

Executive Board 12th February 2025 – Supplementary

Information Agenda Item 12A:

1. Summary

1.1 This supplementary information provides Executive Board with:

- Details of the final Local Government Finance Settlement for 2025/26, and resultant changes to the position contained in the '2025/26 Revenue Budget and Council Tax' report at agenda item 12A, and which will be incorporated into the '2025/26 Revenue Budget and Council Tax' report provided to Council on 26th February 2025.
- Revised **Table 1** – Summary of Changes in Resources, Costs and Savings Proposals in the Council's Budget 2025/26 since the Proposed Budget.
- Details of Public Health Grant allocations for 2025/26.
- **Annexe 1:** Movement in Net Managed Budget by Directorate 2024/25 to 2025/26 reflecting this updated position

1.2 There is no change to the recommendations at Agenda Item 12A.

2. Final Local Government Settlement 2025/26

2.1 The Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government published the final Local Government Finance Settlement for 2025 to 2026 on 3rd February 2025, and the reports were debated in the House of Commons on 5th February 2025. This announcement has provided local authorities with a final understanding of the distribution of funding previously proposed in the provisional Settlement published in December 2024. The final Settlement is, as had been the case for the provisional Settlement, only for one year.

2.2 The final Settlement remains broadly in line with the provisional Settlement and the position contained within the report at Agenda Item 12A, with two exceptions:

- **Children's Social Care Prevention Grant**

A new one-off grant, the Children's Social Care Prevention Grant, totalling £250m nationally, was introduced at the provisional Local Government Finance Settlement with Leeds receiving an allocation of £5.05m for 2025/26. The Government indicated that this would be further increased by £13m nationally in the Final Settlement in February 2025 but no allocations were available.

At the final Settlement, funding for this grant has increased by £20m to £270m nationally. The Leeds allocation will increase by £0.39m resulting in a total allocation of £5.44m. It is proposed that this additional funding will be contributed to the Social Care Contingency Reserve, where it is earmarked to support the council to respond to demand and cost pressures which may arise in Children's Social Care.

- **Employers National Insurance Contributions Grant**

At the Autumn Budget, Government announced an increase in Employer's National Insurance contributions. The additional costs, estimated at £10.5m are reflected in pay costs, discussed at Paragraph 4.2 of the report at Agenda Item 12A. The budget proposals in the report at Agenda Item 12A assumed grant compensation of £7.1m to

fund these estimated additional costs in part, with the £3.4m shortfall to be met from Recovery Grant.

At the final Settlement the compensation to be received by the council has been confirmed at £6.56m, £0.56m lower than assumed. It is proposed that this shortfall will again be funded from Recovery Grant, resulting in a reduced contribution to the Strategic Contingency Reserve in 2025/26.

3. Revised Table 1 – Summary of Changes in Resources, Costs and Savings Proposals in the Council’s Budget 2025/26 since the Proposed Budget

	<i>Proposed Budget 2025/26 £m</i>	<i>Changes since Proposed Budget £m</i>	Budget 2025/26 £m
Change in Net Revenue Charge	(34.8)	1.1	(33.7)
Change in contribution to/(from) General Reserve	(3.0)	0.0	(3.0)
Change in contribution to/(from) Earmarked Reserves	25.8	18.2	44.0
Net Increases in Other Specific Grant	(41.8)	(22.3)	(64.2)
Other General Fund Business Rates Movements	4.0	(1.2)	2.8
Other Contributions	(0.8)	0.0	(0.8)
Funding and Resources	(50.7)	(4.2)	(54.9)
Pay Inflation	33.7	1.0	34.8
Commissioned Services	23.5	0.0	23.5
Inflation	8.5	1.5	10.0
Demand and Demography	49.1	0.0	49.1
Other incl. Debt	42.2	(1.0)	41.2
Pressures	157.1	1.5	158.6
Total Funding, Resources and Cost Pressures	106.4	(2.7)	103.8
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Total Existing Savings Prior to September MTFS	(4.6)	0.0	(4.6)
Routine Efficiencies identified 2024			
Business As Usual	(17.6)	0.0	(17.6)
Service Reviews	(1.7)	0.0	(1.7)
Total Routine Savings Identified at MTFS	(19.2)	0.0	(19.2)
Gap Remaining After Existing Savings	82.6	(2.7)	80.0
Directorate Savings			
October 2024			
Business As Usual	(32.9)	2.1	(30.8)
Service Reviews	(4.5)	0.0	(4.5)
December 2024			
Business As Usual	(21.9)	0.3	(21.7)
Service Reviews	(23.3)	0.3	(23.0)
Total Additional Directorate Savings 2024	(82.6)	2.7	(80.0)
Gap Remaining After Additional Savings	0.0	(0.0)	0.0

