

LEEDS CITY COUNCIL 2022/23 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 2022/23 financial year.
- 1.2 The 2022/23 Revenue Budget provides £2,570k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such and with the exception of specific provision within Planning and Sustainable Development and City Centre Management, no directorate COVID impacts are detailed below.

2 Service Context

- 2.1 City development provides a wide and diverse range of services which make a significant contribution to the life, growth and vitality of the city. The Directorate is responsible for the Council's physical, economic, cultural and sport services and includes the following services:
 - Asset management and Regeneration - develops and implements major projects which improve the physical infrastructure of the city and transformation of deprived neighbourhoods including securing external resources.
 - Culture and Economy - programmes and supports arts, cultural activity and events across the city and manages all our museums and venues. Leads the work to grow the Leeds economy – including coordinating work aimed at creating new jobs, supporting businesses, growing economic sectors promoting enterprise and developing economic policy.
 - Highways and Transportation - provides a highway maintenance service, including street lighting and road sign installation, and delivers a winter service, a highway traffic management system and manages the road space. Responsible for designing and delivering major and minor highways schemes, transportation projects and other major council sponsored prestige projects. Undertakes statutory responsibilities of the council as the city's lead local flood authority.
 - Planning and Sustainable Development - deals with planning and building regulations applications including enforcement. Deals with dangerous structures, safety at sports grounds, minerals and waste and provides specialist advice on contaminated land, urban design, landscape, conservation, trees and ecology. Responsible for statutory development plans and policies, community infrastructure levy and facilitating neighbourhood plans.
 - Operations and Active Leeds – Manages and oversees retail markets and street trading, manages Leeds city centre including co-ordination with Leeds BiD. Supports City Development's change activity, working with colleagues in Resources to ensure effective support to the Directorate. Active Leeds provides opportunities for people living in Leeds to enjoy the benefits of an active lifestyle.

3 Budget Proposals

3.1 This 2022/23 budget has been set at £33,367k representing a net increase of £2,201k (7.1%) when compared to the adjusted budget for 2021/22. This net increase comprises a number of changes in resources totalling (£888k) and pressures totalling £6,264k offset by savings of £3,175k 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 2022/23 budget. These include:

- The transfer of Business Administrative staffing from the Resources Directorate to Highways and Transportation (+£371k) and Employment and Skills (+£128k).
- The net impact of the Council wide review of property management functions including savings identified centrally as part of the 2021/22 budget but not allocated to directorates (£254k).
- The transfer of £252k running cost budgets from the Resources Directorate to City Development as a result of the sub-letting of the St George House building, which will contribute to the existing Estate Rationalisation savings target.
- Other budget adjustments totalling £21k mainly reflecting adjustments to budgets to remove the need for recharges between directorates.

3.2.2 The overall net impact of these adjustments is to increase the Directorate's restated 2021/22 budget by £518k, giving an adjusted 2021/22 budget of £31,166k.

3.3 Changes in Use of Reserves and Balances – increase of £1,955k

3.3.1 Additional short-term funding from the Council's COVID reserve has been secured during 2021/22 to address backlogs within the Planning service and the full year effect of this usage (£375k) has been provided for in the 2022/23 budget.

3.3.2 The 2022/23 budget includes the one-off utilisation of £2m of commuted sum balances which are received from developers to meet the future maintenance cost of adopted Highways. An annual budget of £250k has been provided for to meet the estimated cost of these ongoing maintenance requirements.

3.3.3 The 2022/23 budget reflects the reversal of the one-off use of £520k balances in the 2021/22 budget within Highways & Transportation, partially offset by the utilisation of a further one-off £100k balance identified for 2022/23.

3.4 Changes in Other Resources – reduction of £1,067k

3.4.1 The 2021/22 budget included the receipt of £1,700k of Gain Share funding from WYCA in respect of the West Yorkshire Devolution Deal. As this funding was for one year only, the 2022/23 budget reflects the fallout of this funding.

3.4.2 However, based on initial discussions with WYCA, an assumption has been made that funding of £633k will be received over the next three years in supporting the delivery of

outcomes aligned to the West Yorkshire Mayor's priorities (see 3.9.1 below), although this is still subject to agreement from WYCA at this stage.

