

## Scrutiny of the Budget – Initial Budget Proposals

Date: 14<sup>th</sup> January 2025

Report of: Head of Democratic Services

Report to: Scrutiny Board (Adults, Health and Active Lifestyles)

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

- In accordance with the Council's Budget and Policy Framework, the Executive Board's initial budget proposals are submitted to Scrutiny for consideration and comment. The formal referral to scrutiny took place at the Executive Board meeting on [Wednesday 11 December 2024](#).
- Once Scrutiny Boards have considered the budget proposals, they will be required to provide a summary of their deliberations for consideration at the meeting of the Executive Board on 12 February 2025.
- The Proposed Budget 2025/26 and Provisional Budgets for 2026/27 and 2027/28 report (Appendix A) should be read in conjunction with two further reports – both entitled Revenue Savings Proposals. The first of those was considered by Executive Board on [16th October 2024](#) and the second on 11 December 2024 (Appendix B).
- During the past three budget rounds an enhanced consultation programme was adopted, which incorporated the use of private working groups for all five scrutiny boards. These informal working groups enabled scrutiny board members to receive an initial introduction to the savings proposals that fall within the remits of their respective boards, providing members with more time to consider the detail of saving proposals. This enabled greater input into the budget setting process. The same approach has been taken for the savings proposals for 2025/26 to 2027/28 and informal working groups took place for all Scrutiny Boards during December 2024. As noted above, a composite report summarising the outcome of all those deliberations will be submitted to Executive Board on 12<sup>th</sup> February 2025.

## Recommendations

Board members are asked to note the following:

- a) The content of the report and appendices.
- b) A summary of the deliberations of all five Scrutiny Boards during the period of consultation on the initial budget proposals will be submitted for consideration by Executive Board on 12 February 2025.

## What is this report about?

1. This report sets out the context for informal consultation on the initial budget proposals that fall within the remit of the Scrutiny Board (Adults, Health and Active Lifestyles).
2. Services that sit within the Scrutiny Board's remit from a budgetary perspective are:
  - **Adults and Health** – Promotion of well-being; Information, advice and advocacy; Prevention and Recovery; Safeguarding; Assessment and eligibility; Diverse and high-quality services; Charging and financial assessment; Public Health; Health Improvement Functions; Health Protection Functions; Functions relating to the commissioning of Public Health services; Provision of statutory and mandated functions; Functions of Responsible Authority; Publication of the annual report on the health of the local population.
  - **City Development:** Sport and Active Leeds
3. The wider context and forward planning of the council's budgetary position is delivered through the [Medium Term Financial Strategy 2025/26-2029/30](#) (MTFS) which is the authority's key strategic financial planning document. The MTFS identified an estimated General Fund budget gap of £273.6m for the five-year period of which £106.6m relates to 2025/26, a further £45.7m for 2026/27 and £42.1m for 2027/28. For the Housing Revenue Account (HRA) there is a cumulative deficit of £14.3m to 2029/30 of which £2m relates to 2025/26.
4. The MTFS budget gaps have been subsequently updated by the first tranche of revenue savings proposals considered by Executive Board on 16 October 2024 and will be further adjusted by the savings proposals at the 11 December Executive Board, see Tables 1 to 3 below.
5. The December iteration (Month 7) of the [Financial Reporting updates](#) considered by Executive Board regularly throughout the municipal year sets out the impact of funding reductions, demand pressures, inflation and cost of living pressures on the Council's in year budget position. As a result of continuing increases in the cost of commissioned services, increasing costs for social care within Children's Services and Adult Social Care budgets which are linked to demand, pressures resulting from the staff pay award and wider inflationary pressure, this report identified an in year pressure £20.7m in 2024/25, approximately 3.3% of the net revenue budget which follows a similar pattern to the position experienced in the last financial year. The Council is legally required to set and deliver a balanced budget and any use of reserves to meet the in-year deficit in 2024/25 will have an impact on available resources in future years to meet the estimated budget gaps set out in the MTFS.
6. Since 2010/11, the Council has faced a reduction in core Government funding and significant demand-led cost pressures, especially within Adult Social Care and Children's Services. To date, the Council has responded successfully to that challenge through a combination of

leading and/or supporting interventions to stimulate good economic growth, managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies, including reducing staffing levels since 2010/11 by 2,672 FTEs (full time equivalents) up to 31 July 2024.