4. Public Health Grant allocations 2025/26

4.1 Public Health Grant allocations were published by the Department of Health and Social Care on 7th February 2025. Funding for public health grants will be increased to £3.9bn - a 5.4% cash uplift (3.0% in real terms) on last year’s funding.

4.2 The total core Public Health Grant allocation for Leeds is £53.2m, an increase of 5.4%. Public Health funding is ring-fenced to provide vital preventative services that help to support health, as well as broader public health support across local authorities and the NHS. As such this increase in funding will be matched to an increase in Public Health spending.

5. Annexe 1: Movement in Net Managed Budget by Directorate 2024/25 to 2025/26

5.1 An initial version of **Annexe 1: Movement in Net Managed Budget by Directorate 2024/25 to 2025/26** reflecting the updated position provided in this supplementary Information is appended. This annexe provides the net managed budgets for each of the council's services as agreed for 2024/25 and as proposed for 2025/26.

Statement of 2024/25 and 2025/26 budgets

Annexe 1

Service	2024/25	2025/26
	Net managed budget £000s	Net managed budget £000s
Adults and Health		
Health Partnerships	596	663
Social Work and Social Care	258,825	270,238
Service Transformation Team	255	0
Strategic Commissioning	(85,666)	(93,766)
Resources & Strategy	5,603	4,384
Provider services	19,627	17,835
Leeds Safeguarding Adults Board	130	130
Public Health	0	0
Pensions adjustment	0	0
	199,370	199,484
Children and Families		
Learning	31,437	37,855
Social Care	125,984	128,399
Pensions adjustment	0	0
	157,421	166,254
City Development		
Planning and Sustainable Development	845	1,623
Economic Development	1,846	1,272
Asset Management & Regeneration	(2,707)	310
Employment & Skills	1,371	1,360
Highways and Transportation	18,139	20,873
Arts and Heritage	9,083	8,917
Sport and Active Recreation	9,400	9,855
Resources and Strategy	875	(382)
Markets and City Centre	(952)	(643)
Pensions adjustment	0	0
	37,900	43,185
Strategy and Resources		
Strategy and Performance	3,628	3,763
Finance	7,784	7,972
Human Resources	6,003	4,367
Integrated Digital Services	32,943	30,667
Procurement & Commercial Services	999	1,268
Legal Services	3,599	3,644
Democratic Services	5,371	5,027
Information Governance	0	1,400
Leeds Building Services	(10,960)	(8,841)
Corporate Property Management	6,226	7,373
Shared Services	15,952	15,322
Commercial Services	7,714	9,336
Facilities Management	7,527	8,911
Pensions adjustment	0	0
	86,786	90,209
Communities, Housing and Environment		
Safer Stronger Communities	8,443	8,127
Customer Access	20,466	21,370
Elections, Licensing and Registration	721	490
Welfare and Benefits	5,843	9,141
Central Overheads	0	(2,480)
Migration Yorkshire	(218)	(232)
Car Parking Services	(8,344)	(8,931)
Waste Management	45,640	35,714
Climate, Energy and Greenspace	13,399	15,728
Environmental Action - City Centre	2,110	2,274
Environmental Health	1,460	1,540
Cleaner Neighbourhood Team	14,117	15,217
Supporting People Contract	7,100	9,252
Strategic Housing Partnership	2,008	2,004
Pensions adjustment	0	0
	112,745	109,214
Strategic and Central Accounts		
Strategic and Central accounts	24,735	47,316
Pensions adjustment	0	0
	24,735	47,316
NET COST OF CITY COUNCIL SERVICES	618,957	655,662
Contribution to/(from) General Fund Reserves	3,000	
NET REVENUE CHARGE	621,957	655,662