

Revenue Budget 2024/25 – Conservative Amendments

Date: 21st February 2024

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 Alan Lamb.

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 2024/25 are contained in the '2024/25 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 2024/25 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 Alan Lamb will not materially impact on the overall robustness of the council's budget for 2024/25 or the adequacy of its general fund reserves as at 31st March 2025.

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 4(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 Alan Lamb'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, 04, 05, 06, 09, 10 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 2024/25 and future years.
 - (b) Amendments 02 and 08 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. In addition, Trade Union Convenors are substantive employees of Leeds City Council and so there would still be an ongoing cost of their salaries if they were to return to their normal duties. Any slippage in respect of this assumption may require the identification of further savings proposals to fund the reversal of proposed car parking charges at Golden Acre and Otley Chevin parks in amendment 02 and the planned increase to the Forestry Team in amendment 08.
 - (c) Amendment 03 assumes a 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.
 - (d) Amendment 03 also proposes to fund additional staff to renegotiate Section 106 agreements in support of capital investment in both highways and localities services. Any planned expenditure of additional Section 106 balances could not be incurred until the council is satisfied that the spend is consistent with the terms of the relevant Section 106 agreement.
 - (e) Amendment 07 assumes the receipt of third party sponsorship. Since it is currently unclear how and where these receipts will be realised, expenditure funded from this source should not be incurred until the proposed level of third party sponsorship is being realised or has been clearly identified, and ensuring expenditure is in line with any sponsorship agreement.

- (f) Amendment 11 incorporates 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.
- (g) Amendment 12 assumes that the income generated from three additional Parking Enforcement Officers will be sufficient to fund the posts. If the income generated is insufficient, other sources of funding will need to be identified.
- (h) Amendment 14 assumes a reduction in the budgeted contribution to the Social Care Contingency earmarked reserve. The Social Care Contingency earmarked reserve is to provide the council with resources to support the significant risks facing the council in regard to demand and cost pressures in both Adult and Children's Social Care with this reserve contributing towards both managing the financial risk and ensuring that the council's position remains robust, resilient and sustainable and therefore a reduction in the budgeted contribution leaves the council more exposed to these pressures during 2024/25.
- (i) Amendment 15 proposes the reduction of the Transport Levy payable to the West Yorkshire Combined Authority and the receipt of additional gain share from the West Yorkshire Combined Authority. The contribution to the Strategic Contingency earmarked reserve should not be made until there has been successful negotiations with the West Yorkshire Combined Authority and the other West Yorkshire Districts, and this income has been realised.
- (j) Amendment 16 assumes additional efficiencies and income in a number of areas. Since it is currently unclear how and where these efficiencies and receipts will be realised expenditure funded from this source should not be incurred until they are being realised or has been clearly identified. Any income accrued as a result of parking fines must be spent in accordance with the Road Traffic Regulation Act 1984, so must be invested back into the parking function or used to support other transport/mobility objectives.
- (k) Amendment 17 proposes an injection 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.
- (l) Amendments 18 and 19 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.
- (m) Amendments 21, 22, 23 and 24 assume a reduction in the council's budgeted contribution to Housing Revenue Account general reserve. If all of these amendments are approved, the total reduction would be in excess of the budgeted contribution. The balance would come from the existing balances in the Housing Revenue Account general reserve. 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 2024/25 and future years.

- (n) Amendments 21 and 22 propose an increase to the Housing Revenue Account budget, to ensure that there is no rent or service charge increase to self-paying residents in Sheltered Housing and reverse the proposed reduction in the Housing Advisory Panel (HAP) budget in 2024/25. 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 2023/24 levels.
- (o) Amendment 22 also 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.
- (p) 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 £7,900k 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 2024/25 Revenue Budget and Council Tax report, the amendments to the budget motion in the name of Councillor Alan Lamb will not materially impact on the overall robustness of the council's budget for 2024/25 or the adequacy of its general fund reserves as at 31st March 2025.

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 2024/25 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 2024/25 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2024/25 Budget proposals and has not been the subject of separate consultation.

What are the resource implications?

- 10 All resource implications are included in the 2024/25 Revenue Budget and Council Tax report on today's agenda. This report comments on the proposed amendments to the 2024/25 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 2024/25 Budget are discussed in the 2024/25 Revenue Budget and Council Tax report on today's agenda. Whilst the amendments in the name of Councillor Alan Lamb 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 2024/25 or the adequacy of its general fund reserves as at 31st March 2025.

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