

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 1st 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.

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Communities, Housing & Environment

	2021/22 £m	FTEs
Net managed budget 2020/21	77.77	
Adjustments		
Transfers of function	(0.83)	
Other adjustments	(0.10)	
Adjusted net managed budget	76.84	
Grant Fallout		
Reduction in Housing Benefits/Localised Council Tax Support Admin grants	0.20	
Grant Increases		
Homelessness Prevention Fund	(0.69)	
Next Steps Accommodation Programme	(0.10)	
Asylum, Migration Integration Fund	(0.09)	
Changes in the use of Reserves & Balances		
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)	
Total Funding Changes	(0.48)	
Budget Pressures:		
Inflation		
Pay	1.22	
Price	0.64	
Income	(0.13)	
Capitalised Pensions	0.98	
Demographic and demand pressures		
Additional black bin waste disposal volumes	0.20	
Other		
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	
Total Pressures	5.16	5.0
Savings Proposals:		
Business As Usual		
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)	
Service Review		
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)	
Total Savings	(6.09)	(90.4)
Net Managed Budget 2021/22	75.43	(85.4)

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.

Average rent	2020/21	2021/22	Increase
£ per week	74.00	75.12	1.12
£ per year	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.

% of Tenants	Numbers of Tenants	Average Increase £/per week
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
HRA General Reserve	(6,495)	0	(141)	(6,636)
Earmarked Reserves				
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
	(5,836)	2,000	0	(3,836)
PFI Reserves				
Swarcliffe PFI Sinking Fund	(2,794)	0	(1,727)	(4,521)
LLBH&H PFI Sinking Fund	(4,771)	1,539	0	(3,232)
	(7,565)	1,539	(1,727)	(7,753)
Capital Reserve				
MRR (General)	(9,600)	60,971	(60,971)	(9,600)
MRR (New Build)	(297)	0	0	(297)
	(9,896)	60,971	(60,971)	(9,896)
Total	(29,792)	64,510	(62,839)	(28,122)

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
Income	(261.50)	(269.14)	(274.98)	(279.73)
Expenditure	262.37	267.88	275.60	283.42
Appropriations	1.62	0.59	1.45	1.31
In Year Pressure (Saving)	2.48	(0.68)	2.07	5.01
Cumulative Balance	2.48	1.80	3.86	8.87

Briefing note prepared by: Kevin Mulvaney (Head of Finance)
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HRA 2021/22 Budget

Budget Heads	Original Estimate 2020/21 £000s	Original Estimate 2021/22 £000s	Variance £000s
Income			
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)
Total Income	(254,394)	(255,248)	(854)
Expenditure			
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)
Provisions			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
Total Expenditure	255,798	254,918	(880)
Appropriations			
General Reserve	0	141	141
Sinking Funds			
LLBH&H PFI	(1,030)	(1,539)	(509)
Swarcliffe PFI	814	1,727	913
Earmarked Reserves			
Welfare Change	(780)	0	780
Early Leavers Initiative Reserve	(408)	0	408
Net (surplus)/deficit	0	0	0

Communities, Housing and Environment

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
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

Communities, Housing and Environment

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

Communities, Housing and Environment

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

Communities, Housing and Environment

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

Communities, Housing and Environment

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 nd February.	To be undertaken as a part of the decision process	March 2021	£0.457m reduced costs	Chief Officer – Customer Access & Welfare

Communities, Housing and Environment

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
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	As the Housing Revenue Account is ring-fenced, this service is being subsidised by those tenants not in receipt of the service	Consultation outcome may impact on income generated	Currently being undertaken.	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	April 2021	£0.4m additional income	Chief Officer – Housing Services

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 £1,7000k

- 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)
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City Development Directorate