7. Nationally, council finances are in a critical state and there is growing concern with regard to an increasing number of councils reporting both overspends in the current financial year and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability.
8. The increasing costs and demand pressures within social care, combined with the impact of pay and price pressures which have been in excess of the level of resources provided for by Government in the annual local government finance settlements, have resulted in a number of local authorities either issuing or raising the possibility of issuing Section 114 notices, which give notice that a Council cannot balance its budget.
9. The financial challenge now facing the council is to manage these pressures alongside the significant impact caused by the cost-of-living crisis and recent high inflation, against a backdrop of global economic issues. The needs of the communities served by Leeds City Council have already increased and will continue to do so, and the various funding streams that support local government will undoubtedly be affected by longer-term economic impact of the cost-of-living crisis. As disposable income becomes further reduced, the Council's traded and commercial income is expected to suffer. With stretched budgets, retention and recruitment pressures within the Council the ability to identify sufficient resources to support service transformation remains challenging.
10. The Council continues to work to ensure that the organisation is as efficient and productive as possible, but there is also recognition that in the longer-term there is a need to reset the role of the council within the financial envelope available. This may mean looking at further service modernisation and improvement through enhanced use of automation and ongoing reviews of the authority's estate to ensure buildings are being effectively utilised, to deliver capital receipts and to achieve revenue maintenance savings to support the in-year and future year financial pressures.

## **Savings Proposals**

11. As in previous years, revenue 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.
12. In previous budget consultations, scrutiny boards requested that information relating to BAU savings be published in the same way as information relating to service reviews. This was to enable members to fully understand where individual BAU proposals will deliver a material saving, and the cumulative impact of the overall savings anticipated to be delivered through the BAU programme. For the 2025/26 financial year, both Service Review and BAU savings have been published via the Executive Board in October and December.
13. On 16 October 2024, the Interim Assistant Chief Executive – Finance, Traded and Resources provided a [revenue savings proposals report](#) to the Executive Board that presented £56.9m of savings over the next three financial years of which £37.4m impact the 2025/26 financial year

(£4.5m being savings through 4 Service Reviews) for 2025/26, with subsequent impacts in future financial years. Table 1 illustrates:

**Table 1: Revenue gap 2025/26 to 2027/28 – October Executive Board position**

	Projected gap / £m			
	2025/26	2026/27	2027/28	Total
<b>MTFS - Sep '24 Exec Board</b>	<b>106.69</b>	<b>45.72</b>	<b>42.11</b>	<b>194.52</b>
Subsequent review of pressures	-2.73	0.25	0.25	-2.23
October '24 savings proposals	-37.35	-10.33	-9.25	-56.92
<b>Revised gap – Oct '24 Exec Board</b>	<b>66.61</b>	<b>35.64</b>	<b>33.12</b>	<b>135.37</b>

14. Since the October proposals, the assumptions and pressures within the MTFS have been reviewed again (please refer to the Proposed Budget report elsewhere in the agenda pack for more detail), resulting in a further net reduction to the three-year projected gap. This updated position was reported to the Executive Board in December, as follows:

**Table 2: Updated estimated 3-year gap**

	Projected gap / £m			
	2025/26	2026/27	2027/28	Total
<b>Oct '24 Exec Board position</b>	<b>66.61</b>	<b>35.64</b>	<b>33.12</b>	<b>135.37</b>
Subsequent review of funding & pressures	-21.33	1.11	-0.08	-20.30
<b>Revised gap before further savings</b>	<b>45.28</b>	<b>36.75</b>	<b>33.04</b>	<b>115.07</b>

15. The December proposals contain £45.3m of net savings through both BAU and Service Review proposals impacting on all directorates over the next three financial years. Table 3 Provides more detail:

**Table 3: Revenue savings proposals and impact on estimated 3-year gap**

	£m			
	2025/26	2026/27	2027/28	Total
<b>Revised gap (as per Table 2 above)</b>	<b>45.28</b>	<b>36.75</b>	<b>33.04</b>	<b>115.07</b>
Dec Exec Board savings proposals	-45.28	-1.52	-3.44	-50.25
<b>Gap after Dec proposals</b>	<b>0.00</b>	<b>35.23</b>	<b>29.60</b>	<b>64.82</b>

16. Collectively these measures enable the Council to propose a balanced budget for 2025/26.

17. The projected gaps in the coming years will continue to be closely monitored and reviewed, taking into account revised assumptions on budgetary pressures and income, including future announcements on central government funding to local authorities and national policy on the levels of local council tax and business rates councils are permitted to collect and retain. An updated position will be brought to this Board in September 2025 through a refreshed MTFS covering the years 2026/27 to 2030/31.

18. Table 4 provides more detail on the savings proposals. When considered with the October proposals totalling £37.3m the savings proposals break down as: £82.6m in 2025/26, £11.9m in 2026/27 and £12.7m in 2027/28. The impact of the October and December savings proposals taken together and broken down by directorate, are as follows:

Table 4: Directorate savings

Directorate	Potential savings / £'000s			
	2025/26	2026/27	2027/28	Total
<b>December Exec Board proposals</b>				
Adults & Health	-9,699	-250	-250	-10,199
Children & Families	-20,374	-1,099	-865	-22,338
City Development	-3,128	-106	-550	-3,784
Communities, Housing & Envt	-3,695	-3,529	0	-7,224
Strategy & Resources	-3,382	-1,540	-1,779	-6,701
Asset rationalisation ( <i>please see para 13</i> )	-5,000	5,000	0	0
<b>TOTAL</b>	<b>-45,278</b>	<b>-1,524</b>	<b>-3,444</b>	<b>-50,246</b>
<b>October Exec Board proposals</b>				
Adults & Health	-21,550	-5,530	-5,000	-32,080
Children & Families	-1,231	0	0	-1,231
City Development	-3,173	-53	0	-3,226
Communities, Housing & Environment	-2,200	-220	0	-2,420
Strategy & Resources	-9,198	-4,523	-4,245	-17,966
<b>TOTAL</b>	<b>-37,352</b>	<b>-10,326</b>	<b>-9,245</b>	<b>-56,923</b>
<b>October &amp; December proposals</b>				
Adults & Health	-31,249	-5,780	-5,250	-42,279
Children & Families	-21,605	-1,099	-865	-23,569
City Development	-6,301	-159	-550	-7,010
Communities, Housing & Envt	-5,895	-3,749	0	-9,644
Strategy & Resources	-12,580	-6,063	-6,024	-24,667
Asset rationalisation ( <i>please see para 13</i> )	-5,000	5,000	0	0
<b>TOTAL</b>	<b>-82,630</b>	<b>-11,850</b>	<b>-12,689</b>	<b>-107,169</b>

## Service Reviews

19. Executive Board considered and approved 4 service reviews at its October meeting, totalling £4.5m and a further 16 are being put forward in December which would deliver £23.2m in savings for 2025/26. Details of these are contained in Appendix B (December Service Reviews). The service reviews considered in October do not relate to the remit of the Adults, Health and Active Lifestyles Scrutiny Board. The following tables summarise:

Table 5: October Service reviews

Savings proposal	Potential savings / £'000s				Potential budgeted FTE impact			
	25/26	26/27	27/28	Total	25/26	26/27	27/28	Total
<b>City Development - Civil Engineering:</b> review of structures to reflect anticipated service changes incorporating potential VLS (Voluntary Leavers' Scheme) opportunities	-250	0	0	-250	-5.00	0.00	0.00	-5.00
<b>City Development - Highways &amp; Transportation DLO</b> (Direct Labour Organisation): review of structures to reflect anticipated service changes incorporating potential VLS	-250	0	0	-250	-5.00	0.00	0.00	-5.00
<b>Strategy &amp; Resources - IDS:</b> Deletion of non-income generating vacant posts prior to a structural review of Integrated Digital Services (IDS) in line with reshaping and resizing of the council and subsequent IDS support requirement	-3,087	-1,294	-1,036	-5,417	-61.70	-25.00	-20.00	-106.70
<b>Strategy &amp; Resources: Financial Services</b> staffing reductions and efficiencies	-903	-474	-532	-1,909	-18.06	-9.50	-10.60	-38.16
<b>Total service review proposals</b>	<b>-4,490</b>	<b>-1,768</b>	<b>-1,568</b>	<b>-7,826</b>	<b>-89.76</b>	<b>-34.50</b>	<b>-30.60</b>	<b>-154.86</b>