3.5 Changes in prices – pressure of £4,184k

- 3.5.1 Spending Review 2020 indicated a public sector pay freeze in 2021/22. However, it is now assumed a pay award will be required and negotiations are ongoing. As such the budget provides £2,676k for two elements of pay: the Employers final offer for 2021/22 not provided for in the 2021/22 base budget and an assumed 2022/23 pay award incorporating the recently announced Real Living Wage of £9.90 (as scale points 1 and 2) and a 2% pay award for all other staff. 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 £9.90 per hour which is 40 pence above the National Living Wage rate. Apprentices and new starters on the A1 spinal point will be also be paid £9.90 per hour.
- 3.5.2 This increase will be partially mitigated by reflecting the cost of the additional pay award in charge out rates, mainly to capital schemes within Highways and Transportation, reducing the impact on revenue by £640k.
- 3.5.3 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. £1,596k has been provided for such contractual commitments including the PFI contracts for Street Lighting and three Leisure Centres and essential supplies & services across all services. A 5% increase for 2022/23 has been provided for inflation on utilities budgets, totalling £681k. The current assessment of projected energy prices indicates there may be an additional pressure in 2022/23, in response to which a reserve has been created within the Council's Strategic Budget and will be applied as required.
- 3.5.4 Other net variations (-£129k) include a reduction in insurance costs which reflects changes in the number and value of insurance claims.

3.6 Actuarial Review

- 3.6.1 The 2022/23 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

3.7 Capitalised Pension Costs – saving of £61k

- 3.7.1 The Council continues to provide an Early Leavers Initiative (ELI) to reduce the wage bill as a mechanism to contribute towards the budget gap. The fall out of capitalised pension costs associated with staff who have left the Council under ELI to date will save an estimated £61k.

3.8 COVID Pressures - £475k

- 3.8.1 Within the Planning and Sustainable Development service, the COVID pandemic has had a significant impact on the service in terms of increased volumes of applications and enforcement work, outstripping the capacity of existing resources. Additional short-term resources have been implemented during 2021/22 to address the backlogs and to facilitate

the timely delivery of planning outcomes, and the full year effect of this (£375k) has been provided for in the 2022/23 budget to be funded from the COVID reserve.

- 3.8.2 The 2022/23 budget also makes provision for £100k loss of income within City Centre Management due to the extension of temporary pavement licence legislation to September 2022 which places a cap on the level of fees chargeable for the licences.

3.9 **Other budget pressures – £1,666k**

- 3.9.1 A number of other pressures have been recognised in the 2022/23 budget. A further £901k has been provided to increase the council's contribution to the Leeds 2023 Trust, reflecting the agreed payment schedule. However, this will be partially offset by assumed funding from WYCA as described in paragraph 3.4.2, although this is still subject to agreement.
- 3.9.2 An adjustment of £320k has been made to the capital receipt fee income budget to reflect the estimated capital receipts schedule and £250k has been included to provide for the ongoing maintenance requirements associated with adopted highways
- 3.9.3 Provision of £195k has been made within Resources & Strategy, primarily to provide additional capacity to support the Directorate with key national, regional and local policy areas and to contribute to the successful delivery of major transformational projects and programmes.

3.10 **Savings**

3.11 **Business As Usual – £3,015k**

- 3.11.1 The Arts, Events and Venues team has identified net savings of £80k through investment in a new ticketing system solution called Tessitura. The system presents an opportunity to generate savings and increase income across the council.
- 3.11.2 It is proposed to utilise redistributed balances of £678k from the 2018/19 Business Rates Pool, subject to agreement by the other Local Authorities, to substitute for the Council's core budget contribution to Leeds 2023 in 2022/23. It is proposed to increase this by a further £189k by utilising uncommitted balances from the 2020/21 Business Rates Pool, giving a total substitution of £867k in 2022/23.
- 3.11.3 Within Active Leeds, net savings of £50k have been included for a Health and Well Being offer to businesses based within or nearby to Leeds. In addition, a further £150k is anticipated through increased swimming tuition income based upon a remodelling of existing activities.
- 3.11.4 Within Highways & Transportation, a major schemes procurement framework is being established for the delivery of the ongoing programme of infrastructure work. This will give Leeds direct access to the contracting market, providing savings to Leeds and also the potential to generate income by making it available and charging fees to other Local Authorities. A saving of £200k is anticipated.
- 3.11.5 The service has also identified the potential to deliver the Section 38 Agreement process on behalf of other Highway Authorities in West Yorkshire which could generate annual income. At this stage, income of £40k has been included in the budget proposals which assumes one Local Authority will take up this service.

