service as a whole
- The sustainability of the proposals i.e. long term effects

- Whether the proposals are consistent with the council's priorities outlined within the Corporate Plan
- Whether the proposals are consistent with the Budget & Policy Framework
- The cumulative impact of previous virements

In addition, where a virement request exceeds £125k in value the decision-taker must seek the advice of the Chief Finance Officer as to the council's overall financial position prior to approval of the request.

- 5 Where *fortuitous savings* have arisen in any budget head, these should be notified to the Chief Finance Officer immediately they are known. Fortuitous savings are defined as those savings where their achievement has not been actively managed and may include, for example, savings in business rates or lower than anticipated pay awards. Any fortuitous saving in excess of £100k will not be available for use as a source of virement without the prior approval of the Chief Finance Officer.
- 6 Where wholly self-financing virements are sought to inject both income and expenditure in respect of, for example, approved external funding bids, there is no specific limit to the amount which can be approved by directors.
- 7 All virement and other budget adjustment schedules together with a copy of the Delegated Decision Notice and any supporting documentation should be submitted to the Chief Finance Officer for information and action within the financial ledger.
- 8 The Chief Finance Officer reserves the right to refer any virement to members where there may be policy issues.

### **Other Budget Adjustments**

- 1 There is a de-minimus level for virements of £10k, below which any variations to net managed budgets will be deemed other budget adjustments. Budget movements that are not between budget headings within the approved net managed budget will also be other budget adjustments.
  - 2 The Chief Finance Officer may also approve budget adjustments of unlimited value where these are purely technical in nature. Technical adjustments to budgets are defined as those which have no impact upon the service provided or on income generated.
- (1) The role of the Chief Finance Officer (section 151 officer) is fulfilled by the Chief Officer Financial Services

**Table 1****Maximum delegated limits for revenue virements**

<b>Approval Type</b>	<b>Full Council</b>	<b>Executive Board</b>	<b>Chief Finance Officer</b>	<b>Directors*</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A) Supplementary Votes (i.e. release of general fund reserve)</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>100,000</b>	<b>None</b>
<b>B) Virements of the net managed budget into or out of budget book service headings:</b>				
<b>1. Within a directorate</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>None</b>	<b>5,000,000</b>
<b>2. Between directorates</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>None</b>	<b>5,000,000</b>
<b>C) Self-financing virements of the net managed budget (from External Funding)</b>	<b>No specific limit</b>	<b>No specific limit</b>	<b>None</b>	<b>No specific limit</b>

\* Any reference to a director within the constitution shall be deemed to include reference to all officers listed in article 12 of the constitution.

Decisions taken by directors would be subject to consultation with the Chief Finance Officer as required under delegated decision procedure rules.

# LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

## Directorate: Adults and Health

### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such no directorate COVID impacts are detailed below.

### 2 Service Context

- 2.1 The current context for Adult Social Care and Public Health is heavily influenced by the Covid pandemic. It has necessarily changed significantly how and which services are commissioned and delivered. The near future is therefore somewhat uncertain; in Public Health sizeable efforts will still need to be input on managing the pandemic and its after effects throughout next year and a possible reprioritisation of services funded by the PH grant. Adult Social Care has to work within an uncertain environment of changes to its service offer mix and whether those changes are permanent or temporary, and a care market significantly affected by the pandemic. With specificity to each service the following aims to add further context.
- 2.2 **Adult Social Care:** the national context for Adult Social Care continues to be one of demographic increases, increased life expectancy, increasing complexity of need and service user expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services. These national trends, which are leading to increased cost pressures, have been evident for many years, but the economic climate is putting increasing pressure on public finances and the reductions in public spending have added to the financial challenges faced by Adult Social Care.
- 2.3 In an attempt to mitigate this financial pressure the Government, in its 2020 Spending Review, announced an increase in the Social Care Grant and that a consultation would be undertaken to permit local authorities to levy a 3% adult social care precept.
- 2.4 There is a concern that given the scale of demand and cost pressures on adult social care this additional funding in itself will not fully address the financial challenges faced, particularly within the context of continuing funding pressures for the Council as a whole. The Government Green Paper on the Future of Adult Social Care Funding was due to be issued in the summer of 2018, but has been deferred with an issue date not yet determined.
- 2.5 The pandemic has had an impact on the mix of care provided, particularly a move from residential into community based care, over the last year and the long-term effects of this may impact on the types and volumes of future provision.
- 2.6 Adult Social Care will continue to develop and implement its approach to design care and support arrangements around the strengths of individual service users and carers (strengths

based social care), and the assets available within their communities empowering them to live the 'Better Life' that they want for themselves. In addition, it will continue to work with health partners to develop plans for meeting the needs of the NHS England-led Transforming Care programme.

- 2.7 **Public Health:** Public Health commissions a wide range of providers to deliver Public Health services. These include 3rd sector providers, GPs, Pharmacists and Leeds Community Healthcare. Though the government increased the Public Health grant in 2020/21, after several years of cuts, this came with new burdens and the service is still operating on smaller grant than in previous years.

### 3 **Budget Proposals**

- 3.1 This 2021/22 budget has been set at £195,211k representing a net decrease of £6,938k (3.44%) when compared to the adjusted budget for 2020/21. This net decrease comprises a number of changes in grant funding and in the use of reserves totalling £5,627k and pressures totalling £14,687k offset by savings of £15,519k which are explained below.

#### 3.2 **Budget Adjustments and Transfers**

- 3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2021/22 budget which have an overall net impact of £429k.

- 3.2.2 These include a transfer of £301k from Resources and Housing representing the transference of the Intelligence and Policy team to Adults and Health; there has also been a transfer of staffing to the Financial Operations team from Resources and Housing to the value of £224k. A net transfer of £96k has been made to the Resources and Housing directorate, representing the move to an internally managed waste contract, transfer of an income stream, the transfer of a post, a saving target set against the corporate taxi and mail and print contracts; a sum is all included for additional usage of corporately managed mobile devices.

#### 3.3 **Changes in Specific Grant Funding – increase of £4,473k**

- 3.3.1 The budget proposals include an increase in the Social Care Grant of £4,473k announced in the 2020 Spending Review.

#### 3.4 **Changes in Use of Reserves and Balances – increase of £1,154k**

- 3.4.1 Social Care reserves totalling £3,444k will be applied in 2021/22 an increase of £1,154k on those utilised in 2020/21. £792k is to be employed to fund short-term schemes within Organisational Development, Commissioning, Safeguarding, Service Transformation, Operational Finance and social work largely to deliver savings plans; £2,652k of reserves will be utilised to partially mitigate the reductions required in service provision in 2021/22.

#### 3.5 **Changes in prices – pressure of £1,116k**

- 3.5.1 The budget reflects the announcement of a public sector pay freeze by Government at Spending Review 2020. As such the budget provides £1,043k for two elements of pay: the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review 2020. The provision reflects the Council's

continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.

3.5.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. The main provision for price inflation is £750k for care packages and £77k for the impacts of price increases on the in-house client transport service. No provision has been made for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate.

3.5.3 Inflationary increases in the level of fees, charges and income from other organisations are estimated to generate additional income of £754k. Many adult social care fees and charges are related to Department for Works and Pensions benefits rates and will be uplifted accordingly from April 2021. Those charges not linked to benefits rates have been budgeted to increase by 3%. An increase in the charges for services does not necessarily generate a proportionate increase in income as the amount people pay for most services is determined by individual financial circumstances.

### 3.6 **Actuarial Review**

3.6.1 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

### 3.7 **Capitalised Pension Costs – saving of £320k**

3.7.1 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 £159k.

3.7.2 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. Provision of £479k has been made to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below.

### 3.8 **National Living Wage/Ethical Care Charter Commissioned Services – pressure of £3,003k**

3.8.1 The Government announced an increase to the National Living Wage from £8.72 per hour to £8.91 effective from April 2021 for all employees aged over 23. The budget makes allowance for implementing the cost of the National Living Wage for commissioned services within Adult Social Care. The proposed budget also includes provision to enable a continuation of meeting the aims of the Ethical Care Charter. The impact of the National Living Wage and the Ethical Care Charter in 2021/22 is estimated at £3,003k.

### 3.9 **Demand and Demography – pressure of £8,411k**

3.9.1 Additional provision of £6,919k has been made to reflect the demand and demographic pressures forecast for 2021/22 for care packages. In recognition of the financial challenges facing the council the directorate intends to put measures in place to carefully manage this demand and ensure the costs of care packages represent value for money. Whilst the

additional provision has been allocated across placements, domiciliary care, direct payments and the learning disability pooled budget, the type of service will reflect client needs and choices so each element of the community care packages budget cannot be predicted with absolute accuracy.

- 3.9.2 An additional provision of £1,492k has been built in to the budget recognising the national Transforming Care agenda which will result in more people with a learning disability and/or autism being discharged from long-stay hospitals to their home location and supported in more independent settings such as supported living and with enhanced community support in place.
- 3.10 **Other budget pressures – £1,837k)**
- 3.10.1 Recognising the pressure the Covid pandemic has had on the care sector a budget of £1,150k has been created to support one-off payments to mitigate short-term pressures. Discussions on how best to do this are taking place with providers. There has been funding fall out of £235k associated with the cessation of government funding. The move from analogue to digital has a revenue of effect of £70k per annum for the Telecare service. Other minor variations amounting to £324k are included in the budget. A number of corporately managed areas have small impacts in Adults and Health; increases for NNDR £45k, insurance £6k and £7k for the Apprentice Levy are also provided for.
- 3.11 **Savings**
- 3.12 **Business As Usual – £11,675k**
- 3.12.1 Improvements in productivity within the Enablement Service is projected to save £300k through a reduced requirement for home care.
- 3.12.2 A remodelling of commissioned day opportunities provision for Working Aged Adults is expected to deliver £430k of savings to the directorate.
- 3.12.3 Within the commissioned services for Working Age Adults a review of eligibility for Continuing Health care is calculated to save £2,600k per annum. A review of the makeup of a block contract is expected to deliver an efficiency of £250k.
- 3.12.4 A review of primarily Working Age Adults care packages to ensure value for money is being achieved and that packages are appropriate when aligned the Strengths-Based approach adopted by the directorate. This exercise will also take in a review of s117 eligibility. The total target of these initiatives is to deliver a saving of £2,750k.
- 3.12.5 A review of the funding by both the Council and the CCG to the Adult Safeguarding Board has determined a reduction in contribution of £75k. It is noted that the Board has access to earmarked reserves to help it manage this reduction.
- 3.12.6 The directorate is putting processes in place to ensure recovery of home care payments from providers where it is proven that the service has not been delivered; modelling of this has suggested a saving of £489k is deliverable.
- 3.12.7 The directorate continues to improve its processes for the billing and collection of assessed client contributions, a further net £1,000k is projected to be recoverable in 2021/22.

- 3.12.8 Since the beginning of the pandemic the day services provided at Osmondthorpe Resource Centre have been successfully provided through outreach services and from other day centre facilities around the city; a continuation of this type of provision will free up savings of £119k, remove a substantial maintenance liability as well as providing a potential capital receipt.
- 3.12.9 Reflecting a review of commissioned day services, and a number of ceased projects a saving of £162k will be delivered.
- 3.12.10 A review of general expenditure across the directorate and the cessation of a number of small programmes will deliver £479k of savings and efficiencies.
- 3.12.11 Reviewing the impact of the pandemic has merited a rebasing of demand for residential and nursing care. This rebasing will remove £2,400k from the demand based budgets.
- 3.12.12 Non-client based income is expected to increase by £231k. This is largely related to changes in funding from the CCG as the service mix contractually provided by the department has become more complex in nature.
- 3.12.13 A saving of £57k is delivered by the ending of a data contract; a number of minor variations will further contribute £333k savings.

### 3.13 **Service Review £3,844k**

- 3.13.1 Following an assessment of the in-house occupancy levels and costs within its existing provision the directorate proposes to close two care homes, Richmond House and Homelea House, with a part-year saving of £489k. Work is ongoing to determine possible future uses including the potential for affordable or Council housing delivery, with care support also being considered for the Richmond House site.
- 3.13.2 Additional client contributions of £1,236k are estimated to be achieved following reviews and changes to the Maximum Assessed Contribution and billing being based on total costs for home care; it should be noted that clients will still be assessed for their ability to pay
- 3.13.3 The directorate proposes to reduce contracts and grants with the third sector across all client groups by £883k. The directorate is in discussions with the sector as a whole with a view to deciding the incidence of these reductions on individual organisations and minimising the impact these cuts will have on the sector. It is noted that though the proposed reduction has an ongoing impact that Test and Trace funding in excess of £800k (£500k of which is to the Neighbourhood Networks) is being injected into the third sector which it is hoped will help to mitigate and help to manage any resultant pressure.
- 3.13.4 To assist in addressing the financial pressure facing the Council the Early Leavers Initiative was extended in 2020/21; a number of individuals have left or will shortly leave the authority which will generate a saving calculated to be £1,236k.

## 4 **Risk Assessment**

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2021/22 budget for the Adults and Health Directorate are:

- 4.2 For Adult Social Care, a significant ongoing risk relates to the demand led nature of the services provided, together with the statutory responsibility to ensure that all assessed eligible needs are met, which means that the expenditure requirements to be met from the Adult Social Care budget cannot be predicted with absolute certainty.
- 4.3 The impact of the pandemic and the change on the current mix of care provided only enhances this risk. The budget is based on realistic demographic information using trends experienced in Leeds and national and local indicators that are available to the Council. However, the nature of demand for these services can be somewhat volatile and subject to demand factors that Adults & Health cannot directly control. The numbers of service users and the complexity of their needs may exceed the provision made within the budget. With approximately 3,500 placements in total a relatively modest percentage variance in numbers can give rise to a substantial cash variance. These variations could affect community care packages for adults, including those commissioned within the pooled budget for people with learning disabilities. In this context, delivering a number of the savings included within the 2021/22 budget carries some risk.
- 4.4 For Public Health; outside of the uncertainties that the Covid pandemic continues to provide, there is a continued risk of harm to health and an increase in health inequalities due to the impact of the Public Health cuts on commissioned services and programme budgets over the last few years. Though the grant was increased in 20/21 it is still lower than several years ago.
- 4.5 A risk of newly endorsed NICE (National Institute for Clinical Excellence) treatments becoming a cost pressure due to the Council's Public Health responsibilities. The Office of the Director of Public Health is responsible for a number of contracts which are activity based. There is a financial risk, based on the possibility of fluctuation of demand, some of which is determined by NHS tariff.
- 4.6 There is an overarching risk covering public health and social care relating to changes in national policy, practice and legislation e.g. Agenda for Change and the ongoing legal process concerning payments for 'sleep-in' costs.

