

SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held remotely on
Wednesday, 22nd July, 2020 at 11.00 am

(A pre-meeting will take place for ALL Members of the Board at 10.30 a.m.)

MEMBERSHIP**Councillors**

G Almass	-	Beeston and Holbeck;
P Carlill	-	Calverley and Farsley;
D Chapman	-	Rothwell;
L Cunningham	-	Armley;
S Firth	-	Harewood;
M Harland (Chair)	-	Kippax and Methley;
H Hayden	-	Temple Newsam;
D Jenkins	-	Killingbeck and Seacroft;
J McKenna	-	Armley;
M Robinson	-	Harewood;
S Seary	-	Pudsey;

Note to observers of the meeting: To remotely observe this meeting, please click on the 'View the Webcast' link which will feature on the meeting's webpage (linked below) ahead of the meeting. The webcast will become available at the commencement of the meeting.

<https://democracy.leeds.gov.uk/ieListDocuments.aspx?CId=1041&MId=10004&Ver=4>

Principal Scrutiny Adviser:
Rob Clayton
Tel: 37 88790

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A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded). (* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).	
2			EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC 1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report. 2 To consider whether or not to accept the officers recommendation in respect of the above information. 3 If so, to formally pass the following resolution:- RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows: No exempt items have been identified.	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			LATE ITEMS To identify items which have been admitted to the agenda by the Chair for consideration. (The special circumstances shall be specified in the minutes.)	
4			DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.	
5			APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES To receive any apologies for absence and notification of substitutes.	
6			MINUTES - 1ST JULY 2020 To confirm as a correct record, the minutes of the meeting held on Wednesday 1 st July 2020.	7 - 12
7			FINANCIAL PERFORMANCE - OUTTURN FINANCIAL YEAR ENDED 31ST MARCH 2020 To receive a report from the Head of Democratic Services presenting details of the Financial Outturn for 2019/20.	13 - 64
8			TREASURY MANAGEMENT OUTTURN FOR 2019/20 To receive a report from the Head of Democratic Services presenting details of the Treasury Management Outturn for 2019/20.	65 - 80

Item No	Ward/Equal Opportunities	Item Not Open		Page No
9			IMPACT OF COVID-19 UPON THE COUNCIL'S FINANCIAL POSITION To receive a report from the Head of Democratic Services presenting details of the impact COVID-19 has had on the Council's financial position both in the current financial year and looking ahead into 2021/22.	81 - 132
10			WORK SCHEDULE To consider the Scrutiny Board's work schedule for the 2020/21 municipal year.	133 - 160
11			DATE AND TIME OF NEXT MEETING Monday, 7 th September 2020 at 10.30 am (Pre-meeting for all Board Members at 10.00 am)	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
			THIRD PARTY RECORDING Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda. Use of Recordings by Third Parties – code of practice a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. <u>Webcasting</u> Please note – the publically accessible parts of this meeting will be filmed for live or subsequent broadcast via the City Council’s website. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed.	

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

WEDNESDAY, 1ST JULY, 2020

PRESENT: Councillor M Harland in the Chair

Councillors G Almass, P Carlill,
L Cunningham, S Firth, H Hayden,
D Jenkins, J McKenna, M Robinson and
S Seary

CO-OPTES: Councillors B Anderson and P Truswell

9 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

10 Exempt Information - Possible Exclusion of the Press and Public

There were no items which required the exclusion of the press and public.

11 Late Items

In relation to agenda item 7, a supplementary agenda pack was circulated to the Board which includes a summary of questions submitted by Board Members in advance of the meeting.

12 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

13 Apologies for Absence and Notification of Substitutes

Apologies were received from Cllr Diane Chapman and Cllr. Alan Lamb.

Cllr. Blake (Leader of Council) and Tom Riordan (Chief Executive) also relayed their apologies.

CHAIRS COMMENT

The Chair, Cllr Harland explained that due to technical difficulties the remote meeting of the Strategy and Resources Scrutiny Board on 10th June 2020 unfortunately had to be adjourned. Today's meeting would therefore be a continuation of the Board's discussion of the West Yorkshire Devolution Deal.

The Board's membership had therefore again been expanded to include the contribution of the Council's other Scrutiny Board Chairs too.

Draft minutes to be approved at the meeting
to be held on Wednesday, 22nd July, 2020

In acknowledging the apologies relayed by Tom Riordan and Cllr Blake, the Chair explained that the Council's Chief Executive had been called to an urgent meeting linked to his role in leading an important part of the national contact tracing programme during the pandemic.

The Chair explained that sadly Cllr Blake had recently suffered a family bereavement and therefore passed on the Board's condolences to Cllr Blake.

14 Minutes - 10th June 2020

RESOLVED – The minutes of the meeting held on 10th June 2020, were approved as a correct record.

15 West Yorkshire Devolution Deal - Consultation on the published scheme

Further to the meeting held on 10th June 2020, which was unfortunately adjourned due to technical difficulties, the Chair reiterated that this Scrutiny Board had maintained a watching brief on developments with Devolution.

It was acknowledged that since the West Yorkshire "minded-to" Devolution Deal was announced as part of the Budget on 11 March 2020, a lot of work and progress had been made, as summarised within the meeting agenda pack, and that essentially we were now at the position whereby the Scheme setting out proposals for changes to the governance and functions of the West Yorkshire Combined Authority linked to the Devolution Deal was being subject to public consultation. Details of this Scheme were also set out within the agenda pack for the Board's consideration and comment.

The Chair explained that following the Board's last meeting, Board Members were invited to share in advance any particular questions they would like to raise with regard to the West Yorkshire Devolution Deal. These had been presented to the Board as part of the supplementary agenda pack and the Chair thanked those within the Council and the Combined Authority for providing written responses to these questions in readiness for the meeting.

To help provide any further clarity and address questions from the Board, the Chair welcomed to the meeting the following:

- Councillor James Lewis – Deputy Leader and Executive Member for
- Resources
- Ben Still – Managing Director of West Yorkshire Combined Authority
- Neil Evans – Director of Resources and Housing; and
- Mike Eakins – Intelligence and Policy Manager.

It was noted that during the Board's meeting on 10th June 2020, Cllr Blake had already provided an initial introduction to the 'Minded to Deal' and the consultation, as referenced within the minutes of that meeting. The Chair therefore moved into inviting questions from Board Members.

At this stage, due to further technical difficulties encountered during the meeting, elements of the Board's discussion were not captured as part of the live webcast.

In response to questions raised by Board Members, the following key points were made during the meeting:

- Bus franchising could follow the example of Greater Manchester. However, there were challenges given that we are dealing with a number of large bus companies, and the funding required;
- Funding packages such as the £38m gain share could be used for transport and flooding issues. It was noted that the government arrangement to other cities with a mayoral role brings considerable financial advantages;
- Traineeships and apprenticeships were not an element of the 'Adult Education Budget' devolution deal element made available from government;
- Police funding would be ring-fenced with a separate pot of money to the general fund. However, Members also queried whether such funding could also be topped up? It was agreed that further clarity on this would be sought and fed back to Members;
- The Police and Crime Commissioner (PCC) responsibilities would become part of the powers assigned to the Mayoral Combined Authority (MCA). The mayor has the capacity to devolve these powers to a deputy mayor who would be accountable to the mayor. However, it was noted that currently it was not known whether the Chief Constable would be accountable to the deputy mayor in addition to the Mayor and therefore further clarity on this was being sought and would be fed back to Members;
- PCC staff would be transferred to the MCA at the point of the mayor taking office and would be based at the Combined Authority;
- The Combined Authority currently has a gross revenue annual cost of £169m with some 550 staff taking £26m;
- Members noted that the £38m gain share was the biggest achieved by any MCA which also provided access to the £67m brownfield fund to be used across all five authorities. However, it had not been possible to inflation proof the £38m as it needed to be consistent with other MCA deals;
- Further clarity was sought on whether the MCA would be a statutory consultee for significant developments, and if so, what weight will be given to their view?
- Detailed points in relation to Black and Minority Ethnic Communities (BAME) and deprived areas were raised. It was outlined that the deal could be seen as a framework to set funding for priorities to address issues of inequality and deprivation, it would be up to the Mayor and Combined Authority to choose how to use this funding to prioritise issues at a local level;

- The Government had recently released £67m for brownfield funding which would allow further development of affordable housing at a local level;
- The definition of affected businesses had not been clearly defined by government and should anything come from Government on this issue Members would be informed;
- The Overview and Scrutiny Board within the Combined Authority would continue as it does now to address call-in on any decisions made by the MCA;
- It was noted that the treasury function of Leeds City Council was currently used by the Combined Authority for which a fee is paid. One of the benefits of the gain share agreement is that borrowing can be done against future gain share agreements. This would provide an income stream in the same way as assets do;
- It was advised that the Mayoral budget would have to be agreed by all five of the authorities. This would be done in a transparent way and would be in the public domain so that all are aware what the mayor's budget is and how it would be used;
- Where there are concurrent powers there would be one body that would exercise those powers. The Combined Authority would only take on powers if it was what an authority wanted. There would be an agreement on the powers of the MCA;
- The Government are keen for mayors to have powers across the Key Route Networks. It was noted that there is already a Key Routes Network across West Yorkshire. The operational work will not change, there are standards in place to ensure that the networks are as consistent as possible. This work will be overseen by the mayor;
- Wellington House has been owned by the Combined Authority since the 1980's. A review had taken place for the refurbishment of the building to bring it up to standard. Wellington House would be used to accommodate the mayor;
- Scrutiny arrangements would continue with council decisions going through Executive Board with a watching brief by the scrutiny boards of Leeds City Council.

The Chair thanked everyone for their contributions and explained that she would work with the Board's Principal Scrutiny Adviser to capture the key points raised during the meeting and to ensure that requests for further information are followed up after this meeting.

The Chair reminded the Board that, where considered appropriate, individual Scrutiny Boards may also opt to convene further meetings within the consultation timeframe to examine specific issues in more detail.

The Chair also reminded the Board that it was still intended for the views of Scrutiny to be captured within a composite report, which would be signed off by all Scrutiny Board Chairs, to be submitted and considered ahead of any submission which may be made to the Secretary of State.

RESOLVED –

Draft minutes to be approved at the meeting
to be held on Wednesday, 22nd July, 2020

- (a) That requests made for further information are followed up after the meeting.
- (b) That the Chair works with the Principal Scrutiny Adviser to capture the key points raised during the meeting in order to inform a composite report from Scrutiny, which would be signed off by all Scrutiny Board Chairs, to be submitted and considered ahead of any submission which may be made to the Secretary of State.

CHAIRS CLOSING COMMENTS

The Chair thanked all for their attendance and contributions.

The Chair also took the opportunity to thank Angela Brogden, Principal Scrutiny Adviser, for her work with the Scrutiny Board (Strategy and Resources) as she was moving to take up a new supporting role with the Council's Adults, Health and Active Lifestyles Scrutiny Board. The Chair wished her well in her new role.

The Chair introduced and welcomed Rob Clayton who would be taking over the role of Principal Scrutiny Adviser to the Board.

The meeting concluded at 16:15

16 Date and Time of Next Meeting

The next meeting of the Strategy and Resources Scrutiny Board will be on Wednesday 22nd July 2020, 11.00 am (Pre-meeting for all Board Members at 10.30 am)

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Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 22 July 2020

Subject: Financial Performance - Outturn financial year ended 31st March 2020

Are specific electoral wards affected?	☐ Yes ☒ No
If yes, name(s) of ward(s):	
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information?	☐ Yes ☒ No
If relevant, access to information procedure rule number:	
Appendix number:	

1. Purpose of this report

- 1.1 The purpose of this report is to provide Board Members with details of the Council's financial outturn position for 2019/20.

2. Background information

- 2.1 Each year the Council's financial outturn position for both revenue and capital is reported to the Executive Board. All Scrutiny Boards are then subsequently given the opportunity to consider and provide any comment on aspects of the outturn position that are relevant to their individual remits.
- 2.2 However, the Strategy and Resources Scrutiny Board is invited to comment more broadly on the financial outturn report as the following Executive functions fall within the Scrutiny Board's remit:
- Setting, supporting and monitoring the Council's financial strategy;
 - Managing effective financial management and controls.

3. Main issues

- 3.1 Details of the Council's financial outturn position for 2019/20 for both revenue and capital were reflected in a report to the Executive Board at its meeting on 24 June 2020. This report is appended for the Board's consideration (Appendix A).

- 3.2 Whilst the main financial impact of the COVID-19 pandemic impacts financial year 2020/21 board members should note that £2.64m of the COVID-19 Support Grant allocated by Government was used in 2019/20 as a result of loss of income and additional expenditure.
- 3.3 Appendix A provides additional detail as noted above. Some key points to note are as follows; an overspend of £0.29m on the General Fund after the creation of a number of ear marked reserves this reflects an overall improvement of £4.1m when compared to the provisional outturn position reported to Executive Board in April, a £1m improvement in the level of capital receipts realised in 2019/20, a £1.1m reduction in the previously assumed contribution to the regional Business Rates Pool, a £0.6m improvement in the debt position in Strategic Accounts, the declaration of a £5.5m deficit on the authority's Collection Fund in respect of Business Rates the impact of which is dealt with in financial year 2020/21 and in relation to the Housing Revenue Account a net variation of £2.9m when compared against the 2019/20 budget which is offset by a reduction in the revenue contribution to the Capital Programme.
- 3.4 Appropriate senior officers have been invited to the meeting to discuss the attached report and address any issues raised by the Scrutiny Board.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Council's financial outturn is a factual report and therefore is not subject to consultation. However, all Scrutiny Boards are given the opportunity to provide any comment on aspects of the outturn position that are relevant to their individual remits.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Council's revenue budget for 2019/20 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 27th February 2019.

4.3 Council policies and the Best Council Plan

- 4.3.1 The 2019/20 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget in support of our Best Council ambition of offering value for money through being an efficient and enterprising organisation.

Climate Emergency

- 4.3.2 Since this is a factual report detailing the Council's financial outturn position for 2019/20 there are no specific climate implications.

4.4 Resources, procurement and value for money

- 4.4.1 All financial implications are detailed in the main body of the Executive Board report.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no legal implications arising from this report.

4.6 Risk management

- 4.6.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget action plans was in place for 2019/20.

5. Conclusions

- 5.1 Details of the Council's financial outturn position for 2019/20 for both revenue and capital were reflected in a report to the Executive Board at its meeting on 24 June 2020 and this report is now appended for the Board's consideration in accordance with its terms of reference.

6. Recommendation

- 6.1 That the Scrutiny Board considers the relevant information within the attached Executive Board report and agrees any specific scrutiny actions that may be appropriate.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of Chief Officer Financial Services

Report to Executive Board

Date: 24th June 2020

Subject: Financial Performance - Outturn financial year ended 31st March 2020

Are specific electoral wards affected?	☐ Yes ☒ No
If yes, name(s) of ward(s):	
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☒ Yes ☐ No
Does the report contain confidential or exempt information?	☐ Yes ☒ No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

1. Main issues

- The purpose of this report is to inform members of the final outturn for the financial year 2019/20. The pre-audited accounts will be presented to the Corporate Governance and Audit Committee at its meeting on the 27th July 2020.
- As set out below, the final position on the General Fund shows an overspend of £0.29m after the creation of a number of earmarked reserves. When compared to the provisional outturn position received at Executive Board in April, this is an improvement of £4.1m which is largely due to a £1.2m improvement in respect of Business Rates S31 grant income, a £1.1m reduction in the previously assumed contribution to the regional Business Rates Pool, a £1m improvement with regards to the level of capital receipts realised in 2019/20 and a £0.6m improvement in the debt position in the Strategic Accounts.
- Whilst the main impact of Coronavirus (COVID-19) has impacted on the 2020/21 revenue budget there was still an initial pressure from the loss of income and additional expenditure of £2.64m on the 2019/20 revenue budget. As this has been funded by the COVID-19 Support Grant from Government there is a nil impact on the Council's outturn position.
- A deficit of £5.5m has been declared on the authority's Collection Fund in respect of business rates. This declared deficit is reflected in the approved 2020/21 revenue budget and reduces the revenue funds available to the Council in that year. Any

impact of Coronavirus (COVID-19) on collection in 2019/20 and 2020/21 will impact on the revenue budget in 2021/22.

- The outturn for the year on the Housing Revenue Account shows a net variation of £2.9m when compared against the 2019/20 budget. However, this has been offset by a reduction in the revenue contribution to the capital programme which brings the HRA back to a balanced position.
- As at the 31st March 2019 the level of general reserve was £28.0m and this has increased to £31.5m at 31st March 2020. This planned increase is consistent with the strategy to increase reserves to ensure that the Council's financial position is both resilient and sustainable.