Table 6: December Service review savings proposals

Directorate & Service area(s)	Service Review savings proposal description	Potential savings / £'000s		
		25/26	26/27	27/28
<b>Adults &amp; Health</b>				
Cross-directorate	Review of non-statutory grants	-400	0	0
<b>Children &amp; Families</b>				
Provider Services	Transformation of in-house Day Opportunities buildings <i>Potential FTE implications: reduction of 12.0 budgeted FTEs in 2025/26</i>	-550	0	0
	Review of in-house Care Delivery Service <i>Potential FTE implications: reduction of 4.50 budgeted FTEs in 2025/26. Potential staffing implications in 26/27 and 27/28 will emerge through the proposed phased review</i>	-250	-250	-250
Social Work and Social Care Services	Delivering efficiencies in adult social care through the implementation of a proposed prevention programme	-2,000	0	0
	Review of passenger transport	-800	0	0
Cross-directorate	Staffing reductions: directorate-wide targeted Voluntary Leavers' Scheme (VLS) <i>Potential FTE implications: reduction of 15.0 budgeted FTEs in 2025/26</i>	-500	0	0
	Transport savings through policy and practice changes	-1,400	-200	0
Social Care	Savings associated with the delivery of the agreed CLA Sufficiency Strategy - focused on reducing the number of children and young people within the Leeds Care System, holding more children within and close to Leeds, within family settings where possible and applying the principle of 'right provision for the right time'. Will build upon existing activity on increasing fostering capacity, increasing Small Group Living capacity and reducing external residential placements. <i>Potential FTE implications: reduction of 13.0 budgeted FTEs in 2025/26 and 12.0 in 2026/27</i>	-15,000	-870	-865
Social Care	Children's centres: additional savings from an integrated approach to locality buildings and delivery of locality-based services <i>Potential FTE implications will emerge through the review</i>	-1,000	0	0
<b>City Development</b>				
Active Leeds	Sport Facilities: Lease out of Middleton Leisure Centre to third party <i>Potential FTE implications will emerge through the review</i>	-222	0	0
Culture	Leeds Museums & Galleries: Introduction of 'Pay as You Feel' admissions	-200	0	0
Culture	Leeds Museums & Galleries: Closure of Abbey House Museum <i>Potential FTE implications will emerge through the review</i>	-160	0	0
<b>Communities, Housing &amp; Environment</b>				
Safer & Stronger	Review of Community Committees and Locality Working <i>Potential FTE implications: reduction of 4.7 budgeted FTEs in 2025/26</i>	-243	0	0
Climate, Energy & Greenspaces	Bowling green efficiencies <i>Potential FTE implications: reduction of 4.0 budgeted FTEs in 2025/26</i>	-140	0	0
<b>Strategy &amp; Resources</b>				
Legal & Democratic Services	Legal Services: Staffing savings anticipated through voluntary measures in 2025/26 pending a full structural review to deliver further savings <i>Potential FTE implications: reduction of 1.32 budgeted FTEs in 2025/26 and 3.60 in 2027/28</i>	-66	0	-180
Shared Services	Review of the Print and Signs functions within the Business Support Centre <i>Potential FTE implications will emerge through the review</i>	-273	-333	-133
<b>Total</b>		<b>-23,204</b>	<b>-1,653</b>	<b>-1,428</b>