	2021/22 £m	FTEs
Net managed budget 2020/21	38.34	
Adjustments		
Transfers of function	(0.06)	
Other adjustments	(0.08)	
Adjusted net managed budget	38.20	
Grant Fallout	0.00	
Grant Increases		
Gain Share from Devolution	(1.70)	
Changes in the use of Reserves & Balances		
Use of Balances	0.50	
Total Funding Changes	(1.20)	0.0
Budget Pressures:		
Inflation		
Pay	0.60	
Price	0.84	
Income	0.00	
Employers Pension	0.00	
Capitalised Pensions	0.81	
National Living Wage - commissioned services		
National Living Wage/Ethical Care Charter	0.00	
Demographic and demand pressures	0.00	
Other		
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)	
Total Pressures	3.64	0.0
Savings Proposals:		
Business As Usual		
Street Lighting LED Conversion	(0.52)	
Capital Receipts Fee Income	(0.48)	
Income - mitigation of pay inflation via charging	(0.35)	
Highways - Site Development external chargeable works	(0.18)	
Asset Rationalisation	(0.24)	
Staffing savings through voluntary means and expenditure savings from service revenue budgets	(0.70)	(7.7)
Increased capitalisation of staff costs and reductions in general expenditure budgets	(0.35)	
Markets & City Centre Service - staffing and expenditure reductions and increased income	(0.20)	(1.5)
Employment and Skills - deletion of vacant post and reduction in expenditure budgets	(0.10)	(1.0)
Planning & Sustainable Development - voluntary staffing reductions and expenditure savings	(0.35)	(6.0)
Highways & Transportation - use of balances and review of charging	(0.90)	
Reduction in Budgets for major events	(0.40)	
Efficiencies across venues	(0.25)	
Museums & Galleries collection insurance	(0.06)	
15% reduction in grants to selected organisations	(0.23)	
Cessation of annual Christmas Lights switch on and international football screenings in Millennium Square	(0.09)	
Cessation funding contributions to several sporting partnerships	(0.10)	
Savings across the directorate from voluntary staffing reductions facilitated by the council's Early Leavers	(1.50)	(97.9)
Reductions in miscellaneous spend budgets across the directorate	(0.25)	
Service Review		
Economic Development - Staffing reduction and reduction in memberships and events attendance	(0.11)	(1.0)
Strategic Planning - develop further options following completion of service review	(0.10)	(2.0)
Highways & Transportation - review staffing operations across the service for savings and/or additional income	(1.62)	(26.0)
Planning Applications - savings through voluntary staffing reductions and procedural efficiencies	(0.10)	(2.0)
Proposal to reduce opening hours at Lotherton Hall	(0.07)	(5.2)
Proposal to reduce opening Hours at Thwaite Mills Museums	(0.07)	(5.1)
Proposal to consult on introduction of £3 annual charge for Breeze card	(0.15)	
Proposed reduced programme and new delivery model for Leeds Lights	(0.21)	(9.0)
Proposal to end SLA with Chippendale Pool	(0.04)	(5.6)
Proposal to close Yeadon Tarn Sailing Centre	(0.09)	(4.8)
Proposal for operational efficiencies within John Charles Centre for Sport	(0.20)	(1.5)
Total Savings	(9.99)	(176.3)
Net Managed Budget 2021/22	30.65	(176.3)

City 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
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

City 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
		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

City 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

City 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
				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

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.

3.2.4 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

3.2.5 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 in house.

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

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Directorate - Resources

	2021/22 £m	FTEs
Net managed budget 2020/21	86.78	
Adjustments		
Transfers of function	(1.06)	
Other adjustments	0.57	
Adjusted net managed budget	86.29	
Changes in the use of Reserves & Balances		
Clean Air Zone	0.04	
Further use of invest to save funding - Contact Centre	(0.05)	
Total Funding Changes	(0.01)	0.0
Budget Pressures:		
Inflation		
Pay	1.66	
Price	0.22	
Income	(0.12)	
Capitalised Pensions	1.67	
Other		
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	
Total Pressures	5.24	0.0
Savings Proposals:		
Business As Usual		
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)	(3.2)
Legal Services	(0.33)	(7.7)
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)
Service Review		
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)	
Total Savings	(13.65)	(354.6)
Net Managed Budget 2021/22	77.87	(354.6)

Resources

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

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

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						