

Initial Budget Proposals for 2022/23

Date: 24th January 2022

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy and Resources)

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

- The Chief Officer Financial Services submitted a report to the Executive Board on 15th December 2021 setting out 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 the Financial Challenge savings programme this year. The report also presented an update on the provisional budgets for 2023/24 and 2024/25.
- 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, with the outcome of the Scrutiny Boards' deliberations to be reported to the planned meeting of the Executive Board on 9th February 2022 for consideration as it prepares its final proposals for consideration and approval by full Council on 23rd February 2022.
- The purpose of this report is to provide members of the Scrutiny Board (Strategy and Resources) with the Executive Board's initial budget proposals for 2022/23 for consideration, review and comment on matters and proposals relating to service areas that fall within the Scrutiny Board's remit, as other Scrutiny Boards will be considering elements of the budget proposals relevant to their terms of reference.

Recommendations

That the Scrutiny Board considers the relevant information provided within this report on the initial budget proposals for 2022/23 and identifies any specific comments and/or recommendations for consideration by Executive Board as it prepares its final proposals for consideration by full Council on 23rd February 2022.

Why is the proposal being put forward?

1. 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, with the outcome of the Scrutiny Boards' deliberations to be reported to the planned meeting of the Executive Board on 9th February 2022 as it prepares its final proposals for consideration and approval by full Council on 23rd February 2022.
2. The Chief Officer Financial Services submitted a report to the Executive Board on 15th December 2021 setting out 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 the Financial Challenge savings programme this year. The report also presented an update on the provisional budgets for 2023/24 and 2024/25. This report is set out in Appendix 1 for Members' consideration.
3. The Medium-Term Financial Strategy 2022/23-2026/27, which was considered by the Executive Board on 22nd September 2021, had identified an estimated budget gap of £126.7m for the period 2022/23- 2024/25 of which a gap of £65.4m related to 2022/23. This position took account of the estimated level of resources available to the Council following a number of years in which Government funding reductions have taken place. However, as part of the Budget Proposals report, the Chief Officer Financial Services had provided an update to the financial position reported to Executive Board in September 2021 in the Medium-Term Financial Strategy. This revised position informed the proposals to ultimately deliver a balanced budget in 2022/23 and updated the anticipated financial gap in the two subsequent years to £30.6m for 2023/24 and £25.6m for 2024/25.
4. Building on the Financial Challenge savings programme carried out last year, the Council established a new Financial Challenge savings programme focused on identifying robust and sustainable savings not just to help close the gap for 2022/23 but for the following years 2023/24 and 2024/25 too. 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.
5. A key element of the financial challenge approach for 2022/23, and linked to the remit of the Board, has been to seek to drive improvements in procurement principally through improving contract management approaches and increasing commercial acumen amongst staff, this has a savings target of £4m in 2022/23. In addition, and in line with Government regulations on the use of capital receipts, £6.1m relating to transformational work is included in 2022/23 to fund expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
6. 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). Such proposals had been identified as part of the Financial Challenge savings programme at that stage. This report is set out in Appendix 2 for Members' consideration.
7. 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 3 for Members' consideration.

8. Similar to last year, all 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.
9. Appendix 4 provides the Business as Usual (BAU) savings proposals relevant to the remit of the Strategy and Resources Scrutiny Board. Business as Usual (BAU) savings do not require any consultation to implement. This is largely because the actions relate to improving the efficiency of the service within the existing policy framework or are cost reduction measures with no impact on service users or staff. Business as Usual savings and decisions to give effect to them are taken by the relevant Director or Chief Officer in accordance with the Officer delegation scheme (Executive Functions).
10. There is one Service Review that falls in the remit of the Board and this is in relation to the Kirkstall Abbey Café that falls with the Museums and Galleries service, details of this can be found at Appendix 3 to this report.

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 Scrutiny for consideration, review and comment. The Scrutiny Board (Strategy and Resources) is therefore asked to consider matters and proposals relating to service areas that fall within its remit as other Scrutiny Boards will be considering elements of the initial Budget proposals relevant to their terms of reference.
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 9th February 2022.

What consultation and engagement has taken place?

13. The proposed Budget for 2022/23 is being submitted to the respective Scrutiny Boards for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of the Executive Board on 9th 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. 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 take into account any significant developments stemming from the Spending Review announcement.
15. 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?

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

What are the legal implications?

17. 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 outcome of the Scrutiny Boards review, through a collated Scrutiny report, 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.
18. 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?

19. Financial management and monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This risk-based approach will continue to be included in the in-year financial reports brought to Executive Board.
20. In addition, risks identified in relation to specific proposals and their management will be reported to relevant members and officers as required.
21. 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

22. The Best Council Plan is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The 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

23. Appendix 1 – Report of the Chief Officer Financial Services to Executive Board (15th December 2021) on proposed budget for 2022/23 and provisional budgets for 2023/24 and 2024/25.
24. Appendix 2 – Report of the Chief Officer Financial Services to Executive Board (22nd September 2021) on revenue savings proposals for 2022/23 to 2024/25.
25. Appendix 3 – Report of the Chief Officer Financial Services to Executive Board (15th December 2021) on revenue savings proposals for 2022/23 to 2024/25.

26. Appendix 4 – Business as Usual (BAU) Savings

Background papers

27. None.