Briefing note prepared by: John Crowther (Head of Finance)  
Telephone: 0113 37 88714

**Directorate - Adults and Health**

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	201.24	
<b>Adjustments</b>		
Transfers of function	0.49	
Other adjustments	(0.06)	
<b>Adjusted net managed budget</b>	201.67	
<b>Grant Fallout</b>		
<b>Grant Increases</b>		
Social Care Grant	(4.47)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Adult Social Care	(1.15)	
Public Health		
<b>Total Funding Changes</b>	<b>(5.63)</b>	<b>0.00</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
Pay	1.04	
Price	0.83	
Income	(0.75)	
<b>Employers Pension</b>		
<b>Capitalised Pensions</b>	0.32	
<b>National Living Wage - commissioned services</b>		
National Living Wage/Ethical Care Charter	3.00	
<b>Demographic and demand pressures</b>		
Demand and demography	8.41	
<b>Other</b>		
Apprentice Levy	0.01	
NNDR	0.05	
Insurance	0.01	
Care Market support	1.15	
Cessation of Spring Budget spending	0.24	
Telecare - digitalisation	0.07	
Other minor variations	0.32	
<b>Total Pressures</b>	<b>14.69</b>	<b>0.00</b>
<b>Savings Proposals:</b>		
<b>Business As Usual</b>		
Enablement Service - improved productivity	(0.30)	
Public Health - change in funding priorities	0.00	(3.00)
Working age adults: remodelling of day opportunities provision	(0.43)	
Review of Continuing Health Care eligibility	(2.60)	
Working age adults: value for money reviews, reassessments and demand mngt	(1.25)	
Review of Care Packages	(1.50)	
Leeds Safeguarding Adults Board	(0.08)	
Recovery of Payments for Care not delivered	(0.49)	2.00
Client Income recovery	(1.00)	
Transforming Day Care Opportunities	(0.12)	(3.00)
Reduction in Grants - Working Age Adults	(0.16)	
Review of General Expenditure	(0.48)	
Rebasing of Demand Budgets	(2.40)	
Contractual income/capitalisation	(0.23)	
Cessation of Caretrak contract	(0.06)	
Reviewing Block Contracts	(0.25)	
other minor variations	(0.33)	1.00
<b>Service Review</b>		
Decommission two Care Homes	(0.49)	
Review of Client Contributions for whilst maintaining means-testing	(1.24)	
Reduction in Services - Working Age Adults	(0.38)	
Reduction in Services - Older People	(0.50)	
Staffing reductions	(1.24)	(38.00)
<b>Total Savings</b>	<b>(15.52)</b>	<b>(41.00)</b>
<b>Net Managed Budget 2021/22</b>	<b>195.21</b>	<b>(41.00)</b>

# LEEDS CITY COUNCIL

## 2021/22 BUDGET REPORT

### Directorate: Children and Families

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such no directorate COVID impacts are detailed below.

#### 2 Service Context

- 2.1 It is important for the 2021/22 budget proposals to be seen in the context of the wider strategy that has been taken forward by the Directorate since it was established in 2010. The strategy developed by Children and Families with partners was implemented through the Children and Young Plan. Critical to the plan was a focus on practice underpinned by a relational approach that focused on working with families to address problems. To improve social work practice a workforce development strategy was established and caseloads reduced. Leeds, despite its size and complexity, is still in the top ten for recruitment and retention of social workers in the country.
- 2.2 A key result of the focus on practice since 2010 has been the success in reducing both the number of looked after children and the number placed in external placements; both residential and foster care. The number of looked after children in Leeds has reduced from 1,475 in 2011/12 to 1,307 as at January 2020. This has led to a reduction in the rate per ten thousand from 94 to 79. Regional and statistical neighbours, core cities and the national trend have all seen increases in the rate of children looked after with an average increase across England of 9 per ten thousand. These reductions in Leeds have been achieved at a time when the number of children in the city rose by six per cent, compared to a 4 per cent rise across England.
- 2.3 The improvements in practice and resulting improvements for outcomes for children and young people in the City resulted in Children's Services in Leeds receiving a judgement of 'Good' from Ofsted in 2015 and 'Outstanding' in 2018. The positive outcome of these inspections was important, not simply as an external verification of the success of the strategy adopted by Children and Families, but because it also enabled the Directorate to bid successfully for additional external funding. Leeds has a strong national reputation and this has led to Leeds being one of a small number of authorities to be given Partner in Practice status and funding by the Department for Education. Leeds was given funding £9.6m through the 2016 Department for Education Innovation Scheme, to pilot the extensive use of restorative practice through the Family Valued programme which in turn had been developed with the first tranche of innovation funding. Additional external funding secured over recent and future years (2013/14 to 2023/24) amounts to in excess of £75m.
- 2.4 These budget proposals build on the strategy outlined above by maintaining the investment in frontline services, social care and practice, early help and innovation in order to continue to improve outcomes for children and young people and minimise the use of external

placements. The 2021/22 budget also recognises the ongoing demand-led pressures in the Directorate and provides for increases in the CLA and transport budgets.

- 2.5 Throughout the COVID-19 pandemic, the Directorate has worked proactively with partners across the city to provide children and young people with essential support. Although provision has been made in the Council's Strategic budget for the ongoing financial impact of COVID, the wider implications for both short and long term need within the city mean that the Directorate will continue to work collaboratively with partners to identify priorities for service delivery moving forwards.

### 3 **Budget Proposals**

- 3.1 This 2021/22 budget has been set at £117,024k representing a net decrease of £7,120k (5.7%) when compared to the adjusted budget for 2020/21. This net decrease comprises a number of changes in grant funding and use of reserves totalling an increase of £700k and pressures totalling £4,541k, which are offset by savings of £10,961k. These are explained in more detail below.

#### 3.2 **Budget Adjustments and Transfers**

- 3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments totalling £1,772k which are reflected in the 2021/22 budget. These include the transfer of Performance and Intelligence staff to Children and Families during 2020/21 and an adjustment to the budget to reflect an ongoing contribution by Adults and Health for Children's Centres.

#### 3.3 **Changes in Specific Grant Funding – increase of £1,950k**

- 3.3.1 The budget includes an expected increase in grant funding from the Department for Education of £1,580k, based on trends in funding received in previous years and linked to the Council's ability to attract additional funding due to its outstanding rating for Children's Services.
- 3.3.2 The budget also reflects an additional £370k contribution from the Dedicated Schools Grant (DSG). £220k of this relates to an increased contribution towards eligible costs of providing central education services. A further £150k has also been assumed for an increase in the recovery of the education costs of eligible external residential placements. The Council has been under recovering these costs in previous years and the budget strategy in Children and Families has been to gradually move to a full cost recovery basis as funding has increased through the new national funding formula.

#### 3.4 **Changes in Use of Reserves and Balances – reduction of £1,250k**

- 3.4.1 The 2021/22 budget includes changes in the use of reserves totalling £1,250k. This reflects the fallout of a temporary £1,000k contribution from reserves, which was provided previously to support the Children and Families budget while work was carried out to identify savings. In addition there is a fallout of £250k in the use of PFI reserves to fund school PFI payments. In previous years, the school PFI reserves had contributed towards a shortfall in funding on the PFI accounts. However this contribution is not currently required, due to work carried out to re-baseline the funding received through the Dedicated Schools Grant (DSG) towards PFI costs, making this budget more sustainable in future.

### **3.5 Changes in prices – pressure of £919k**

- 3.5.1 The budget reflects the announcement of a public sector pay freeze by Government at Spending Review 2020. As such the budget provides £915k for two elements of pay: the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review 2020. The provision reflects the Council's continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.
- 3.5.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. No provision has been made for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate. There has been a small increase of £4k in relation to NNDR costs.

### **3.6 Actuarial Review**

- 3.7 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

### **3.8 Capitalised Pension Costs – increase of £416k**

- 3.8.1 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 £258k.
- 3.8.2 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. Provision of £674k has been made in the budget to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below.

### **3.9 National Living Wage/Ethical Care Charter Commissioned Services – pressure of £650k**

- 3.9.1 Provision of £650k has been included for the estimated cost of the increase in the national living wage for external placement costs.

### **3.10 Demand and Demography – pressure of £1,790k**

- 3.10.1 In recognition of the ongoing pressures on the Children and Families budget from increases in the child population and the resulting increase in children requiring support and children eligible for transport arrangements the CLA and financially supported Non-CLA budgets have been increased by £1,190k and the transport budget by £600k.

### **3.11 Other budget pressures – £766k**

- 3.11.1 Additional provision of £679k has been included for insurance costs, which reflects changes in the number and value of insurance claims.

3.11.2 A further £75k has also been included for increases in direct payments reflecting increased demand. An additional £12k has also been included to reflect increased apprentice levy payments.

### 3.12 Savings

### 3.13 Business As Usual – £10,049k

3.13.1 In relation to pay, savings of £2,574k have been included across the Children and Families budget, reflecting the deletion of vacant posts and take up of the corporate Early Leaver's Initiative scheme.

3.13.2 Transport related savings total £1,721k. This includes efficiency savings of £1,406k which have been included in the transport budget to reflect the ongoing work by the transport team in Civic Enterprise Leeds and staff in Children and Families to reduce transport costs. Initiatives include route rationalisation reviews, insourcing private hire routes, continued roll out of Personal Transport Allowances, private hire contract savings and greater emphasis on independent travel training. As outlined previously it is proposed to increase the transport budget by £600k for demand pressures, and after allowing for these efficiency savings the actual transport budget will reduce by a net £806k. Further transport savings of £195k relate to the CLA taxis budget, which will be achieved through increasing 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. There is also a further £20k of savings relating to the corporate taxis contract. The remaining £100k of savings relate to independent travel training.

3.13.3 Commissioning savings of £500k have also been included in the budget as a result of ongoing work with providers to negotiate efficiencies in existing contracts.

3.13.4 Contributions to the One Adoption West Yorkshire partnership have been reviewed based on activity levels across the member authorities, and the budget reflects a £990k reduction in the Council's contribution to ensure this is proportionate compared to other authorities.

3.13.5 Other expenditure savings total £961k and include savings from the previous contribution of £106k towards two West Yorkshire Police posts which will end in 2021/22. In addition to this, operational running cost savings of £305k have been included in the budget, along with £450k savings in schools and further education premature retirement costs. The budget also includes a £100k reduction in the Children and Families contribution to DSG for Post 16 costs, as these should be funded by DSG.

3.13.6 In addition to the extra grant income detailed in section 3 of this appendix, the budget also includes increases in a number of other income streams totalling £3,303k. This includes net additional funding of £1,000k which is assumed from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city. This net additional funding arises due to economies of scale as the Council moves towards the Home Office target of the UASC population being 0.07% of the child population of the city. A further £1,700k of income is included in the budget for additional health funding towards appropriate health costs of Children Looked After. The budget also builds in £298k of existing funding from the Department for Education towards eligible costs within the Directorate. Finally, an increase in other income has also been included, comprising £55k from One Adoption West Yorkshire and £250k from an increase in placement charges at Adel Beck secure unit.

### 3.14 **Service Review - £912k**

- 3.14.1 The budget includes £750k of savings from a service review of Early Help work, which plans to achieve management savings through closer integration of Early Help and Social Work teams. Potential staffing implications will be identified through the course of this review.
- 3.14.2 Consultation has also been carried out on a further £162k of savings in relation to ceasing childcare delivery from a Council run childcare site, which has been closed since the start of the first Covid lockdown. The Council's duty for the sufficiency of childcare places would still be met through local alternatives for every affected child. In addition, this proposal would enable the relocation of Childrens Centre Family Services from another site to this building, enhancing the quality of the family services on offer to the community.

## 4 **Risk Assessment**

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2021/22 budget for the Children and Families Directorate are:
  - 4.2 There is an increasing number of children with special and very complex needs. This impacts in particular on the Children and Families placements budget for Children Looked After, financially supported Non-CLA and on the transport budget. As already mentioned in the report these budget proposals provide for demand increases of £1.8m for these budgets. There is a risk that this additional funding is not sufficient to meet the growing demands. In particular, the longer term impact of Covid on children and young people is not yet known, and there is a risk that demand on services may increase as a result of this. The Directorate continues to develop innovative approaches to the delivery of services to mitigate the demand pressures, including a focus on preventative Early Help services.
  - 4.3 The Directorate's proposed budget includes additional income from grants and other sources and some of these will require further work to secure. This includes the additional health funding contributions and the increased number of Unaccompanied Asylum Seeking Children (UASC) required to attract additional funding and achieve economies of scale, as part of the Council's move towards the Home Office UASC target of 0.07% of the child population within the city. The income budget also includes assumptions on grant income based on previous trends, however a number of grant allocations will be announced after the budget has been prepared and there is a risk that the final allocations will be less than projected. There is also a risk that there will be further reductions in traded income as more schools become academies and financial pressures mean that there is reduced demand for services.

Briefing note prepared by: Louise Hornsey (Head of Finance)  
Telephone: 0113 3788689

**Children & Families Directorate**

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	122.37	
<b>Adjustments</b>	1.77	
<b>Adjusted net managed budget</b>	124.14	
<b>Grant Fallout</b>	0.00	
<b>Grant Increases</b>		
Expected grant income based on trends and Outstanding Ofsted rating	(1.58)	
Additional DSG income	(0.37)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Fallout of temporary contribution from reserves	1.00	
Fallout of use of PFI reserve to support school PFI costs	0.25	
<b>Total Funding Changes</b>	<b>(0.70)</b>	<b>0.00</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
Pay	0.92	
Price	0.00	
Income	0.00	
<b>Employers Pension</b>	0.00	
<b>Capitalised Pensions</b>	0.42	
<b>National Living Wage - commissioned services</b>		
National Living Wage/Ethical Care Charter	0.65	
<b>Demographic and demand pressures</b>		
Demand and Demography	1.79	
<b>Other</b>		
Insurance	0.68	
Direct Payments	0.08	
Apprentice Levy	0.01	
<b>Total Pressures</b>	<b>4.54</b>	<b>0.00</b>
<b>Savings Proposals:</b>		
<b>Business As Usual</b>		
Pay savings from deletion of vacant posts and the ELI scheme	(2.57)	(51.50)
Transport savings from efficiencies and alternative travel arrangements	(1.72)	
Commissioning savings through negotiating efficiencies in existing contracts	(0.50)	
Re-calculation of contributions to One Adoption West Yorkshire (OAWY)	(0.99)	
Contribution not continuing for two West Yorkshire Police posts	(0.11)	
Operational running cost savings	(0.31)	
Reduction in schools and further education premature retirement costs	(0.45)	
Contribution not continuing to Dedicated Schools Grant for Post 16	(0.10)	
Additional net funding from moving towards Home Office target for Unaccompanied Asylum Seeking Children	(1.00)	
Additional Health funding for Children Looked After	(1.70)	
Use of funding from the Department for Education	(0.30)	
Additional traded income from OAWY and Adel Beck secure unit	(0.31)	
<b>Service Review</b>		
Ceasing provision of childcare at one Council site and relocating Family Services to the building	(0.16)	(1.00)
Review of Early Help services and alignment with Social Work teams	(0.75)	
<b>Total Savings</b>	<b>(10.96)</b>	<b>(52.50)</b>
<b>Net Managed Budget 2021/22</b>	<b>117.02</b>	<b>(52.50)</b>

# LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

## Directorate: Children and Families

### The Schools Budget 2021/22

#### 1 Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Schools budget for the 2021/22 financial year.

#### 2 Context

- 2.1 The schools budget is mainly funded by the Dedicated Schools Grant (DSG), the majority of which is passed on to schools, with a small proportion of the grant being retained to support the Council's education responsibilities within the Children and Families budget. The DSG funding allocations for schools and the Council are agreed following consultation with schools and the Leeds Schools Forum, a statutory board with some decision making powers in relation to the use of DSG.
- 2.2 The Council makes two main decisions about the DSG budget. One of these relates to the formula used to distribute the core funding for mainstream maintained schools and academies. This is taken as an annual Key decision by the Director of Children and Families. The other decision relates to the budget for High Needs, which provides funding for Special Educational Needs and Disabilities (SEND). This decision is taken by Full Council as part of this budget report.
- 2.3 As the decisions made in relation to DSG affect maintained schools, academies and some private providers, the details within this appendix provide information about the DSG funding available across the city as a whole. However it should be noted that the Council does not administer payments for all of this funding, as some is paid directly to academies by the Education and Skills Funding Agency (ESFA).
- 2.4 In addition to DSG, schools are also provided with a number of other specific grants from the ESFA, details of which are provided below. The Council receives this funding on behalf of maintained schools and distributes the funding to those schools in line with ESFA requirements. The Council does not receive this funding for academies, who are paid directly by the ESFA. However the amounts for academies are included in the figures that follow, in order to provide consistency with the DSG funding figures and enable a meaningful year on year comparison of funding within Leeds, as maintained school figures on their own would be affected by any conversions to academies.

