

Revenue Budget 2022/23 – Liberal Democrat Amendments

Date: 23rd February 2022

Report of: Chief Officer Financial Services

Report to: Council

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- The Local Government Act (Part II) 2003 places a requirement on the Council that when making decisions on the setting of the Council's budget and the council tax, they must consider a report from the Council's statutory finance officer (the Chief Officer Financial Services) on the robustness of the budget and the adequacy of reserves within the proposals.
- This report provides Members of Council with comments on the robustness of the proposals contained in the amendments to the budget motion in the name of Councillor Stewart Golton.
- The Council's strategic ambitions can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium-Term Financial Strategy which then provides the framework for the determination of Council's annual revenue budget for which the proposals for 2022/23 are contained in the '2022/23 Revenue Budget and Council Tax' report. This report informs Members of any potential impact of proposed amendments on the robustness of the budget and the adequacy of reserves within the 2022/23 budget proposals.

Recommendations

- a) It is recommended that Council note that whilst the proposals in these amendments will collectively increase the risks associated with the delivery of the Council's budget, the amendments to the budget motion in the name of Councillor Stewart Golton will not materially impact on the overall robustness of the Council's budget for 2022/23 or the adequacy of its general fund reserves as at 31st March 2023.

Why is the proposal being put forward?

1. The Local Government Act (Part II) 2003 places a requirement on the Council that when making decisions on the setting of the Council's budget and the council tax, they must consider a report

from the Council's statutory finance officer (the Chief Officer Financial Services) on the robustness of the budget and the adequacy of reserves within the proposals. The report of the Chief Officer Financial Services at item 7(i) on the council summons includes at section 11 comments to this effect in respect of the proposed budget motion.

2. Given this requirement, in considering any proposed amendment to the budget motion, members must also consider the comments of the Chief Officer – Financial Services on the robustness of the proposals. These comments supplement those contained in the main report.

Proposed amendments

3. Councillor Stewart Golton's amendments to the budget motion set out his proposals showing areas of additional spend and the sources of funding which are largely self-explanatory. In considering these amendments, the Chief Officer Financial Services would wish members of Council to be aware of the following:
 - (a) Amendment 26 proposes a reduction in the Council's contribution to Leeds 2023. Whilst the payment can be varied this should be done in accordance with the terms of the Council's grant agreement with Leeds 2023 which requires the Council "acting reasonably" to give three months written notice to terminate the Agreement and/or any Grant payment. In addition, since this amendment proposes a contribution to West Yorkshire Police to re-introduce 37 additional PCSOs in Leeds, sufficient for at least 1 additional PCSO for every ward in the city, further savings proposals will be required to be identified in future financial years to fund this recurring expenditure.
 - (b) Amendments 27, 29, 30, 32, 33 and 34 assume a reduction in the budgeted contribution to the Strategic Contingency reserve. The Strategic Contingency reserve is to provide the Council with resources for unforeseen circumstances and therefore a reduction in the budgeted contribution leaves the Council exposed during 2022/23 and future years.
 - (c) Since the current Medium Term Financial Strategy assumes that contributions to the Strategic Contingency reserve fall out in 2023/24, and the reductions in the contribution in amendments 29 and 30 are being used to fund recurring revenue expenditure, future budgets will require the identification of further saving proposals to fund the income shortfall resulting from the amendment. The other amendments relate to one-off proposals which would not require ongoing funding.
 - (d) Amendment 27 proposes a feasibility study into the establishment of an employee led company to provide fostering agency services. Before the establishment of this company a business case would need to be undertaken to ensure that the proposal is financially sustainable.
 - (e) Amendments 28 and 33 propose to use Section 106 agreement resources for one off planned expenditure. Any planned expenditure using this resource could not be incurred until the Council is satisfied that the spend is consistent with the terms of the relevant Section S106 agreement.
 - (f) Amendment 29 assumes a contribution from the Waste Strategy reserve. Since the contribution would be one off but is potentially being used to fund recurring expenditure, future budgets will require the identification of further saving proposals to fund the income shortfall resulting from the amendment.
 - (g) Amendment 29 also proposes an injection of £20m into the Capital Programme for an anaerobic digester to be funded through prudential borrowing. Of this, £5.1m would be phased into the 2022/23 programme. At this stage, the £20m cost is based on

preliminary estimates and therefore would be subject to the development of a more detailed business case including an assessment of value for money and procurement.