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

- The 2019/20 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

3. Resource Implications

- The financial outturn position for 2019/20 is an overspend of £0.29m (excluding the impact of COVID-19). This position takes account of the £4.1m impact of the shortfall in capital receipts previously reported to this Board in April and the variations that are detailed in the Directorates' respective outturn positions which are detailed in this report.
- The Council's Medium Term Financial Strategy assumes a balanced budget position for 2019/20. To achieve this, as agreed by Executive Board in March and April, the variation arising as a consequence of the shortfall in capital receipts receivable and Directorate variations have been funded by a contribution from the Council's general reserve. The financial impact of Coronavirus (COVID-19) has been met from Government grant.
- The business rates deficit declared in December 2019 and reflected in the approved 2020/21 revenue budget is £5.5m. This reduces the revenue funds available to the Council in 2020/21. Any further deterioration in the deficit will impact on the 2021/22 revenue budget but any impact of COVID-19 on the business rates tax base will affect the 2020/21 revenue budget. The impact of COVID-19 on the Collection Fund continues to be reviewed, and a revised position will be incorporated into the updated Medium Term Financial Strategy, which is timetabled to be received at September's Executive Board.

Recommendations

Members of the Executive Board are asked to;

- a) Note the outturn position for 2019/20
- b) Agree the creation of earmarked reserves as detailed in paragraph 6.3 and to delegate their release to the Chief Officer Financial Services;
- c) Note that the Chief Officer Financial Services will be responsible for the implementation of these actions following the 'call in' period.

1. Purpose of this report

- 1.1 This report sets out for the Board the Council's financial outturn position for 2019/20 for both revenue and capital. It also includes the Housing Revenue Account and expenditure on schools.
- 1.2 In addition the report highlights the position regarding other key financial health indicators including Council Tax and Business Rates collection statistics, sundry income, reserves and the prompt payment of creditors.
- 1.3 It should be noted that, in accordance with proper accounting practice, any significant event which occurs prior to the audit sign-off of the accounts which is expected to be in October 2020 could impact on the Council's final published outturn position and hence on the level of reserves. This is known as a post balance sheet event and, should such an event occur, it will be reported back to this Board at the earliest opportunity.
- 1.4 The Council's unaudited accounts are scheduled to be placed on deposit for public inspection in early July 2020.

2. Background information

- 2.1 Executive Board will recall that the net revenue budget for the general fund for 2019/20 was set at £516.7m.
- 2.2 Following the closure of the 2018/19 accounts, the Council's general fund reserve stood at £28.0m. The 2019/20 budget assumed a contribution of £4.5m to this reserve during 2019/20 which supports the requirement of ensuring that the Council continues to be financially resilient and sustainable. This budgeted contribution included repayment of £1.7m which was released from the general fund reserve to Children & Families in 2018/19 to address the income pressure arising within the Directorate as a consequence of the re-profiling of the final payment of the Partners in Practice Project by the DfE. In year Executive Board approved release of £1m to enable the Council to take advantage of record low interest rates, creating savings for the Medium Term Financial Strategy. A contribution of £0.34m has also added to the general fund reserve in year. Assuming a balanced budget position it was projected that the balance on the general fund reserve would stand at £31.8m at 31st March 2020.
- 2.3 This Board on 22nd April agreed the release of funding from the general reserve to fund any overspend when compared to budgeted assumptions. This variation is now confirmed to be £0.29m, therefore reducing the balance on the general reserve down to £31.5m at the 31st March 2020, although this is still an increase of £3.5m when compared to the balance at 31st March 2019.
- 2.4 Financial monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

3. Main issues

- 3.1 The 2019/20 general fund revenue outturn position, after the creation and transfer of a number of earmarked reserves as detailed in paragraph 6.3, is an overspend of

£0.29m. This compares against the £4.4m projected overspend reported to this Board in April.

Table 1 - summary outturn position

3.2

Summary Position - Financial Year 2019/20 Outturn

Directorate	Director	(Under) / Over spend for the current period				Provisional Outturn Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(164)	6,106	(6,106)	0	0
Children and Families	Steve Walker	(692)	4,134	(2,797)	1,337	890
City Development	Martin Farrington	(1,478)	1,531	(1,566)	(35)	0
Resources & Housing	Neil Evans	2,119	15,708	(16,026)	(318)	(230)
Communities & Environment	James Rogers	3,782	8,797	(8,862)	(65)	(60)
Strategic	Victoria Bradshaw	(511)	3,710	(4,332)	(622)	3,817
Impact of Coronavirus	Victoria Bradshaw		2,640	(2,640)	0	0
Total Current Month		3,055	42,626	(42,329)	297	4,417
Provisional Outturn (under)/over spend		(546)	11,271	(11,754)	4,417	

This £4.1m improvement in the reported position is largely due to a £1.2m improvement in respect of Business Rates S31 grant income, a £1.1m reduction in the previously assumed contribution to the regional Business Rates Pool, a £1m improvement with regards to the level of capital receipts realised in 2019/20 when compared to the forecast position in April and a £0.6m improvement in the debt position in Strategic. The overspend position in the Children and Families Directorate has worsened by £0.4m, as discussed below, but is largely offset by savings in other directorates.

- 3.3 The reported position also takes account of £2.64m regarding the financial impact of Coronavirus (COVID-19) in this financial year, but this financial pressure has been funded in full by the application of Government grant and therefore this does not have an impact on the outturn position. The estimated impact of Coronavirus is discussed separately in the report and detailed at Appendix 2 and is not reflected on Directorate dashboards.
- 3.4 Following Executive Board approvals in March and April 2020, the reported overspend will be funded through a corresponding release from the Council's general reserve.
- 3.5 Full details of the Directorate variations, budget action plans and risk areas for the year can be found in the financial dashboards attached at Appendix 1. The main directorate issues contributing to the outturn position are as follows:-
- 3.5.1 **Adults & Health** - The Directorate has delivered a balanced position. Savings plans that were required to deliver £13.1m of savings actually delivered £15.2m, the collection of client income being the main reason for the over achievement of the plans.

A net £3.4m of pressures were recorded against community care demand-based budgets; pressures were principally within learning disability, home care and supported accommodation. There were also demand based pressures on contracts managed by Strategic Commissioning. Spend was lower than budgeted within

residential and nursing care and direct payments. The increased spend on home care and lower spend on residential care are intrinsically linked to the success of the directorate's strengths-based approach to social care.

The directorate spent £6.4m on approved schemes related to the Improved Better Care Fund (referred to as the Spring Budget monies). This was funded by grant receivable in year and a drawdown from reserves (from previous years underspends and slippage) of £1.7m.

Over and above its Public Health grant funded expenditure, the service received and spent £2.0m of targeted funding, including £0.5m from the improved Better Care Fund to fund the Physical Activity, Better Conversations and SWIFT programmes; £0.5m of Winter Pressures funding was received to fund programmes including infection control training and immunisation for health and social care workers, £0.4m was received from other local authorities to cover the cost of out of area sexual health services. Funding from Public Health England and partners to deliver population health management and smaller contributions from partners such as the British Heart Foundation, Yorkshire Cancer Research and the Leeds CCG to deliver agreed programme of works were received in year.

Income was £6.1m above budget, of this £1.7m was related to a drawdown on Spring Budget reserves to fund associated expenditure, and £0.5m to unbudgeted inflation related funding from the Better Care Fund and £1.4m of additional client income of through improved processes was achieved. As referenced above Public Health received £2.0m of targeted funding.

3.5.2 Children & Families – The position at outturn for the Directorate was an overspend of £1.337m, an increase of £447k compared to the month 11 projection. This position excludes the impact of COVID-19 in 2019/20 of £497k. As reported previously, the main areas of overspend on the Children and Families budget have been on Children Looked After (CLA), financially supported Non-CLA and the passenger transport budget. Some of the additional spend pressures have been offset by increased utilisation of grant funding in addition to savings in staffing related costs of £0.7m.

The Directorate worked with the Passenger Transport Service during the year on an action plan to mitigate the pressures on the transport budget. The final overspend on this budget was £0.5m, which is consistent with projections since month 9 when the projected overspend was reduced by £0.1m.

Overall CLA placements continued to increase during 2019/20 and the final overspend on CLA was £5m. The number of External Residential (ER) placements at the end of 2019/20 was 72 compared to the budget of 58 placements. The number of Independent Fostering Agency (IFA) placements has increased to 211 at the end of the year against the budget of 184. At Month 11, it was reported that if the number and type of CLA placements did not reduce then this would result in an overspend of £3.8m in 2020/21 against the CLA budget. This projection has reduced at the start of 2020/21 due to lower CLA numbers, however there is still a pressure to address which Children and Families have identified actions to mitigate. Further details of this are provided in the Month 1 Financial Health monitoring report on this agenda.

The overspend on Learning for Life has remained at £0.65m in line with previous projections. This comprises a shortfall in fee income in Children's Centres offset by savings within Family Services and Early Help.

The overspends above were offset by savings on supplies and services, staffing costs and the use of grant funding and reserves to bring the overall outturn position to an overspend of £1.337m.

- 3.5.3 **City Development** – At Outturn the City Development Directorate had maintained its forecast balanced budget position from Period 11 and 12 and, excluding the impact of Covid 19 of £250k in the last two weeks of the financial year, actually delivered a small underspend of £35k.

The Markets Service faced another challenging year for a number of reasons, including continuation of the ongoing adverse retail climate and uncertain future for retail on the high street, growth in e-commerce and changing consumer spending preferences. Overall, Markets and City Centre services overspent by £0.78m. Planned building works meant that the vacant units required for this work equate to £0.585m in lost revenue and the level of disruption to tenants has led to an increase in demand for rent concessions. The 20% rent concession for April 2019 to October 2019 equates to a further pressure on income of £0.2m.

The Directorate's Strategic Investment Fund required further acquisitions in order to achieve the net budgeted return of £3.36m. Further viable investment opportunities with the right risk profile were sought and financially appraised but none were considered a suitable fit with the authority's investment strategy. £0.15m of Round Foundry reserve has been identified as useable as it was not applied in previous years and has been brought in to aid the bottom line. A further pressure of £0.25m is due to the savings realised through further asset rationalisation accruing to other Directorates rather than to City Development where the savings target was held. This includes the successful move of staff from Navigation House and Hough Top Court to other city centre offices.

The Highways and Transportation Service overspent by £0.18m which arose from minor variations across the service. The Street Lighting LED conversion programme was planned to start in September 2019 however the Deed of Variation for the PFI contract was not signed until March 2020 and full commencement of works could not proceed until then. However some 'small works' instructions for lantern swaps have been issued to ensure energy savings are realised and at present there are no budget pressures arising from this delay.

The Planning & Sustainable Development Service finished the year with a £0.22m underspend, this is the net saving from vacant posts across the service throughout the year, increased CIL Admin income and costs relating to the Core Strategy review, Aireborough Legal challenge and referendum/independent examination costs for Neighbourhood Planning.

Arts and Heritage has a minor overspend of £0.028m. The closure of all sites in mid-March resulted in a reduction in income of approximately £0.13m.

Active Leeds has seen a significant increase in income from Memberships on the back of successful promotional campaigns and has finished the year with a £0.37m underspend. The impact of the closure of all sites in mid-May resulted in a reduction in pay and play income of approximately £0.12m.

Historic balances of £1.391m have been used support revenue budget and offset budget pressures outlined above.

3.5.4 Resources & Housing – At outturn, and excluding the impact of COVID which is reported separately, the Directorate underspent by £0.3m.

Within CEL, facilities management services underspent by £0.8m, primarily relating to business rates following the valuation of Merrion House being confirmed and a backdated refund. The remaining services within CEL outturned in line with the approved budget.

The Resources group of services delivered net savings of £1.6m. Savings in DIS of £0.5m primarily related to Microsoft costs; savings in Legal and Democratic Services of £0.5m mainly in staffing costs, Members allowances and additional court fee income. Strategy and Improvement saved £0.4m mainly from additional income. Other services, Finance, HR, Shared Services and Sustainable Energy services were a net £0.2m under budget.

Housing services underspent by £0.2m, again mainly from staffing savings.

However, offsetting these savings totalling £2.6m were overspends of £0.6m within Corporate Property Management due to additional spend on the maintenance of the Council's buildings and £1.7m in LBS due to a shortfall in turnover of £3m compared to the budget and the under-recovery of overheads from vacant posts in the service. LBS delivered a bottom line contribution to the general fund of £9.3m, compared to the budgeted £11m.

3.5.5 Communities & Environment – the overall outturn position for 2019/20, excluding the impact of Covid 19 is an underspend of £0.07m. The main variations across the individual service areas are as follows:

An overspend of £0.56m within Customer Access mainly reflects additional staffing costs associated with the improvement in call answer rates at the Contact Centre, together with additional staffing and premises costs at Community Hub sites and additional staffing costs within the library service. A further overspend of £0.17m within Communities reflects slippage on grant funded projects and other minor variations across the service.

Within the Waste Management service, the ongoing Refuse review combined with additional costs of recovery have been offset by residual waste disposal contract savings and other expenditure savings identified within the service. It is proposed to carry forward a further £0.54m of disposal contract savings to 2020/21 in support of the route review and developing waste strategy. The main variation of £0.38m relates to additional costs incurred in respect of the SORT disposal contract reflecting lower market prices for recycled materials, and overall the service overspent by £0.38m at the year end.

Offsetting these areas of overspend are underspends of £0.47m within Car Parking services resulting from staffing/expenditure savings of £0.07m and additional net income of £0.4m and savings within Electoral and Regulatory Services of £0.45m, which are due to a combination of expenditure savings and additional income across the service.

Further savings of £0.18m have been made within the Welfare and Benefits service, largely as a result of additional Housing Benefit Grant income, and within the Cleaner Neighbourhood and City Centre Teams (£0.08m) which largely reflects staffing savings resulting from vacancies.

- 3.5.6 **Strategic & Central Accounts** - At Outturn, the Strategic & Central budgets are projecting an underspend of £0.6m, an improvement of £4.4m on the position reported at Month 11. Within this overall position, the MRP (Minimum Revenue Provision) charge to fund debt is £4.1m higher than budgeted for (projected at £5.1m at Month 11), due to delays in realising some capital receipts.
- 3.5.7 There has been an increase of £3.7m in comparison to the budget for net income relating to business rates. Section 31 grants receivable are £1.6m higher than budgeted for, and the council has received a £0.5m distribution as its share of the 2018/19 national levy surplus. In addition, the council's estimated net contribution to the North & West Yorkshire Business Rates Pool is £1.5m lower than budgeted for.
- 3.5.8 The projected outturn position also includes an underspend of £3.2m in the external debt budget (£2.6m at Month 11), reflecting lower than anticipated long term borrowing rates in the first half of the year, a projected improvement in internal revenue balances, and slippage against the forecast capital programme. The costs of borrowing have also been offset by additional capital receipts from the sale of vehicles. However there is an anticipated shortfall of £0.5m in prudential borrowing recharges to directorates. Other key variations are a projected shortfall of £0.6m in New Homes Bonus, and an underspend of £0.8m on the budget set aside for preparations for the City of Culture, which was not required during 2019/20. There have also been shortfalls of £0.7m in comparison to the target for general capitalisation and £1.3m in comparison to the target for schools capitalisation. The Strategic & Central accounts also reflect a debtor of £525k for the agreed settlement of a contractual dispute. This amount has been transferred to the Insurance reserve.

3.6 Impact of Coronavirus (COVID-19) in 2019/20

- 3.6.1 As referenced earlier, whilst the main impact of Coronavirus (COVID-19) will be seen in 2020/21, there has been an impact in the final weeks of 2019/20. The outturn position takes account of £2.64m of additional costs and income lost in this financial year. Impact by directorate is summarised at Table 2 and further detail is provided at Appendix 2.

Table 2 – Impact of COVID-19 by Directorate

Directorate/Service	At Provisional	
	Outturn	At Outturn
	£000s	£000s
Adult Social Care	-	-
Children & Families	340	497
City Development	1,000	250
Communities & Environment	487	1,007
Resources & Housing	675	886
Total Impact 19/20	2,502	2,640

- 3.6.2 To date Government has made payment of £3.2bn of Support Grant funding to local authorities. A letter received from the Secretary of State for Housing, Communities and Local Government on 20th March sets out that this funding is intended to help authorities address the pressures being faced in response to the Covid-19 pandemic across all the services being delivered. In particular this funding should enable authorities to:

- Meet the increased demand for adult social care and enable councils to provide additional support to social care providers.
- Meet the cost of extra demand and higher business-as-usual costs of providing children's social care, including as a result of school closures and the need for increased accommodation to address the need for isolation, including for unaccompanied asylum-seeking children.
- Provide additional support for the homeless and rough sleepers, including where self-isolation is needed.
- Support initial costs incurred by LAs in their critical role in supporting those within the most clinically high-risk cohort who also have no reliable social network (i.e. who are both at high risk clinically and socially).
- Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

3.6.3 Leeds City Council has received £43.749m of Support Grant and will apply £2.640m in 2019/20, carrying forward the remaining £41.109m for use in 2020/21.

3.6.4 The outturn position reported here reflects that COVID-19 financial pressures realised in general fund services in 2019/20 have been funded in full by Government grant and, as such, have a nil impact on the final outturn position.