### 3 **Budget**

3.1 This 2021/22 expected schools funding for Leeds is £859,720k representing a net increase of £39,920k (4.87%) when compared to the adjusted funding for 2020/21. This increase comprises a number of changes in grant funding which are explained below.

#### 3.2 **Dedicated Schools Grant**

3.2.1 The schools budget is mainly funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and may only be applied to meet costs that fall within the schools budget. Any under or over spend of grant from one year must be carried forward and applied to the schools budget in future years.

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

3.2.3 A National Funding Formula (NFF) was implemented in April 2018 by the ESFA for high needs, schools and central schools services. However, local authorities will continue to set local formulae for schools as a transitional arrangement until full implementation of the NFF. Full implementation has been delayed until at least 2022/2023.

#### 3.3 **DSG Early Years Block**

3.3.1 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. From September 2017, there has been an additional 15 hours per week provision for working families of 3 and 4 year old children. The funding hourly rate has been confirmed as £5.36 for 2 year olds (from £5.28 in 2020/21) and £4.95 for 3 and 4 year olds (from £4.89 in 2020/21) and the grant received will continue to be based on participation. The actual grant received during 2021/22 would normally be based on pupil numbers in the 2021 and 2022 January censuses, however this could be affected due to closures as a result of the current lockdown

3.3.2 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 rates for 2021/22 for this element remain at £0.53 per hour. In addition, the Disability Access Fund rate has been confirmed at £615 per eligible child per year. The grant value shown below has been estimated based on the actual pupil numbers in January 2020.

#### 3.4 **DSG High Needs Block**

3.4.1 The High Needs Block supports Special Educational Needs and Disabilities (SEND) in a number of ways. This includes 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 SEND support and hospital & home education. A grant allocation was issued by the ESFA in December 2020, though

adjustments to this figure are expected up until July 2021. The value in the table below is before any deductions are made by ESFA in respect of funding for academies, free schools and post 16 places.

- 3.4.2 In line with the national picture, Leeds has experienced an increase in SEN demand and complexity in recent years, with this trend expected to continue. In recognition of this trend, the national High Needs allocation has increased by approximately £840m for 2021/22. This increase includes an amount in respect of the teachers' pay and pension costs which were paid as a separate grant in 2020/21. For Leeds the current allocation is an increase of £12m for 2021/22, though approximately £1.34m of this increase is in relation to the teachers' pay and pension grants which will no longer be paid as a separate grant.
- 3.4.3 Although funding has increased for Leeds, there is currently a cap on gains which means that the Leeds allocation for 2021/22 will be £3.9m less than the full National Funding Formula. Leeds has historically been underfunded in comparison to some other local authorities, and although the National Funding Formula is moving towards funding local authorities based on need, the funding increases are currently capped during the transitional period. Between 2018/19 and 2021/22 this has resulted in Leeds receiving £20.8m less for High Needs than would have been due under the full National Funding Formula.
- 3.4.4 Despite the £12m 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 and there is a risk that costs exceed the budgeted assumptions as a result of the increasing demand.
- 3.4.5 A key issue is that local authorities have a statutory duty to meet the special educational needs of children which are identified through an education, health and care plan (EHCP), and these needs are increasing in the city. Leeds operates a funding system (Funding for Inclusion, FFI) which provides additional funding for high level needs without the need for a statutory EHCP. This reduces the numbers and costs of undertaking and maintaining EHCPs compared to statistical neighbours and supports inclusion within mainstream schools. Leeds still has statistically lower numbers of EHCPs than comparators, however the city has seen increases in the numbers and complexity of needs of pupils receiving FFI funding and the number of EHCP assessments has risen by over 80% since 2014/15. It is estimated that if the current high level of demand for support through EHCPs is sustained, the number of children supported through these plans is likely to double by 2025 to over 7,000 children.
- 3.4.6 A medium term action plan to address the pressures on the High Needs budget is being developed, further details of which are provided in section 3.8 below. As part of addressing these pressures in 2021/22, Schools Forum has agreed to transfer £2.89m from the Schools Block to the High Needs Block, following consultation with schools. However some pressures still remain and an overspend against available funding of £1.18m is forecast for 2021/22. The

position on the High Needs Block will therefore be closely monitored during the year.

- 3.4.7 The proposed budget for 2021/22 taking into account the known and estimated changes is as follows:

	<b>2020/21</b>	<b>2021/22</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>High Needs Block DSG Income</b>			
High Needs Block baseline	85,741	97,872	12,131
Places funded directly by the ESFA	-8,910	-9,656	-746
Transferred from Schools Block	2,650	2,887	237
Transferred from CSSB	350		-350
<b>Total High Needs Grant</b>	<b>79,831</b>	<b>91,103</b>	<b>11,272</b>
<b>High Needs Block Expenditure</b>			
<b>Funding Passported To Institutions</b>			
Specialist settings	36,391	39,230	2,839
Mainstream schools and academies	13,904	17,794	3,890
Post 16 settings	4,465	6,744	2,279
Out of area and residential placements	8,954	11,541	2,587
Alternative provision	5,106	5,282	176
Other funding passported to institutions	3,609	4,133	524
<b>Total Passported To Institutions</b>	<b>72,429</b>	<b>84,724</b>	<b>12,295</b>
<b>Commissioned Services</b>	<b>1,821</b>	<b>1,953</b>	<b>132</b>
<b>Directly Managed By Children &amp; Families</b>	<b>5,581</b>	<b>5,607</b>	<b>26</b>
<b>Total High Needs Expenditure</b>	<b>79,831</b>	<b>92,284</b>	<b>12,453</b>
<b>Increase to DSG Deficit during 2021/22</b>		<b>1,181</b>	

### 3.5 DSG Schools Block

- 3.5.1 The Schools Block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11. The grant for 2021/22 is based on pupil numbers (including those in academies and free schools) as at October 2020. The final schools block funding for 2021/22 has been confirmed by the ESFA as £601.9m, an increase of £50.3m compared to 2020/21. £24.5m of this increase is in relation to the teachers' pay and pension grants which was previously paid as a separate grant. A further £7.7m of the increase is due to the overall increase in pupil numbers, and the remaining £18.1m increase is

due to additional funding being allocated through the ESFA's National Funding Formula.

3.5.2 Schools have been consulted on options for the local formula in 2021/22. The results of the consultation have been reported 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% (£2.89m) to the High Needs Block from the Schools Block. At the Schools Forum meeting on the 19<sup>th</sup> November 2020 Schools Forum approved this transfer.

3.5.3 A 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.

### 3.6 DSG Central School Services Block

3.6.1 The Central School Services Block (CSSB) includes the funding which was previously delivered through the retained duties element of the Education Services Grant along with previously reported ongoing responsibilities and historic commitments. The allocation for 2021/22 was issued in December 2020 at £5.156m. This is an increase of £89k compared to 2020/21. Within this, there has been a reduction of 20% on the historic commitment element in line with previous DfE statements to reduce funding on this element. There is also additional funding of £216k for the increased pension costs of centrally employed teachers which is no longer paid as a separate grant.

### 3.7 DSG transfers

3.7.1 The guidance for 2021/22 allows for funding to be moved within the DSG blocks. The table below provides a summary of the movements set out in the report above:

	Schools £m	CSSB £m	High Needs £m
Transfer from Schools to High Needs	-2.89		2.89
Transfer from Schools to CSSB for severance costs	-0.15	0.15	
	<u>-3.04</u>	<u>0.15</u>	<u>2.89</u>

### 3.8 DSG balance

3.8.1 At the end of 2020/21 it is projected that there will be an overall deficit balance of £6.92m on general DSG compared to a deficit balance of £3.96m at the end of 2019/20. The deficit balance will be carried forward into 2021/22. The proposed high needs budget for 2021/22 shows a deficit of £1.18m which will be added to the balance brought forward. The deficit has resulted from pressures on the High Needs Block over recent years.

- 3.8.2 A number of local authorities have deficit balances on their DSG accounts and the ESFA requires these authorities to put a plan in place for managing this. The Children and Families directorate are currently carrying out further work to identify a medium term plan which looks to bring the High Needs Block back into balance and addresses the current DSG deficit, to the extent that this is possible given any limitations in funding and increases in demand. The ESFA recognises that this will take time for some local authorities. The Directorate is working with the Leeds Schools Forum on development of the plan, including providing regular budget monitoring reports and updates on progress with identifying options.
- 3.8.3 In addition a previous review by Children and Families of the High Needs Block in 2017 identified a range of options to reduce costs, which were consulted on with stakeholders and implemented as appropriate at the time. The findings from that review will be re-visited with partners and are being analysed against benchmarking data to identify areas for further investigation. However the benchmarking data indicates that Leeds spends less per population head on most SEND services and support than comparators.
- 3.8.4 In the context of growing needs within the city and the cap on High Needs funding increases, options for managing within the available funding will be carefully considered and consulted on as appropriate in order to develop proposals. Particular consideration will need to be given to the fact that the High Needs budget supports the education of some of the most vulnerable children in the city and that benchmarking shows costs are comparatively low in this area. Options that result in outcomes being maintained or even improved, while also reducing costs, would be prioritised. Details of the plan will be brought to a future Executive Board meeting during 2021/22.

### 3.9 **Post 16 funding**

- 3.9.1 Funding for post-16 provision is allocated separately by the ESFA. Funding for high need post-16 pupils is no longer part of this grant and is now included in the DSG High Needs Block totals. Funding for 2021/22 will be based on 2010/21 lagged student numbers.

### 3.10 **Pupil Premium grant**

- 3.10.1 Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to year 11 pupils on the schools roll in January each year. The rates for 2021/22 have been confirmed as remaining the same as 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 plus 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.

### **3.11 Primary PE grant**

3.11.1 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.

### **3.12 Year 7 catch up grant**

3.12.1 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 available.

### **3.13 Universal Infant Free School Meals grant**

3.13.1 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 2021/22 academic year is based on a rate of £2.34 per meal taken by eligible pupils, giving an annual value of approximately £445. Data from the October and January censuses will be used to calculate the allocations for the academic year.

### **3.14 Teacher's pay and pension grants**

3.14.1 Funding for the additional teachers' pay costs 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.

3.14.2 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.

### **3.15 COVID funding**

3.15.1 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.

3.15.2 The amounts in the table below are the provisional allocations based on the October 2019 census. The final grant will be based on the October 2020 census.

### 3.16 Schools Funding Summary

3.16.1 The grants before ESFA deductions (e.g. for payments to academies) and transfers between blocks for 2020/21 (latest estimate) and 2021/22 are shown in the following table. Some of the amounts for 2021/22 are subject to final confirmation by the ESFA.

	2020/21 Current £m	2021/22 Estimate £m	Change £m
DSG - Schools Block	551.64	601.90	50.26
DSG - Central Schools Services Block	5.07	5.16	0.09
DSG - High Needs Block	85.88	97.87	11.99
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>859.72</u>	<u>39.92</u>

Briefing note prepared by: Louise Hornsey (Head of Finance)  
Telephone: 0113 3788689

# LEEDS CITY COUNCIL

## 2021/22 BUDGET REPORT

### Directorate: City Development

#### 1. Introduction

- 1.1 This report has been produced in order to inform Members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such no directorate COVID impacts are detailed below.

#### 2 Service Context

- 2.1 City Development is responsible for the Council's physical, economic, and cultural and sport services. The range of services and functions that the Directorate provides makes a significant contribution to the life, growth and vitality of the city.

#### 3 Budget Proposals

- 3.1 This 2021/22 budget has been set at £30,648k representing a net decrease of £7,552k (19.77%) when compared to the adjusted budget for 2020/21. This net decrease comprises a number of changes in grant funding totalling £1,700k and pressures totalling £3,638k offset by savings of £9,990k which are explained below.

#### 3.2 Budget Adjustments and Transfers

- 3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments which are reflected in the 2021/22 budget.
- 3.2.2 £59k has been transferred to Resources in respect of insourcing of the general waste contract and the Corporate Taxis contract.
- 3.2.3 Other budget adjustments give a net budget reduction of £80k which comprises of minor budget adjustments relating to items such as mail, print and IT, reducing the need for recharges to be made in year.

#### 3.3 Changes in Specific Grant Funding – increase of £1,700k

- 3.3.1 The 2021/22 budget reflect receipt of £1,700k of Gain Share from WYCA in respect of the West Yorkshire Devolution Deal.

#### 3.4 Changes in Use of Reserves and Balances – reduction of £500k

- 3.4.1 In the 2020/21 the budget proposals included the one year only use of balances of £500k, 2021/22 budget proposals recognises that it was a one year only proposal and removes the need for this £500k.

### **3.5 Changes in prices – pressure of £1,445k**

- 3.5.1 The budget reflects the announcement of a public sector pay freeze by Government at Spending Review 2020. As such the budget provides £603k for two elements of pay: the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review 2020. The provision reflects the Council's continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.
- 3.5.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. No provision has been made for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate. £842k has been provided for such contractual commitments including the PFI contracts for Street Lighting and three Leisure Centres.

### **3.6 Actuarial Review**

- 3.6.1 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

### **3.7 Capitalised Pension Costs – pressure of £814k**

- 3.7.1 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. Provision of £814k has been made to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below.

### **3.8 Other budget pressures – £1,379k**

- 3.8.1 A number of pressures have been recognised in the 2021/22 budget, £555k which is the net loss of income (after prudential borrowing) from the anticipated sale of the Trilogy Warehouses and Building One at Logic Leeds, and £500k has been provided for the loss of income at the Town Hall when it closes for refurbishment in autumn 2021.
- 3.8.2 £238k has been provided to ensure that the Flood Alleviation team in Highways is adequately resourced, and a further £200k is provided to increase the council's contribution to the Leeds 2023 Trust, and £75k for increased cleaning and security costs at Kirkgate Market.
- 3.8.3 These pressures include a resource allocation reduction of £195k for insurance costs which reflects changes in the number and value of insurance claims.

3.9 **Savings** - at total of £9,990k savings are proposed details of which are provided below.

3.10 **Business As Usual – £7,240k**

3.10.1 £520k of the savings relate to energy costs from the continuation of the Street Lighting LED conversion scheme, this is in addition to the £430k of LED conversion savings in the 2020/21 budget

3.10.2 £350k will be saved by mitigating pay inflation via charging the additional 0.75% cost of the 2020/21 pay award in Highways and Asset Management mainly to capital schemes, and a further £175k of income will be achieved as part of the full year effect of the 2020/21 saving in Highways for site development.

3.10.3 £700k of savings will be made in the Asset Management and Regeneration via staffing savings through voluntary means and expenditure savings from service revenue budgets and £480k of additional income is budgeted for which will come from the capital receipts fee income based on the 2021/22 Capital Receipts Programme. An additional £236k saving from the ongoing asset rationalisation programme freeing up existing building capacity is included in the 2021/22 budget increasing the 2021/22 savings target from £450k to £686k.

3.10.4 A further £350k of savings will be achieved via the increased capitalisation of staff costs and reductions in general expenditure budgets in Resources and Strategy. £250k of savings will be achieved via a directorate wide review and cash limiting of appropriate other operating expenditure budgets.

3.10.5 The Markets & City Centre Service will achieve £200k of savings via a reduction in staffing via voluntary means and expenditure reductions and increased income.

3.10.6 Savings of £400k are planned through the reduction of the major events budget in the Arts and Heritage Service, and an additional £254k from across some of its venues. £60k is to be saved on the Museum's Collections insurance, and £227k from a 15% reduction in arts grants to certain organisations. Cessation of annual Christmas Lights switch on and international football screenings in Millennium Square will achieve a further £88k saving.