- 3.11.6 An additional £50k has been included which reflects the establishment of a project team to improve efficiency and capacity of the three Highways & Transportation Depots.
- 3.11.7 Further net savings of £233k have been estimated in respect of the continuing rollout of the Street Lighting LED conversion scheme which continues to deliver significant energy consumption savings.
- 3.11.8 An additional £299k saving has been identified by reviewing fees in respect of Highway maintenance schemes to more accurately reflect the requirements of design and co-ordination and the increasingly complex nature of these types of schemes.
- 3.11.9 Within Asset Management & Regeneration, the management of cost reduction aligning to Future Ways of Working and Service Delivery is continuing and estimated savings of £275k have been identified regarding an opportunity to sub-let surplus space and manage as an additional investment property.
- 3.11.10 An additional £50k has been identified relating to the charging of professional property and delivery expertise on externally funded capital schemes, reflecting a modest increase on current fee charges and a review of costs.
- 3.11.11 A review of Elland Road Car Park cash collection to include consideration of automated payment methods, introduction of cashless payments and increased flexibility in the charging regime is anticipated to generate an additional £20k in 2022/23.
- 3.11.12 Implementation of tighter vacancy management controls across the directorate and a review of current levels of vacancy factor are anticipated to save an additional £476k in 2022/23.
- 3.11.13 Public Health funding of £100k will be received in 2022/23 in support of existing physical activity programmes within Active Leeds.
- 3.11.14 A corporate review of the PFI schemes has identified insurance savings of £125k for 2022/23 in respect of the Active Leeds PFI contracts which will have a nil impact upon the service's budget.

3.12 Service Review £160k

- 3.12.1 The Leeds Museum and Galleries service proposes changes to Kirkstall Abbey admissions for non-Leeds residents which is anticipated to generate additional income of £160k in 2022/23. An invest to save business case will also be developed around the relocation of the café at Abbey House Museum to the visitor centre at Kirkstall Abbey, to deliver further net savings, although these are not anticipated until 2023/24.

4 Risk Assessment

- 4.1 In determining the 2022/23 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 2022/23 budget for the City Development Directorate are:
 - The majority of income streams within the Directorate are predicated on a buoyant and active economy. Income from Planning and Building Control fees, Advertising, Markets,

Active Leeds and Arts and Heritage as well as Strategic Investments and Major Capital Programmes are all affected by local, regional and national economic conditions and therefore any downturn impacts directly in these service areas. This presents a significant risk as the uncertainty created by the COVID Pandemic continues. The potential financial impact of reduced income resulting from a sustained period of COVID in 2022/23 has not been factored into the Directorate's budget.

- In addition, a number of the 2022/23 budget proposals relate to income growth and successful delivery of this budgeted growth represents a challenge for the Directorate. The Directorate will therefore need to ensure that income levels and the actions required to deliver them are closely monitored.
- There is a risk that the existing savings targets around Strategic Investments are not achieved which reflects the Council's intention to not simply chase financial returns but to only invest in suitable and sustainable investments that support the overarching ambitions of the Council.
- Given the increase in vacancy factor in the 2022/23 budget, there is a risk that 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 budget, although existing control mechanisms are in place across the directorate to mitigate this risk.