3.7 **Early Leaver's Initiative**

3.7.1 The Council has operated a voluntary retirement and severance scheme since 2010/11 which has contributed to a reduction in the workforce and subsequent savings which have contributed towards the Council being able to deliver balanced budget positions. In 2019/20 approval has been given for 36.32 FTE's to leave the Authority through the Early Leaver's Initiative and this will generate savings of £4.58m over the five year period up to and including 2024/25.

3.7.2 Utilising capital receipt flexibilities that the Government introduced in 2016 the Council has funded £0.7m of Early Leaver costs associated with staff exiting the authority in 2019/20.

4. **Housing Revenue Account (HRA)**

4.1 The outturn for the year on the HRA shows net variations of £2.9m when compared against the 2019/20 budget. However, these variations have been offset by a reduction in the revenue contribution to the capital programme which results in a balanced budget position for the HRA in 2019/20.

4.2 Despite the reduced revenue contribution to the capital programme, it is important to note that the actual spend on the capital programme has been maintained and spend in 2019/20 was £83.1m, with funding being switched to the use of prior year and current year Right to Buy receipts and greater use of the Major Repairs Reserve.

4.3 Total income received was £1.1m less than budgeted expectations. An increased level of Right to Buy sales (612 sales compared to the budget of 530 sales) resulted in lower rental income of £0.5m. Other Income was reduced due to £0.42m of salary costs which could not be capitalised as posts were vacant and £0.31m of reduced income from LEEDS PIPES district heating scheme. This was due to elements of the scheme commencing later than the budgeted date.

- 4.4 The budget for disrepair was overspent by £1.73m. This was largely as a result of a combination of resolving an increased number of disrepair cases and the requirement to increase the provision being made for those cases which could not be completed in 2019/20 due to COVID-19.
- 4.5 Against a budget of £44.8m, expenditure on maintaining and repairing the Council's housing stock was £1.49m over budget partially due to a reassessment of the costs of the internal provider with a consequential increased charge to the HRA.
- 4.6 Savings of £1.48m on employee costs arose due to a combination of posts being held vacant awaiting the implementation of new structures and turnover of posts.
- 4.7 Premises costs were approximately £0.33m lower than budgeted for. This was principally due to savings from a review of historic and current utility costs.
- 4.8 Supplies and Services underspent by £0.59m. This was mainly due to savings on Digital Information Services (DIS) spend of £0.16m and the reclassification of LEEDS PIPES costs to Internal Services of £0.46m.
- 4.9 Services commissioned from the Council were £1m above the budgeted level. Additional expenditure of £0.3m was made to the Contact Centre to improve tenant experience of query handling ahead of the change to a new Housing ICT system. An additional £0.39m was spent on disrepair legal claims. Reclassification of LEEDS PIPES costs accounted for the largest variance of £0.41m, offset by supplies and services savings noted above. These pressures were partly offset by savings in other areas, the largest of which are; £0.18m for Horticultural Maintenance and for £0.08m for a reduction in Court fees.
- 4.10 The revenue contribution to the Capital Programme was £2.78m lower than budgeted. However, as referenced above this did not result in any reduction in investment in the housing stock.
- 4.11 The unitary charge for the Housing Private Finance Initiative (PFI) schemes was £0.48m under budget, the largest element of this was an insurance refund of £0.27m. A range of other adjustments to the unitary charge model made up for the balance.
- 4.12 The Capital charges overspend of £0.1m reflects additional costs of borrowing for an expanded Housing Growth programme, the income benefits of which will be seen in future years when the properties are brought online.
- 4.13 Following a review in the level of tenant arrears there was a minor reduction in the provision for doubtful debts of £0.05m and Housing Advisory Panel expenditure was £0.1m under budget, this will be carried forward to 2020/21 through the appropriation account.
- 4.14 The £135k overspend on the appropriation account partly reflects the impact of utilising less PFI sinking fund reserves than had been budgeted.
- 4.15 In summary, the above variations have produced a pressure on the HRA of £2.9m which has been met by reducing the revenue contribution to the capital programme.

5. Schools

5.1 The 2019/20 outturn position for schools is shown in table 3 below;

Table 3

Outturn	£m
Schools Reserves	
Balance Brought Forward	16.5
Net Contribution To Reserves	1.7
Balance Carried Forward	18.2
Extended Services & Partnerships	
Balance Brought Forward	6.3
Net Contribution To / From Reserves	0.0
Balance Carried Forward	6.3
Dedicated Schools Grant	
Balance Brought Forward	1.7
Net Contribution From Reserves	-4.9
Balance Carried Forward	-3.2

- 5.2 As schools are funded from the Dedicated Schools Grant (DSG) their reserves are ring fenced and must be carried forward. At 31st March 2020, mainstream school reserves stand at £18.2m.
- 5.3 In accordance with previous decisions, there is outstanding borrowing against school reserves for school VER costs totalling £0.2m together with a further £4.0m which supported early intervention and preventative services in Children's Services in 2013/14.
- 5.4 After netting the above items from the £18.2m, the net mainstream schools reserves position totalled £14.0m as at 31st March 2020. There is also a further ring-fenced school reserve of £1.4m specifically relating to the carry forward of in year PFI scheme balances and a new SEND funding reserve of £0.1m resulting in an overall school reserves balance of £15.5m as at 31st March 2020.
- 5.5 Extended Services & Partnerships reserves amount to £6.3m as at 31st March 2019. These include balances held by Area Inclusion Partnerships and Clusters.
- 5.6 At the start of 2019/20 the ring fenced DSG reserve was £1.7m. During 2019/20 there has been an overall overspend on DSG services of £4.9m, which is as a result of an over spend on the High Needs Block (£7.2m), partly offset by underspends on the Schools Block (£1.6m), the Early Years Block (£1.0m) and the Central School Services block (£0.2m). In addition, £0.5m of the de-delegated DSG surplus brought forward was refunded to schools during 2019/20. In total a deficit balance of £3.2m will be carried forward to 2020/21, comprising a general DSG deficit of £3.9m with an additional surplus balance of £0.7m on the de-delegated DSG. This position will be reported to Schools Forum in July.
- 5.7 During 2019/20, changes were made to the School and Early Years Finance (England) Regulations 2020 to make it a statutory requirement that a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the local authority not to do this.
- 5.8 A discussion will be held with Schools Forum in July on options for the use of the de-delegated surplus balance. As an alternative to distributing this back out to schools pro-rata to their original contributions, the council is intending to propose

that this be used as a fund to support schools that have incurred exceptional Covid related costs not covered by government funding.

- 5.9 In line with previous years, during 2019/20 there was an underspend on Early Years funding, due to funding being based on the January census which has higher numbers of 2 - 4 year olds than the average of all censuses over the year. The council is looking at how some of this funding could be used to support the Early Years sector with the challenges they are facing due to Covid, which will help to ensure the sufficiency of childcare in the city moving forward.

6. Reserves

- 6.1 A full statement of all Council reserves can be found at Appendix 3. A summary of the reserves is shown in table 4 below. It should be noted that the £24.2m increase in ring-fenced and grant reserves includes £19.3m of COVID-19 Support Grant which will be applied in 2020/21;

Table 4

Reserves	Balance at 31.3.19 £m	Transfer to/(from) £m	Balance at 31.3.20 £m
General Fund:			
General Reserve	28.0	3.5	31.5
Earmarked Reserves	36.5	(6.4)	30.1
Ring-fenced & Grant Reserves	4.7	24.2	28.9
Total	69.1	21.3	90.5
Schools:			
Ring-fenced Reserves	22.0	(3.5)	18.5
Housing Revenue Account:			
General Reserve	6.5	0.0	6.5
Earmarked Reserves	39.4	(17.6)	21.8
Total	45.9	(17.6)	28.3
Total Reserves	137.0	0.3	137.3

6.2 General Reserve

- 6.2.1 The 2019/20 budget assumed a contribution to the general reserve of £4.5m. In year Executive Board approved release of £1m which will result in debt management savings in future years. A contribution of £0.34m has also added to the general fund reserve in year. Following Executive Board approvals in March and April, the final outturn overspend of £0.29m reported here will be funded from the Council's general reserve. This results in a net contribution to the general reserve of £3.5m in 2019/20.
- 6.2.2 This contribution to the Council's general reserve will contribute to the Council's financial resilience, particularly in the context of the impact of COVID-19 which is adding to the inherent uncertainty resulting from delays to the Government's next spending review, the unknown implications of both the Government's intended

move to 75% business rate retention nationally and the outcome of the Government's Fair Funding Review. Adding to this uncertainty is the continued delay in the publication of the Government's green paper on social care which will hopefully provide greater certainty around their future funding intentions.

6.2.3 Table 5 below provides an explanation of the movement in the general reserve:

Table 5

General Fund Reserve	£m
Opening Balance 1st April 2019	28.0
Budgeted Contribution	4.5
Use In Year	(1.0)
Contribution In Year	0.3
In-year Overspend	(0.3)
Closing Balance 31st March 2020	31.5

6.3 Creation of New Earmarked Reserves

It is recommended that the following earmarked reserves are created;

- A Behaviour Service Scheme Reserve £0.02m to carry forward funding from the Clinical Commissioning Group (CCG) to continue the Intensive Positive Behaviour Service in 2020/21
- A Waste Management Reserve of £0.54m, to carry forward waste disposal contract savings identified in 2019/20 in order to support the delivery of the Refuse route review and the developing waste strategy.

7. Capital Programme

7.1 The actual capital expenditure for General Fund and HRA in 2019/20 is £372.2m, an underspend of £15.9m or a 4.1% variation against the February 2020 Capital Programme projected outturn.

General Fund

7.2 The following table (Table 6) shows the in-year actual General Fund capital expenditure against estimate, split by directorate:

Table 6

General Fund	Feb 20 Estimate	May 20 Outturn	Variation	
	£m	£m	£m	%
Adults & Health	6.3	5.5	(0.8)	(12.7%)
Strategic and Central	21.2	18.7	(2.5)	(11.8%)
City Development	153.0	138.4	(14.6)	(9.5%)
Children & Families	32.3	30.9	(1.4)	(4.3%)
Resources & Housing	67.6	66.7	(0.9)	(1.3%)
Communities & Environment	10.0	10.2	0.2	2%
Total Spend	290.4	270.4	(20.0)	(6.9%)
Financed by				
General Fund Borrowing	137.1	128.4	(8.7)	(6.3%)
General Fund Specific Grants and Contributions	148.5	138.8	(9.7)	(6.5%)
General Fund Capital Receipts	4.8	3.2	(1.6)	(33.3%)
Total Funding	290.4	270.4	(20.0)	(6.9%)

- 7.3 A full breakdown of the net variations is detailed in Appendix 4. Comments are also provided for schemes that have a material variation of greater than +/-£500k.
- 7.4 The general fund borrowing variation is £8.7m or 6.3% of the expected spend on borrowing. The treasury outturn position is presented as a separate report to this Executive Board.
- 7.5 The General Fund capital programme delivered £290.4m of expenditure including major works on our Annual maintenance programmes, Highways planned maintenance to our roads and streets network, Connecting Leeds Transport Investment Programme, East Leeds Orbital Road, Flood Alleviation, West Yorkshire Playhouse, Learning Places programme, Clean Air Zone, District Heating Network, Digital & Information services programme, provision of Adaptations grants, and the vehicle replacement programme underpinning the council's emissions reduction programme.

Housing Revenue Account

- 7.6 Table 7 shows the in-year actual Housing Revenue expenditure against estimate:

Table 7

HRA	Feb 20 Estimate	May 20 Outturn	Variation	
	£m	£m	£m	%
Council Housing Growth Programme	12.9	16.4	3.5	27.1%
Housing Leeds Council House Programme	83.1	83.6	0.5	0.6%
BITMO Council House Programme	1.7	1.7	0.0	0%
Total Spend	97.7	101.7	4.0	4.1%
Financed by				
HRA Self-Financing	72.1	72.8	0.7	1%
HRA Capital Receipts RTBs	15.1	16.2	1.1	7%
HRA Specific Grants and Contributions	4.2	2.6	(1.6)	(38.1%)
HRA Borrowing	6.3	10.1	3.8	60%
Total Funding	97.7	101.7	4.0	4.1%

- 7.7 The HRA Capital programme delivered £101.7m of expenditure including £16.4m on the Council House Growth Programme and £85.3m on the refurbishment of our council house properties.

Capital Programme Resources

- 7.8 The following table (Table 8) details the overall capital financing position for the Council:

Table 8

	Feb 20 Estimate £m	May 20 Outturn £m	Variation £m	
Net Capital Spend	388.1	372.1	(16.0)	(4.1%)
Financed by				
General Fund Borrowing	137.1	128.4	(8.7)	(6.3%)
General Fund Specific Grants and Contributions	148.5	138.8	(9.7)	(6.5%)
General Fund Capital Receipts	4.8	3.2	(1.6)	0%
HRA Self-Financing	72.1	72.8	0.7	1%
HRA Capital Receipts RTBs	15.1	16.2	1.1	7%
HRA Specific Grants and Contributions	4.2	2.6	(1.6)	(38.1%)
HRA Borrowing	6.3	10.1	3.8	60%
Total Funding	388.1	372.1	(16.0)	(4.1%)

- 7.9 Capital receipts of £0.9m have been utilised for the early leaver initiative (ELI) severance costs in 2019/20 to fund expenditure capitalised under the government's temporary flexibility for funding transformational change via capital receipts. In line with existing accounting policy £3.89m of receipts have been utilised to fund PFI liabilities, £6.66m have been used to repay debt and £0.89m of general receipts applied to fund in year spend. Borrowing of £3.2m has been undertaken in lieu of section 278 contributions.
- 7.10 HRA Council House Growth Programme, Housing Leeds and BITMO have utilised £72.8m of self-financing funding, £2.6m of external contributions, have utilised £16.2m of Right to Buy receipts and have borrowed £10.1m to fund the programme in 2019/20.
- 7.11 The net debt of the Council as at 31st March 2019 is £2.16bn. Further details of this and the debt financing costs will be presented in the 2019/20 Outturn Treasury Management report to this Executive Board.

8. Other Financial Performance

- 8.1 The performance statistics for the year in respect of the collection of local taxation are as follows:-

	2010/11 Leeds Actual	2011/12 Leeds Actual	2012/13 Leeds Actual	2013/14 Leeds Actual	2014/15 Leeds Actual	2015/16 Leeds Actual	2016/17 Leeds Actual	2017/18 Leeds Actual	2018/19 Leeds Actual	2019/20 Leeds Actual
Council tax	96.70%	96.60%	96.60%	95.70%	95.70%	95.90%	96.10%	96.10%	96.10%	95.93%
Business Rates	97.90%	97.50%	97.60%	97.10%	97.30%	97.80%	97.50%	98.00%	97.80%	97.29%

8.2 Following the introduction of the Council Tax support scheme in 2013/14 a 19% contribution scheme was implemented for working age claimants and this was increased to 26% for 2014/15 but was then subsequently set at 25% for the years between 2015/16 and 2019/20. The collection position for Council Tax and Business Rates at the end of March was as follows:

- Numbers of Council Tax Support claimants have begun to increase as a consequence of the impact of COVID-19. This has affected the general Council Tax collection rate below and also rates of collection for those now receiving CTS.
- Council Tax in-year collection rate – 95.93%, whilst this is below target (96.1%), the slightly lower collection rate largely reflects the impact of COVID-19 at the end of the year. £364.3m has been collected in respect of 2019/20 bills, an increase of £20.9m when compared to the previous year.
- Collection rate for those affected by Council Tax Support scheme – 73.0% (73.3% last year)
- Collection rate for those previously getting 100% Council Tax Benefit – 66.2% (64.0% last year)
- The collection of non-domestic rates for the year is 97.29% of the current net debit of £389.0m. This represents a decrease of 0.51% in comparison to 2018/19.
- Discretionary Business Rate Relief Scheme – against a budget of £500k in 2019/20 some £470k of local discounts were approved under the scheme to support the creation of employment and economic growth and to increase the business rates base.

Prompt Payment of Creditors

8.3 The prompt payment result at the year-end was 93.87% of undisputed invoices processed within 30 days or within contract terms.

9. Corporate considerations

9.1 Consultation and engagement

9.1.1 This is a factual report and is not subject to consultation.

9.2 Equality and diversity / cohesion and integration

- 9.2.1 The Council's revenue budget for 2019/20 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 27th February 2019.

9.3 Council policies and the Best Council Plan

- 9.3.1 The 2019/20 budget targeted resources towards the Council's policies and priorities. This report comments on the financial performance against this budget in support of our Best Council ambition of offering value for money through being an efficient and enterprising organisation.

Climate Emergency

- 9.3.2 Since this is a factual report detailing the Council's financial outturn position for 2019/20 there are no specific climate implications.

9.4 Resources, procurement and value for money

- 9.4.1 This is a financial report and all financial implications are detailed in the main body of the report.

9.5 Legal implications, access to information, and call-in

- 9.5.1 There are no legal implications arising from this report.