3.10.7 Within Active Leeds a £100k saving will be achieved by the cessation of funding contributions to several sporting partnerships

3.10.8 £1,500k of savings will be achieved across the directorate from voluntary staffing reductions facilitated by the council's Early Leavers Initiative

3.11 **Service Reviews £2,750k**

3.11.1 Highways & Transportation have undertaken a service review of staffing operations across the service to deliver £1,620k of savings and/or additional income.

3.11.2 The Arts and Heritage have undertaken a number of reviews to deliver further savings. These were to consult on the introduction of an annual charge for Breeze card saving £150k, a reduced programme and new delivery model for Leeds Lights to save £208k, and reviews of Lotherton Hall and Thwaite Mills Museums to deliver £67k and £70k of savings respectively. At the time of writing this report evaluation of consultation responses for these proposals were being considered. With the exception of the Breezecard proposal, early

indication is that alternative means of delivering these savings will be found without the recourse to service closures and/or reduced opening arrangements.

3.11.3 The Planning and Sustainable Development Service is undertaking service reviews in both Strategic Planning and Development Management to deliver savings of £100k each.

3.11.4 Active Leeds is reviewing proposals to cease the service level agreement for Chippendale Pool to save £37k, close the Leeds Sailing and Activity Centre to save £88k, and a review of operational efficiencies at John Charles Centre for Sport (JCSC) to deliver a further £200k including potential changes in the operation of the Tennis Centre. At the time of writing this report evaluation of consultation responses for these proposals was being undertaken. The savings proposals at Chippendale Pool, Leeds Sailing Centre and the Tennis Centre at JCSC are all subject to potential third party interest which would result in alternative delivery models that means there would be no service closures and/or withdrawal of services. The intention is that a process of due diligence is undertaken on the viability of the third sector interest. In the interim period alternative savings would be provided by the Active Leeds Service to allow that assessment work to continue prior to formally reaching a decision on the way forward.

3.11.5 The Economic Development service review seeks to deliver £110k of savings via a staffing reduction from and reductions in memberships and events attendance.

## 4 Risk Assessment

4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2021/22 budget for the City Development Directorate are:

4.2 As the majority of their income streams are predicated on a buoyant and active economy, major Capital Programmes, Strategic Investments, Planning and Building Control fees, Advertising, Markets, Active Leeds, and Arts and Heritage income are all affected by local, regional, and national economic conditions and developments and therefore any downturn would be noted sharply in these service areas. This is particularly relevant to the Covid Pandemic and delivery of the 2021/22 budget will need a good recovery in the economy.

Briefing note prepared by: Jill Stuart (Principal Finance Manager)  
Telephone: 3788043

City Development Directorate

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	38.34	
<b>Adjustments</b>		
Transfers of function	(0.06)	
Other adjustments	(0.080)	
<b>Adjusted net managed budget</b>	38.200	
<b>Grant Fallout</b>	0.00	
<b>Grant Increases</b>		
Gain Share from Devolution	(1.70)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Use of Balances	0.50	
<b>Total Funding Changes</b>	<b>(1.20)</b>	<b>0.00</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
Pay	0.60	
Price	0.84	
Income	0.00	
<b>Employers Pension</b>	0.00	
<b>Capitalised Pensions</b>	0.81	
<b>National Living Wage - commissioned services</b>		
National Living Wage/Ethical Care Charter	0.00	
<b>Demographic and demand pressures</b>	0.00	
<b>Other</b>		
Apprenticeship Levy	0.01	
Strategic Investment Income	0.56	
Town Hall Refurbishment Loss of Income	0.50	
Flood Alleviation Team	0.24	
Leeds 2023	0.20	
Cleaning & Security	0.08	
Insurance	(0.20)	
<b>Total Pressures</b>	<b>3.64</b>	<b>0.00</b>
<b>Savings Proposals:</b>		
<b>Business As Usual</b>		
Street Lighting LED Conversion	(0.520)	
Capital Receipts Fee Income	(0.480)	
Income - mitigation of pay inflation via charging	(0.350)	
Highways - Site Development external chargeable works	(0.175)	
Asset Rationalisation	(0.236)	
Staffing savings through voluntary means and expenditure savings from service revenue budgets	(0.700)	(7.70)
Increased capitalisation of staff costs and reductions in general expenditure budgets	(0.350)	
Markets & City Centre Service - staffing and expenditure reductions and increased income	(0.200)	(1.50)
Employment and Skills - deletion of vacant post and reduction in expenditure budgets	(0.100)	(1.00)
Planning & Sustainable Development - voluntary staffing reductions and expenditure savings	(0.350)	(6.00)
Highways & Transportation - use of balances and review of charging	(0.900)	
Reduction in Budgets for major events	(0.400)	
Efficiencies across venues	(0.254)	
Museums & Galleries collection insurance	(0.060)	
15% reduction in grants to selected organisations	(0.227)	
Cessation of annual Christmas Lights switch on and international football screenings in Millennium Square	(0.088)	
Cessation funding contributions to several sporting partnerships	(0.100)	
Savings across the directorate from voluntary staffing reductions facilitated by the council's Early Leavers	(1.500)	(97.90)
Reductions in miscellaneous spend budgets across the directorate	(0.250)	
<b>Service Review</b>		
Economic Development - Staffing reduction and reduction in memberships and events attendance	(0.110)	(1.00)
Strategic Planning - develop further options following completion of service review	(0.100)	(2.00)
Highways & Transportation - review staffing operations across the service for savings and/or additional income	(1.620)	(26.00)
Planning Applications - savings through voluntary staffing reductions and procedural efficiencies	(0.100)	(2.00)
Proposal to reduce opening hours at Lotherton Hall	(0.067)	(5.20)
Proposal to reduce opening Hours at Thwaite Mills Museums	(0.070)	(5.10)
Proposal to consult on introduction of £3 annual charge for Breeze card	(0.150)	
Proposed reduced programme and new delivery model for Leeds Lights	(0.208)	(9.00)
Proposal to end SLA with Chippendale Pool	(0.037)	(5.60)
Proposal to close Yeadon Tarn Sailing Centre	(0.088)	(4.80)
Proposal for operational efficiencies within John Charles Centre for Sport	(0.200)	(1.50)
<b>Total Savings</b>	<b>(9.990)</b>	<b>(176.30)</b>
<b>Net Managed Budget 2021/22</b>	<b>30.648</b>	<b>(176.30)</b>

# LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

## Directorate: Communities, Housing & Environment

### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of the Covid-19 pandemic. As such no directorate Covid impacts are detailed below.

### 2 Service Context

- 2.1 The Directorate delivers a diverse range of functions which combine to form some of the key foundations of stronger and safer communities; well managed green spaces for recreation; effective and sustainable waste management services; cleaner neighbourhoods; quality customer contact; support for those most vulnerable; and efficient and effective licensing, elections and regulatory services, all of which combine to help make the city a desirable place to live, work and visit. At a time when significant savings have had to be identified, priority has been given to ensure that these services are maintained.
- 2.2 The Directorate serves some of the most vulnerable people in the city by providing a range of front-line services for local people whilst taking the lead on actions to reduce poverty and inequality across the city. Community Committees have improved the quality of the dialogue with local communities by focusing on what is important to local people and the Council is taking forward changes aimed at providing more integrated, responsive and accessible services.
- 2.3 In addition, from 1<sup>st</sup> April the Directorate will have responsibility for Housing which will enable better integration, engagement and collaboration across a range of complementary services. As well as providing advice to the many thousands in housing need, the Directorate will support many others to sustain their tenancies. It will intervene in the private sector to tackle some of the worst housing conditions in the city and will be actively engaged in leading on the delivery of projects to help tackle homelessness. The Directorate will also be responsible for the provision of council housing across the city which is dealt with separately within the HRA budget report.
- 2.4 The Directorate contributes to the delivery of the Best City Priorities as described in the Best Council Plan 2020 – 2025 and the key priorities which this budget is designed to support are as follows:
- Cleaner neighbourhoods
  - Providing a reliable waste collection and disposal service
  - Maximising the amount that can be re-used and recycled from the waste collected whilst at the same time actively undertaking and promoting energy recovery
  - Green spaces which people can enjoy
  - Reducing crime and anti-social behaviour
  - Tackling poverty and reducing inequalities
  - Tackling homelessness

- Supporting communities and raising aspirations
- Helping people adjust to welfare changes
- Implementing innovative approaches to delivering services for end users

2.5 Against a background of savings that have been incorporated into budgets over a number of years as well as the requirement to identify a significant amount of further savings for 2021/22, the Directorate's 2021/22 budget submission will nevertheless seek to protect services which support these priorities as far as possible.

### 3 **Budget Proposals**

3.1 The 2021/22 net managed budget has been set at £75,425k representing a net decrease of £1,418k (1.84%) when compared to the adjusted budget for 2020/21. This net reduction comprises a net increase in grant funding totalling £680k, changes in the use of reserves/balances totalling £199k and pressures totalling £5,156k offset by savings of £6,093k which are explained below.

#### 3.2 **Budget Adjustments and Transfers**

3.2.1 There have been a number of organisational changes which have impacted on the 2021/22 budget. These include:

- the transfer of statutory Housing functions and Housing related Supporting People contracts from the former Resources & Housing directorate
- the transfer of the Contact Centre, Digital Access, Business Support (in part) and Customer Relations Teams from Customer Access to the new Resources directorate
- the transfer of the Council Tax administration function from the Welfare & Benefits service to the new Resources directorate

3.2.2 The net effect of these organisational changes is to reduce the 2020/21 net managed budget by £1,913k to give a restated 2020/21 budget of £77,773k.

3.2.3 In addition, there have been other budget transfers which reflect the movement of functions between directorates. The most significant of these (£809k) reflects the transfer of a number of posts and associated running cost budgets from Customer Access and Welfare & Benefits for assimilation to the DIS Hub. A number of other adjustments have also been made to negate the requirement for recharges to be made between directorates.

3.2.4 The overall net impact of these adjustments is to reduce the Directorate's restated 2020/21 budget by £930k, giving an adjusted 2020/21 budget of £76,843k.

#### 3.3 **Changes in Specific Grant Funding – net increase of £680k**

3.3.1 The Housing Benefit Administration Subsidy grant is expected to reduce by £149k based on the provisional funding allocation announced in December 2020. The Localised Council Tax Support Administration Subsidy grant allocation is still awaited but it has been assumed that there will be a reduction of £51k for 2021/22.

3.3.2 The allocation in respect of Discretionary Housing Payments grant is still awaited but as expenditure incurred under the scheme is adjusted to match the grant, there will be no impact on the budget.

- 3.3.3 The Flexible Homelessness Support Grant (£1,130k) and the Homelessness Reduction Act (£526k) grants have been combined into a single grant called the Homelessness Prevention Grant with total funding increased by £688k to £2,346k. The increase in funding is being used to help fund the accommodation up to 40 people currently in hotel accommodation due to Covid-19 to remain off the streets and funding to assist homeless households with private rented tenancies has also been increased.
- 3.3.4 The Council has been successful in its Next Steps Accommodation grant bid. In total £2,654k has been awarded, split £1,654k revenue and £1,000k capital. Most of this grant is to be utilised in 2020/21 with the capital being used to acquire up to 20 new 1 bedroom properties and the revenue funding the additional costs of accommodation during the pandemic and also to develop the Ladybeck site to provide safe accommodation for women who are homeless. £315k of the revenue was awarded for future years (2021/22 to 2023/24) with £102k being used in 2021/22 specifically relating to the costs of Housing Navigators posts within partner organisations.
- 3.3.5 The 2020/21 base budget for the Rough Sleeper's Initiative grant is £732k. The MHCLG have confirmed this funding will be available in 2021/22 and the Council will apply for the continuation of this funding when it becomes available.
- 3.3.6 During 2020/21, a bid of £200k from MHCLG's Asylum Migration Integration Fund was successful. This is a 2 year programme and £90k of the grant will be used in 2021/22, with the balance being used in 2022/23.

#### 3.4 **Changes in Use of Reserves and Balances – reduction of £199k**

- 3.4.1 The contribution of £209k from the Wellbeing and Youth Activity Fund Reserve and £440k from the Waste Management earmarked reserves, which were budgeted to support the Directorate's revenue budget in 2020/21, will not re-occur in 2021/22 and this will create a budget pressure of £649k in 2021/22.
- 3.4.2 It is proposed to utilise £330k of carried forward balances in respect of Individual Electoral Reform grant to support the Directorate's revenue budget in 2021/22. In addition, it is also proposed to use £120k of the balance of the existing Homelessness Grant reserve to support expenditure on Homelessness activity.

#### 3.5 **Changes in prices – pressure of £1,730k**

- 3.5.1 The budget reflects the announcement of a public sector pay freeze by Government in the Spending Review 2020. As such the budget provides £1,219k for two elements of pay: the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced in the Spending Review 2020. The provision reflects the Council's continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.
- 3.5.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. No provision has been made for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate. The overall provision for price inflation within the

Directorate is £641k which includes £153k in respect of waste disposal contracts, £84k for fleet transport costs including fuel, £52k for grounds maintenance and £88k for business rates.

- 3.5.3 Inflationary increases in the level of fees and charges and income from other organisations are estimated to generate additional income of £130k. Of this, £71k relates to sales within Parks and Countryside including food/drink at cafes and retail sales, £16k for waste disposal charges, mainly at the Council's weighbridges, and £40k in respect of grounds maintenance charges to Housing Leeds.

### 3.6 **Actuarial Review**

- 3.6.1 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

### 3.7 **Capitalised Pension Costs – pressure of £983k**

- 3.7.1 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 £40k.
- 3.7.2 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill. Provision of £1,023k has been made to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below.

### 3.8 **Demand and Demography – pressure of £196k**

- 3.8.1 Anticipated household growth in the city will impact on the volume of waste disposed of and provision of £196k has been made for the increased disposal costs of waste to the Recycling and Energy Recovery Facility.

### 3.9 **Other budget pressures – £2,246k**

- 3.9.1 The continuing migration to Universal Credit has meant that there has been an overall reduction in Housing Benefit (HB) expenditure and subsidy in recent years as well as a decline in the amount of HB overpayment income which the Council can recover. The net impact on the budget of these reductions is estimated to be £500k in 2021/22
- 3.9.2 A number of planned major city centre developments are impacting on city centre car parking capacity and on bus lane enforcement. To reflect this, £930k was provided for the loss of income in the Directorate's 2020/21 budget and a further £230k has been provided for the full year effect of this in 2021/22.
- 3.9.3 The Council has responsibility to maintain horticultural features across the city including within the highway network and a number of transport infrastructure improvements, including road corridors and park and ride schemes, are anticipated to require horticultural maintenance revenue funding of £175k in 2021/22.
- 3.9.4 The impact of holding local elections in 2021/22 is expected to require an increase in budget of £180k which is net of income from the West Yorkshire Combined Authority as a result of holding the mayoral election at the same time.