Briefing note prepared by: Michael Everitt (Head of Finance)
Telephone: 0113 378 7817

Directorate - City Development

	2022/23 £m	FTEs
Net managed budget 2021/22	30.65	
Adjustments		
Transfers of function/other adjustments	0.52	
Adjusted net managed budget	31.17	
Changes in the use of Reserves & Balances		
Use of Covid reserve - Planning backlogs	(0.38)	
Highways Commuted Sums	(2.00)	
Reversal of use of Highways balances in 21/22	0.52	
Use of Highways balances 22/23	(0.10)	
Changes in Other Resources		
Fallout of WYCA Gain Share 21/22	1.70	
WYCA Mayoral Priorities	(0.63)	
Total Change in Resources	(0.89)	
Budget Pressures:		
Inflation		
Pay	2.68	
Price	2.15	
Income	(0.64)	
Employers Pension	0.00	
Capitalised Pensions	(0.06)	
Other		
Planning staffing to address backlogs	0.38	9.38
Street Licence income	0.10	
Leeds 2023 payment schedule	0.90	
Capital receipt fee income	0.32	
Highway maintenance - adopted highways	0.25	
Service Improvement Team	0.20	5.00
Total Pressures	6.26	14.38
Savings Proposals:		
Business As Usual		
Arts, Events, & Venues - Ticketing solution	(0.08)	2.23
Utilisation of Business Rates Pool balances to substitute for Leeds 2023 spend	(0.87)	
Active Leeds Health & Wellbeing offer	(0.05)	
Active Leeds - increase swimming tuition income	(0.15)	
Highways & Transportation - establishment of procurement framework	(0.20)	
Highways & Transportation - manage s38 process on behalf of other LAs	(0.04)	
Highways & Transportation - efficiency savings across 3 depots	(0.05)	
Highways & Transportation - street lighting LED conversion energy consumption	(0.23)	
Highways & Transportation - review of fees re Highway maintenance schemes	(0.30)	
Asset Management & Regeneration - sub-let surplus office space	(0.28)	
Asset Management & Regeneration - review of professional property and delivery fees	(0.05)	
Asset Management & Regeneration - review of Elland Road cash collection arrangements	(0.02)	
Implementation of tighter vacancy control and vacancy factors across the directorate	(0.48)	
Public Health funding - Active Leeds	(0.10)	
Procurement savings	(0.13)	
Service Review		
Leeds Museums and Galleries - charges to non-Leeds residents at Kirkstall Abbey	(0.16)	
Total Savings	(3.18)	2.23
Net Managed Budget 2022/23	33.37	16.61

City Development

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2022/23 Budget Amount £	Decision Maker
Leeds Arts, Events & Venues - Ticketing Solution	Purchase of new corporate ticketing software has provided opportunity to increase income	Additional income target not achieved	Internal staffing consulted	No significant implications	Already taken as a BAU decision	£80k	Chief Officer – Culture and Economy
Leeds Museums & Galleries – Kirkstall Abbey charging to non-Leeds residents	Ensures the Abbey is more financially sustainable, whilst protecting Leeds residents.	Demand assumptions not achieved	Internal staffing and ward members already consulted, further public consultation to be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2022	£160k	Chief Officer – Culture and Economy
Utilisation of Business Rates Pool Balances as substitution for Leeds 2023 expenditure	Reduces net cost of Leeds 2023 to the Council in 2022/23	Confirmation required of balances available for use	Other participating Pool Authorities – awaiting confirmation	None	March 2022	£867k	Chief Officer – Culture and Economy
Active Leeds – Health & Wellbeing Offer	Meeting demand from private sector, creates income stream to Council	Demand not as high as anticipated	Internal staffing consulted	No significant implications	Already taken as a BAU decision	£50k	Chief Officer – Operations and Active Leeds

City Development

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2022/23 Budget Amount £	Decision Maker
Active Leeds – swimming tuition income	Improves service offer and generates additional income	Additional income target not achieved	Customers	No Significant Implications	Already taken as a BAU decision	£150k	Chief Officer – Operations and Active Leeds
Highways & Transportation – establishment of procurement framework for major schemes	Reduces costs of procurement to LCC and generates income	Other Authorities don't utilise the framework as envisaged	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2022	£200k	Chief Officer – Highways & Transportation
Highways & Transportation – manage S38 approval process for other WY LAs	Utilises existing expertise and generates income	Demand not there from the other WY Authorities	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2022	£40k	Chief Officer – Highways & Transportation
Asset Management & Regeneration – sub-let surplus office space	Aligns to Future Ways of Working programme and generates income	Ability to complete in timescales	N/A	To be undertaken as a part of the decision process	March 2022	£275k	Chief Officer – Asset Management & Regeneration
Asset Management & Regeneration – Elland Road car park cash collection	More efficient method of cash collection provides opportunity to	None identified	To be undertaken as a part of the decision process	To be undertaken as a part of the decision process	March 2022	£20k	Chief Officer – Asset Management & Regeneration