9.6 Risk management

- 9.6.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget actions plans was in place for 2019/20.

10. Conclusions

- 10.1 The 2019/20 financial outturn position for General Fund services, which is a £4.1m improvement when compared with the provisional outturn position reported to April's Executive Board, results in a £3.5m contribution to the Council's general reserve. As a result the level of general reserve at 31st March 2020 is £31.5m.
- 10.2 The outturn for the year on the HRA shows net pressures of £2.9m when compared against the 2019/20 budget. However, these pressures have been offset by a reduction in the revenue contribution to the capital programme to bring the HRA ring-fenced revenue account back into balance.
- 10.3 At 31st March 2020, mainstream school reserves stand at £18.2m. Extended Services & Partnerships reserves amount to £6.3m as at 31st March 2019, including balances held by Area Inclusion Partnerships and Clusters. As a result of an over spend on the High Needs Block, partly offset by underspends on other blocks, and a refund of de-delegated DSG surplus brought forward to schools

during 2019/20, a deficit balance of £3.2m will be carried forward on the DSG reserve to 2020/21.

- 10.4 Expenditure in respect of the General Fund Capital Programme was £20.0m or 6.9% lower than that assumed in the February 2020 Capital Programme projected outturn.

11. Recommendations

- 11.1 Members of the Executive Board are asked to;
- a. Note the outturn position for 2019/20
 - b. Agree the creation of earmarked reserves as detailed in paragraph 6.3 and to delegate their release to the Chief Officer Financial Services;
 - c. Note that the Chief Officer Financial Services will be responsible for the implementation of these actions following the 'call in' period.

12. Background documents¹

- 12.1 There are no background documents relating to this report

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

ADULTS AND HEALTH

Financial Dashboard - 2019/20 Financial Year

Outturn

The directorate has delivered a balanced position.

Budget Action Plans were required to deliver £13.1m of savings. By the year-end this target had been exceeded and £15.2m was achieved - even though there was some slippage in several of the demand and partner income BAPS.

The main variations across the key expenditure types are as follows:

Staffing (-£0.2m)

There were pressures noted within Resources, Social Work and Social Care Services and Service Transformation but underspends within Commissioning and Health Partnership more than mitigated these.

Community Care Packages (+£3.4m)

Pressures have been evidenced within learning disability, home Care and supported accommodation. Underspends have been recorded within residential and nursing care and direct payments.

Public Health Commissioning (+£2.0m)

Last year's grant underspend has been used to meet anticipated demand and cost pressures. The Children's bereavement programme was funded by reserves. Additional specific income necessitated increased commissioning costs of £1.7m.

Other Costs (+£4.0m)

The main element of this variance (£3.1m) related to Spring Budget schemes funded by the Better Care Fund (funding drawn down from reserves), this was primarily slippage on previous years plans. A number of overspends including IT development costs for the BI and CIS systems, client transport, empty premises costs relating to Waterside, cleaning, catering and legal were recorded; underspends relating to the early repayment and the Corporate ask of savings from non-essential spend helped to partially mitigate this.

Appropriation Accounts

The appropriation account is used to move money to and from reserves

a) Government Grant - Winter Pressures Funding (-£0.2m) to fund social workers to support the transfers from Community Beds and (-£0.2m) for rapid response (homecare).

b) £0.2m of additional income from the Disabilities Facilities Grant was transferred to reserves.

c) Public Health (-£0.1m) – representing underspends from last year to be spent in this year on the children's bereavement programmes (-£0.1m).

d) An additional £0.5m was receivable from the Better Care Fund representing late agreement on the level of inflation to be applied to the sum the Council receives. In line with the directorate's budget plans this sum has been transferred to reserves and forms a part of 2020/21 budget planning.

e) Utilising reserves to fund additional cost for Timely Transfers of Care (-£0.4m).

f) The in-year savings identified from non-essential spend have been transferred to reserves (+£0.1m).

g) Leeds Plan is a partnership account and ring-fenced underspends will be carried forward (+£0.2m).

h) The use of the Improved Better Care Fund reserve for costs incurred by approved IBCF schemes in year (-£3.1m).

i) Use of reserve to fund Population Health Management (-£0.3m).

Income (-£6.1m)

Income is above target in many areas, client contributions are significantly above target. Other noticeable impacts are the additional £0.5m receivable as an inflationary uplift to the Better Care Fund; (£0.2m) from charging the Disabilities Facilities Grant for staff time and additional income (£0.3m) from the CCG to contribute towards the additional costs associated with timely transfer of care work. Additional income received by public health (£2m) will be used to fund increased costs. Spring Budget income drawn from reserves to fund schemes amounted to an additional £1.7m.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,502	(982)	520	(106)	0	(75)	(2)	(2)	(1)	0	0	198	14	(40)	(26)
Social Work & Social Care Services	273,180	(47,974)	225,206	57	28	103	(0)	548	5,140	(2,960)	0	(206)	2,710	(2,745)	(35)
Service Transformation	1,731	(239)	1,493	32	0	(13)	(0)	8	(1)	0	0	0	25	(165)	(139)
Commissioning Services	28,820	(54,732)	(25,911)	(347)	(79)	(119)	(10)	3,069	1,230	0	0	(3,063)	681	(992)	(311)
Resources and Strategy	5,734	(1,762)	3,972	223	15	111	16	223	0	0	0	(3)	585	(73)	512
Public Health (Grant Funded)	43,886	(43,542)	344	(23)	7	206	0	(25)	2,015	0	0	(89)	2,091	(2,091)	0
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	354,854	(149,231)	205,624	(164)	(27)	213	4	3,820	8,382	(2,960)	0	(3,163)	6,106	(6,106)	(0)

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans					£m	£m
1.	Additional funding	S Hume	iBCF, Spring Budget, Advonet Grant, Social Care Grant	B	7.3	0.0
2.	Demand Based Savings - Ld	S McFarlane		B	0.3	0.0
3.	Demand Based Savings - Mental Health	S McFarlane		B	0.1	(0.0)
4.	Demand Based Savings - Telecare	S McFarlane		R	0.1	0.1
5.	Demand Based Savings - Reablement	S McFarlane		R	0.1	0.1
6.	Demand Based Savings - Chc / 117	S McFarlane		B	0.3	(0.5)
7.	Prudential Borrowing - Recovery Hubs	S McFarlane		B	0.2	0.0
8.	Ld - Funded Nursing Care Paid By Lcc On Chc Funded People	S McFarlane		B	0.1	0.0
9.	Premises Running Cost Savings	S McFarlane		B	0.1	0.0
10.	Demand Based Savings - Demand Mgt	S McFarlane		B	0.3	0.0
11.	Managing Budget Reductions	S Hume		B	0.1	0.0
12.	Demand Budgets (Commissioning)	C Baria		B	0.2	0.0
13.	Staffing	Various	primarily use of vacancy factors	B	0.8	(0.0)
14.	Income	Various	better collection of assessed income and recovery of monies from partners	B	2.2	(1.9)
15.	Public Health	V Eaton	review of commissioned services and use of reserves	B	1.0	0.0
B. Other Significant Variations						
1.	Staffing	All	relating to staffing turnover and slippage in employing new staff			(0.2)
2.	Community care packages	Various	anticipated variation			5.7
3.	General running costs	All	Savings relating to non-spend of debt budget and non essential spend offset by increased other running costs such as transport, catering and cleaning			4.0
4.	Use of reserves	All	net contribution to reserves (iBCF inflation, additional income from DFG offset by transfers from reserves for Community Beds, Winter Pressures, timely transfer of care and Public Health)			(3.2)
5.	Income	All	client contributions and CCG contribution to CHC transport costs and additional BCF income			(4.3)
Adults and Health Directorate - Forecast Variation						0.0

CHILDREN & FAMILIES 2019/20 FINANCIAL YEAR FINANCIAL DASHBOARD - Outturn

Overall Summary - Outturn for the Directorate is an overspend of £1.337m; adverse movement of £0.375m from the projected position at P12. This excludes Covid related costs of £497k. The adverse movement is predominantly comprised of; £0.8m further CLA Demand pressure, £0.1m net other pressures in Social Care due to higher recharges (DIS / Community Buildings, etc..) and non-delivery of some of the assumed saving plans around supplies & services, offset by further savings in Resources & Strategy Central Overheads Severance £0.273m (net) and increased usage of earmarked reserves, £0.293m (full utilisation of the Troubled Families and National Accreditation & Assessment of Social Work - NAAS).

Children Looked After (CLA): - The Children Looked After budget (CLA) was increased by £1.5m to £42.4m in the 2019/20 budget. The budget took into account the level of supported children in the autumn of 2018, 1,284 and at outturn there were 1,345; no increase from the reported position at Period 12. This has resulted in pressures on the 19-20 External Residential (ER) and Independent Fostering Agencies (IFA) budgets, with the trend over the last 6 months being for increased external placements. Current ER numbers are 72 compared to the budgeted number of 58, whilst the number of Independent Fostering Agencies (IFA) is 211 compared to the budgeted number of 184 taking the overall overspend to £5.007m an increase of **£0.8m** from P12. Secure Justice numbers currently at 5 against budget of 4; reduction of 5 from the reported P11 position. At outturn, adverse movement of £0.8m from the projected position at P12 principally in ER placement costs (£0.7m) and Secure Justice (£0.1m).

Non CLA Financially supported: - The non-CLA financially supported budget was increased by £0.5m to £12.9m in the 2019/20 budget. Budgeted 19-20 numbers are 867 placements; current numbers are 923; No change from P12 projections.

Staffing: - The staffing budget for 19-20 is £87.4m. A further positive movement of £0.264m from the projected P12 position. Due to further severance savings in Resources and Strategy Central Overhead account. Outturn is an overall saving of £0.692.

Transport : - No change from the projected position at P12; overspend of £0.525m.

Trading and Commissioning : - At Outturn the trading position did worsen, however this impact was due to Covid-19 and is captured on that report. As such no change for this dashboard from the projected P12 position.

Premises, Supplies & Services & Internal Charges:- At Outturn there was a further pressure in Social Care of £0.1m relating to higher recharges from DIS and Community Buildings and non-delivery of action plans for supplies & services. £0.04m lat charges from LBS.

Other Income / Projects: - £0.293m further utilisation of earmarked reserves NAAS and Troubled Families.

Dedicated Schools Grant - There is a separate Dashboard for the DSG

Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend
				Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Demand Led Budgets:															
In House placed CLA	20,352	(3,648)	16,704	0	0	0	0	0	(350)	0	0	0	(350)	0	(350)
Independent Fostering Agency	7,546		7,546	0	0	0	0	0	1,250	0	0	0	1,250	0	1,250
External Residential	11,913		11,913	0	0	0	0	0	3,707	0	0	0	3,707	(250)	3,457
Other Externally placed CLA	2,566		2,566	0	0	0	0	0	400	0	0	0	400	0	400
Non CLA Financially Supported	12,883	(3,514)	9,369	0	0	0	0	0	250	0	0	0	250	0	250
Transport	15,062	(617)	14,445	0	0	0	525	0	0	0	0	0	525	0	525
Sub total Demand Led Budgets	70,322	(7,779)	62,542	0	0	0	525	0	5,257	0	0	0	5,782	(250)	5,532
Other Budgets															
Partnerships & Health	4,977	(1,603)	3,374	155	0	(267)	117	40	0	0	0	0	45	(561)	(516)
Learning	31,545	(26,950)	4,594	100	0	0	0	0	0	0	0	0	100	(722)	(622)
Social Care	122,260	(75,738)	46,522	(383)	41	20	0	206	100	(293)	0	(500)	(809)	(1,264)	(2,073)
Resources and Strategy	65,318	(60,454)	4,864	(564)	0	(70)	0	(100)	0	0	0	(250)	(984)	0	(984)
Sub total Other Budgets	224,100	(164,746)	59,354	(692)	41	(317)	117	146	100	(293)	0	(750)	(1,648)	(2,547)	(4,195)
Total	294,422	(172,526)	121,896	(692)	41	(317)	642	146	5,357	(293)	0	(750)	4,134	(2,797)	1,337

Key Budget Action Plans and Budget Variations:		Lead Officer	Additional Comments		Action Plan Value	Forecast Variation
A. Significant Variations				RAG	£m	£m
	Children Looked After & Financially Support Non-CLA Demand Budgets.	Steve Walker / Sal Tariq	The budget supports an average of 58 ER and 184 IFA Placements. Currently at 72 ER and 211 IFA Placements. Partly impacted due to reduced capacity in LCC run homes; currently at 22 against potential 28 when 7 mainstream homes fully operational. At outturn additional costs of £0.8m impacted on the account; principally ER £0.7m and Secure Justice £0.1m).	R		5.257
	Staffing Related Costs	C&F Leadership Team	At Outturn further pay savings of £0.264m due to further severance savings in R&S Central Overhead account.	G		(0.692)
	Learning For Life - Early Start & Youth Services	Sal Tariq / Andrea Richardson	No change from the reported P12 position. However further income pressures £0.15m, reflected on the Covid-19 dashboard.	R		0.650
	Passenger Transport	Sue Rumbold	No change from the P12 reported position.	R		0.525
	Income (Incl. Grants)	C&F Leadership Team	Further income utilised from Earmarked Reserves. Full utilisation of the following reserves:- Additional Troubled Families Earned Autonomy grant funding, £0.1m and National Accreditation and Assessment for Social Work (NAAS), £0.2m.	G		(3.643)
	Premises, Supplies & Services and Internal Charges	C&F Leadership Team	£0.12m additional costs re internal charges from DIS and Community Buildings. Also non-delivery of savings action plans for Supplies and Services. £0.04m last charges from LBS.	A		(0.277)
B. Key Budget Action plans (BAP's)						
Transport	Pasenger Transport - Other Transport savings	Sue Rumbold	Savings from WYCA and additional schools swimming income. Further savings of £0.25m due to full cost recover from DSG for Personal Travel plans.	G	(0.30)	(0.133)
Social Care	Achieve running cost savings from former Partner in Practice funded activities	Sal Tariq	review non-staffing expenditure previously funded through the PiP grant	G	(0.15)	0.000
Social Care	Make savings on Independent Support workers within CHAD.	RuthTerry	Based on 2018/19 spend this should be achievable	G	(0.05)	0.000
Social Care	Achieve running cost savings in Learning for Life	Andrea Richardson	cease commissioned service with ASHA - saving £50k	G	(0.05)	0.000
Resources & Stratgey	Reduction in Prudential borrowing charges	Tim Pouncey	Savings achieved - borrowing repaid	G	(0.05)	0.000
Social Care	Achieve increased charges at Adel Beck	Sal Tariq	Income target not achieved.	G	(0.20)	0.400
Social Care	Achieve other additional income targets	All COs	Includes £0.2m secured from Housing capital for the capitalisation of part of the costs of the CHAD team	G	(0.40)	0.000
Social Care/Transport	Additional income from moving towards full the recovery of appropriate costs from the Dedicated Schools Grant	Tim Pouncey	At P12 reflected additional DSG contribution towards cost for ER / IFA placements. Due to increasing numbers over last 3 / 4 months.	G	(0.60)	(0.250)
C. Contingency Plans						
	Use of strategic contingency for Children Services.	Steve Walker	Request release from strategic budget to support the directorates financial position			(0.500)
Children and Families Directorate - Forecast Variation						1.337

CHILDREN & FAMILIES 2019/20 FINANCIAL YEAR

DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - OUTTURN

Overall Summary - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. At the end of 2019/20 there was an overspend of £5,051k on general DSG and an in year underspend of £596k on de-delegated services.

Schools Block - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure, though overall there is an underspend as a result of recoupment adjustments on NNDR and growth funding in respect of schools which have converted to academies during 2019/20. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). There is additional de-delegated income of £242k due to the way de-delegated budgets are dealt with when a school becomes an academy and a further underspend of £515k on schools contingency. This is partly offset by increased costs of £201k on maternity and small variances elsewhere giving an overall underspend of £596k. The Growth Fund budget is part of this block and was £1,164k underspent which means that the £400k of the DSG surplus brought forward from 2018/19 which had been earmarked for this was not needed.

Central School Services Block

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). The admissions service was underspent by £175k as a result of staff turnover and vacancies. Other minor underspend means that the overall underspend on this block is £185k.

Early Years Block - This element is concerned with provision to pre-school children. The final grant amount received is largely based on the January 2020 census and so will not be confirmed until the 2020/21 financial year. Following the significant underspend in the past 2 years, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. An estimate has been made of the expected final grant adjustment based on current census information currently available. The effect of this is that there is an underspend of £1,016k. This is largely due to funding being based on the January census, which has higher numbers of 2 - 4 year olds than the average of all censuses over the year.