- 3.9.5 As referenced in paragraphs 3.3.3 and 3.3.4, there will be additional funded spend on Homelessness activity totalling £790k in 2021/22.
- 3.9.6 The cost of insurance is estimated to increase by £372k in 2021/22 which reflects changes in the number and value of insurance claims.
- 3.10 **Savings**
- 3.11 **Business as Usual – £4,515k**
- 3.11.1 Within Environmental Services, non-operational staffing savings of £683k have been identified by realigning different sections within the overall service and streamlining management and supervisory arrangements. In addition, an increase in the level of vacancy factor within the Cleaner Neighbourhoods Team reflecting turnover experienced in recent years, will save an additional £200k.
- 3.11.2 Additional income of £100k is estimated to be generated from the disposal of trade waste over the Council's weighbridges. It is anticipated that this will be from a combination of volume trends and of a review of pricing to ensure that costs incurred by the service for disposal of the waste are fully covered by the charges made.
- 3.11.3 The charges made to residents for the replacement of black and brown bins will be increased by £4.60 for a standard bin to contribute to the cost of administering and delivery of the replacement bins. This revised charge represents around 57% of the actual cost to the Council. There will also be an increased charge to housing developers for new bins to cover the full cost of buying, administering and delivering the bins. Additional income of £110k is anticipated from these proposals.
- 3.11.4 The charges made for bulky waste collections have not been increased since 2017/18 and they will be increased from £20 to £30 in 2021/22. This charge will contribute to the costs of administration, collection and disposal of up to five (an increase from the current four) unwanted bulky items and is estimated to generate an additional £70k of income.
- 3.11.5 The household food waste collection pilot offered to 12,343 (3.5%) of homes in Leeds has been suspended since March 2020 due to the Covid-19 situation and it is planned that this suspension will continue until the end of 2021/22, with resulting savings of £150k.
- 3.11.6 Within the Parks and Countryside service, bereavement fees will be increased by 5% which is estimated to increase income by £367k in 2021/22.
- 3.11.7 A reduction of grass cutting frequencies is anticipated to deliver savings of £65k p.a. from expenditure currently incurred on the general fund streetscene grounds maintenance contract.
- 3.11.8 In addition, a reduction in the financial support provided to Groundwork Leeds will save a further £8k p.a.
- 3.11.9 Savings of £100k are estimated through increased income from developers for Public Rights of Way and integration of maintenance functions with parks operational teams.
- 3.11.10 A proposal to redevelop the golf course at Temple Newsam, approved at Executive Board in September 2020, is expected to deliver a part year saving of £31k in 2021/22, increasing to £72k p.a. from 2022/23 onwards. The scheme will transform the existing golf course from

a 27 hole offer to an 18 hole offer incorporating a community cycling scheme and road safety park, together with developing commercial opportunities.

- 3.11.11 Within Safer Leeds, efficiency savings of £171k are anticipated from reviewing activities across the service, with the majority of the savings expected to be made from a reduction in staffing levels.
- 3.11.12 Further savings of £625k within Safer Leeds will be achieved from the removal of the subsidy the Council provides for an additional uplift in Police and Community Support Officers (PCSOs), in line with other West Yorkshire Local Authorities.
- 3.11.13 A review of income achievable from Bus Lane Enforcement camera sites across the city is estimated to generate an additional £50k per annum.
- 3.11.14 The Council has secured European Structural and Investment Fund (ESIF) income for a period of 3 years in respect of the Enhanced Local Flexibility for the Unemployed Programme. This initiative is aimed at helping those individuals who are at a disadvantage in the labour market to tackle the barriers to sustainable employment. The programme will utilise existing senior customer services officers to deliver the outcomes, thus achieving a saving of £429k p.a. for a three year period commencing in early 2021.
- 3.11.15 The Council currently provides financial support to the Leeds City Credit Union and it is proposed to implement a 25% reduction to this annual payment, achieving a saving against budget of £63k. In addition, a targeted 10% reduction on the Third Sector Infrastructure Fund within the Communities budget is anticipated to save £36k.
- 3.11.16 A review of the level of overhead expenditure incurred by the Council and appropriately charged to Migration Yorkshire is estimated to generate additional income of £40k in 2021/22.
- 3.11.17 In recognition that Community Committees will experience an overall increase in funds delegated to them over the next 3 years, the annual wellbeing budget of £1.3m will be reduced by £195k p.a. which represents a 15% reduction against this budget.
- 3.11.18 Staffing efficiencies of £600k have been identified across the Directorate, primarily to be achieved through the Council's Early Leaver scheme. In addition, a line by line review of budgeted operational expenditure across the Directorate has identified further savings of £419k.

### 3.12 **Service Review - £1,578k**

- 3.12.1 Within the Welfare and Benefits service, a saving of £520k reflects a review of staffing structures including a review of management arrangements to ensure that spans of control are appropriate, especially in light of falling Housing Benefit caseloads due to the continuing migration to Universal Credit.
- 3.12.2 Following a review of the number of sites and usage of Household Waste and Recycling Centres (HWRCs) across the city and public consultation on the potential closure of Otley (Ellar Ghyll) HWRC, it is proposed that the opening times for this site will be reduced to weekends only; with a view to exploring opportunities for a potential new, modern facility, incorporating a re-use shop, to replace both the Otley and Yeadon sites. The partial closure is estimated to save £75k in 2021/22.

- 3.12.3 The West Leeds Country Park Visitor Centre has been closed to the public due to Covid-19 restrictions and savings of £90k p.a. have been identified on the assumption that it will not re-open. There is a potential opportunity to repurpose or replace the existing buildings with a park cafe that could retain some of the educational elements of the visitor centre. Following consultation, the centre will remain closed and will not be converted into a café by the council; and engagement will take place with interested parties on potentially taking over the building.
- 3.12.4 Originally a 50% reduction in the number of bowling greens provided by the Council was proposed with an estimated saving of £83k p.a. This was to be achieved through community asset transfers or through the direct removal of greens. Following consultation, the original proposal will be revised such that no bowling greens will close. Positive engagement will continue on possible asset transfers where this is preferred and additional income will be generated through increasing the annual price of a season ticket from £31 to £40 as recommended by some respondents to the consultation. This recognises that there hasn't been an increase since 2016 and is estimated to generate £12.5k p.a.
- 3.12.5 The implementation of a new intruder monitoring system at four sites within the Parks & Countryside portfolio will deliver savings of £73k p.a. The system will be linked to the Leedswatch Alarm Receiving Centre and will enable a reduction in staffing costs at the sites.
- 3.12.6 A proposal to reduce seasonal bedding displays in parks and other green spaces by 50% and to also reduce floral decorations such as hanging baskets, troughs and planters in the city centre by 50% is estimated to save £150k p.a. At the time of writing, public consultation is underway and due to close in early February.
- 3.12.7 A review of opening hours and staffing rotas within Community Hubs is expected to achieve savings of £457k p.a. through streamlining provision across the city whilst providing an overall net increase in total hours open in community hubs and libraries. At the time of writing, public consultation is underway and due to close in early February.
- 3.12.8 A reduction of £200k in the net cost of Community Centres is anticipated from a range of efficiency measures including the potential closure of 3 underutilised community centres where suitable alternatives can be provided and general running cost efficiencies across all community centres. At the time of writing, public consultation is underway and due to close in early February.

## 4 Risk Assessment

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the Directorate's overall risk management framework. Within this framework, a register of those items considered to carry the highest risk and which therefore require careful and regular monitoring has been prepared.
- 4.2 There are still significant uncertainties around the impact of the continuing Covid-19 pandemic and the subsequent impact on the Directorate's income and expenditure budgets. The Council's Strategic Budget provides for £24,600k for the ongoing impact of the Covid-19 pandemic in 2021/22.
- 4.3 Other key risks in the 2021/22 budget for the Directorate include:

- 4.3.1 The level of budgeted car parking income receivable from on-street and off-street parking is not realised and the impact on income budgets from city centre developments is greater than anticipated.
- 4.3.2 Assumptions in respect of income receivable from Bus Lane and Car Parking Enforcement are impacted upon by a reduction in the number of offences.
- 4.3.3 Assumptions in respect of waste volumes and the level of recycling across the city are not realised, impacting on disposal costs and levels of income achieved.
- 4.3.4 The level of demand is less than anticipated for income generating activities within Parks and Countryside.
- 4.3.5 The level of assumed specific grant funding within the Welfare and Benefits service is still subject to confirmation of the final allocations by the Government.
- 4.3.6 The budgeted level of income in respect of the recovery of Housing Benefit overpayments is not achieved and the continuing roll out of Universal Credit has a greater impact than anticipated.
- 4.3.7 The levels of those seeking homelessness support are beyond the numbers assumed to be funded by the Homelessness Prevention grant.
- 4.3.8 Staff turnover and the number of vacant posts across the Directorate are less than assumed in the budget, potentially impacting on the Directorate's staffing savings assumptions.

Briefing note prepared by: Michael Everitt (Head of Finance)  
Telephone: 87817

**Communities, Housing & Environment**

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	77.77	
<b>Adjustments</b>		
<b>Transfers of function</b>	(0.83)	
<b>Other adjustments</b>	(0.10)	
<b>Adjusted net managed budget</b>	76.84	
<b>Grant Fallout</b>		
Reduction in Housing Benefits/Localised Council Tax Support Admin grants	0.20	
<b>Grant Increases</b>		
Homelessness Prevention Fund	(0.69)	
Next Steps Accommodation Programme	(0.10)	
Asylum, Migration Integration Fund	(0.09)	
<b>Changes in the use of Reserves &amp; Balances</b>		
Reversal of use of Wellbeing reserve in 20/21	0.21	
Reversal of use of Waste Management reserve in 20/21	0.44	
Use of carried forward IER grant balances	(0.33)	
Use of Homelessness Grant Reserve	(0.12)	
<b>Total Funding Changes</b>	<b>(0.48)</b>	
<b>Budget Pressures:</b>		
<b>Inflation</b>		
Pay	1.22	
Price	0.64	
Income	(0.13)	
<b>Capitalised Pensions</b>	0.98	
<b>Demographic and demand pressures</b>		
Additional black bin waste disposal volumes	0.20	
<b>Other</b>		
Housing Benefits Overpayment income	0.50	
Impact of city centre developments on car parking income	0.23	
Impact of infrastructure improvements on Grounds Maintenance	0.18	5.0
Additional net cost of local elections	0.18	
Homelessness Grant related costs - staffing and accommodation	0.79	
Insurance	0.37	
<b>Total Pressures</b>	<b>5.16</b>	<b>5.0</b>
<b>Savings Proposals:</b>		
<b>Business As Usual</b>		
Environmental service managerial and supervisory restructure and realignment of functions	(0.68)	(14.2)
Increase staffing vacancy factor within Cleaner Neighbourhoods Team	(0.20)	
Additional income from trade waste disposal	(0.10)	
Removal of subsidy to developers for new bins for new houses	(0.07)	
Contribution to admin/delivery costs for replacement black/brown bins	(0.04)	
Increased charge for bulky waste collections to contribute to the costs of administration, collection and disposal. In making this change we will also increase the number of items collected from 4 to 5	(0.07)	
Continued suspension of the household food waste collection pilot	(0.15)	(4.5)
Bereavement fee increase	(0.37)	
Review general fund grounds maintenance contract to deliver 10% saving	(0.07)	
Reduced annual support to Groundwork	(0.01)	
Increased income from developers for Public Rights of Way and integration of maintenance functions with parks operational teams	(0.10)	(2.0)
Temple Newsam Cycle Trails & Road Safety Park development	(0.03)	2.0
Savings in Safer Leeds through restructuring and increasing grant income	(0.17)	(5.0)
Removal of subsidy for additional Police Community Support Officers	(0.63)	
Additional income from Bus Lane enforcement	(0.05)	
European Structural Investment Funding for the Enhanced Local Flexibilities for the Unemployed Programme	(0.43)	
Reduced contribution to Leeds City Credit Union	(0.06)	
Reduced contribution to Third Sector Infrastructure Fund	(0.04)	
Increase in income from Migration Yorkshire to cover support costs	(0.04)	
Reduction in annual wellbeing budget delegated to community committees	(0.20)	
Directorate wide staffing reductions facilitated by the council's Early Leavers Initiative and/or additional voluntary measures	(0.60)	(25.8)
Line by Line review of operational expenditure across the directorate	(0.42)	
<b>Service Review</b>		
Welfare and Benefits - staff restructuring incorporating a review of management arrangements	(0.52)	(13.0)
Partial closure of Otley (Ellar Ghyll) Household Waste and Recycling Centre.	(0.08)	(2.0)
Closure/transfer of West Leeds Country Park visitor centre in Pudsey Park	(0.09)	(2.0)
Review of season ticket prices for bowling greens	(0.01)	
New intruder monitoring system at 4 sites across the Parks & Countryside portfolio	(0.07)	(3.0)
50% reduction in floral decorations in the city centre and seasonal bedding displays	(0.15)	(4.0)
Review of opening hours and staffing rotas within Community Hub/Libraries	(0.46)	(16.9)
Closure of 3 community centres with additional efficiencies across all community centres	(0.20)	
<b>Total Savings</b>	<b>(6.09)</b>	<b>(90.4)</b>
<b>Net Managed Budget 2021/22</b>	<b>75.43</b>	<b>(85.4)</b>

# LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

## Directorate: Communities, Housing and Environment

### Housing Revenue Account

#### 1. Introduction

- 1.1 The purpose of this report is to inform members of the main variations and factors influencing the 2021/22 Housing Revenue Account (HRA) budget.
- 1.2 The 2021/22 budget has been prepared at outturn prices. This means that allowances for inflation have been included in the budget submission.
- 1.3 The appendix below sets out a summary of the HRA budget for 2021/22

#### 2. HRA Budget Strategy

- 2.1 An increase in accordance with the Government's rent formula of CPI (0.5% as at September 2020) +1% is proposed. This overall 1.5% rise equates to approximately £1.09m in additional rental income, when taking into account stock reductions for Right to Buy sales (RTB).
- 2.2 The Council remains committed to sustaining the amount provided to maintain homes and to replacing homes lost through RTB by the planned investment in new homes, buying of empty homes and exercising the Right of First Refusal which the Council has to buy back former local authority homes sold under RtB legislation.
- 2.3 Although income is forecast to increase with rent increases in line with the formula, there are inflationary pressures and significant variations as outlined in the key movement areas outlined below. Legislation requires that the HRA balances. In order to do this all budget headings have been examined to achieve efficiencies and improved targeting of resources together with the use of reserves, RTB receipts and borrowing to fund the HRA capital programme.
- 2.4 The strategy also assumes a continued commitment to maintaining investment in the housing stock through a capital programme primarily funded from tenants rent.

#### 3. Key Issues - 2021/22

##### 3.1 Rent Policy

In October 2017 the government announced a return to allowing a rent rise of up to the Consumer Price Index (CPI) plus 1% for five years from April 2020. It is therefore proposed that rents are increased by 1.5% (CPI of 0.5% as of September 2020 +1%) in 2021/22 for the majority of dwellings. Further details are provided in Section 4.1

### **3.2. Services Charges**

Tenants in multi storey flats (MSFs) and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts and pay part of the cost of these services meaning other tenants are subsidising the additional services received. It is proposed that an increase of RPI of 1.1% (September 2020 rate) on both MSF and Low/medium rise flats is implemented in 2021/22. Further details are set out in 4.3.

### **3.3 Charges for Sheltered Support**

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, £10 in 2020/21 and it is proposed to continue the 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. At £12/week, for self-payers, the service is subsidised by £3.14 per week

See 4.3.3.for further details.

### **3.4 Capital investment and Council House Growth Programme**

The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through RTB by the planned investment in new homes. The Council aims to maintain a consistent level of capital expenditure with a view to improving the condition of the housing stock. The total draft capital programme for the HRA remains at around £80m in 2021/22 and additionally, £8.6m has been provided for the Public Sector Decarbonisation Scheme which provides grants for public sector bodies to fund energy efficiency and heat decarbonisation measures. In addition the Council House Growth Programme provides funding of over £240m to 2024/25. Further details are set out in 5.10.

## **4. Key movements 2020/21 to 2021/22 - Income**

### **4.1 Dwelling Rents**

As detailed in 3.1, it is proposed to increase rents to all properties, in accordance with the government formula for rent increases, by 1.5% to generate around £1.09m in additional rental income.

Increasing average rents by 1.5% equates to an increase of £1.12 per week /£58 per year as shown in the table below, however, the impact of this on individual tenants will vary.

<b>Average rent</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Increase</b>
<b>£ per week</b>	74.00	75.12	1.12
<b>£ per year</b>	3,848	3,906	58

The budget for 2021/22 assumes that 610 properties will be sold under RTB which is based upon the continuation of normal activity levels. The impact of this is a forecast reduction in rental income of around £2.4m in a full year.