- (h) Amendment 31 proposes to use Section 106 agreement resources to fund recurring expenditure. Any planned expenditure using this resource could not be incurred until the Council is satisfied that the spend is consistent with the terms of the relevant Section S106 agreement. In addition, this contribution is being used to resource recurring revenue expenditure and therefore future year budgets will require the identification of further saving proposals to fund the recurring expenditure identified in the amendment.
 - (i) Amendment 32 proposes an increase to the Communities, Housing and Environment budget within Community Committees in relation to the Lettings Team supporting lettings in community buildings. Any such transfer of responsibility to Community Committees would need to be in accordance with the scheme of delegation for functions which Community Committees are responsible for.
 - (j) Amendment 33 proposes the realisation of additional income from new enforcement powers, and since it cannot be certain how much additional income will be realised in this way, expenditure funded from this source should not be incurred until the proposed level of income is being realised.
 - (k) Amendment 35 proposes the reallocation of funding within the Council House Growth Fund (CHGF) to purchase and refurbish properties on the Sugar Hill Estate in Oulton. A [report](#) was received by Executive Board in October 2021 which provided details of how the Council is responding to issues arising from the redevelopment of the privately owned housing estate. The report identified that the acquisition of this site by the Council, retention of current dwellings and bringing into Housing Leeds stock on affordable rents, together with the very high costs of delivering refurbishment to high sustainability standards in line with other new-build and refurbishment works across the city, means that the Council cannot make an economic case for investment or retention. As such there are concerns regarding whether this amendment offers Value for Money. Further, there may be procurement issues around the ability to acquire the homes as proposed. Should this amendment be approved by Council, further work would be required to address these concerns.
 - (l) The amendments include savings and spending proposals which are interdependent, and which create additional risks to the budget. Where possible this risk should be managed by not committing to the additional spend until the additional savings have been realised or clearly identified.
4. Should these budget amendments be approved, they will be subject to the Council's procedures for further consultation and will need to be informed by equality impact assessments as appropriate.
5. These budget amendments do not have any impact on the Council's general reserve.

Overall conclusion

6. In conclusion, whilst the proposals in the amendments will collectively increase the risks associated with the delivery of the Council's budget, and these risks are set out in section 15 of the 2022/23 Revenue Budget and Council Tax report, the amendments to the budget motion in the name of Councillor Stewart Golton will not materially impact on the overall robustness of the Council's budget for 2022/23 or the adequacy of its general fund reserves as at 31st March 2023.

What impact will this proposal have?

Wards affected:

Have ward members been consulted?

Yes

No

7. Not applicable.

What consultation and engagement has taken place?

8. The 2022/23 Budget proposals themselves were developed through consultation with a range of stakeholders, notably with the Executive Board, all Scrutiny Boards, the council's Corporate Leadership Team and other senior officers. They have also been subject to public consultation, the results of which are included in full at Appendix 2 of the 2022/23 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2022/23 Budget proposals and has not been the subject of separate consultation.

What are the resource implications?

9. All resource implications are included in the 2022/23 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2022/23 Budget proposals which do not impact on the overall proposed Budget position.

What are the legal implications?

10. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Full Council. In accordance with the Local Government Act (Part II) 2003, which places a requirement on the Council to consider a report from the Council's statutory finance officer (the Chief Officer Financial Services) on the robustness of the budget and the adequacy of reserves within the proposals, this robustness report is considered an integral part of the budget process. As such, the recommendations are not subject to call in, as the budget is a matter that will be determined by Full Council.

11. If required, proposals will also be subject to separate consultation and decision-making processes, which will operate within their own defined timetables and be managed by individual directorates.

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

12. The key risks associated with the 2022/23 Budget are discussed in the 2022/23 Revenue Budget and Council Tax report on today's agenda. Whilst the amendments in the name of Councillor Stewart Golton will collectively increase the risks associated with the delivery of the Council's budget, they will not materially impact on the overall robustness of the Council's budget for 2022/23 or the adequacy of its general fund reserves as at 31st March 2023.

Does this proposal support the council's three Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

13. Not applicable.

Options, timescales and measuring success

What other options were considered?

14. Not applicable.

How will success be measured?

15. Not applicable.

What is the timetable for implementation?

16. Not applicable.

Appendices

17. Not applicable.

Background papers

18. None.