

LEEDS CITY COUNCIL 2022/23 BUDGET REPORT

Directorate: Adults & Health

1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 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 current context for Adult Social Care and Public Health is still heavily influenced by the Covid pandemic. It has necessarily changed significantly how, and which, services are commissioned and delivered. The near future is therefore somewhat uncertain; in Public Health sizeable efforts will still need to be directed to managing the pandemic and its after-effects throughout next year and a possible reprioritisation of services funded by the Public Health grant. Adult Social Care will work within an uncertain environment of changes to its service offer mix and whether those changes are permanent or temporary, and a care market significantly affected by the pandemic. With specificity to each service the following aims to add further context.
- 2.2 **Adult Social Care:** the national context for Adult Social Care continues to be one of demographic increases, increased life expectancy, increasing complexity of need and service user expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services. These national trends, which are leading to increased cost pressures, have been evident for many years, but the economic climate is putting increasing pressure on public finances and the reductions in public spending have added to the financial challenges faced by Adult Social Care.
- 2.3 In an attempt to mitigate this financial pressure, the Government, in its 2021 Spending Review, announced an increase in the Social Care Grant and that local authorities will be permitted to levy a 1% adult social care precept increase.
- 2.4 There is a concern that given the scale of demand and cost pressures on adult social care this additional funding will not fully address the financial challenges faced, particularly within the context of continuing funding pressures for the Council as a whole. In September 2021 the Government presented to Parliament proposals for future funding reforms for Health and Social Care, "Building Back Better: Our Plan for Health and Social Care". Specifically, for the Care sector, the Government published its Policy Paper, "People at the Heart of Care: adult social care reform", on the 1st December 2021 setting out its 10 year vision for how it will transform support and care in England. The Policy Paper has 3 objectives:
- i) People have choice, control, and support to live independent lives
 - ii) People can access outstanding quality and tailored care and support
 - iii) People find adult social care fair and accessible

- 2.5 The pandemic has had an impact on the mix of care provided, particularly a move from residential to community-based care, over the last year and the long-term effects of this may impact on the types and volumes of future provision. Also impacting on the mix will be the promotion of the, 'Independence First' agenda and putting resources into supporting people to live independently for longer.
- 2.6 Adult Social Care will continue to develop and implement its approach to design care and support arrangements around the strengths of individual service users and carers (strengths based social care), and the assets available within their communities empowering them to live the 'Better Life' that they want for themselves. In addition, it will continue to work with health partners to develop plans for meeting the needs of the NHS England-led Transforming Care programme and Health and Social Care reforms. The year will also see preparations begin for the Social Care Funding Reforms announced recently by the Government which will take effect in 2023.
- 2.7 **Public Health:** Public Health commissions a wide range of providers to deliver Public Health services. These include 3rd sector providers, GPs, Pharmacists and Leeds Community Healthcare. Though the government has announced that Public Health grant will be maintained in real terms until 2024/25, this does not reverse the 24% real terms cut to the grant since 2015/16. After several years of cuts and new burdens the service is still operating on a smaller grant than in previous years.

3 **Budget Proposals**

- 3.1 This 2022/23 budget has been set at £197,643k representing a net increase of £2,361k (1.2%) when compared to the adjusted budget for 2021/22. This net increase comprises a number of changes in resources totalling £11,958k and pressures totalling £21,313k offset by savings of £6,995k which are explained below.

3.2 **Budget Adjustments and Transfers**

- 3.2.1 There have been several organisational changes, service transfers and other budget adjustments which are reflected in the 2022/23 budget which have an overall net impact of increasing the budget by £71k.
- 3.2.2 These include £113k pay inflation costs for Passenger Transport employees in Resources & Housing; Leeds Community Equipment Service and removal of £15k income recharge for staffing costs supporting Children & Families Directorate; the transfer to Resources & Housing for funding for the public sector decarbonisation scheme, £16k; transfer of staffing budgets to Resources and Housing - Business Support Centre, £7k; Communities Housing and Environment – Welfare Rights, £34k.

3.3 **Changes in Specific Grant Funding – increase of £ 2.235k**

- 3.3.1 As part of the reforms of the social care system, the Government announced a new grant funded scheme, Market Sustainability and Fair Cost of Care Fund, of which Leeds is due to receive £2,235k.

3.4 Changes in Use of Reserves and Balances – increase of £2,683k

3.4.1 Social Care reserves totalling £5,417k will be applied in 2022/23 an increase of £2,683k on those utilised in 2021/22; this is represented by a £2,652k corporate repayment for reserves utilised in 2021/22; £3,035k to support specific Adults & Health innovation programmes; £2,300k utilised to partially mitigate cost pressures associated with service provision in 2022/23.

3.5 Changes in Other Resources - increase of £7,040k

3.5.1 The budget reflects £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.

3.5.2 In accordance with the Government's guidance on the flexible use of capital receipts which allows for expenditure on projects designed to generate ongoing revenue savings or expenditure associated with transforming service delivery to be funded with capital receipts, the Adults and Health budget provides for £2,040k to be funded in this way. Details of the identified expenditure is contained in Appendix 9.

