

Initial Budget Proposals for 2022/23

Date: 20 January 2022

Report of: Head of Democratic Services

Report to: Scrutiny Board (Environment, Housing & Communities)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

1. The Chief Officer Financial Services submitted a report to the Executive Board on [15 December 2021](#) outlining the proposed Budget for 2022/23, set within the context of the Medium-Term Financial Strategy, the Spending Review 2021, and the Budget savings proposals identified as part of this year's Financial Challenge savings programme. The report also presented an update on provisional budgets for 2023/24 and 2024/25.
2. In accordance with the Council's Budget and Policy Framework, the proposed Budget for 2022/23 is to be submitted to Scrutiny for review and consideration. The outcome of the Scrutiny Boards' deliberations will be reported to the Executive Board at its meeting on 9 February 2022. Executive Board will consider the recommendations of Scrutiny as it prepares its final proposals for consideration and approval by full Council on 23 February 2022.
3. Each Scrutiny Board consider elements of the budget proposals relevant to their own terms of reference. Members are therefore invited to consider, review and comment on the aspects of the initial budget proposals for 2022/23 that relate to service areas that fall within the remit of the Environment, Housing and Communities Scrutiny Board.

Recommendations

That the Scrutiny Board

- a) Considers the aspects of the initial budget proposals for 2022/23 that fall within the remit of the Environment, Housing and Communities Scrutiny Board.
- b) Identifies any specific comments and/or recommendations that members wish to be referred to the Executive Board for consideration as it prepares its final proposals for submission to full Council on 23 February 2022.

Why is the proposal being put forward?

4. In accordance with the Council's Budget and Policy Framework, the proposed Budget for 2022/23 is to be submitted to Scrutiny for review and consideration. The outcome of the Scrutiny Boards' deliberations will be reported to the Executive Board at its meeting on 9 February 2022. The Executive board will consider the Scrutiny Boards' response as it prepares its final proposals for submission to full Council on 23 February 2022.
5. The Chief Officer Financial Services submitted a report to the Executive Board on [15 December 2021](#) outlining the proposed Budget for 2022/23, set within the context of the Medium-Term Financial Strategy, the Spending Review 2021, and the Budget savings proposals identified as part of this year's Financial Challenge savings programme. The report also presented an update on provisional budgets for 2023/24 and 2024/25. This report is set out in Appendix A for Members' consideration.
6. The Medium-Term Financial Strategy 2022/23-2026/27, which was considered by the Executive Board on [22 September 2021](#), had identified an estimated budget gap of £126.7m for the period 2022/23- 2024/25 of which £65.4m related to 2022/23. This position took account of the estimated level of resources available to the Council. However, as part of the Budget Proposals report, the Chief Officer Financial Services updated the financial position reported to Executive Board in September 2021 in the Medium-Term Financial Strategy. This revised position informed the budget proposals to ultimately deliver a balanced budget in 2022/23 and a reduction in the anticipated financial gap in the two subsequent years to £30.6m for 2023/24 and £25.6m for 2024/25.
7. Building on the approach from last year, the Council established a new Financial Challenge savings programme focused on identifying robust and sustainable savings to help close the gap for 2022/23, 2023/24 and 2024/25. This approach enables the authority to take a longer-term view of its savings options, recognising that major change often requires one- to two-years' lead time to implement.
8. In [September 2021](#), the Chief Officer Financial Services had provided a report to the Executive Board that presented £20.6m of potential savings over the next three years (£7.0m in 2022/23, £7.5m in 2023/24 and £6.0m in 2024/25). These did not fall within the remit of the Scrutiny Board (Environment, Housing and Communities).
9. To accompany the Budget Proposals report in December, the Chief Officer Financial Services submitted a separate report to the Executive Board setting out further savings proposals to contribute towards the Council being able to present a balanced budget position for 2022/23. This report is set out in Appendix B for Members' consideration.
10. Savings proposals are categorised as either 'Business as Usual' (BAU) which can be implemented within the Council's delegated decision-making framework and without consultation, or 'Service Reviews' which may require meaningful consultation with relevant stakeholders prior to any decisions being taken. Details of 'Business As Usual' savings relevant to the remit of this Board are provided for information at Appendix C.

What impact will this proposal have?

Wards affected: All

Have ward members been consulted?

Yes

No

11. The initial budget proposals for 2022/23 are submitted to each of the Scrutiny Boards for consideration and comment. The Scrutiny Board (Environment, housing & Communities) is therefore asked to consider matters relating to service areas that fall within its remit.
12. The outcome of the Scrutiny Board's deliberations will inform a composite report from Scrutiny that will be submitted to the Executive Board for consideration during its meeting on 9 February 2022.

What consultation and engagement has taken place?

13. The proposed Budget for 2022/23 is being submitted to Scrutiny Boards for consideration and review. The outcome of their deliberations will be reported to the Executive Board at its meeting on 9 February 2022. The budget proposals will also be made available to other stakeholders as part of a wider and continuing process of engagement and consultation.
14. As part of the consultation process this year, all five Scrutiny Boards held working group meetings during December to consider the full range of budget saving proposals that fall within their individual remits. A summary of the Scrutiny Board (Environment, Housing and Communities) discussions in December is included at Appendix D.
15. The five Scrutiny Boards will now be utilising their January meeting cycle to formally consider and share their views on the Executive's initial budget proposals. At this stage, the Scrutiny Boards will also be able to consider any significant developments stemming from the Spending Review announcement.
16. Relevant Executive Members and senior officers have been invited to attend today's meeting to discuss the appended Executive Board reports and to address any questions raised by the Scrutiny Board.

What are the resource implications?

17. All resource implications are detailed in the main body of the appended Executive Board reports.

What are the legal implications?

18. The appended Executive Board reports have been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the initial budget proposals are also submitted to Scrutiny for review and consideration. The conclusions and recommendations of the Scrutiny Boards will be presented to the February 2022 meeting of Executive Board at which proposals for the 2022/23 budget will be considered prior to submission to Full Council in February 2022.
19. Further information surrounding the legal implications associated with the Budget proposals is set out in the appended Executive Board reports.

What are the key risks and how are they being managed?

20. Financial management and monitoring continue to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk - for example, the implementation of budget action plans, budgets which are subject to fluctuating demand, key income budgets etc. This risk-based approach will continue to be included in the in-year financial reports brought to Executive Board.

21. In addition, risks identified in relation to specific proposals and their management will be reported to relevant members and officers as required.
22. Further information surrounding the key risks associated with the Budget proposals is set out in the appended Executive Board reports.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

23. The Best Council Plan is the Council's current strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The Three Pillars of inclusive growth, health and wellbeing and the climate change emergency underpin this vision and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability, which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium-Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget.

Appendices

24. Appendix A – Report of the Chief Officer Financial Services to Executive Board ([15 December 2021](#)) on proposed budget for 2022/23 and provisional budgets for 2023/24 and 2024/25.
25. Appendix B – Report of the Chief Officer Financial Services to Executive Board ([15 December 2021](#)) on revenue savings proposals for 2022/23 to 2024/25.
26. Appendix C – Business As Usual Proposals 2022/23
27. Appendix D – Summary of the Scrutiny Board working group 17 December 2021.

Background papers

28. Report of the Chief Officer Financial Services to Executive board ([21 September 2021](#)) on revenue savings proposals for 2022/23 to 2024/25.