A void level of 0.8% has been assumed which is in line with the normal levels. The policy of re-letting properties at target rent (the rent which, under Government policy, should be charged for a property taking into account a number of factors such as the valuation of the property and the number of bedrooms) continues.

The budget also factors in additional income from new homes built or acquired during the year. The budget assumes 84 new homes through the Housing Growth programme, 44 brought back into the HRA from the Right of First Refusal policy and the purchase of a 21 new 'off the shelf' homes

The impact of the proposed rental increase, assumed stock reduction through RtB and the impact of new builds is a net increase in income from dwelling rents of £1.1m in 2021/22.

#### **4.2 Other rents**

It is proposed to apply a 1.1% rental income increase for garages in line with RPI. Any other increases will be in accordance with individual lease agreements.

#### **4.3 Service Charges**

Net income from service charges is budgeted to increase by £537k in 2021/22. The main movements are detailed below.

##### **4.3.1 Heat Lease**

Income from heat lease charges is budgeted to increase by RPI of 1.1% in 2021/22 due to £263k.

##### **4.3.2 Service charges for MSFs, medium and low rise properties**

As stated in 3.2, tenants in multi storey flats (MSFs) and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts and pay part of the cost of these services meaning other tenants are subsidising the additional services received. It is proposed that an increase of RPI of 1.1% on both MSF and Low/medium rise flats is implemented in 2021/22. This will generate an additional £40k compared to 2020/21.

### **4.3.3 Charges for Sheltered Support**

Tenants living in sheltered housing schemes across Leeds are supported by Sheltered Support Officers who provide housing related support. This support includes; completing needs and risk assessments, developing and reviewing support plans, making referrals to other agencies and carrying out regular visits to enable tenants to live independently in a safe environment.

The proposed charge for 2021/22 is £15.14 per week. This charge fully recovers the costs of the service and is eligible for Housing Benefit.

The proposed increase in charge for those covered by Housing Benefit, along with the decrease in the subsidy for self-payers, will generate an additional £294k compared to 2020/21.

### **4.3.4 Retirement Life**

It is 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 will provide income of approximately £400k p.a. A consultation on the introduction of this charge is being undertaken. Whilst a full charge covering communal areas equates to £7.83 and for standalone Community Centres is £3.34, it is proposed that for self-payers this charge is initially subsidised and introduced over 3 years.

### **4.3.5 District Heating charges**

Housing Leeds manages a number of district heating schemes, including the new Leeds PIPES (Providing Innovative Pro-Environmental Solutions) scheme which provides heating generated by the Recycling and Energy Recovery Facility (RERF) to the Saxton Gardens, Ebor Gardens and Lincoln Green areas. A 30p/wk change in the standing charge is proposed for Leeds PIPES as a step towards full cost recovery. An RPI increase of 1.1% is proposed for all other District Heating Schemes.

The total income expected from all district heating charges in 2021/22 is £775k of which £329k income is from the Leeds PIPES scheme.

### **4.3.6 Contributions from leaseholders to capital works**

The 2021/22 budget reflects contributions from leaseholders where their properties have benefited from capital investment. The 2021/22 budget assumes a £99k increase to bring the income budget to £1,178k, although it will be dependent upon the works undertaken.

#### 4.3.7 Extra Care

The income from service charges for the authority's Wharfedale View facility in 2021/22 is budgeted at £127k to reflect RPI.

#### 4.4 Impact on tenants of increased rents and charges

An analysis of the impact on tenants of the above charging proposals together with the increase in rents (see 4.1) has been undertaken. With a rental increase of CPI+1%, all tenants will pay more in 2021/22 than in 2020/21 as outlined in the table below.

<b>% of Tenants</b>	<b>Numbers of Tenants</b>	<b>Average Increase £/per week</b>
89.27	48,667	1.01-1.20
7.33	3,997	1.21-1.99
1.80	979	2.00-3.14
0.43	237	3.15-3.25
1.17	637	6.27-6.31 (Retirement Life on Housing Benefit only)

To limit the impact of multiple increases, it is proposed to cap the increase any individual tenant will be charged at £3.25/week for those not in receipt of benefits.

Where applicable these increases will be funded through Housing Benefit or Universal Credit for eligible tenants. 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%.

The proposals in relation to service charges and charges for sheltered support (4.3.2 & 4.3.3 above) have been shared with involved tenant groups.

#### 4.5 PFI Grant

The 2021/22 budget assumes full year PFI grant of £6,097k for Swarcliffe PFI and £15,288k for Little London Beeston Hill & Holbeck (LLBH&H) PFI. This is the same as 2020/21 and will remain fixed for the life of the PFI scheme.

#### 4.6 Internal Income

The 2021/22 budget for internal income is £764k lower than 2020/21. This is largely due to a review of staff related costs charged to various capital projects and the impact of staff leaving the organisation on ELI

## 4.7 External Income

The increase of £14k from 2020/21 to 2021/22 reflects inflationary increases, and income trends on items such as advertising and telecommunications masts located on HRA buildings.

## 5. Key movements 2020/21 to 2021/22 - Expenditure

### 5.1 Employees

The 2021/22 budget for employees has decreased by £1.22m when compared to the base budget 2020/21, with the most significant elements shown below:

- 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.
- 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 to review of staffing levels in light of the anticipated benefit realisation of the Housing Management ICT system and the continued stock reduction. It is proposed to transfer approximately 15 FTE from Financial Services to Housing Leeds for the Housing Operational Finance function (see below). The net movement in FTE is therefore a reduction of 66.
- 
- 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.
- £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.
- £0.477m increase to reflect the proposed transfer of the Housing Operational Finance function from Financial Services to Housing Leeds, with an equivalent saving on Internal Recharges.
- 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.

### 5.2 Repairs to dwellings

Repairs to dwelling remains a priority budget which 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 21/22 is therefore a £228k reduction to £44.9m.

### 5.3 Premises

The premises budget reflects a net increase of £107k. Those costs relating to staff such as cleaning, reflect the approach to budgeting for the employee element of the HRA.

### 5.4 Supplies & Services- Payments to PFI contractor

The increase in payments to the PFI contractors of £32k between 2020/21 and 2021/22 is consistent with the final model for the PFI programme that was agreed and received at Executive Board.

### 5.5 Supplies & Services - Other

The budget reflects a net decrease of £138k. This includes inflationary uplifts and a £52k budgeted increase to reflect the Housing Ombudsman subscription. The net decrease is largely as a result of the removal of the £60k Mutual Exchange Incentive Fee budget and the £80k saving in relation to the contract for the Housing Management ICT system,

### 5.6 Charges for internal services

These charges, which are budgeted to decrease by £30k, after accounting for inflationary rises primarily cover the internal service provision charge to the HRA in the following areas; -

Horticultural Maintenance, Environmental services, Community Safety, Housing Services, Customer Access and Support Services, Corporate Governance services.

Additional resources of £269k are provided for the Digital Information Service ahead of the implementation of the new Housing Management ICT system.

Those costs relating to staff such as cleaning, reflect the approach to budgeting for the employee element of the HRA.

A £100k increase in the Local Welfare Support Charge has been included to reflect a more even split of use of the support between General Fund and the HRA.

A £477k reduction reflects the proposed transfer of the Housing Operational Finance function from Financial Services to Housing Leeds, with an equivalent increase on Employee costs.

The budget also provides for specific savings in the following areas as a result of the HRA sharing in the savings from General Fund targeted efficiencies:-

- Intelligence and Policy. £121k
- Strategic Housing Services £111K.

## **5.7 Payments to Belle Isle Tenant Management Organisation (BITMO), Housing Area Panels (HAPs) and other Organisations**

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.

The budget continues to include £405k for Housing Advisory Panels (HAPs) to enable the continuation of funding of projects which benefit tenants and residents in the community they represent. This is a 10% reduction from the 2020/21 budget. An earmarked reserve was first made available for HAPs projects in 2017/18. Any uncommitted funds from this reserve at the end of the financial year will be available in 2021/22.

Community Partnership funding has increased by inflation assumptions to £104k.

Payments to Leeds Credit Union and the Leeds Tenants Federation have remained in line with 2020/21.

## **5.8 Contribution to Provisions**

### **(a) Disrepair**

Work has been on-going to rationalise the workflow processes and provide legal challenge to disrepair cases where appropriate. As this budget has continued to see considerable pressure it proposed to maintain the contribution to the disrepair provision at £1,400k.

### **(b) Bad debts**

The budgeted contribution to the bad debt provision increase by £207k to reflect the ongoing uncertainty in the economy which may impact on the level of tenant rent collected.

## **5.9 Discretionary Housing Payments**

The Ministry of Housing, Communities and Local Government (MHCLG) has issued a direction allowing the Council to fund payments to its own tenants under the Discretionary Housing Payments (DHP) scheme. A DHP may be awarded when the authority considers that a claimant requires further financial assistance towards housing costs and is entitled to either Housing Benefit or Universal Credit (for the housing cost element towards a rental liability). The proposed HRA budget for this in 2021/22 is £500k and remains consistent with the amount provided in 2020/21.

## **5.10 Capital (Financing) charges**

The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through RTB 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 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. The overall cost of borrowing is anticipated to increase marginally by £72k as a result of lower interest costs offsetting much of the servicing of the increased borrowing.

Capital charges for PFI are expected to increase by 183k to £16,449k.

#### **5.11 Revenue Contribution to Capital**

The 2021/22 budget includes £60,971k to fund the housing capital programme/investment plan. This is £422k higher than the amount provided in 2020/21. The overall capital programme, excluding the Housing growth programme but including the decarbonisation programme, will be around £88.6m in 2021/22.

#### **5.12 Appropriation to / from Reserves**

The appropriation account reflects the budgeted contributions to/from the Swarcliffe & LLBH&H PFI sinking funds.

The sinking fund smoothes out the effect of the incidence of the payments to the PFI contractor. As stated in previous budget reports, some of these reserves were used to prevent a retraction in front line services over the rent reduction period. They now require now to be replenished and therefore it is proposed to contribute to the Swarcliffe PFI reserve.

In 2021/22 the change in the contribution to the Sinking Fund is £404k

### **6. HRA Reserves**

- 6.1 The HRA Reserves Statement reflects the anticipated movement in reserves between April 2021 and March 2022. The Capital Reserve is used to resource the HRA Capital programme which is subject to a separate report on this agenda.
- 6.2 The HRA General Reserve current balance is £6.495m and represents 2.5% of the annual budget. It is proposed, over the medium term, to raise this percentage to 5% in order to increase financial stability. This is in line with the intended strategy for General Fund reserves. It is proposed to contribute approximately £150k to the HRA General reserve in 21-22.
- 6.3 Any balance at the end of 2020/21 on the Housing Advisory Panels earmarked reserve will be carried forward to 2021/22 to be used for the funding of projects which benefit tenants and residents in the community they represent.
- 6.4 The PFI reserves are used to smooth out the effects of the unitary charge payments to the PFI contractor over the life of the contracts. In 2021/22 it is budgeted to use £1,539k of reserves for the Little London scheme in line with the approved PFI model.
- 6.5 It is also proposed that a contribution to the Swarcliffe PFI reserve of £1,727k is made. This reflects the payback of the reserve which was partially used to

help fund pressures in the HRA during the period of the rent reduction policy. The value of both reserves is expected to be £7.7m by March 2022.

6.6 A contribution to the Major Repairs Reserve is proposed at £60.971m.

## 6.7 Forecast Level of HRA Reserves

Projected Financial Position on Reserves	Project Reserves b/f Apr 2021	Project Use of Reserves	Projected Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
<b>HRA General Reserve</b>	(6,495)	0	(141)	(6,636)
<b>Earmarked Reserves</b>				
Welfare Change	(121)	0	0	(121)
Housing Advisory Panels	(507)	0	0	(507)
Sheltered Housing	(2,777)	0	0	(2,777)
Wharefedale View	(23)	0	0	(23)
Changing the Workplace	(151)	0	0	(151)
ERDMS	(257)	0	0	(257)
Proposed Disrepair Reserve	(2,000)	2,000	0	0
	<b>(5,836)</b>	<b>2,000</b>	<b>0</b>	<b>(3,836)</b>
<b>PFI Reserves</b>				
Swarcliffe PFI Sinking Fund	(2,794)	0	(1,727)	(4,521)
LLBH&H PFI Sinking Fund	(4,771)	1,539	0	(3,232)
	<b>(7,565)</b>	<b>1,539</b>	<b>(1,727)</b>	<b>(7,753)</b>
<b>Capital Reserve</b>				
MRR (General)	(9,600)	60,971	(60,971)	(9,600)
MRR (New Build)	(297)	0	0	(297)
	<b>(9,896)</b>	<b>60,971</b>	<b>(60,971)</b>	<b>(9,896)</b>
<b>Total</b>	<b>(29,792)</b>	<b>64,510</b>	<b>(62,839)</b>	<b>(28,122)</b>

## 7. Risks

There are a number of risks which, should they materialise would have a significant impact upon the 2021/22 HRA budget. These risks are reviewed throughout the year and action taken to mitigate any impact wherever possible. The HRA maintains a level of reserves in order to meet the impacts of such risks should they occur. Key risks identified are as follows:

- Pay inflation may vary from the 'Pay Pause' assumed.
- The impact of the Covid pandemic in the 21/22 year may increase arrears beyond levels anticipated.
- Property numbers may vary significantly from estimates due to fluctuations in the number of RTB sales and the delivery of new homes which could affect rent income levels.

- The number of disrepair claims against the Council may vary from current assumptions thus requiring additional contribution to the provision.
- The impact of the pandemic may affect the ability to deliver the annual investment programme.

Should these risk arise, the service will respond flexibly by implementing cost control measures such as vacancy management. Use would be made of the reserves on the HRA balance sheet identified at 6.7, along with specific provisions for doubtful debt and disrepair.

## 8. Medium Term – High Level Projections

Whilst the setting of the HRA budget for future years will be reviewed regularly, based on current assumptions there is a cumulative £8.87m pressure to be addressed over the next five years. This is summarised in the table below.

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
<b>Income</b>	(261.50)	(269.14)	(274.98)	(279.73)
<b>Expenditure</b>	262.37	267.88	275.60	283.42
<b>Appropriations</b>	1.62	0.59	1.45	1.31
<b>In Year Pressure (Saving)</b>	<b>2.48</b>	<b>(0.68)</b>	<b>2.07</b>	<b>5.01</b>
<b>Cumulative Balance</b>	<b>2.48</b>	<b>1.80</b>	<b>3.86</b>	<b>8.87</b>

Briefing note prepared by: Kevin Mulvaney (Head of Finance)  
Telephone: 378 9390

## HRA 2021/22 Budget

Budget Heads	Original Estimate 2020/21 £000s	Original Estimate 2021/22 £000s	Variance £000s
<b>Income</b>			
Dwelling Rents Income	(208,808)	(209,900)	(1,092)
Other Rents (Shops & Garages)	(3,330)	(3,258)	72
Service Charges	(8,484)	(9,021)	(537)
PFI grant	(21,385)	(21,385)	0
Internal Income	(10,415)	(9,651)	764
External Income	(1,972)	(2,033)	(61)
<b>Total Income</b>	<b>(254,394)</b>	<b>(255,248)</b>	<b>(854)</b>
<b>Expenditure</b>			
Employees	31,402	30,180	(1,222)
Repairs to dwellings	45,081	44,853	(228)
Premises	8,977	9,049	71
Supplies & Services - Payments to PFI contractor	10,416	10,449	33
Supplies & Services - Other	3,940	3,802	(138)
Transport	396	298	(98)
Horticultural Maintenance	4,481	4,545	63
Environmental Services	4,567	4,607	40
Community Safety	3,998	4,009	10
Supporting People in their own homes	3,600	3,663	63
Services to families with Council tenancies	1,261	1,283	22
Housing Services	4,986	4,934	(53)
Customer Access	6,435	6,435	0
Support Services	9,078	9,156	78
Welfare Advice & Support	400	500	100
Discretionary Housing Payments	500	500	0
Corporate Governance & Other Services	3,162	2,683	(479)
Leeds Pipes - Recharge	844	903	58
Legal Services	1,250	1,317	67
Payments to BITMO, Area Panels & Credit Union	3,797	3,658	(139)
<b>Provisions</b>			0
- Disrepair	1,400	1,400	0
- Bad debts	942	1,136	195
Capital charges	44,334	44,588	254
Revenue Contribution to Capital (Investment)	60,550	60,971	422
<b>Total Expenditure</b>	<b>255,798</b>	<b>254,918</b>	<b>(880)</b>
<b>Appropriations</b>			
<b>General Reserve</b>	0	141	141
<b>Sinking Funds</b>			
LLBH&H PFI	(1,030)	(1,539)	(509)
Swarcliffe PFI	814	1,727	913
<b>Earmarked Reserves</b>			
Welfare Change	(780)	0	780
Early Leavers Initiative Reserve	(408)	0	408
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

# LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

## Directorate: Resources

### 1. Introduction

- 1.1 This report has been produced in order to inform Members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such no directorate COVID impacts are detailed below.