3.6 Changes in prices – pressure of £3,981k

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 £2,211k 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.

3.6.2 No provision has been made for inflation on running cost budgets other than demand-based budgets and where there are specific contractual commitments. The main provision for price inflation is £2,150k for care packages and other commissioned demand led services. A 5% increase has been provided for inflation on utilities budgets, providing £20k. 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.

3.6.3 Inflationary increases in the level of fees, charges and income from other organisations are estimated to generate additional income of £400k. Many adult social care fees and charges are related to Department for Works and Pensions benefits rates and will be uplifted accordingly from April 2022. Those changes not linked to benefits rates have been budgeted to increase by 3%. An increase in the charges for services does not necessarily generate a proportionate increase in income as the amount people pay for most services is determined by individual financial circumstances.

3.7 **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 £177k**

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 £177k.

3.9 **Cost of Care/Ethical Care Charter Commissioned Services – pressure of £8,061k**

3.9.1 In respect of services commissioned from external providers by the Directorate, provision of £8,061k has been included in the proposed Budget for 2022/23. This reflects the finalised outcomes of the two Cost of Care exercises undertaken in 2021-22 financial year for Home Care and Residential Settings and provision to enable a continuation of meeting the aims of Ethical Care Charter. The Government announced an increase to the National Living Wage from £8.91 to £9.50 and for the Real Living Wage from £9.50 to £9.90. For Home Care the strategy funds the Real Living Wage allowance of £9.90 per hour. For Residential settings the strategy funds a minimum of £9.50 per hour.

3.10 **Demand and Demography – pressure of £7,179k**

3.10.1 Additional provision of £6,186k has been made to reflect the demand and demographic pressures forecast for the 2022/23 for care packages. In recognition of the financial challenges facing the council the Directorate intends to put measures in place to carefully manage this demand and ensure the costs of care packages represent value for money. Whilst the additional provision has been allocated across placements, domiciliary care, direct payments and the learning disability pooled budget, the type of service will reflect client needs and choices so each element of the community care packages budget cannot be predicted with absolute accuracy.

3.10.2 An additional provision of £993k has been built into the budget recognising the national Transforming Care agenda which will result in more people with learning disability and/or autism being discharged from long-stay hospitals to their home location and supported in more independent settings such as supported living and with enhanced community support in place.

3.11 **Other budget pressures – £2,269k**

3.11.1 Offsetting expenditure relating to the new grant funding in 3.3 above, Market Sustainability and Fair Cost of Care, £2,235k.

3.11.2 A number of corporately managed areas have had a small impact on the Adults and Health 2022/23 budget: increased insurance provision, £28k; increased Apprentice Levy provision, £11k; offset by savings on NNDR of £5k. The increased insurance costs reflect changes in the number and value of insurance claims.

3.12 **Savings**

3.13 **Business As Usual – £4,434k**

- 3.13.1 Additional CCG income of £575k. This is a combination of inflationary uplift in the Better Care Fund including additional £75k relating to 2021/22 financial year which is now in the base budget for future years and new funding agreements with the CCG around current Adult & Health budgeted programmes supporting the NHS.
- 3.13.2 A review of primarily Working Age Adults care packages to ensure value for money is being achieved and that packages are appropriate when aligned to Strengths-Based approach adopted by the Directorate. This exercise will also take in a review of s117 eligibility. The total target of these initiatives is to deliver a saving of £500k.
- 3.13.3 Within the commissioned services for Working Age Adults and Older People a continuing review of eligibility for Continuing Health Care is calculated to save £250k per annum.
- 3.13.4 The Directorate continues to improve its processes for the billing and collection of assessed client contributions, a further net £2,300k is projected to be recoverable in 2022/23.
- 3.13.5 An adjustment re the 2021/22 one-year freeze on home care uplift has added £700k to the Directorate's budget.
- 3.13.6 A detailed review of commissioned services within the Learning Disability service will save £250k through efficiencies in provision and best use of resources.
- 3.13.7 A programme for refurbishing the 3 remaining residential homes is scheduled to commence 2021/22. This will result in increased occupancy in the LCC run homes delivering savings of £190k on externally commissioned placements.
- 3.13.8 A review of general expenditure across the Directorate will deliver savings of £380k.
- 3.13.9 Develop a direct payment plan that is easy to administer for social workers to become the default option; will improve client contributions and reduce instances of incorrect billing, budgeted to deliver £50k savings.
- 3.13.10 Additional trading income for Workforce Development via increased training of £20k.
- 3.13.11 A corporate review of the PFI schemes has delivered insurance savings of £100k for the Independent Living Places programme.
- 3.13.12 Budgetary provision for Public Health grant funding to support Adults & Health, including Neighbourhood Networks, has been included at £520k.