City Development

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2022/23 Budget Amount £	Decision Maker
	generate additional income						

LEEDS CITY COUNCIL

2022/23 BUDGET REPORT

Directorate: Children and Families

1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2022/23 financial year.
- 1.2 The 2022/23 Revenue Budget provides £2,570k 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 overall aim of Children and Families continues to be delivering outstanding services that improve the lives of children, young people and families and make Leeds a child-friendly city.
- 2.2 The demand for Children and Families services are significantly influenced by the Covid-19 pandemic. The pandemic has had a huge impact on the communities of Leeds with those most vulnerable significantly affected in terms of their health and well-being as well as their economic circumstances. This has also led to an increased need for children's social care and learning inclusion services. The recent Ofsted focused visit acknowledged the impact of Covid-19 on all aspects of children's services, identified a number of areas of strength and areas for improvement in social work practice.
- 2.3 In response to these challenges, the directorate has developed a Covid-19 Transition Plan. This is a single plan which brings together Children and Families Services activity with that of other council services and partners, where appropriate, to support key improvement priorities from the Children & Young People's Plan during the period of transition from the Covid-19 pandemic.
- 2.4 The Transition Plan is underpinned by restorative, strength-based and family-led approaches which seek to address the impacts of poverty, and promote equality and diversity, and the voice and influence of children, young people, and their families.
- 2.5 The plan has three key themes:
 - Improving the lives of children, young people and families
 - Creating the conditions for success
 - Securing the future and financial sustainability
- 2.6 In line with these principles, the 2022/23 Children and Families budget includes plans to invest resources to meet demand through a £2m investment in additional staff in key areas of the service. This includes the front door, children's social work and services for children with special education needs and disabilities. The additional investment is focussed on ensuring that children and young people's needs continue to be met effectively, despite the

increased need across the city, and builds upon an invest to save proposal with regard to the council's fostering and residential services.

- 2.7 In combination these proposals seek to ensure that the Directorate maintains the strategy of helping families early and in a preventative way wherever possible, and ensuring that where children are looked after this happens within the council's own provision, locally and in family settings wherever possible. This will continue to support positive outcomes for children and families in Leeds and over the medium-term result in financial savings to the Council.

3 **Budget Proposals**

- 3.1 This 2022/23 budget has been set at £133,030k representing a net increase of £16,007k (11.9%) when compared to the adjusted budget for 2021/22. This net increase comprises a number of changes in resources totalling £58k and pressures totalling £17,878k offset by savings of £1,661k which are explained below.

3.2 **Budget Adjustments and Transfers - £68k**

- 3.2.1 There is a minor net adjustment of £68k in the 2022/23 budget relating to decarbonisation and a number of staffing adjustment between Children & Families and other directorates.

3.3 **Changes in Specific Grant Funding – reduction of £58k**

- 3.3.1 There is a reduction of £58k in Dedicated Schools Grant (DSG) funding for central school services provided by the council. This is due to ongoing phased reductions in the funding provided to local authorities by the Education and Skills Funding Authority, as some areas that were historically funded are no longer eligible for funding.

3.4 **Changes in Use of Reserves and Balances – no change**

- 3.4.1 There are no changes in the use of reserves and balances for 2022/23.

3.5 **Changes in Other Resources – no change**

- 3.5.1 There are no changes in other resources for 2022/23.

- 3.5.2 The Adults & Health budget reflects a £5,000k contribution from Leeds Health partners to support Leeds City Council expenditure that directly supports their services. This contribution will support both Adults & Health and Children & Families services, and discussions are taking place with Health partners to agree how the contribution will be split across the directorates. Until the details are confirmed, the £5,000k has been initially included in the Adults & Health budget. If required, budgets can be adjusted to reflect the contribution in respect of Children & Families once this has been agreed.