High Needs Block - This element is used to support provision for pupils and students with special educational needs and disabilities. This block was overspent by £7,232k following increasing costs due to high levels of demand and increasing complexity of cases. The main variances in this block were:-

- a lack of suitable places in Leeds resulted in an overspend on out of area and residential placements of £3,077k.
- an increase in special school places required from September 2019 resulted in an overspend of £711k on SILC funding and a further overspend of £270k on special academies and free schools.
- a general increase in the FFI top-up to mainstream schools and academies produced an overspend £2,231k and there was an overspend of £224k on additional place funding for schools with a higher level of high needs pupils.
- there has been a significant increase in early years FFI top-ups which resulted in an overspend of £625k.
- there is an overspend of £389k due to an increased take up of personal budgets (particularly personal transport).
- the North West SILC is not now expected to become an academy until 2020/21 which means that additional funding needed to ensure that NW SILC is in a sustainable financial position going forward is not now required in 2019/20.
- these overspends are partly offset by underspends on services provided by Leeds City Council, largely as a result of staff vacancies.

On 5th May 2020, the Education and Skills Funding Agency confirmed that the council's request around top-up funding rates in respect of the SEMH provision was successful. Therefore there are no further costs expected on this.

Reserves - There is a surplus reserve brought forward from 2018/19 of £1,097k and a de-delegated reserve of £587k. As a result of the variations detailed above, there was an overall in year overspend of £5,051k which meant that there is a deficit on general DSG carried forward to 2020/21 of £3,954k. Following the repayment of part of the accumulated reserve to schools and the effect of the in-year underspend, the de-delegated reserves stand at £721k.

There have been some recent changes to the DSG conditions of grant. The first is that local authorities are required to carry forward overspends to their DSG into future years. They can apply to the Secretary of State to disregard this requirement if they want to fund some or all of the overspend from other sources. The second change is that the requirement to submit a deficit recovery plan if the overall deficit is greater than 1% of the gross DSG allocation has been removed. Instead, any local authority that has an overall deficit on its DSG account at the end of the 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in handling that situation. This will involve providing a plan on how the deficit will be funded and regular updates on how that plan is working. It would also involve meetings with DfE officers to discuss any issues. Overall, as DSG has moved from a surplus of £1,684k to a deficit of £3,233k, it is possible that we will be asked to take part in this process.

Budget Management - net variations against the approved budget

	Budget £'000	Projection £'000	Variance £'000
Schools Block			
DSG Income	(301,877)	(298,760)	3,117
Individual Schools Budgets	295,697	292,364	(3,333)
De-delegated budgets	4,680	4,084	(596)
Growth Fund	2,900	1,736	(1,164)
Contribution to /from reserves	(1,400)	(1,000)	400
	0	(1,576)	(1,576)
Central School Services Block			
DSG Income	(4,725)	(4,725)	0
CSSB Expenditure	4,725	4,540	(185)
	0	(185)	(185)
Early Years Block			
DSG Income	(55,877)	(59,162)	(3,285)
EEEE 3 and 4 year olds	45,708	47,418	1,710
EEEE 2 year olds	7,312	7,645	333
Other early years provision	2,857	3,083	226
	0	(1,016)	(1,016)
High Needs Block			
DSG Income	(66,389)	(66,293)	96
Funding passported to institutions	59,524	66,867	7,343
Commissioned services	1,702	1,703	1
In house provision	4,605	4,397	(208)
Prudential borrowing	558	558	0
	0	7,232	7,232
Total	0	4,455	4,455

DSG Grant Reserves

General £'000	De-delegated £'000	Total £'000
(1,097)	(587)	(1,684)
400	0	400
(697)	(587)	(1,284)
(1,097)	(587)	(1,684)
5,051	(596)	4,455
0	462	462
3,954	(721)	3,233

Latest Estimate

Balance b/fwd from 2018/19
Net contribution to/from balances

Balance c/fwd to 2020/21

Projected Outturn

Balance b/fwd from 2018/19
Projected in year variance
Net contribution to/from balances

Balance c/fwd to 2020/21

Key Budget Action Plans and Budget Variations:

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans				£m	£m
Transfer funding to High Needs Block		Transfer of £1.5m from the schools block and £800k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2019.	B	2.30	0.00
B. Significant Variations					
Schools Block		Projected underspend on Growth Fund (net of reduced call on reserves)			(0.76)
Schools Block		Underspend due to adjustments made as part of the academy conversion process			(0.22)
Schools Block		Net underspend on de-delegated services.			(0.60)
Central School Services Block		Underspend on admissions service.			(0.19)
Early Years Block		Projected underspend on early years block mainly as a result of funding received for additional hours.			(1.01)
High Needs Block		Increased cost of outside and residential placements.			3.08
High Needs Block		Increase in funding to special schools			0.71
High Needs Block		Increase in FFI top-up and place funding to mainstream schools and academies			2.48
High Needs Block		Increase in early years FFI top-up.			0.60
High Needs Block		Net effect of all other high needs variations			0.36

Dedicated Schools Grant - Outturn Variation

4.45

CITY DEVELOPMENT 2019/20 BUDGET FINANCIAL DASHBOARD - OUTTURN

At Outturn the City Development Directorate has maintained it's forecast balanced budget position from Period 11 and 12 and, excluding the impact of Covid 19 in the last two weeks of the financial year estimated at £250k, actually delivered a small underspend of £35k.

The Planning & Sustainable Development Service finished the year with a £223k underspend, this is the net saving from vacant posts across the service throughout the year, increased CIL Admin income and costs relating to the Core Strategy review, Aireborough Legal challenge and referendum/independent examination costs for Neighbourhood Planning.

Economic Development has a minor overspend mainly due to a small shortfall in income.

Asset Management and Regeneration have managed a number of pressures. The Strategic Investment Fund (SIF) required further acquisitions to be made in order to achieve the net income target of £3.36m and the current shortfall has increased from £592k to £728k. This £136k increase is the net pressure from unforeseen delays in the lettings of the three new Trilogy warehouses. These pressures have been partially offset by the assumed use of the £130k SIF reserve and the slipping of some prudential borrowing charges. Throughout 2019/20 none of the investment opportunities available were considered suitable fits with the authority's investment strategy.

The £250k Asset Rationalisation budget action plan saving did not result in direct savings to City Development although there were some notable successes with the workstream. which have resulted in savings for the Council. Major staffing relocations and asset rationalisations of Hough Top Court and Navigation House were completed in 2019/20 and savings for the Council realised although they were not cashable to City Development as the savings occurred in other service areas. To partially offset these pressures £150k from the Round Foundry provision has been identified as useable (unapplied in previous years) and £86k historic new burdens funding for Self and Custom Build Housing also not applied in previous years.

Employment and Skills have ended the year with a minor underspend mainly relating to staffing.

The Highways and Transportation Service overspent by £180k which was arising from minor variations across the service. The Street Lighting LED conversion programme was planned to start in September 2019 however the Deed of Variation for the PFI contract was not signed until March 2020 and full commencement of works could not proceed until then. However some 'small works' instructions for lantern swaps have been issued to ensure energy savings are realised and at present there are no budget pressures arising from this delay.

Arts and Heritage has a minor overspend of £28k. The closure of all sites in mid-March resulted in a reduction in income of approximately £130k.

Active Leeds has seen a significant increase in income from Memberships on the back of successful promotional campaigns and has finished the year with a £367k underspend. The impact of the closure of all sites in mid-May resulted in a reduction in pay and play income of approximately £120k.

At Kirkgate Market traders had been granted a 20% rent discount for 7 months (April to October) as footfall continues to be an issue in the market, which comprises £200k of the £785k shortfall in income, the rest is due to vacant or unlettable units within the market, and rent free periods on new lettings.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,605	(7,659)	1,946	(457)	(63)	120	(4)	104	0	0	0	0	(300)	77	(223)
Economic Development	2,219	(538)	1,680	18	3	(2)	7	15	283	(283)	0	0	41	22	63
Asset Management & Regeneration	17,427	(20,647)	(3,220)	(1,059)	1,330	11	8	(6)	0	50	0	0	334	790	1,124
Employment & Skills	6,009	(4,314)	1,694	(61)	19	7	(2)	(45)	45	(20)	0	0	(58)	20	(38)
Highways & Transportation	65,382	(48,271)	17,111	(776)	42	1,295	119	360	0	0	0	0	1,040	(860)	180
Arts & Heritage	21,531	(9,931)	11,600	422	(127)	339	51	93	13	(523)	0	0	268	(240)	28
Active Leeds	25,724	(20,585)	5,139	135	(117)	(107)	10	(21)	60	180	0	0	140	(507)	(367)
Resources & Strategy	1,008	(413)	595	300	0	(75)	0	(3)	0	0	0	(20)	202	(1,768)	(1,566)
Markets & City Centre	3,410	(3,702)	(292)	0	(108)	(16)	(1)	(22)	0	11	0	0	(136)	900	764
Total	152,314	(116,062)	36,252	(1,478)	979	1,572	188	475	401	(585)	0	(20)	1,531	(1,566)	(35)

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
A. Budget Action Plans						
1.	Asset Management & Regeneration	Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(1.00)	0.73
2.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation - savings delivered but realised in other Directorates	R	(0.25)	0.25
3.	Highways & Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(0.70)	0.00
4.	Highways & Transportation	Gary Bartlett	Fees Capitalisation	G	(0.40)	0.00
5.	Active Leeds	Cluny MacPherson	Sport Income	G	(0.22)	(0.39)
6.	Active Leeds	Cluny MacPherson	Sport Efficiencies	G	(0.15)	0.14
Total Budget Action Plan Savings					(2.72)	0.73
B. Other Significant Variations						
1.	Markets & City Centre	Phil Evans	Markets net rental income re 20% rent reduction and loss of income re vacant/unlettable units			0.79
2.	Asset Management & Regeneration	Angela Barnicle	Use of Round Foundry balance and historic new burdens funding for Self and Custom Housing not applied in previous years.			(0.24)
3.	Asset Management & Regeneration	Angela Barnicle	Vacancy savings net of income generating posts			(0.24)
4.	Asset Management & Regeneration	Angela Barnicle	Capital Receipts Fees			0.19
5.	All Services	All	Other minor variations across services			0.13
6.	Resources and Strategy	Phil Evans	Use of historic balances to support revenue budgets			(1.39)
					City Development Directorate - Forecast Variation	
					(0.035)	

RESOURCES AND HOUSING

FINANCIAL DASHBOARD - 2019/20 FINANCIAL YEAR

FINAL OUTTURN

Overall

The Directorate's final outturn was a £318k underspend against its £82.1m net budget, which is in line with the provisional outturn figures previously reported. This reported position does not include any Covid-19 related variations which have been accounted for and reported separately.

The Directorate's position can be broadly explained by an underspend within Resources, CEL and Housing general fund services of £2.6m offset by an under recovery against surplus of £1.6m within LBS plus an overspend within Corporate Property Management (CPM) of £0.6m, with the explanations outlined below.

Resources

Savings of £1.6m have been achieved across services, with DIS £0.5m (mainly Microsoft) and Strategy and Improvement £0.4m (due to additional grant and other income) being the two most significant areas. Within Legal and Democratic Services there are savings £0.5m, with £0.1m on Members allowances the largest single item. HR have achieved over £0.1m savings on staffing costs and £0.2m and additional traded income with schools, offsetting the impact of not receiving budgeted income from the apprentice levy. Financial services underspent by £0.1m

Shared Services has outturned at +£0.2m, mainly due additional staffing cost. However, the service had a £1m savings target in the budget and consequently most has been delivered.

Housing and Property Services

The CPM service overspent by £0.6m. Spend on building maintenance across the Council's portfolio of assets was £0.9m over budget, partially offset by additional capitalisation of spend of £0.4m.

Within Housing general fund services, savings of £0.2m have been achieved, mainly arising from additional income chargeable to capital schemes and additional grant income.

Civic Enterprise Leeds (CEL)

Total savings of £757k have been achieved in CEL mainly as a result of a £781k saving within Facilities Management. This saving arose from savings in both business rates following the confirmation of the valuation by the VOA and savings against the prudential borrowing budget (with both savings relating to Merrion House). Although there were some minor variations within individual services, the remainder of CEL broadly came in on budget

Leeds Building Services

The budget assumed a delivery of an £11m surplus with a turnover of £69.3m. The outturn position came in at £1.6m short against the budgeted surplus. This is due to a combination of a shortfall in achieving the budgeted turnover level (£69.3m), front line vacant posts and an increase in non productive time which have all affected the overall recovery position. LBS have, however, contributed an overall surplus to the general fund (excluding the impact of COVID) in excess £9.3m.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	98,893	(31,676)	67,217	3,724	310	240	0	378	0	4,101	(2)	198	8,949	(10,566)	(1,617)
LBS	58,336	(69,345)	(11,009)	(2,034)	(157)	2,296	169	4,569	0	0	0	0	4,843	(3,188)	1,655
Housing inc CPM	25,819	(12,475)	13,344	66	1,025	154	101	119	472	(120)	0	(78)	1,739	(1,338)	401
CEL	82,774	(70,196)	12,578	363	(426)	(125)	230	45	1	0	3	86	177	(934)	(757)
Directorate Action Plan				0		0							0		0
Total	265,822	(183,692)	82,130	2,119	752	2,565	500	5,111	473	3,981	1	206	15,708	(16,026)	(318)

Resources and Housing Directorate - Outturn Variation (0.318)

COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

FINANCIAL DASHBOARD - 2019/20 FINANCIAL YEAR

Outturn 2019/20

The overall position for the directorate is a £65k underspend against the budget. This excludes the impact of COVID-19 (+£1,007k) which is shown separately.

Communities (£168k overspend)

The overspend is mainly due to the under recovery of grant in relation to Community-Led Local Development (CLLD) projects £115k and other minor variations across the service.

Customer Access (£569k overspend)

The outturn variation is partly attributable to additional staffing costs within the Contact Centre of £390k due to recruitment to improve call answer rates, which is partially offset by funding of £300k secured from Housing Leeds in respect of Housing enquiries. Community Hubs have overspent by £424k reflecting additional staffing and premises costs including increased security and business rates. Additional staffing costs of £119k within the library service are due to delays in the planned restructure and all other variations across the service give net savings of £64k.

Electoral and Regulatory Services (£453k under budget)

Elections, Licensing and Registrars (£160k under budget)

The underspend of £160k is mainly due to additional income and expenditure savings in the Entertainment Licensing and Registrar services.

Environmental Health (£293k under budget)

The saving of £293k is due to both staffing and operational savings across the functions and additional income from Pest Control services.

Welfare and Benefits (£178k under budget)

The net position in respect of Housing Benefit expenditure/subsidy and overpayment income has resulted in a variation of +£144k against budget. However this has been offset by net savings of £322k across the service which mainly reflects additional Housing Benefit grant income and other net expenditure savings.

Parks and Countryside (£9k overspend)

Although there are net pressures across Attractions and the Arium of £548k, these are offset by additional surpluses at cafes of £73k and other net expenditure savings, mainly within Bereavement (£101k), Grounds Maintenance (£152k) and the cost of prudential borrowing (£165k).

Car Parking (£469k under budget)

The year end variation reflects expenditure savings of £73k and overall additional income of £396k. A shortfall against budget of £323k in respect of on-street parking income has been offset by additional off-street income of £269k and all other income including additional PCN/Bus Lane Enforcement income (£450k).

Community Safety (£32k under budget)

The Community Safety outturn position reflects in year staffing savings of £122k, mainly due to vacancies, partially offset by expenditure and income variations of net £90k which includes the non achievement of planned CCTV infrastructure savings and a shortfall in LeedsWatch income .

Waste Management (£384k overspend)

Pressures within the Refuse service, due to the ongoing Refuse review combined with additional costs of recovery, have been offset by residual waste disposal contract savings and other expenditure savings identified within the service. Staffing variations of £223k within Waste Operations have been largely offset by additional income at the weighbridges. The main variation relates to additional costs incurred in respect of the SORT disposal contract (+£379k) which is largely due to lower market income prices experienced. Price increases in respect of re-let waste stream contracts (+£112k) have been offset by other waste disposal expenditure variations and additional income received.

Cleaner Neighbourhoods Teams (£179k under budget)

The underspend of £179k is mainly due to delays in recruitment during the year, with additional transport costs incurred of £110k being offset by additional income and other minor expenditure savings.

City Centre (£99k overspend)

The overspend of £99k is mainly due to increased staffing (£45k) and vehicle (£35k) costs, part of which is due to covering event clean ups, in addition to one off costs associated with moving depot (£24k).

