

Revenue Budget 2023/24 - Liberal Democrats 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 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 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 Stewart Golton 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 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) Amendments 26 and 32 assume either a reduction in the Council's budgeted contribution to Housing Revenue Account general reserve or the use of existing balances in the reserves. Since this reserve contributes towards both managing financial risk and ensuring that the Council's position remains robust, resilient and sustainable, a reduction in the budgeted contribution therefore leaves the Council's Housing Revenue Account more exposed during 2023/24 and future years. In addition, since amendment 26 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 26 and 31 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.
 - (c) The current Medium Term Financial Strategy assumes that contributions to the Strategic Contingency reserve fall out in 2024/25. The reduction in these contributions in amendments 26 and 31 are being used to fund recurring revenue expenditure in 2023/24. The amendments therefore assume that additional resources in 2024/25 will be generated through the implementation of a Council Tax premium on Second Homes from April 1st 2024. This assumes that the Levelling Up and Regeneration Bill currently progressing through Parliament is fully implemented by April 1st 2024, that the Council makes the decision to adopt this Second Homes Premium, and that the level of additional Council Tax generated is consistent with the estimated sum that would be generated from this source. Any variation to the above assumptions will require the identification of further saving proposals to fund the recurring expenditure being funded through this amendment.
 - (d) Amendment 22 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) Amendment 23 proposes 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 106 agreement.
- (f) Amendment 24 assumes a change to the provision /contribution from the Waste Strategy earmarked 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 24 also proposes an injection of £11,500k into the Capital Programme for the first year cost for an anaerobic digester to be funded through prudential borrowing. At this stage, the 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) Amendments 28 and 30 propose to use Section 106 agreement resources to fund expenditure, some of which is recurring. 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. In addition, this contribution is being used to resource revenue expenditure, an element of which is recurring, and therefore future year budgets will require the identification of further saving proposals to fund the recurring expenditure identified in the amendment.
- (i) Amendment 29 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 30 proposes the realisation of additional income from new traffic enforcement powers once established 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 33 seeks to inject £1,000k of Section 106 balances in respect of the acquisition of unadopted roads. Planned capital 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 agreements.
- (l) Amendments 22,24,25,27 and 30 assume either a reduction in the budgeted contribution to the Investment/ Innovation earmarked reserve or the use of existing balances in the reserve. Since the current Medium Term Financial Strategy assumes that contributions to this will be lower in 2024/25, and the reduction in the contribution is being used to resource revenue expenditure, future budgets will require the identification of further saving proposals to fund the recurring expenditure identified in some of these amendments.
- (m) 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 £7,200k 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 Stewart Golton 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 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 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