3.6 **Changes in prices – pressure of £8,866k**

- 3.6.1 Spending Review 2020 indicated a public sector pay freeze in 2021/22. However, it is now assumed a pay award will be required and negotiations are ongoing. As such the budget provides £5,055k for two elements of pay: the Employers final offer for 2021/22 not provided for in the 2021/22 base budget and an assumed 2022/23 pay award incorporating the recently announced Real Living Wage of £9.90 as scale points 1 and 2 and a 2% pay award

for all other staff. 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 £9.90 per hour which is 40 pence above the National Living Wage rate. Apprentices and new starters on the A1 spinal point will also be paid £9.90 per hour.

- 3.6.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. A 5% increase has also been provided for inflation on utilities budgets, providing £85k. The current assessment of projected energy prices indicates there may be an additional pressure in 2022/23, in response to which a reserve has been created within the Council's Strategic Budget and will be applied as required. Business rates for Children and Families will increase by £90k.
- 3.6.3 In relation to demand based budgets, inflation of £2,652k is provided for the increased cost of external provision for Children Looked After. This amount reflects inflation on expected demand increases, and also includes an adjustment to reset the Strategy at a level reflecting inflation on existing demand, which has exceeded the available budget in recent years.. A further £1,100k has also been included to reflect the actual staffing structures currently in place across the Directorate.

3.7 Actuarial Review

- 3.7.1 The 2022/23 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

3.8 Capitalised Pension Costs – saving of £29k

- 3.8.1 The Council continues to provide an Early Leavers Initiative (ELI) to reduce the wage bill as a mechanism to contribute towards the budget gap. The fall out of capitalised pension costs associated with staff who have left the Council under ELI to date will save an estimated £29k.

3.9 National Living Wage/Ethical Care Charter Commissioned Services – pressure of £720k

- 3.9.1 Provision of £720k has been included for the estimated cost of the increase in the national living wage for external placement costs.

3.10 Demand and Demography – pressure of £6,103k

- 3.10.1 £5,403k has been provided for increased demand on Children Looked After (CLA) and financially supported non-CLA budgets (which include arrangements that prevent children from becoming looked after, such as special guardianship orders). This amount reflects expected demand increases, and also includes an adjustment to reset the Strategy at a level reflecting actual demand, which has exceeded the available budget in recent years. The increase is partly offset by savings proposals detailed later in this report, which will increase the proportion of internal CLA provision.
- 3.10.2 A further £700k has also been provided for the increasing number of children eligible for transport support.

3.11 Other budget pressures – £2,581k

- 3.11.1 Provision has been included in the budget for an additional £2,000k of staffing costs, reflecting increased demand for social care and services that support special educational needs and disabilities.
- 3.11.2 £500k has been included for repayment towards previous borrowing against school balances, which supported early intervention and preventative services in Children's Services.
- 3.11.3 A further £75k has also been included in the budget for direct payments reflecting increased demand. An additional £20k has also been included to reflect increased apprentice levy payments.
- 3.11.4 Additional provision of £186k has been included for insurance costs, which reflects changes in the number and value of insurance claims.
- 3.11.5 Savings of £200k have been included for school premature retirement costs and Further Education pension costs, based on recent trends.

3.12 Savings

3.13 Business as Usual – saving of £1,366k

- 3.13.1 Savings of £280k have been included for Passenger Transport savings on home to school transport through increasing efficiency and offering a flexible choice to parents and carers
- 3.13.2 Savings of £500k have been included for reductions in operational costs across the Directorate.
- 3.13.3 Additional income of £378k is included in the budget for the use of public health funding to support Children and Families services that deliver public health outcomes.
- 3.13.4 Contract savings of £208k have been included for expected insurance rebates on PFI contracts.

3.14 Service Review – saving of £295k

- 3.14.1 Net savings of £295k are included from proposals that were reported to Executive Board in September 2021. The proposals invest in the council's fostering and residential provision based on an analysis of the needs of children in care. The proposals aim to create increased in-house capacity for children and young people to reduce reliance on externally commissioned fostering and residential placements.