Budget Management - net variations against the approved budget;

Summary By Service

			Outturn variances												Total (under) / overspend
Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
19,030	(13,686)	5,344	236	(62)	897	13	75	25	(12)	175	0	1,347	(1,179)	168	
24,293	(4,343)	19,950	1,056	191	201	8	32	0	0	0	0	1,488	(919)	569	
8,327	(5,913)	2,414	613	442	784	55	5	0	0	0	161	2,060	(2,513)	(453)	
265,394	(261,307)	4,087	88	(19)	191	(14)	99	0	0	0	0	345	(523)	(178)	
4,874	(13,194)	(8,320)	(95)	91	(119)	4	45	0	0	0	0	(74)	(395)	(469)	
10,037	(7,653)	2,384	(14)	22	(219)	38	371	(157)	0	0	0	41	(73)	(32)	
42,737	(7,718)	35,019	2,080	(23)	354	387	(462)	0	0	0	540	2,876	(2,492)	384	
33,164	(26,483)	6,681	(35)	(369)	847	94	127	0	0	8	0	672	(663)	9	
2,095	(450)	1,645	38	0	101	34	(3)	0	0	0	0	170	(71)	99	
12,772	(4,289)	8,483	(185)	113	(168)	111	(16)	0	0	0	0	(145)	(34)	(179)	
0	(5)	(5)	0	1	16	0	0	0	0	0	0	17	0	17	
422,723	(345,041)	77,682	3,782	387	2,885	730	273	(132)	(12)	183	701	8,797	(8,862)	(65)	

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
Communities					£m	£m
Communities team	Achievement of staffing efficiencies	Shaid Mahmood	Delivered	G	(0.08)	0.000
Community Centres	Asset transfer savings and general efficiencies within the service	Shaid Mahmood	Asset transfers savings achieved of £30k. Delivery of Facilities Management savings.	G	(0.10)	0.000
Third Sector Infrastructure Fund	10% saving on Third Sector Infrastructure Fund	Shaid Mahmood	Agreed to taper the relief over the year with Voluntary Action Leeds.	G	(0.03)	0.012
Communities	Achievement of base budget vacancy factor	Shaid Mahmood	The receipt of additional grants in year assisted the service in achieving it VF.	G	(0.18)	0.000
Customer Access						
Libraries	Staffing efficiencies achieved through the planned restructure of the Libraries and Information service	Lee Hemsworth	Delayed restructure - mainly cost of agency cover	A	(0.20)	0.119
Libraries	Review and reduce the provision of publications in Libraries	Lee Hemsworth	Not achieved	R	(0.04)	0.040
Libraries	Retender Library management system contract as single contract (18/19 saving)	Lee Hemsworth	Delivered	G	(0.05)	0.000
Customer Access	Achievement of base budget vacancy factor	Lee Hemsworth	Delivered	G	(0.65)	0.00
Customer Access	Achievement of base budget efficiencies (18/19 channel shift saving)	Lee Hemsworth	Agreed additional funding with HRA of £300k to improve performance.	A	(0.31)	0.09
Welfare & Benefits						
Welfare and Benefits	Achievement of staffing efficiencies	Lee Hemsworth	Welfare Rights and Leeds Benefits service - undertaken in year	G	(0.15)	0.00
Welfare and Benefits	Local Welfare Support Scheme - passport the costs of carpets / flooring awarded to Housing Leeds	Lee Hemsworth	Charged to HRA	G	(0.10)	0.00
Welfare and Benefits	Achievement of base budget vacancy factor	Lee Hemsworth	Restructure of Council Tax team	G	(0.05)	0.00
Elections, Licensing, Regulatory Services (incl Environmental Health)						
Registrars	Implement fee review in respect of non-statutory charges	John Mulcahy	Fee review implemented -	G	(0.10)	0.00
Elections	Shared cost of local elections in 19/20	John Mulcahy	Shared cost with Parish councils	G	(0.10)	0.00
All	Achievement of base budget vacancy factor (including Environmental Health £34k)	John Mulcahy	VF achieved in year.	G	(0.10)	0.00
Waste Management						
Refuse	Progress route review to deliver £1.1m savings in the base budget	Helen Freeman	Route review ongoing. Additional costs offset by other savings across the service.	A	(1.10)	0.00
Waste Management - all services	Achievement of base budget vacancy factor	Helen Freeman	Delivery in year	G	(0.08)	0.00

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Environmental Action Services (incl Parking)						
Car Parking	Increase charges at Woodhouse Lane car park by 50p for a full day	Helen Freeman	Increase has been implemented mid April 19.	G	(0.11)	0.00
Car Parking	Increase Sunday / Evening charges by 10%	Helen Freeman	Price tariffs review was delayed during the year.	A	(0.06)	0.05
Environmental Action Services (incl Parks and Countryside)	Achievement of vacancy factor (Car parks £145k, CC £23k, CNT £139k)	Helen Freeman	Delivered in year	G	(0.31)	0.00
Parks and Countryside				G		
Parks and Countryside	Maximise further commercial income generating opportunities	Sean Flesher	Delivered in year	G	(0.05)	0.00
Parks and Countryside	Review and standardise leedscard discounts at Attractions	Sean Flesher	Following initial review and implementation the decision to standardise the leedscard discounts has been reversed pending further review.	R	(0.03)	0.03
Parks and Countryside	Identify appropriate staffing costs to charge to Capital	Sean Flesher	Delivered in year	G	(0.07)	0.00
Parks and Countryside	Staffing savings - achievement of vacancy factor (5% all services, 9% Parks Operations)	Sean Flesher	Delivered in year	G	(1.18)	0.00
Community Safety						
Community Safety	Identify efficiencies in use of external funding (£50k 18/19 + £60k 19/20)	Paul Money	Delivered in year	G	(0.11)	0.00
Community Safety	Replacement of CCTV infrastructure	Paul Money	Delays in the project.	R	(0.05)	0.05
Community Safety	PCSO staffing savings - achievement of vacancy factor above base	Paul Money	Delivered in year	G	(0.01)	0.00
Community Safety	Achievement of base vacancy factor	Paul Money	Delivered in year	G	(0.31)	0
Directorate Wide						
Other Significant Variations						
All services			Other expenditure variations		(0.46)	
					Communities & Environment - Outturn Variation	
					(0.065)	

STRATEGIC & CENTRAL ACCOUNTS - 2019/20 FINANCIAL YEAR

FINANCIAL DASHBOARD - DRAFT OUTTURN

Overall :

Strategic & Central Accounts has an underspend position of £0.6m with the main variations being -

- Due to delays in realising some capital receipts, additional Minimum Revenue Provision of £4.1m will be required to ensure that a prudent amount of debt is repaid for the year.
- The costs of borrowing have also been offset by additional de-minimus capital receipts of just over a £1.0m from the sale of vehicles.
- There is a projected shortfall in income from the New Homes Bonus grant of £0.6m
- Section 31 grant income for business rates is £1.6m higher than budget, and contributions to the regional business rates pool are £1.5m less than was budgeted for. In addition the council has received a £0.5m distribution from the national business rates levy surplus for 2018/19.
- There is a shortfall of £2.0m in capitalisation against the revised budget.
- A £0.5m debtor has been recognised for the agreed settlement of a contractual dispute. This amount has been transferred to the insurance reserve.
- The procurement exercise for insurance cover generated savings of £0.6m offsetting the overspend on insurance claims.

Budget Management - net variations against the approved budget

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	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	PROJECTED VARIANCES											Total (under) / overspend £'000
				Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000	Income £'000	
Strategic Accounts	(1,740)	(18,998)	(20,738)	(421)	(174)	1,727						910	2,042	(644)	1,398
Debt	20,860	(17,517)	3,343			(123)					1,963		1,840	(530)	1,310
Govt Grants	6,001	(36,209)	(30,208)							(347)			(347)	(2,655)	(3,002)
Joint Committees	35,902	(7)	35,895						(96)				(96)	(54)	(150)
Miscellaneous	5,836	(833)	5,003	(90)		(78)			2				(166)	(12)	(178)
Insurance	10,470	(10,470)	0			2,087		(734)				(916)	437	(437)	0
Total	77,329	(84,034)	(6,705)	(511)	(174)	3,613	0	(734)	(94)	(347)	1,963	(6)	3,710	(4,332)	(622)

STRATEGIC & CENTRAL ACCOUNTS - 2019/20 FINANCIAL YEAR

Key Budget Action Plans and Budget Variations:

				RAG	Budget	Forecast Variation against Budget
					£m	£m
A. Major Budget Issues						
1.	Debt Costs and External Income	Victoria Bradshaw	Variation anticipated at Period 12 plus replacement of short term with long term borrowing to take advantage of low long term interest rates. Increase in de minimis capital receipts.	G	18.5	(3.2)
2.	Minimum Revenue Provision	Victoria Bradshaw	Additional cost of £4.1m due to delays in capital receipts.	R	1.0	4.1
3.	New Homes Bonus	Victoria Bradshaw	Current forecast is £571k below budget.	R	(10.0)	0.6
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	Current forecast is (£905k) above budget and (£246k) expected from national pool distribution.	G	(20.0)	(3.7)
5.	S278 Contributions	Victoria Bradshaw	(£3,243k) income achieved as expected.	R	(3.5)	0.2
6.	General capitalisation target	Victoria Bradshaw	Revised target achieved	R	(0.7)	0.7
7.	Schools capitalisation target	Victoria Bradshaw	£2.1m shortfall in schools capitalisation target	R	(4.0)	1.3
8.	Joint Committees	Victoria Bradshaw	Minor surplus at year end.	G	35.9	(0.2)
B. Other Significant Budgets						
1.	Insurance	Victoria Bradshaw	Cost of claims offset by lower external premiums, lower legal costs and higher than budgeted income from school plus £0.9m contribution from the insurance reserve.	A	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Actuals £484k below budget.	R	(16.1)	0.5
3.	Miscellaneous	Victoria Bradshaw	Minor surplus at year end.	G	5.0	(0.2)
4.	Strategic Account	Victoria Bradshaw	Shortfall of £250k on prompt payment target and £90k on apprenticeship levy income, offset by a saving of £100k on business rates for District Heating and an additional £300k of unidentified miscellaneous income	G	(15.3)	0.1
5.	City of Culture	Victoria Bradshaw	An underspend of £0.8m in the budget for preparations for the City of Culture event	G	1.5	(0.8)
Strategic & Central Accounts - Forecast Variation						(0.6)

Housing Revenue Account - Outturn

Financial Dashboard - 2019/20 Financial Year

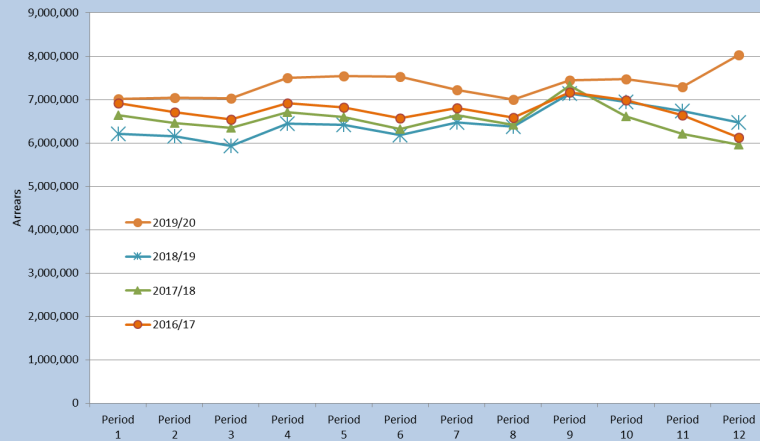
Summary of projected over / (under) spends (Housing Revenue Account)

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
Income					
Rents	(209,496)	(208,994)	503	19/20 budgeted RtB sales were 530, outturn was 612 sales.	511
Service Charges	(7,976)	(8,142)	(166)	£113k Sheltered budget assumed 3.3% uplift - charge same as 18/19. [£-48k] Multi Story Flats. [£-243k] Leaseholder income based on 1819 outturn. £12k heating.	(63)
Other Income	(33,711)	(32,928)	782	£418k Reduced capitalisation due to staffing savings, £77k Reduction in Telecom Income, Leeds Pipes Income £314k, £50k court admin fee income, £46k DRM (net off from expend on internal services). [£144k] Apprenticeship levy grant offset in employees costs.	1,125
Total Income	(251,183)	(250,064)	1,119		1,573
Expenditure					
Disrepair Provision	1,400	3,129	1,729	Fewer cases closed due to COVID-19.	1,600
Repairs to Dwellings	44,791	46,284	1,493	Overspend on repairs, partially offset by Gain share income.	(179)
Council Tax on Voids	680	908	228	Includes 3 months charges from 18-19.	228
Employees	30,806	29,324	(1,481)	£85k severance. [£-889k] Housing Management, [£-304k] Housing Growth and [£-518k] Property and Contracts vacant posts. £144k Apprenticeship levy costs, offset by grant income.	(1,695)
Premises	8,716	8,382	(334)	Review of utilities expenditure [£-315k]. Carbon reduction Levy [£-40k]. [£-11k] Navigation House savings. £30k CAMS repairs.	(288)
Supplies & Services	4,100	3,509	(591)	Various ICT savings [£-163k], £83k Changing the workplace, [£460k] Leeds pipes, [£84k] reduction in tenant advertising, membership and insurance costs, £29k NPS fees.	(61)
Internal Services	42,027	43,015	988	£300k Contact Centre staffing, £386k Disrepair legal (inc £158k for external outsourcing to Swinburne Maddison), [£175k] Horticultural Maintenance, [£-79k] Court fees reduction partly offset in other income. £414k Leeds pipes, £103k BSC salaries offset on employees, £77k legal disbursement.	726
Capital Programme	61,117	58,338	(2,779)	Reduced Contribution to Capital	(1,315)
Unitary Charge PFI	9,685	9,203	(482)		(484)
Capital Charges	44,776	44,883	107		-
Other Expenditure	6,192	6,057	(135)	Cost of additional borrowing.	(115)
Total Expenditure	254,288	253,032	(1,256)	[£54k] Bad debt calculation, [£97k] HAPS offset by appropriation, £20k Community payback scheme.	(1,584)
Net Position	3,105	2,968	(137)		(11)
Appropriation: Sinking funds	(2,345)	(2,210)	135		45
Appropriation: Reserves	(761)	(758)	2		(33)
(Surplus)/Deficit	(0)	(0)	0		0
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
Total Current Month	(0)	(0)	0		0

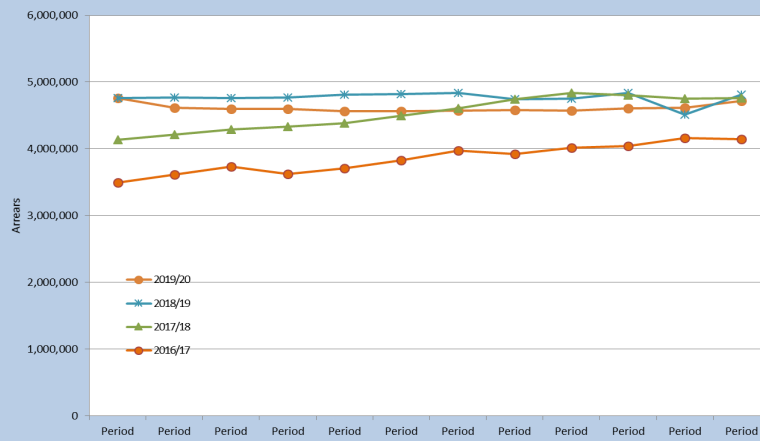
Housing Revenue Account - Outturn

Financial Dashboard - 2019/20 Financial Year

Comparison of Current Tenant Arrears by Financial Year



Comparison of Former Tenant Arrears by Financial Year



Change in Stock	Budget	Outturn
Right to Buy sales	(530)	(612)
Right of First Refusals/ Buybacks	0	45
New Build (Council House Growth)	0	4
Total	(530)	(563)

Right to Buy Receipts	2018/19 Actual	2019/20 Outturn
Total Value of sales (£000s)	32,969	33,931
Average Selling Price per unit (£000s)	53.6	55.4
Number of Sales*	615	612
Number of Live Applications	1,428	1,333

Arrears	2018/19	2019/20	Variance
	£000	£000	£000
Dwelling rents & charges	2018/19 Week 52	2019/20 Week 53	
Current Dwellings	6,471	7,157	686
Current Other	-	873	873
Former Tenants	4,814	4,716	(98)
	11,285	12,745	1,460
Under occupation	2018/19 Week 52	2019/20 Week 53	
Volume of Accounts	3,650	3,051	(599)
Volume in Arrears	1,316	1,198	(118)
% in Arrears	36.1%	39.3%	3.2%
Value of Arrears	295	197	(97)
Collection Rates	2018/19 Week 52	2019/20 Week 53	
Dwelling rents	97.27%	96.43%	-0.8%
Target	97.50%	97.50%	0.0%
Variance to Target	-0.23%	-1.07%	-0.8%

Housing Revenue Account - Outturn

Financial Dashboard - 2019/20 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
HRA General Reserve	(6,495)			(6,495)
Earmarked Reserves				
Welfare Change	(1,372)	565	0	(807)
Housing Advisory Panels	(410)	0	(97)	(507)
Sheltered Housing	(2,921)	145	0	(2,777)
Holdsforth Place - land purchase	(64)	64	0	0
Early Leavers' Initiative	(408)	0	0	(408)
Wharefedale View	(15)	(8)	0	(23)
Changing the Workplace	(235)	84	0	(151)
ERDMS	(262)	6	0	(257)
	(5,687)	855	(97)	(4,930)
PFI Reserves				
Swarcliffe PFI Sinking Fund	(5,092)	3,618	0	(1,474)
LLBH&H PFI Sinking Fund	(4,617)	0	(1,408)	(6,025)
	(9,709)	3,618	(1,408)	(7,499)
Capital Reserve				
MRR (General)	(21,814)	71,728	(58,193)	(8,278)
MRR (New Build)	(2,179)	1,074	0	(1,105)
	(23,992)	72,802	(58,193)	(9,383)
Total	(45,883)	77,274	(59,698)	(28,307)