3.14 **Service Review £2,561k**

- 3.14.1 Further savings from the closure of the two care homes in 2021/22, Richmond House and Home Lea House, £1,111k. This takes the full year saving around the closure of the homes to £1,600k.
- 3.14.2 A review of Adult Social Work provision, with areas for consideration being (a) changes in Social Care at 'the front door', to maximise capacity to meet growing demand for information, advice, and a social care assessment of needs, embedding an 'independence

first' approach that uses Occupational Therapy staff; (b) Changes to Social Work reviewing functions to maximise capacity to meet statutory social care duties by piloting a new Community Reviewing Team. This will include Occupational Therapy and Social Work staff to enhance the capacity of the current Adult Reviewing Team in order to deliver an increased reviewing schedule, will generate a saving of £1,365k.

- 3.14.3 Align in-house mental health provision with strategic commissioning work & reviews, leading to increased health contributions, greater alignment to care pathway (i.e., provision supporting more individuals who would have otherwise needed another MH care package elsewhere), reduction in void costs, better use of internal resources and increased move on, saving £50k.
- 3.14.4 The Directorate is consulting to reduce contracts and grants with the third sector across organisations supporting older people and other client groups saving £35k.

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 Adults & Health Directorate are:
 - 4.2 For Adult Social Care, a significant ongoing risk relates to the demand led nature of the services provided, together with the statutory responsibility to ensure that all assessed eligible needs are met, which means that the expenditure requirements to be met from the Adult Social Care budget cannot be predicted with absolute certainty.
 - 4.3 The impact of the pandemic and the change on the current mix of care provided only enhances this risk. The budget is based on realistic demographic information using trends experienced in Leeds and national and local indicators that are available to the Council. However, the nature of demand for these services can be somewhat volatile and subject to demand factors that Adults & Health cannot directly control. The numbers of service users and the complexity of their needs may exceed the provision made within the budget. With approximately 3,500 placements in total a relatively modest percentage variance in numbers can give rise to a substantial cash variance. These variations could affect community care packages for adults, including those commissioned within the pooled budget for people with learning disabilities. In this context, delivering a number of the savings included within the 2022/23 budget carries some risk.
 - 4.4 For Public Health, outside of the uncertainties that the Covid pandemic continues to provide, there is a continued risk of harm to health and an increase in health inequalities due to the impact of the Public Health cuts on commissioned services and programme budgets over the last few years. Though the grant was increased in 21/22 it is still lower than several years ago.
 - 4.5 A risk of newly endorsed NICE (National Institute for Clinical Excellence) treatments becoming a cost pressure due to the Council's Public Health responsibilities. The Office of the Director of Public Health is responsible for a number of contracts which are activity based. There is a financial risk, based on the possibility of fluctuation of demand, some of which is determined by NHS tariff.

4.6 There is an overarching risk covering public health and social care relating to changes in national policy, including Health and Social Care, “Building Back Better: Our Plan for Health and Social Care” and practice and legislation e.g., Agenda for Change.

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Directorate - Adults & Health

	2022/23 £m	FTEs
Net managed budget 2021/22	195.21	
Adjustments		
Transfers of function		
Other adjustments	0.071	
Adjusted net managed budget	195.28	
Grant Fallout		
Grant Increases		
Market Sustainability and Fair Cost of Care Fund	(2.23)	
Changes in the use of Reserves & Balances		
NHS Contribution	(5.00)	
Repayment of 2021-22 Reserves	2.65	
Use of 2022-23 reserves	(2.30)	
Use of Reserves to pump prime future years savings plans	(3.035)	
Capital Receipt Flexibilities	(2.040)	
Total Change in Resources	(11.96)	0.00
Budget Pressures:		
Inflation		
Pay	2.21	
Price	2.15	
Income	(0.40)	
Employers Pension		
Capitalised Pensions	(0.18)	
National Living Wage - commissioned services		
National Living Wage/Ethical Care Charter	8.06	
Demographic and demand pressures		
Demand and Demography	7.18	
Other		
Insurance	0.03	
NNDR	(0.01)	
Electricity & Gas (Utilities)	0.02	
Apprentice Levy	0.01	
Offsetting expenditure for Market Sustainability and fair Cost of Care Fund	2.23	
Total Pressures	21.31	0.00
Savings Proposals:		
Business As Usual		
Fallout of 2021-22 freeze on home care wage uplift	0.70	
Review of general expenditure	(0.38)	
Maximising funding contributions from NHS & Better Care fund inflationary uplift.	(0.58)	
Continued Value for Money work on high cost packages (Working Age Adults)	(0.50)	
Workforce Development - additional training income	(0.02)	
Improved processes and administration of Direct Payments	(0.05)	
Continued review of CHC eligibility (older people & mental health)	(0.25)	
Learning Disability commissioned services - efficiencies in provision and best use of resources	(0.25)	
Increased occupancy of in-house provision reducing external commissioned	(0.19)	
Improved collection of financially assessed client income	(2.30)	
Public Health -review contracts to be awarded for efficiencies	(0.52)	
Independent Living Project PFI scheme insurance premium reduction	(0.10)	
Service Review		
Decommission 2 Care Homes (full year effect)	(1.11)	
Reduction in commissioned services - older people and other client groups	(0.04)	
In-House strategic mental health review	(0.05)	
Review of Adult Social Work provision promoting Independence First agenda	(1.37)	31.00
Total Savings	(6.99)	31.00
Net Managed Budget 2022/23	197.64	31.00

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.

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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						