20. In terms of the impact on staffing, the savings proposals for 2025/26 result in an estimated reduction in budgeted FTEs of 242.7.
21. Paragraph 6, above, notes the reduction in staffing that has taken place since 2011 as a result of the ongoing budget challenge, the savings proposals being considered in the scrutiny working groups continue the trend of reduced staffing within the Council. The following table sets out the net impact of the proposals on budgeted FTEs in 2025/26

Table 7: Potential budgeted FTE impact

Directorate	Potential budgeted FTE impact			
	2025/26	2026/27	2027/28	Total
<b>December Exec Board proposals</b>				
Adults & Health	-16.50	0.00	0.00	-16.50
Children & Families	-30.50	-14.00	-12.00	-56.50
City Development	-12.02	-1.00	0.00	-13.02
Communities, Housing & Environment	-0.70	0.00	0.00	-0.70
Strategy & Resources	-34.44	0.00	-3.60	-38.04
<b>TOTAL</b>	<b>-94.16</b>	<b>-15.00</b>	<b>-15.60</b>	<b>-124.76</b>
<b>October Exec Board proposals</b>				
Adults & Health	0.00	0.00	0.00	0.00
Children & Families	0.00	0.00	0.00	0.00
City Development	-10.00	0.00	0.00	-10.00
Communities, Housing & Environment	-1.20	0.00	0.00	-1.20
Strategy & Resources	-137.35	-57.29	-54.39	-249.03
<b>TOTAL</b>	<b>-148.55</b>	<b>-57.29</b>	<b>-54.39</b>	<b>-260.23</b>
<b>October &amp; December proposals</b>				
Adults & Health	-16.50	0.00	0.00	-16.50
Children & Families	-30.50	-14.00	-12.00	-56.50
City Development	-22.02	-1.00	0.00	-23.02
Communities, Housing & Environment	-1.90	0.00	0.00	-1.90
Strategy & Resources	-171.79	-57.29	-57.99	-287.07
<b>TOTAL</b>	<b>-242.71</b>	<b>-72.29</b>	<b>-69.99</b>	<b>-384.99</b>

22. The proposals published in the October and December savings proposals reports impact on all five scrutiny board remits and where service reviews are proposed more detail is provided in Appendix B.
23. All five Scrutiny Boards held working groups in December and at those, debate and discussion was limited to the remit of the respective Board. This item will follow the same approach and if questions arise that sit outside of the remit of the Adults, Health and Active Lifestyles Scrutiny Board, these will be referred to the relevant Scrutiny Board via the appropriate Chair.
24. Services that sit within the Board's remit from a budgetary perspective are:
- **Adults and Health** – Promotion of well-being; Information, advice and advocacy; Prevention and Recovery; Safeguarding; Assessment and eligibility; Diverse and high-quality services; Charging and financial assessment; Public Health; Health Improvement Functions; Health Protection Functions; Functions relating to the commissioning of Public Health services; Provision of statutory and mandated functions; Functions of Responsible Authority; Publication of the annual report on the health of the local population.



- **City Development:** Sport and Active Leeds

25. Details of the budget proposals in these services can be found in Appendix B and more specifically on the following pages:

- **Pages 221 and 227** – The Adults and Health Directorate summary tables of Business As Usual and Service Review proposals
- **Pages 223 and 228** – The City Development Directorate summary tables that include Business As Usual and Service Review proposals involving Active Leeds
- **Page 233** – A&H Service Review Savings Proposal ‘*Review of non-statutory grants*’
- **Page 235** - A&H Service Review Savings Proposal ‘*Transformation of in-house Day Opportunities buildings*’
- **Page 237** - A&H Service Review Savings Proposal ‘*Review of in-house Care Delivery Service*’
- **Page 239** - A&H Service Review Savings Proposal ‘*Delivering efficiencies in adult social care through the implementation of a proposed prevention programme*’
- **Page 241** - A&H Service Review Savings Proposal ‘*Review of passenger transport*’
- **Page 252** – CD (Active Leeds) Service Review Savings Proposal ‘*Lease out of Middleton Leisure Centre to third party*’

### **What impact will this proposal have?**

26. Engagement with Scrutiny in relation to the budget proposals is in line with the requirements of the Budget and Policy Framework. A summary of the deliberations of the five scrutiny boards is required to then be provided to the Executive Board for consideration on 12 February 2025. The Executive will be expected to report to Council on how it has taken into account any recommendations from the Scrutiny Board.
27. Outside of the formal requirements for consultation, such engagement also provides the opportunity for scrutiny members to add value to the budget setting process.
28. Ongoing scrutiny of financial matters supports the Council in delivering a robust, sustainable budget, which reflects the strategic objectives set out in the Best City Ambition, along with the aspiration to be an enterprising, efficient, healthy and inclusive organisation.