### 2 Service Context

- 2.1 The Directorate provides the lead in the delivery of a range of projects to help tackle the Climate Emergency in Leeds. The Sustainable Energy and Air Quality team are working with colleagues and partners to deliver major projects requiring significant levels of investment from both the Council and Government. These projects include the District Heating scheme, the Woodland strategy, improving insulation in social housing, vehicle replacement programmes and many energy saving initiatives including the replacement of LED street lighting.
- 2.2 The Directorate contains the Council's key professional support services; Finance, Procurement, HR, Digital Information Services, Legal Services, Shared Services, Democratic Services and Strategy and Improvement and Intelligence. These services support the strategic direction of the Council and provide essential support to Members and managers to improve outcomes and deliver change.
- 2.3 The Directorate is also responsible for delivering Catering and Cleaning, Corporate Property Management and Leeds Building Services, Fleet Services, Facilities Management and Passenger Transport. Some of these services are provided on a trading basis to Council Directorates and schools as well as external customers and suppliers.
- 2.4 In addition, the Directorate now has responsibility for the Contact Centre, Digital Access and Customer Relations Teams which have transferred from the former Communities and Environment Directorate.

### 3 Budget Proposals

- 3.1 This 2021/22 budget has been set at £77,873k representing a net decrease of £8,414k (9.75%) when compared to the adjusted budget for 2020/21. This net decrease comprises changes in the use of reserves and balances totalling £13k, pressures totalling £5,235k offset by savings of £13,645k which are explained below.

#### 3.2 Budget Adjustments and Transfers

- 3.2.1 There have been a number of organisational changes which have impacted on the 2021/22 budget. These include:

- the transfer of statutory Housing functions to the Communities, Housing and Environment directorate
- the transfer of the Contact Centre, Digital Access, Business Support (in part) and Customer Relations Teams from the new Communities, Housing and Environment directorate
- the transfer of the Council Tax administration function into financial services

3.2.2 The net effect of these organisational changes is to increase the 2020/21 net managed budget by £9,400k to give a restated opening 2020/21 budget of £86,782k.

3.2.3 In addition, there have been other budget transfers which reflect the movement of functions and posts between directorates which are reflected in the 2021/22 budget. The net impact of these adjustments is to reduce the directorate's budget by £495k, giving an adjusted 2020/21 budget of £86,287k.

3.2.1 The items included as a transfer of functions total (£1,060k) and the most significant of these are explained below

- Transfer of the Housing financial administration team from finance to the HRA (£477k).
- £1,195k for the costs of the staff and associated running cost budgets moving from Communities and Environment to the DIS Hub.
- A reduction of (£1,168k) to reflect the transfer of Intelligence and Policy staff to Adults and Health and Children and Families,
- £224k for the transfer of the HCAIT team from Shared Services to Adults and Health

3.2.2 Other budget adjustments total +£565k which mainly reflect the centralisation of DIS related budgets, £530k for full fibre, IDOX charges and mobile phone charges.

### 3.3 **Changes in Use of Reserves and Balances – increase of £13k**

3.3.1 Clean Air Zone (CAZ) Grant Reserve – as reported to Executive Board in October 2020, the Clean Air Zone will no longer be required. However, the Council will still incur some costs, which will continue to be fully funded by the revenue grant reserve as agreed with Government. These costs include a free taxi licensing scheme for 3 years, funding the borrowing costs associated with the taxi loan scheme and an ongoing contribution to staffing costs. The 2021/22 revenue budget assumes that £827k will be transferred from the grant reserve to fund the costs described above, a reduction of £37k from 2020/21.

3.3.2 It is proposed to increase the utilisation of invest to save funding by £50k to £200k in 2021/22 to support further investment in the Contact Centre channel shift programme. The funding will be repaid in future years as further efficiencies are implemented.

### 3.4 **Changes in prices – pressure of £1,755k**

3.4.1 The budget reflects the announcement of a public sector pay freeze by Government at the Spending Review 2020. As such the budget provides £1,657k for two elements of pay: the

0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review 2020. The provision reflects the Council's continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.

- 3.4.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are identified specific contractual commitments. In total, £213k of cost inflation has been added mainly to DIS contracts (£34k), Catering meals (£88k) and postage budgets (£46k).
- 3.4.3 There is no budgeted increase for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate.
- 3.4.4 It is assumed that £120k of additional income will be generated mainly by inflationary increases to the HRA from Property Cleaning charges. Charges to schools for cleaning are budgeted to increase by 1.5%.

### 3.5 **Actuarial Review**

- 3.5.1 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

### 3.6 **Capitalised Pension Costs – cost of £1,666k**

- 3.6.1 The fall out of capitalised pension costs associated with staff who have left the Council under the Early Leaver's Initiative (ELI) prior to 2020/21 will save an estimated £677k.
- 3.6.2 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. Provision of £2,339k has been made to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below and total in excess of £10m.

### 3.7 **Other budget pressures – £1,814k**

- 3.7.1 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 maintenance budget will be in the region of £5.8m. 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.
- 3.7.2 A sum of £300k is required for the additional costs of the Microsoft Enterprise agreement, however it should be noted that this is significantly lower than the initial pressure identified

in the Council's Medium Term Financial plan which was in excess of £1m.

- 3.7.3 £100k is provided for the borrowing costs relating to the Council's mobile phone refresh programme. This is Year 3 of a 4 year refresh programme and whilst the Council endeavours to reuse DIS equipment, some older phones are no longer supported and need to be replaced.
- 3.7.4 Charges for business rates have reduced by £109k within CEL.
- 3.7.5 Income pressures of £875k accounted primarily by reductions in staff charges to capital in DIS of £546k partly offsetting the staff savings of £2.84m identified in 3.11.2 below. Other income pressures are a reduction in income within HR of £200k mainly correcting the assumption that staff within HR could be charged to the Apprentice levy and a £124k reduction in charges to the HRA following the service review of the Intelligence & Policy function. All other income variations collectively total £10k.
- 3.7.6 Other minor spend pressures across the Directorate total £52k.

### 3.8 **Savings**

#### 3.9 **Business As Usual – £6,454k**

- 3.9.1 It is proposed to save £3,636k within the Resources group of services, of which £2,806k relates to staffing and £830k of running costs. These are identified below by service and are in the main to be delivered via the Council's ELI scheme, deletion of budgeted vacant posts and restructures of services :-
- Human Resources - £1.05m, of which £0.79m is from staffing reductions. This includes a pause of the 2021/22 corporate graduate programme, planned to restart in 2022/23 with 15 graduates.
  - Financial Services - £863k of savings, mainly staffing from the Revenues, Procurement and Internal Audit divisions.
  - Legal Services - £333k, of which £323k relates to staff reductions.
  - Democratic Services - £189k, of which £98k is staffing savings.
  - Business Support Centre - £450k, of which £310k relate to staff costs and £140k of running costs including reductions in paper and print.
  - Business Administration - £250k savings from servicing and the minuting of meetings. Where meetings are legally required to be recorded, this will still be done and the meeting subsequently transcribed.
  - Strategy and Improvement – A net staffing saving of £170k from the Communications and Risk section and savings of £125k from the Chief Executives Unit.
- 3.9.2 Savings of £420k have been identified in the Contact Centre budget in respect of further channel shift savings which will be achieved through service redesign, closing down non-priority phone lines where digital channels exist and increasing productivity through a new coaching and performance model.

3.9.3 It is further anticipated that a review of the Customer Complaints staffing budgets will deliver savings of £35k from ELI savings.

3.9.4 In addition to the £830k of line by line savings in 3.9.1, a saving of £116k is targeted on staff travel allowances to reflect changes in ways of working since the pandemic. This is 50% of the current travel allowance budget within the Directorate.

3.9.5 Within CEL, there are planned savings of £2.24m to help deliver this Directorate's budget; in addition Passengers services are supporting Children and Families in delivering total budgeted savings in 2021/22 of £1.17m for the cost of home to school transport.

- Staffing savings - £652k across Cleaning, Catering and CPM through improved productivity, use of technology to work smarter to do more with less. Some front line staff will be offered the opportunity to leave the organisation via the ELI scheme.
- Estate Rationalisation and accommodation costs - £754k of savings to be delivered as part of the Council's estate rationalisation programme. £500k of staff savings can be made from office accommodation closures and there will be a redesigned Facilities Management service in the city centre buildings, including a reduced refreshments offer and restricted opening of the Civic Hall ante-chamber entrance.

Around £200k of the savings relate to staff savings, mainly cleaning related in non-city centre properties which have been identified for closure.

The final £60k relates to a target to reduce the costs of void properties by reducing the times properties in void prior to disposal.

- Income generation - A sum of £489k is assumed with most of the increase in Catering.

It is proposed to increase the budget by 4p to reflect the current charge to schools for Universal Free School meals. The Universal Free School Meals grant payable to schools increased in 2020/21 to £2.34p from £2.30p and the 2021/22 budget needs to be updated to reflect this existing charge to schools.

It is proposed to increase KS2 meals from £2.40p to £2.44p. Collectively an extra £300k can be generated.

There is one extra feeding day in 2021/22 expected to generate a net £52k and the service are budgeting to generate new income around £114k, partly from the approved business case for the development of the Live Kitchen IT solution.

An extra £60k of income is assumed from Presto.

- Procurement, insourcing and line by line savings in CEL total £343k and will be removed divisional budgets, particularly supplies and services budgets where Cleaning and Catering particular are working with suppliers on a range of alternative products that provide a similar quality to branded goods but at reduced prices.

3.9.6 Leeds Building Services (LBS) will continue to budget for a surplus of around £10m, based on a forecast turnover of £70m. As agreed by Executive Board, in summer 2021/22 staff from Mears will TUPE to the Council to bring the delivering of Responsive Repairs and Voids services in the South of the city inhouse.

### 3.10 **Service Review £7,191k**

- 3.10.1 Business Administration Service: - Staff cost savings of £2,000k through a proposal to create a fully integrated and centralised administration model with efficiencies through modernisation.
- 3.10.2 DIS: - The service are seeking to save £2,843k in staff costs from a combination of ELIs and a whole service restructure. There will be a reduction in the number of projects to ensure that there is a greater focus on key priority projects across the Council which will enable other services to become digital by default and deliver savings in the future.
- 3.10.3 Financial Management Service: - To deliver £840k of staff savings from a review of the service delivery model to shift the focus away from routine budget monitoring to a more value added, risk based approach. Financial information will be simplified and standardised and a directorate finance business partner model developed, whilst at the same time strengthening the corporate finance teams. It is expected that staff ELIs through restructuring will deliver the desired savings.
- 3.10.4 Intelligence and Policy: - A review of the function will seek to deliver £213k of staff savings through a combination of a restructure and ELIs.
- 3.10.5 Sustainable Energy and Air Quality: - Savings of £250k to be delivered from deleting budgeted vacant posts, ELIs and sourcing additional grant income.
- 3.10.6 CEL: - Adults and Health is consulting upon the closure of two sites. The CEL budget reflects an assumption that savings of £200k in the costs of cleaning and catering at these sites can be made. As this is part year, a further full year effect of £190k would be achieved in 2022/23.
- 3.10.7 CEL Fleet: - Savings of £480k is targeted from reducing the costs of external hire of vehicles, use of subcontractors and parts costs. The service is seeking to expand its MOT offer to generate £80k of new income.
- 3.10.8 Savings identified as part of last years' service reviews but relating to delivery in 21/22 of £365k are assumed, mainly in Fleet Services.

## 4 **Risk Assessment**

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared.
- 4.2 The key risks in the 2021/22 budget for the Directorate are:
- A pay award is agreed beyond the budgeted level
  - There is a reduction in the turnover of posts resulting in lower service vacancy factors than budgeted resulting in pressures on pay budgets.
  - Savings assumed from staffing from process changes, channel shift and automation, particularly in the back office, are not delivered.

- Higher prices, particularly for food costs in the Catering service, results in an increased spend per meal.

There are still significant uncertainties around the impact of the continuing Covid-19 pandemic and the subsequent impact on the Directorate's income and expenditure budgets.

Whilst an initial assessment has been made of these pressures and some are included in the Council's strategic budget and the Government has announced funding for at least part of 2021/22, there could still be a significant impact on the Directorate's budget in 2021/22 in the following areas.

- School meal numbers are lower than the level budgeted
- Commercial catering outlets are unable to open as planned
- Turnover within LBS is reduced as the service are unable to access properties to effect repairs or major programmes of activity.
- The demand and costs of personal protective equipment (PPE) is in excess of budgeted levels
- Connections to the District Heating Pipe Network are delayed resulting in lower levels of income from heat sales
- Income from court fees is lower than budgeted levels

Briefing note prepared by: Kevin Mulvaney (Head of Finance)  
Telephone: 0113 378 9390

## Directorate - Resources

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	86.78	
<b>Adjustments</b>		
Transfers of function	(1.06)	
Other adjustments	0.57	
<b>Adjusted net managed budget</b>	<b>86.29</b>	
<b>Changes in the use of Reserves &amp; Balances</b>		
Clean Air Zone	0.04	
Further use of invest to save funding - Contact Centre	(0.05)	
<b>Total Funding Changes</b>	<b>(0.01)</b>	<b>0.0</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
Pay	1.66	
Price	0.22	
Income	(0.12)	
<b>Capitalised Pensions</b>	1.67	
<b>Other</b>		
DIS - Microsoft Licences	0.30	
DIS - Financing of Mobile Phone Refresh Programme	0.10	
Corporate Property Management - additional maintenance costs	0.60	
Income reductions (DIS, Finance, Strategy & Improvement and HR)	0.88	
Business Rates charges	(0.11)	
Other minor variations	0.05	
<b>Total Pressures</b>	<b>5.24</b>	<b>0.0</b>
<b>Savings Proposals:</b>		
<b>Business As Usual</b>		
Human Resources including Graduate Programme pause	(1.05)	(33.0)
Financial Services - Revenues	(0.43)	(14.5)
Financial Services - Procurement	(0.39)	(5.1)
Financial Services - Audit and Insurance	(0.04)	(2.7)
Business Support Centre	(0.45)	(22.4)
Business Administration Service - Meetings	(0.25)	(11.0)
Democratic Services	(0.19)	(7.7)
Legal Services	(0.33)	(3.2)
Strategy & Improvement - Communications, Risk and Chief Exec's Unit	(0.30)	(2.8)
Directorate Wide - Line by Line Expenditure savings	(0.21)	
CEL - Staffing Reductions / Productivity	(0.65)	(41.5)
CEL - Additional Income - mainly school meals & Presto	(0.49)	
CEL - Procurement & Line by Line reductions	(0.34)	
CEL - Accommodation	(0.32)	(6.9)
CEL - Estate Rationalisation	(0.43)	(5.1)
Directorate Wide - Review of Car Allowances and Travel costs	(0.12)	
Contact Centre - further channel shift savings and increased productivity	(0.42)	(18.9)
Customer complaints team	(0.04)	(1.0)
<b>Service Review</b>		
Business Administration Service	(2.00)	(90.0)
DIS	(2.84)	(68.6)
Financial Services -Financial Management	(0.84)	(22.3)
Sustainable Energy & Air Quality	(0.25)	(9.0)
Intelligence and Policy	(0.21)	(7.1)
Fleet Services	(0.48)	
Adult Social Closure proposals - effects upon CEL	(0.20)	(20.8)
Leeds Building Services (net after insourcing)		39.0
CEL - FYE & Y2 of Reviews identified in 2020/21 budget	(0.37)	
<b>Total Savings</b>	<b>(13.65)</b>	<b>(354.6)</b>
<b>Net Managed Budget 2021/22</b>	<b>77.87</b>	<b>(354.6)</b>

# LEEDS CITY COUNCIL

## 2021/22 BUDGET REPORT

### Directorate: Strategic Central Accounts

#### 1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Central Accounts budget for the 2021/22 financial year.

#### 2 Service Context

- 2.1 The Central accounts hold a variety of corporate budgets which do not relate directly to individual services, as well as council-wide budgets which largely for timing reasons have not been allocated to individual services. Generally these council-wide budgets will be allocated to services in year, once their impact is known. Corporate budgets include the Council's capital financing costs and associated entries relating to the complexities of the capital accounting requirements. Other budgets within Central accounts include contributions to joint committees and levies.