4 Risk Assessment

- 4.1 In determining the 2022/23 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 2022/23

budget for the Children and Families Directorate are set out below.

- 4.2 There is an increasing number of children with special and very complex needs. This impacts in particular on the Children and Families placements budget for Children Looked After, financially supported Non-CLA and on the transport budget. These budget proposals provide for increased demand, however there is a risk that demand may increase beyond current projections. In particular, the longer term impact of Covid on children and young people is still developing, and there is a risk that demand on services may increase as a result of this. The Directorate continues to develop innovative approaches to the delivery of services to mitigate the demand pressures, including a focus on preventative Early Help services.
- 4.3 The Directorate's proposed budget assumes no change in the amount of income from grants and other sources. Some of this income will require further work to secure, including ongoing discussions on appropriate contributions from health. The income budget also includes assumptions on grant income based on previous trends, however a number of grant allocations will be announced after the budget has been prepared and there is a risk that the final allocations will be less than projected. There is also a risk there will be reductions in traded income as more schools become academies, resulting in reduced demand for services. Further income pressures could also be seen on the council's nursery provision depending on the ongoing impact of Covid.

Briefing note prepared by: Lucie McAulay (Head of Finance)
Telephone: 0113 3788766

Directorate - Children & Families

	2022/23 £m	FTEs
Net managed budget 2021/22	117.02	
Adjustments		
Transfers of function	0.00	
Other adjustments	0.20	
Adjusted net managed budget	117.22	
Grant Fallout		
Dedicated Schools Grant - central school services	0.06	
Grant Increases		
Changes in the use of Reserves & Balances	0.00	
Changes in Other Resources	0.00	
Total Change in Resources	0.06	0.00
Budget Pressures:		
Inflation		
Pay	5.06	
Price	2.98	
Income	0.00	
Employers Pension	0.00	
Capitalised Pensions	(0.03)	
National Living Wage - commissioned services		
National Living Wage/Ethical Care Charter	0.72	
Demographic and demand pressures		
Demand and demography	6.10	
Other		
Staffing to meet demand	2.00	
Repayment of borrowing	0.50	
Direct Payments	0.08	
Apprenticeship Levy	0.02	
School premature retirement costs and FE pensions	(0.20)	
Insurance	0.19	
Total Pressures	17.41	38.40
Savings Proposals:		
Business As Usual		
Passenger Transport	(0.28)	
Operational costs	(0.50)	
Public Health funding	(0.38)	
Contract insurance rebates	(0.21)	
Service Review		
Children Looked After proposals	(0.30)	15.00
Total Savings	(1.66)	15.00
Net Managed Budget 2022/23	133.03	53.40

Children and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2022/23 Budget Amount £	Decision Maker
Investing in the council's fostering and residential provision for Children Looked After	<p>The options considered and the justification for the proposal were set out in the September Executive Board report.</p> <p>The proposal will increase the proportion of in-house provision, which should improve outcomes while also providing a financial saving.</p>	<p>This is a transformational project and as such there are various risks that will be monitored as part of the project governance.</p>	<p>Initial consultation was carried out for the previous Executive Board report and this budget report.</p> <p>More detailed consultation will follow for individual decisions needed as the project progresses.</p>	<p>These changes are for the children looked after by Leeds. They will increase the potential to provide the best quality care for them and improve their outcomes.</p> <p>Parenting Board.</p> <p>Appropriate consultation will be carried out with stakeholders.</p>	Various during 2021/22 and 2022/23	£295k net savings	Director of Children & Families
Investing in additional staff to meet demand	Additional staff are required in key posts reflecting increased demand for social care and services that support special	Recruitment to posts will be affected by market forces, this risk is being managed through appropriate recruitment	Consultation will be undertaken as appropriate as part of the decision making process.	Equality impact assessments	By April 2022	£2m expenditure	Director of Children & Families

Children and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality Impact assessment	Expected decision date	2022/23 Budget Amount £	Decision Maker
	educational needs and disabilities.	campaigns and support from HR.					