		At Provisional Outturn (Month 11)	At Outturn
Directorate/Service	Brief Description	£000s	£000s
Adult Social Care			
	No anticipated impact for the current financial year. Whilst services day services have been shut there are no expected savings. There will be a loss of client income and potential additional costs to cover associated carer costs; however it will prove difficult to unpick income as a client is charged on their ability to pay against a whole care package. Additional carer costs will be picked up as they come through the system in 2020/21.		
Children & Families			
Trading with Schools	Currently 13 areas within C&F directorate trade with Schools & Academies (loss of income and additional expenditure re cancellation costs of venues, Key Note speakers etc.). Full year budget is £4,874k which would need to be pro-rata for any closure period. Expenditure assumes some cancellation costs. Otherwise budgeted expenditure relates to LCC staff costs, therefore other than some savings on casual staff limited scope to offset expenditure against falling income. Excludes Children's Centres, Adel Beck Secure Unit and Youth Projects (detailed separately).	200	195
Children Centres loss fee paying income	Estimates assume no external fee income received although may still receive some for children of priority workers. Assuming DfE Nursery Grant income for 2,3 & 4 year olds is still received, although current allocation is related to attendance.	90	155
Income in Youth Service Projects	Budget is full year income. Would need to be reduced pro-rata based on school closure period. Private bookings also being cancelled now following central government advice on Social Gatherings	20	49
WYCA - both the swimming costs and the costs of the home to school transport provided	WYCA charge the Council based on the "Cooperation Agreement" contract for home to school transport £1M+, MetroCard's, Fee's & swimming transport, even though there is a non supply of service now sports centres are closed and if schools are closed in the future. Impact on income represents school swimming where LCC collects that directly from the Maintained schools. WYCA charges LCC and collects the income for Academies which is then passed over to LCC. The expenditure incurred by WYCA will be charged onto LCC even though there is non supply of service as WYCA argue the contractors still need to be paid - (Legal ruling required).	20	20
School attendance penalty notices	Closure of schools will result in reduction in income. C&F are charging for non-attendance up to end of February 2020 but nothing after that until advised otherwise by Legal. Estimated impact is for whole of summer term, assume more penalties in summer term than other terms due to holidays.	10	23
CLA demand budgets	Impact of higher placement costs due to increase staffing. Further impact of not being able to move child onto a cheaper placement type; for example from ER to In-House foster carer or Secure Justice to LCC run home. Impact on In-House / Kinship allowances - case by case basis re hardship.	-	55
		340	497
City Development			
	Immediate impact in 2019/20 would be from closure of facilities across Culture and Sport. Closure from 18 th March so we have the potential loss of 2 weeks income - see below. Overall around £1m of income at risk with little in the way of expenditure savings. This is probably nearer worst case scenario, perhaps £0.5m more optimistic , but clearly there will be some impact on the P12 position. We are currently building up a more detailed list of the impact. Monthly income for Museum, arts and venues around £400k although we won't have lost a whole months income. Assume 2 weeks loss of income, around £200k Monthly income in Sport is around £1m including £0.4m of DDs. Potential £0.5m loss of income, a lot will depend on policy with DDs which may impact more in early 2020/21. March DDs were processed. Impact of closures will be a 2020/21 pressure. Reduced income in P12 from 2 week closure for pay and play income and school swimming income. There is also a risk that expected capital receipts income (and fee income to City Dev) falls short of current assumptions although difficult to quantify at the moment but there is likely to be a shortfall against our current assumptions – potentially say £0.3m. We will need to discuss the latest capital receipts forecast with colleagues in Asset Management to see what anticipated receipts are now at risk.	200 500 300	130 120
		1,000	250

		At P11	At Outturn
Directorate/Service	Brief Description	£000s	£000s
Communities & Environment			
Directorate Wide			
Temporary Mortuary	Initial cost of refrigeration pods and Body Scoops		150
Communities			
Community Centres	Community centre bookings cancelled	12	16
Customer Access			
Contact centre - service provision	New expenditure on licences to facilitate home working. Spend will be split between 19/20 and 20/21.	94	36
Library - service provision	New expenditure on licences to facilitate home working. Spend will be split between 19/20 and 20/21.		17
Community Hubs/library income + Central Library	Sales/printing income etc		24
Electoral and Regulatory Services			
	Land & Property Search Service Income	10	
Cancellation of May20 elections	Savings on postages normally incurred in financial year prior to election		(106)
Registrars income	Face to face appointments and wedding ceremonies cancelled - loss of income and provision for refunds	34	17
Waste			
Refuse staffing	Cover for additional sickness in March		112
Disposal costs	Additional volumes of waste at RERF		63
	Reduced trade waste being disposed of	10	13
Weighbridge income			
Personal Protective Equipment	Additional cost of PPE for Refuse collectors	2	2
Zero waste Leeds Social media	Additional social media costs £2k per week initially for 10 weeks		3
Hire of artic for bulk haul	2 vehicles hired for first 3 weeks now down to one		3
Cleaner Neighbourhoods Team			
Bulky waste collections	Collections ceased		4
Environmental Enforcement	Net impact of 3GS suspending service		3
Car Parking	Car parking now free of charge and enforcement activity ceased	152	340
Parks & Countryside			
Tropical World - closure	Closure of Tropical World (Admissions, Retail and Café)	83	88
Home Farm & Wildlife World, (admissions/ retail)	Admission income, Lotherton Wildlife World and Home Farm	20	67
Cafés	Golden Acre, Temple Newsam, Lotherton Café	45	70
Arium	Retail & Café at Arium	25	61
Golf	Golf courses closed impacting on admission income and retail sales		6
Parks Operations	Fewer staff available to carry out income earning development works		18
		487	1,007
Resources & Housing			
	Additional spend on cleaning materials -will be new year spend in the main.	100	-
	Food Warehouse		3
	DIS Equipment, net of printing savings		75
	Loss of events income	14	14
	4 week closure of schools results in a £460k net shortfall in income for school meals; Charge schools KS1 USFM grant; Loss of KS2 income and academies KS income.	460	294
	LBS – Based on current absenteeism there is an impact upon the recovery of costs and return. For each 10 operatives a 2 week period would be £35k. OUturn: more operatives self isolating and being stood down as a consequence of reduced work.	102	500
		675	886
Total Estimated Impact 19/20		2,502	2,640

Directorate	Description of Reserve	Balance at	Transfers To & From Reserve	Balance at	Reason for Reserve
		1st		Outturn 2019/20	
		April 2019		Ek	
		Ek	Ek	Ek	
	GENERAL FUND	(27,992)	(3,528)	(31,520)	
Adults & Health	S256 funding for Health Inequalities	(2,311)	488	(1,823)	Specific funding from Leeds South and East CCG for tackling health inequalities.
Adults & Health	Health & Social Care (CCG)	(4,254)	89	(4,165)	To fund Health and Social Care priorities
Adults & Health	Prisons Reserve	(205)	79	(126)	CCG funding for social work in prisons
Adults & Health	Drugs Commissioning	(133)	0	(133)	Carry forward of external income for drug and alcohol priorities
Adults & Health	Transforming Care	(2,766)	0	(2,766)	Provision to mitigate against costs associated with the NHS England led transfer of care packages to a community setting, in accordance with 2017/18 budget report
Adults & Health	Social Care Development Reserve	(976)	0	(976)	Provision to meet costs associated with development of social care models e.g. Recovery Model in accordance with 2017/18 budget report
Adults & Health	Resilience Reserve	(1,627)	1,000	(627)	Provision to mitigate against unforeseen demand pressures e.g. caused by hot summers, cold winters, flu outbreaks etc., in accordance with 2017/18 budget report
Adults & Health	Safeguarding (Adults)	(290)	24	(266)	Independent Safeguarding Board - carry forward of partner contributions.
Adults & Health	Spring Budget	(10,874)	3,274	(7,600)	Carry forward of Spring Budget monies from DCLG.
Adults & Health	Skills For Care	(217)	24	(193)	To provide funding for training of Care Workers
Adults & Health	Winter Monies	(178)	178	0	Funding received from Leeds CCG to reduce delays in transferring people out of hospitals back into community based care
Adults & Health	Public Health Children's Bereavement	(102)	102	0	Funding allocated to establish a new Children and Family Bereavement Service - carried forward underspend allocated to projects that address the emotional wellbeing of young people.
Children & Families	Health Innovations	(1,439)	694	(745)	Monies given by Health Service for a number of joint initiatives around commissioning & children's centres
Children & Families	Safeguarding (Children's)	(215)	(15)	(230)	Independent Safeguarding Board - carry forward of partner contributions to fund serious case reviews
Children & Families	NEW - BS Scheme	0	(20)	(20)	Funding from the CCG to continue the Intensive Positive Behaviour Service in 20/21
City Development	Armed Forces Day	(6)	0	(6)	Funding for Armed Forces Days
Communities & Environment	Casino License	(177)	(38)	(215)	Reserve for creation of Social Inclusion Fund as per licence bid
Communities & Environment	Economic, Social and Environmental Wellbeing fund	(209)	0	(209)	Carry forward balances on the wellbeing budgets of Community Committee.
Communities & Environment	Communities Innovation Fund	(20)	0	(20)	To fund work with the 3rd Sector to develop future financial sustainability in the sector.
Communities & Environment	NEW - Waste Reserve	0	(540)	(540)	Balance of waste disposal contract savings secured in 19/20 to support the delivery of the Refuse route review and the developing waste strategy.

Directorate	Description of Reserve	Balance at	Transfers To & From Reserve	Balance at	Reason for Reserve
		1st April 2019 £k		Outturn 2019/20 £k	
Resources & Housing	Homelessness Prevention Fund	(1,684)	637	(1,047)	To fund Homelessness prevention
Resources & Housing	Lord Mayor	(25)	15	(10)	Balance of budget carried forward.
Resources & Housing	Members club	(8)	0	(8)	Surplus on the Members Club.
Resources & Housing	Low Carbon Programme	(8)	0	(8)	To support delivery of work on Air Quality
Resources & Housing	Section 256	(60)	(300)	(360)	Funding from the CCG to be utilised by DIS to fund development of Digital Solutions for Personalised Care
Resources & Housing	Energy Efficiency Reserve - LCC	(195)	(26)	(221)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
Strategic & Central	General Insurance	(1,400)	(1,878)	(3,278)	To help fund cost of future insurance claims
Strategic & Central	Mutual Municipal Insurance	(11)	0	(11)	Reserve to fund potential claw backs of past insurance receipts from MMI.
Strategic & Central	Legal Cost of VAT claims	(63)	0	(63)	Funds set aside from £8.4m VAT claim refund received in 10/11 (originally £100k) to help fund legal costs for remaining VAT cases
Strategic & Central	Capital Reserve	(1,477)	(268)	(1,745)	Directorate contributions towards borrowing costs of capital schemes. Contributions received over life of asset and released back to revenue to cover debt costs over life of loan. Reserve now exhausted.
Strategic & Central	ELI Reserve	(2,000)	2,000	0	Reserve carried forward to support 18/19 base: ELI severance now funded by capital receipts in line with Council agreed policy therefore funds released to revenue.
Strategic & Central	Invest to Save	(650)	206	(444)	Fund to get projects off the ground to generate future revenue savings.
Strategic & Central	Business Rates Distribution	(2,902)	695	(2,207)	To carry forward 2018/19 Business Rates Pool surplus and funding allocated to projects.
Sub-total Earmarked Reserves		(36,482)	6,420	(30,062)	
Total non-ring fenced Reserves		(64,474)	2,892	(61,582)	

Directorate	Description of Reserve	Balance at 1st April 2019 £k	Transfers To & From Reserve £k	Balance at Outturn 2019/20 £k	Reason for Reserve
Schools	Extended Schools Balances	(6,247)	(4)	(6,251)	Surpluses on extended school activities carried forward
Schools	Schools Balances	(14,050)	(1,348)	(15,398)	Schools balances net of VER, Children's Services and BSF PFI borrowing
Schools	Dedicated Schools Grant	(1,684)	4,917	3,233	Carry forward of ring fenced DSG funding.
Schools	NEW - SEND Fund	0	(100)	(100)	Funding received for work with children with Special Educational Needs and Disabilities
Adults & Health	Public Health Grant	(572)	572	0	Public Health grant carried forward
Communities & Environment	Taxi & Private Hire Licensing Surplus	(86)	(161)	(247)	Ring fenced reserve for taxi and private hire licensing service.
Strategic	Energy Efficiency Reserve - Salix	(415)	(95)	(510)	Energy efficiency reserve to fund invest to save energy efficiency initiatives.
Strategic	Revenue grants	(3,586)	(24,543)	(28,129)	Revenue grants carried forward as per IFRS requirements
	Sub-total General Fund Ring-fenced Reserves	(26,640)	(20,762)	(47,402)	
	Note 1: Revenue Grants				
Adults & Health		0	119	(270)	Revenue Grants Carried Forward
Children & Families (Partners in Education)		(301)	(1,314)	(1,615)	Revenue Grants Carried Forward - DIE Partners In Practise funding.
Children & Families (Other)		(1,491)	238	(864)	Revenue Grants Carried Forward
City Development		(1,215)	(187)	(1,402)	Revenue Grants Carried Forward
Communities & Environment		(51)	0	(51)	Revenue Grants Carried Forward
Resources & Housing		(296)	(4,120)	(4,416)	Revenue Grants Carried Forward
Strategic Accounts (Brexit)		(232)	46	(186)	Revenue Grants Carried Forward
Strategic Accounts (COVID-19 Grant Reserve)		0	(19,325)	(19,325)	Revenue Grants Carried Forward - MHCLG COVID Support Grant
	Sub-total Revenue Grants	(3,586)	(24,543)	(28,129)	

Directorate	Description of Reserve	Balance at 1st April 2019 £k	Transfers To & From Reserve £k	Balance at Outturn 2019/20 £k	Reason for Reserve
	HRA RING FENCED RESERVES				
	HRA General Reserve	(6,495)	0	(6,495)	
	Welfare Reform	(1,372)	565	(807)	To fund pressures arising from welfare reform.
	Housing Advisory Panels (HAPs) Reserve	(410)	(97)	(507)	To fund projects identified by Housing Advisory Panels which benefit the tenants and residents in the community they represent.
	Sheltered Housing	(2,921)	144	(2,777)	To fund investment in sheltered housing schemes which will contain shared bathing facilities and fund improved access for people with mobility issues.
	Holdsforth Place (Land Purchase)	(64)	64	0	To fund the purchase of land at Holdsforth Place, no longer required, balance taken to revenue
	Early Leavers' Initiative	(408)	0	(408)	To fund the cost of approved severance payments
	Wharfedale View SF	(15)	(8)	(23)	Contribution from shared owners towards future costs of replacing furniture and carpets at Wharfedale View Extra Care facility
	Changing the Workplace	(235)	84	(151)	To fund the cost of 'new ways of working' for staff in Housing Leeds as office moves are completed.
	eFiles Box It Project	(262)	6	(256)	Principally to fund the scanning of Housing Management paper files to electronic files - to assist the Housing Service in the preparation for moving to Community Hubs.
	Swarcliffe PFI	(5,092)	3,618	(1,474)	PFI Sinking Fund
	LLBH&H PFI Sinking fund	(4,617)	(1,408)	(6,025)	PFI Sinking Fund
	Major Repairs Reserve	(23,992)	14,608	(9,384)	Ring-fenced to fund capital expenditure or redeem debt.
	Sub-total HRA Reserves	(45,883)	17,578	(28,307)	
	Total Ring-fenced Reserves	(72,523)	(3,184)	(75,709)	
	TOTAL RESERVES	(136,997)	(292)	(137,291)	

CAPITAL PROGRAMME - 2019/20 GENERAL FUND OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2020 and the final outturn 2019/20 as at 18th May 2020. The variations are based on those programmes/schemes with significant variations both over/under > £500k.