#### 3 Budget Proposals

- 3.1 This 2021/22 budget has been set at £60,922k Cr representing a net decrease of £60,597k when compared to the adjusted budget for 2020/21. This net decrease comprises an increase in the use of reserves of £39,227k, a number of changes in funding from grants totalling £39,900k, pressures totalling £20,626k offset by savings of £2,097k which are explained below.

#### 3.2 Budget Adjustments and Transfers

- 3.2.1 There has been one organisational changes, service transfers and other budget adjustments which is reflected in the 2021/22 budget.
- 3.2.2 The Central accounts budget previously included £477k recharge income from the HRA for the Housing Administration team within Financial Services. This team will move to the HRA in 2020/21. As a result the recharge income budget has been removed.

#### 3.3 Changes in Specific Grant Funding – increase of £39,900k

- 3.3.1 The Central Accounts budget for 2021/22 includes budgets of £42,379k for additional grant funding which the Council expects to receive in 2021/22 to address the impact of the coronavirus pandemic. This is made up of £24,604k of Covid Support Grant, £9,167k of Local Council Tax Support Grant, £6,672k of Council Tax Income shortfall grant and £1,936k of Business Rates Local Income Guarantee Grant. A proportion of these grants are budgeted to be carried forward in reserves – please see paragraph 3.4.4 below for details.
- 3.3.2 There has been a reduction of £2,479k in the expected level of New Homes Bonus grant to be received in 2021/22.

#### 3.4 Changes in Use of Reserves and Balances – increase of £38,097K

- 3.4.1 For 2021/22, the Central Accounts include a budget to contribute £3,961k to the General Fund reserve. This represents a movement of £12,961k in comparison to the budgeted usage of £9,000k of the reserve in 2020/21.
- 3.4.2 The Council expects to receive £75,532k of S31 business rates grants in 2020/21 as compensation for additional reliefs granted to businesses. The impact of the additional reliefs will be to contribute to the 2020/21 Collection Fund deficit, reducing the business rates precept available for 2021/22. The grants will be carried forward in a reserve, and the Central Accounts for 2021/22 includes a budget of £73,532k Cr to use these reserves, to offset reduction in the business rates precept.
- 3.4.3 The Central Accounts for 2021/22 also includes budgets of £3,000k Cr to apply 2020/21 income from the Covid Test and Trace Grant which will be carried forward in reserves.
- 3.4.4 Budgets are also included to contribute £16,729k of Covid Support Grant and £9,164k of Local Council Tax Support Grant to reserves, to be carried forward for use in future years.
- 3.4.5 A budget is included to contribute £1,100k to a Merrion House earmarked reserve, to fund the ongoing costs of the lease.
- 3.4.6 £1,071k will also be set aside in a new Energy Contingency Reserve, to be drawn on in the event of increases to electricity and gas costs during the year. The potential impact of the pandemic on the use of council buildings for 2021/22 has increased the level of uncertainty around energy budgets.
- 3.5 Increase in Debt costs - £10,260k**
- 3.5.1 The budget for debt costs includes an increase in the Minimum Revenue Provision (MRP) budget of £11,694k. This incorporates an increase of £10,347k reflecting the MRP due on projected 2020/21 capital expenditure, and the end of the temporary period of reductions in MRP charges which arose due to changes in the council's MRP policy. There is a further MRP pressure of £1,347k reflecting a reduction in the extent to which capital receipts are intended to be used to redeem debt. This is partly offset by a budget to apply £1.1m of the Merrion House distribution capital receipt to redeem debt, in order to fund a matching contribution to the Merrion House reserve.
- 3.5.2 The budget for external debt costs net of investment income has increased by £1,356k, reflecting the ongoing need to borrow for the capital programme. There is also a decrease of £159k in budgeted prudential borrowing charges to directorates.
- 3.5.3 Budgeted savings arising from the use of capital receipts to fund PFI costs have increased by £1,848k, due to annual fluctuations in PFI accounting models.
- 3.6 Changes to levies and other contributions – increase of £214k**
- 3.6.1 From the information available to date, contributions to joint committees and other bodies will increase by a net £214k. Within this figure, the contribution to the West Yorkshire Joint Services Committee has increased by £114k, and an increase in the contribution to the West Yorkshire Coroners Service of £100k. Information on proposed budgets for the West Yorkshire Combined Authority Joint Services Committee and for regional flood defence levies have not yet been received.

- 3.6.2 The following table gives details of the contributions and levies. In approving these contributions, Members will note that they are not approving the individual budgets of the Joint Committees, but the estimated effect on the Council's budget.

	Leeds' contribution			
	2020/21 £m	2021/22 £m	Variation £m %	
<b>Joint Committees</b>				
Joint Services	1.395	1.509	0.114	8%
<b>Other Bodies</b>				
Flood Defence Levy	0.38	0.38	0	0%
Combined Authority and Transport Fund	32.08	32.08	0	0%
Coroners	1.345	1.445	0.1005	7%

### 3.7 COVID Pressures - £7,551k

- 3.7.1 The budget provides for £7,551k of pressures relating to the ongoing impact of the COVID-19 pandemic. As discussed at 'Changes in Specific Grant Funding' above, the Government has provided additional funding to meet COVID pressures in 2021/22. £7,551k of this funding will be budgeted for in the Central Accounts and applied to pressures as they are identified across the Council. The balance of funding will be held in reserves to meet any pressures exceeding these estimate.

### 3.8 Other budget pressures – £1,100k

- 3.8.1 A reduction of £1,100k has been included in 2021/22 in the budget for S278 income, reflecting the likelihood of reduced development activity during the year.

### 3.9 Savings

#### 3.10 Service Review £2,100k Cr

- 3.10.1 A budget of £2,100k Cr has been included within the Central Accounts for savings arising from organisational change across the Council. This will be allocated to directorates during the year.

## 4 Risk Assessment

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2021/22 budget for the Strategic and Central Accounts are:
- 4.2 The budgeted position on MRP relies on the availability of £29.5m of capital receipts as an alternative source of funding to repay debt, and a further £5.9m to fund eligible PFI costs. If the forecast level of capital receipts is not achieved, either as a result of worsening conditions in the property market or because of specific issues, then these savings in the

revenue budget may not be achieved.

- 4.3 The budgeted external debt costs are based on assumptions about market interest rates during 2021/22. If rates are greater than forecast then the actual borrowing costs incurred could be greater.
- 4.4 There is a budget of £3.5m for the use of section 278 contributions. Whilst this budget has been reduced for 2021/22 it remains a risk, as it is dependent on the authority receiving these contributions from developers, and the related capital works being progressed on schedule.
- 4.5 There is a risk that budgeted targets for capitalisation across directorates and schools of £7.6m may not be achieved.

Briefing note prepared by: Mary Hasnip (Head of Finance)  
Telephone: 3789384

## Directorate - Strategic Central Accounts

	2021/22 £m	FTEs
<b>Net managed budget 2020/21</b>	<b>(0.80)</b>	
<b>Adjustments</b>		
Transfers of function	0.48	
Other adjustments		
<b>Adjusted net managed budget</b>	<b>(0.32)</b>	
<b>Grant Fallout</b>		
New Homes Bonus	2.48	
<b>Grant Increases</b>		
Covid Support Grant	(24.60)	
Local Council Tax Support grant	(9.17)	
Council Tax Income Shortfall grant	(6.67)	
Business Rates Local Income Guarantee	(1.94)	
<b>Changes in the use of Reserves &amp; Balances</b>		
General Fund reserve	12.96	
Use of Business Rates 2020/21 S31 grants reserve	(75.53)	
Use of Test & trace grant reserve	(3.00)	
Contributions of 2020/21 Covid grants to reserves	25.89	
Contribution to Energy Reserve	1.07	
Contribution to Merrion House Reserve	1.10	
Reduction in contributions to other reserves	(0.59)	
<b>Total Funding Changes</b>	<b>(78.00)</b>	<b>0.00</b>
<b>Budget Pressures:</b>		
<b>Inflation</b>		
<b>Debt costs</b>		
Increases in external Debt costs	1.36	
Increase in MRP contribution from revenue	10.35	
Use of capital receipts to reduce revenue MRP	0.25	
Decreases in prudential borrowing recharges to directorates	0.16	
Use of capital receipts to fund PFI costs	(1.85)	
<b>Business Rates</b>		
Reduction in S31 grants for business rates	2.02	
Reduction in Business Rates levy	(1.62)	
<b>Other</b>		
Covid pressures contingency	7.55	
Reduction in S278 income	1.10	
<b>Levies and other contributions</b>	0.21	
<b>Total Pressures</b>	<b>19.53</b>	<b>0.00</b>
<b>Savings Proposals:</b>		
Organisational change savings across directorates	(2.10)	
Other	(0.03)	
<b>Total Savings</b>	<b>(2.13)</b>	<b>0.00</b>
<b>Net Managed Budget 2021/22</b>	<b>(60.92)</b>	<b>0.00</b>

### Strategy for the flexible use of capital receipts

#### 1. Background

- 1.1 Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
- 1.2 The Secretary of State is empowered to issue directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
- 1.3 The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital;  
  
*“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”*
- 1.4 In order to take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This Guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents. The Local Government Finance Settlement for 2018/19 extended these capital receipts flexibilities for a further three years.
- 1.5 There is no prescribed format for the Strategy, but the underlying principle is to support the delivery of more efficient and sustainable services by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. A list of each project should be incorporated in the strategy along with the expected savings each project is expected to realise.
- 1.6 The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.
- 1.7 The proposed Flexible Use of Capital Receipts Strategy is set out below

<b>Project Description</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Restructure costs associated with staff leaving through ELI	2.7	1.8	1.3	1.0	1.0	1.0
Driving a digital approach				0.5	0.5	0.5
Core Business Transformation Programme				0.2	0.5	3.4
<b>Total</b>	<b>2.7</b>	<b>1.8</b>	<b>1.3</b>	<b>1.7</b>	<b>2.0</b>	<b>4.9</b>

## **2. Flexible Use of Capital Receipts Strategy**

2.1 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*

2.2 The Council intends to use capital receipts to contribute towards the severance/redundancy costs associated with the transformation of the Council. In addition the capital receipt flexibilities will be used to fund expenditure associated with the delivery of digital projects which will realise cashable efficiencies. Specifically £0.1m will be used to support improved customer access and the delivery of Mail and Print efficiencies; £0.1m supports implementing estimating software in Leeds Building Services; £0.1m will be used to progress the wider use of digital transactions and eforms; £0.1m supports the implementation of a new Highways system and £0.1m will support developments such as the increased use of self service and automated invoicing. All of these developments will target cost savings in 2021/22 and beyond. This is consistent with the Government’s guidance which identifies that capital receipts can be used to “drive a digital approach to the delivery of more efficient public services.”

2.3 In addition, and as detailed in the report to Executive Board in September 2020, capital receipts will be used to resource the Core Business Transformation Programme which seeks to bring about fundamental changes in the way Finance, Procurement, Human Resource (HR) and Payroll activities are undertaken across the Council. As detailed in the report the successful implementation of this programme will generate annual savings of £4m

2.3 The savings generated directly through both the reduction in staffing and digital efficiencies are estimated to be;

Project Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Staff savings realised through ELI	(6.4)	(2.4)	(1.2)	(0.8)	(1.8)	
Savings from a digital approach				(0.2)	(0.3)	
Core Business Transformation Programme						
Less: Financing costs	0.6	0.5	0.3	0.3	0.5	1.0
<b>Total</b>	<b>(5.8)</b>	<b>(1.9)</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(1.6)</b>	<b>1.0</b>

2.4 The indicators that will be impacted by this strategy are set out below;

- The original capital scheme provided £5.8m between 2016/17 to 2018/19 is as set out above.
- A further £8.6m has been provided in the scheme for period between 2019/20 to 2021/22.
- The capital financing requirement has increased by £1.8m for 2019/20 to 2021/22 as these capital receipts were intended to support schemes within the existing capital programme that will now be financed by prudential borrowing.
- Financing costs as a percentage of net revenue stream (%), noting that the savings generated from the transformation program will meet the debt financing costs arising from the additional borrowing.
- Incremental Impact on Council Tax/Housing Rents of Capital Investment Decisions – not relevant as savings will meet the additional debt financing costs.

2.5 The prudential indicators show that the impact from this strategy marginal, is affordable and will not impact on the council's operational and authorised borrowing limits.

### Revenue & Capital Principles

#### **REVENUE BUDGET PRINCIPLES**

The revenue budget principles have been developed to support the budget process and need to be complied with in conjunction with compliance with the Council's Budget and Policy Framework, the Budget Management Accountability Framework and detailed guidelines provided for setting the 2021/22 to 2023/24 budget.

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

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

#### **1. Budget Principles for Future Years Budgets**

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

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

- v. Budget Action Plans – Saving proposals to manage:
  - The savings requirement for the Directorate
  - Pressures identified within the service
  - Future developments

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

**1.2 Salary budgets** are to be prepared with reference to the 2020/21 budget (net of any vacancy factor) adjusted for pay awards, approved service changes, savings and other approved variations. The salary budgets can only be used to employ staff in established posts on approved grades in line with the following conditions:

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

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

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

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

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

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

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

### **1.4. External Funding**

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

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

## **2. Current Year Principles**

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

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

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

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

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

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

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

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

## **B CAPITAL PROGRAMME PRINCIPLES**

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

### **1. Capital Programme Principles**

1.1 The Capital Programme is compiled at project level for the years 2021/22 through to 2031/32. The format of the capital schemes submissions, which are to be supported by a business case, will be determined by the Strategic Investment Board. The Capital schemes being considered by SIB are to meet the priorities identified in the Business Case Guidance.

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

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

1.4 Capital Resources are to be used as follows:

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

1.5 Capital projects for approval are:

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

- Cost of any prudential borrowing including both MRP and Interest

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

Do we need a section in here about how we deal with capital overspends?

### **C General Principles**

The budget process shall adhere to the approved timetable.