### **How does this proposal impact the three pillars of the Best City Ambition?**

**Health and Wellbeing**

**Inclusive Growth**

**Zero Carbon**

29. The role of scrutiny as a ‘critical friend’ on financial performance and management helps provide assurance that resources are available and aligned to the aspirations of the Best City Ambition and the associated delivery of the three pillars; Health and Well Being, Inclusive Growth and Zero Carbon.

**Wards Affected:** Please state the specific wards affected here. If city-wide, state “All” for clarity.

Have ward members been consulted?

Yes

No

## **What consultation and engagement has taken place?**

30. The Adults, Health and Active Lifestyles Scrutiny Board held a working group meeting on 19th December 2024. This approach formed part of the initial stages of the consultation process with scrutiny on the Proposed Budget for 2025/26, in accordance with the Budget and Policy Framework of the authority.
31. The Adults, Health and Active Lifestyles Scrutiny Board also has special responsibility to fulfil the council's statutory health scrutiny function, with a specific remit / responsibility for reviewing and scrutinising any matter relating to the planning, provision and operation of local health services. As part of the working group meeting on 19<sup>th</sup> December 2024, Board Members were also briefed on the financial position of the Leeds Place of the West Yorkshire Integrated Care Board.
32. Formal consultation with all five Scrutiny Boards will take place through the series of public meetings scheduled during January 2025.
33. Where Service Reviews are being implemented these may require meaningful consultation with relevant stakeholders prior to any decisions being taken.
34. Following agreement by December's Executive Board, public consultation on the council's Proposed Budget for 2025/26 took place during the four weeks between 11th December 2024 and 8<sup>th</sup> January 2025. This was carried out through an online survey: with the public via the council's website, social media and the Citizens' Panel; with staff through the intranet; and with other stakeholders, including representatives from the Third Sector and partners.

## **What are the resource implications?**

35. All resources, procurement and value for money implications are detailed in the Appendices to this report

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

36. This report has no specific risk management implications.

## **What are the legal implications?**

37. More detail on the legal implications associated with the Executive Board reports that are considered in the appendices to this report can be found under the legal implications section of those reports.

## **Options, timescales and measuring success**

### **What other options were considered?**

38. The budget consultation process has been developed in conjunction with elected members and relevant senior officers.
39. An enhanced process of consultation, which includes the informal working groups, is intended to add value by allowing greater capacity for members to consider the detail of budgetary proposals.

### **How will success be measured?**

40. As in previous years, feedback from elected members on the process of budget consultation will be used to inform the approach to such consultation in future years.
41. The submission of a composite scrutiny statement on the budget for 2025/26 for consideration at the 12 February 2025 meeting of Executive Board will complete the consultation process and meet the requirements of the Budget and Policy Framework.

### **What is the timetable and who will be responsible for implementation?**

42. The Executive Board formally referred the initial budget proposals to Scrutiny at its meeting on 11 December 2024. Scrutiny Boards then conducted a series of working groups in December 2024 and formal consultation is now taking place across all five Scrutiny Board as part of the January 2025 meeting cycle.
43. A summary of the deliberations of Scrutiny will be submitted for consideration by Executive Board on 12 February 2025 before the final budget proposals are referred for consideration by Full Council on 26 February 2025.

### **Appendices**

- **Appendix A – Proposed Budget for 2025/26 and Provisional Budgets for 2026/27 and 2027/28.**
- **Appendix B - Revenue Savings Proposals for 2025/26 to 2027/28** (11 December 2024). Please note that the **Revenue Savings Proposals** from 16 October 2024 are included in this report.

### **Background papers**

44. None