

Revenue Budget 2023/24 - Conservative Amendments

Date: 22nd February 2023

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

Brief summary

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 Andrew Carter

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 2023/24 are contained in the '2023/24 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 2023/24 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 Andrew Carter will not materially impact on the overall robustness of the Council's budget for 2023/24 or the adequacy of its general fund reserves as at 31st March 2024

What is this report about?

- 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 9(i) on the council summons includes at part 7 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 Andrew Carter'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) Amendments 01, 02 and 03 propose 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 or and/or any Grant payment. In addition, since amendment 01 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 07 and 11 propose a reduction in the funding of full-time Trade Union Convenors. This forms part of employees' terms and conditions of employment that can only be achieved either through collective agreement with the trade unions or through the dismissal and re-engagement of staff on new contracts of employment. The amendments assume that the reduction can be introduced during the financial year. Any slippage in respect of this assumption may require the identification of further savings proposals to fund the planned feasibility study in amendment 11 into the replacement of non-statutory local authority provision within the School Improvement Service with a Multi-Academy Trust-led traded service and, in amendment 7, the delivery of a new dementia care home.
 - (c) Amendments 06 and 13 assume a reduction in the budgeted contribution to the Strategic Contingency earmarked reserve. The Strategic Contingency earmarked reserve is to provide the Council with resources for unforeseen circumstances and therefore a reduction in the budgeted contribution leaves the Council more exposed during 2023/24 and future years.
 - (d) Amendments 05, 07, 08, 09, and 10 assume reduction in agency and overtime expenditure. Since it is currently unclear how and where these savings will be realised, and what implications this may have for service delivery, expenditure funded from this source should not be incurred until the proposed level of savings on agency staff and overtime is being realised or has been clearly identified.

- (e) Amendments 07 and 12 incorporate a saving on non-essential expenditure. Since it is similarly currently unclear how and where these savings will be realised expenditure funded from this source should not be incurred until the proposed level of savings is being realised or has been clearly identified.
- (f) Amendment 14 proposes an injection of £5,600k into the Capital Programme to be funded through commuted sums to invest in a rent to buy housing company model. Before the amendment is implemented, a check would be required to ensure that the proposed rent to buy model is consistent with the definitions contained within the commuted sum agreement. In addition, detailed governance arrangements underpinning the rent to buy housing company model would need to be in place before implementation.
- (g) Amendments 15 and 16 propose to use Section 106 agreement resources for Community Committees and Highway improvements capital 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 106 agreement.
- (h) Amendments 19 and 20 propose increases to the Housing Revenue Account budget, to ensure that there is no rent or service charge increase to residents in Sheltered Housing and reverse the planned reduction in Housing Advisory Panel (HAP) budget in 2023/24. These proposals will be funded through a contribution from the Housing Revenue Account general reserve, which is one off funding and is not available in future years. Since a reserve is being applied to resource revenue expenditure, future years' budgets will require the identification of further saving proposals to fund the removal of the rent increase and maintain service charges at 2022/23 levels.
- (i) Amendment 21 proposes an increase to the Communities, Housing and Environment budget within Community Committees in relation to Housing Advisory Panel budgets and a proposed transfer from the Housing Revenue Account. Housing Advisory Panels are funded by the Housing Revenue Account and therefore expenditure is required to relate to Council housing in terms of the benefit to tenants and their immediate environment or wellbeing. Any such transfer of responsibility would need to be in accordance with the scheme of delegation for functions which Community Committees are responsible for.
- (j) 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. In respect of the Housing Revenue Account general reserve the overall level of reserve available will be £7,000k which is considered to be adequate to meet the identified risks.

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 part 10 of the

2023/24 Revenue Budget and Council Tax report, the amendments to the budget motion in the name of Councillor Andrew Carter will not materially impact on the overall robustness of the Council's budget for 2023/24 or the adequacy of its general fund reserves as at 31st March 2024.

What impact will this proposal have?

7 Not applicable

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

8 Not applicable

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

9 The 2023/24 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 2023/24 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2023/24 Budget proposals and has not been the subject of separate consultation

What are the resource implications?

10 All resource implications are included in the 2023/24 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2023/24 Budget proposals which do not impact on the overall proposed Budget position.

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

11 The key risks associated with the 2023/24 Budget are discussed in the 2023/24 Revenue Budget and Council Tax report on today's agenda. Whilst the amendments in the name of Councillor Andrew Carter 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 2023/24 or the adequacy of its general fund reserves as at 31st March 2024

What are the legal implications?

12 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.

13 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.

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 and who will be responsible for implementation?

16 Not applicable

Appendices

- Not applicable

Background papers

- None