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Adults & Health	Assisted Living Leeds	2,718.9	(281.1)	Site development & expansion not progressed as potentially envisaged. Scheme is based on opportunities that may arise in the area and provides funding to move on these opportunities when they arise.
	ICT schemes	1,377.3	(379.9)	The schemes within Business Intelligence, Digital Transformation and schemes to be delivered in partnership with the NHS have slipped to 2020/21 and there are no material variances on these 10 schemes.
	Other schemes	1,386.1	(120.6)	No material variances on remaining 4 schemes within Adults and Health.
		5,482.3	(781.6)	

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Strategic & Central	General Capitalisations & interest, Transformational Change, PFI Lifecycle costs, CORE Systems review	16,205.5	(202.6)	Year end exercise to assess capital and revenue expenditure resulting in increased costs from directorate revenue of £0.8m as a result of capitalising additional directorate expenditure. This was offset by the transformational change programme which includes provision for the early leaver initiative scheme and the CORE systems review scheme which together came under by £1m. The PFI Lifecycle costs balanced to the budgeted £10.3m.
	Changing the Workplace	2,421.4	(2,316.3)	The major variance is concerned with the Merrion House scheme where the remaining provision we have in for the generator £1.3m can now be taken out as all costs are substantially complete apart from some imminent outstanding defects which are due c£100k. There are no other material variances within the programme, however further scrutiny will be needed on the remaining funding left in the programme as we change the way we work moving forward.
	Other schemes	57.0	0.0	No material variances on remaining Ward Based Initiative schemes schemes within Strategic and Central.
		18,683.9	(2,518.9)	

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
City Development	Highways	116,771.0	(10,294.5)	Highways accounts for 84% of the 2019/20 City Development programme. Main variances occurred on Connecting Leeds Public Transport Initiative a DFT grant funded programme where the full year projection of £46.5m was not adjusted and remained as reported to DFT. The programme achieved £40.2m of spend on a number of high priority schemes which have progressed well, Stourton P&R, Elland Road P&R, Headrow Gateway, A61 South Bus priority, A647 Bus Priority and others as part of the Bus Infrastructure programme. Other schemes not achieving their projections were Cycle City Ambition programme £1.6m, Street Lighted LED replacement programme £1.3m, Regent St Flyover £1m and the Flood Alleviation programme £0.5m some of the reasons being contractors overly optimistic projections, the reaction to COVID19 and delays in supply chains. To offset the underspends an unexpected payment of £1.4m for clean bus technology was paid out to WYCA in March 2020, we also achieved better than expected spend on East Leeds Orbital Road £0.8m and Highways Maintenance programmes £0.5m. Other highways schemes within the 300+ schemes delivered in year net £3.3m underspends have no material variances within this report.
	Asset Mgt	9,414.5	(2,468.7)	The main variance to report in asset mgt was Redhall Demolition £0.5m due to the complexity around utility connection terminations and achieving some savings on material recycling and recovery £0.5m. There were no other material variances to report within the remaining 47 schemes delivered.
	Culture and Sport	8,674.8	(30.9)	While no overall material variances within the Culture and Sport programme there have been some minor over and underspends on the 26 schemes delivered in 2019/20.
	Economic Development	2,509.0	(479.4)	While no overall material variances within the Economic Development programme there have been some over and underspends on the 35 schemes delivered in 2019/20.
	Regeneration	1,103.3	(1,297.5)	While no overall material variances within the Regeneration programme there have been some over and underspends on the 13 schemes delivered in 2019/20.
		138,472.6	(14,571.0)	

CAPITAL PROGRAMME - 2019/20 GENERAL FUND OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2020 and the final outturn 2019/20 as at 18th May 2020.
The variations are based on those programmes/schemes with significant variations both over/under > £500k.

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Children & Families	Learning Places	16,367.9	(652.2)	The main variances within the Learning Places Programme were down to some delays in agreeing final accounts which we assumed would be settled in year. There have also been some minor over and underspends on the 45 schemes delivered in 2019/20.
	Schools Capital Maintenance	6,758.6	(7.7)	While no overall material variances within the Capital Maintenance programme there have been some minor over and underspends on the 28 schemes delivered in 2019/20.
	Other Children's Services Schemes	7,732.7	(757.9)	No material variances on the remaining 48 schemes within Children and Families
		30,859.2	(1,417.8)	

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Resources & Housing General Fund	District Heating Network, Fuel poverty fund and Clean Air Zone	15,487.2	3,655.4	Significant spend was achieved in the last quarter for the various Clean Air Zone (CAZ) scheme which apportioned an additional net £2.3m in readiness for the CAZ. The District Heating Phase 2 also accelerated spend in the last quarter resulting in additional works being carried out than expected which has led to a £1.8m variance at outturn. This has been offset by the underspend £0.4m on the remaining energy efficiency schemes.
	CPM - works to Corporate buildings, Backlog Maintenance Fire Risk assessment works and Demolitions	7,204.9	(1,641.7)	No individual material variances within the programme where there have been some minor over and underspends on the 225 schemes delivered in 2019/20.
	Vehicles and Total Mobile system	1,113.8	(116.5)	No material variances in the two schemes delivered.
	Vehicle Replacement Programme	22,433.7	2,494.0	The due dates for delivery of an additional 13 refuse vehicles we're brought forward and allowed us to accelerate the replacement programme in 2019/20. An additional £2.5m was achieved.
	Digital Information Services and Finance	11,167.8	(1,637.8)	The contractor was appointed via the Local Full Fibre Network scheme but they we're then re-prioritised to work on the Nightingale Hospital (COVID-19 response) digital infrastructure works £1.2m. While no material variances on the remaining 11 schemes there have been some minor over and underspends on the schemes delivered in 2019/20.
	Housing Supported Loans, Adaptations programme, private sector renewal and Travellers Sites.	9,317.3	(3,676.8)	The new supply affordable and supported housing loans scheme underspent as a result of spend not transpiring in the last quarter of 2019/20 as expected. While adaptations achieved it's budgeted expenditure target additional income as a result of a transfer between HRA and GF in 2019/20 resulted in savings of £1.2m in year. No other individual material variances within the remaining R&H programme.
		66,724.7	(923.4)	

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Communities & Environment	Parks Main Programme	4,574.5	229.7	While no overall material varainces within the programme there have been some over and underspends on the 91 schemes delivered in 2019/20.
	Community Hubs and Customer Access systems	3,658.5	1,067.7	While no overall material variances within the programme there have been some over and underspends on the 15 schemes delivered in 2019/20.
	Waste Operational	787.2	(963.7)	While no overall material variances within the programme there have been some over and underspends on the 11 schemes delivered in 2019/20.
	Other E&H General Fund	1,185.5	(78.7)	No other material variances on remaining 64 schemes within Communities and Environment.
		10,205.7	255.0	
Total General Fund Variances		270,428.4	(19,957.7)	

CAPITAL PROGRAMME - 2019/20 HRA, HOUSING LEEDS & BITMO OUTTURN VARIATIONS

The following table highlights main scheme variations between the estimates in February 2020 and the final outturn 2019/20 as at 18th May 2020.

The variations are based on those programmes/schemes with significant variations both over/under > £500k.

Directorate	Programme/ Scheme	2019/20 Actual £000s	Variation Under (-)/ Over £000s	Reason for variation
Resources and Housing HRA	Council Housing Growth Programme	16,441.6	3,583.3	The overall council house growth newbuild programme performed better than expected and delivered more in the last quarter with increased net spend of £1.7m relating to Phase 1 newbuild schemes at Beech Walk and Nevilles . The council was also able, despite challenging circumstances to exchange contracts to purchase 21 homes in Seacroft and Killingbeck ward and completed on the first 4 in March £1m. The CHGP team achieved 45 purchases in 2019/20 within the right of first refusal scheme which resulted in additional spend of £2.1m and continues to progress well.
	Housing Leeds & Other HRA	83,648.6	565.9	Housing Leeds outturn is £0.6m above projections mainly due to accelerating some schemes in year. Existing funding was brought forward to match final account provision. Movements in year between budgets have been contained within the overall budget provision and while there have been overs and unders on some budget headings during the year HL have managed the 2019/20 programme within the existing overall funding available.
	BITMO	1,674.2	(64.8)	No material variances
Total HRA Variances		101,764.4	4,084.4	
Total Capital Program Variances		372,192.8	(15,873.3)	

Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 22 July 2020

Subject: Treasury Management Outturn Report 2019/20

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

1. Purpose of this report

- 1.1 The purpose of this report is to provide Board Members with details of the Council's Treasury Management Outturn position for 2019/20.

2. Background information

- 2.1 Each year the Council's Treasury Management Outturn position is reported to the Executive Board. Previously this report has also been shared with the Strategy and Resources Scrutiny Board in view of the following Executive functions falling within the Scrutiny Board's remit:

- Setting, supporting and monitoring the Council's financial strategy;
- Managing effective financial management and controls.

3. Main issues

- 3.1 Details of the Council's Treasury Management Outturn position for 2019/20 was reflected in a report to the Executive Board at its meeting on 24 June 2020. This report is appended for the Board's consideration (Appendix 1).
- 3.2 As noted above the substantive report is appended to provide full details to board members, however key points to note include; net external debt at 31st March 2020 was £2,162m, £47m lower than the February 2020 forecast, debt and liabilities

should be viewed in the context of the Council's assets which were valued at £5.6bn as at 31st March 2019, the level of debt has remained within the authorised limit and operational boundary as approved by the Council in February 2020 and the average rate of interest paid on the Council's external debt was 3.30% for 2019/20 compared to 3.28% for 2018/19.

- 3.3 Appropriate senior officers have been invited to the meeting to discuss the attached report and address any issues raised by the Scrutiny Board.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Treasury Management Outturn report is an update on strategy as presented to Executive Board in February and as such, no consultation has taken place. However, consultation with the Council's treasury advisors takes place regularly throughout the year and the Strategy and Resources Scrutiny Board is also given the opportunity to provide any comment on aspects of the outturn position in accordance with its remit.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Equality, diversity, cohesion and integration requirements are addressed as part of individual capital scheme and programme approvals. The borrowing to deliver these capital schemes is executed through treasury strategy and as such there are no further equality, diversity, cohesion and integration issues.

4.3 Council policies and the Best Council Plan

- 4.3.1 Treasury management strategy secures funding for the council's capital programme that supports the authority's policies and priorities as set out in the Best Council Plan.

Climate Emergency

- 4.3.2 As the Treasury Management strategy secures funding for the Council's capital programme, the impact of the Council's activity and implications for the climate emergency will be considered in each individual capital programme and scheme project report.

4.4 Resources, procurement and value for money

- 4.4.1 The attached report on the treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. The revenue costs of borrowing are included within the revenue budgets of the General Fund and HRA

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no legal implications arising from this report. In accordance with the Council's Budget and Policy Framework, decisions on borrowing limits, treasury

management indicators, investment limits and the Treasury management Policy Statement are approved by Council.

4.6 Risk management

4.6.1 The attached report sets out performance against the 2019/20 treasury strategy. The execution of strategy and associated risks are kept under regular review through:

- Monthly monitoring of debt costs and reporting forms part of the monthly update on the Council's Revenue position to Executive Board.
- Quarterly strategy meetings with the Director of Resources and the Council's treasury advisors.
- Regular market, economic and financial instrument updates and access to real time market information.

5. Conclusions

5.1 Details of the Council's Treasury Management Outturn position for 2019/20 were reflected in a report to the Executive Board at its meeting on 24 June 2020 and this report is now appended for the Board's consideration in accordance with its terms of reference.

6. Recommendation

6.1 That the Scrutiny Board considers the relevant information within the attached Executive Board report and agrees any specific scrutiny actions that may be appropriate.

7. Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of Chief Officer Financial Services

Report to Executive Board

Date: 24th June 2020

Subject: TREASURY MANAGEMENT OUTTURN REPORT 2019/20

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Has consultation been carried out?	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Is the decision eligible for Call-In?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of main issues

1 Main Issues

- 1.1 This report sets out for Members' approval the Treasury Management Outturn Report for 2019/20.
- 1.2 This report shows that net external debt at 31st March 2020 was £2,162m, £47m lower than the February 2020 forecast. This movement is due to higher than anticipated revenue balances of £51m and an increase in assumed treasury borrowing of £4m for the capital programme. The level of debt and liabilities should be viewed in the context of the Council's assets which were valued at £5.6bn as at 31st March 2019. The value of assets as at 31st March 2020 are pending the completion of the Council's draft balance sheet and statement of accounts which are not finalised at this time.
- 1.3 The level of debt has remained within the authorised limit and operational boundary as approved by the Council in February 2020.
- 1.4 The average rate of interest paid on the Council's external debt was 3.30% for 2019/20 compared to 3.28% for 2018/19.

2 Best Council Plan Implications

- 2.1 Treasury Management strategy secures funding to support the Council's Policies and City Priorities as set out in the Council capital programme and is consistent with the Best Council Plan.

3 Resource Implications

- 3.1 This treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. The revenue costs of borrowing are included within the revenue budgets of the general fund and HRA.
- 3.2 The strategy for 2019/20 has delivered a saving of £2.8m against the revised budget which includes an additional £1m from reserves to fund the cost of switching short term borrowing to long term borrowing in the year. These savings are principally due to funding at lower rates than anticipated and from increased income for external investments.

Recommendations

1. Executive Board are asked to note the Treasury Management outturn position for 2019/20 and that treasury activity has remained within the Treasury Management Strategy and policy framework.

1 Purpose of this report

- 1.1 This report provides members with a final update on Treasury Management Strategy and operations in 2019/20.

2 Background information

- 2.1 The operation of the treasury management function is governed by provisions set out under part 1 of the Local Government Act 2003, whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 2017 in particular:
- The amended 2017 Prudential Code requires that full Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of prudential indicators.
 - Any in year revision of these limits must be agreed by Council.
 - Policy statements are prepared for approval by the Council at least twice a year.
- 2.2 These codes have been updated and re-issued late in 2017/18 together with the Ministry of Housing, Communities and Local Government (MHCLG) guidance in relation to Investments and Minimum Revenue Provision (MRP). The CIPFA codes and MHCLG guidance have been formally adopted.

3 Main Issues

3.1 Review of Strategy 2019/20

- 3.1.1 Table 1, below shows that net borrowing in 2019/20 was £2,162m, £47m lower than the February 2020 forecast. This movement is due to higher than anticipated revenue balances of £51m and an increase in assumed treasury borrowing of £4m for the capital programme. The actual movement in the capital programme is explained the revenue outturn report elsewhere on the agenda. The increase in revenue balances is mainly attributable to the receipts of £43m of Government grant relating to the first tranche of the Covid-19 grant and S31 grant.

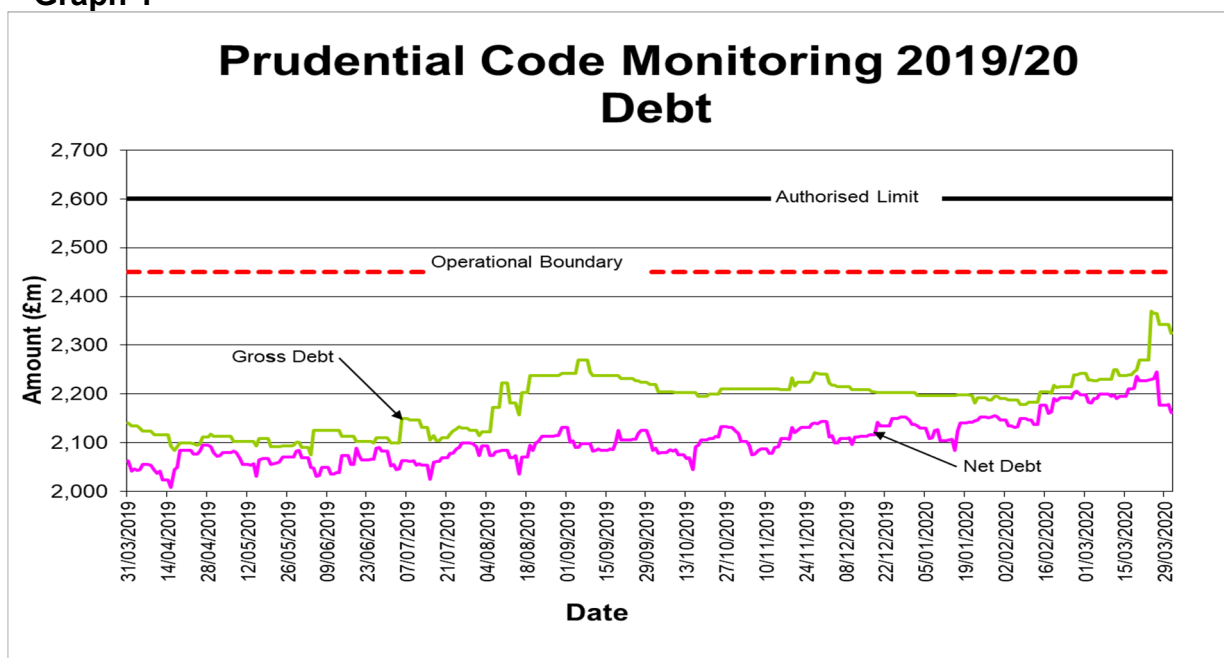
TABLE 1

	2019/20 Nov 19 Report	2019/20 Feb 20 Report	2019/20 This Report
ANALYSIS OF BORROWING 2017/18	£m	£m	£m
Net Borrowing at 1 April	2,063	2,063	2,063
New Borrowing for the Capital Programme – GF	162	132	132
New Borrowing for the Capital Programme – HRA	6	6	10
Debt redemption costs charged to Revenue (Incl HRA)	(20)	(18)	(18)
Reduced/(Increased) level of Revenue Balances	26	26	(25)
Net Borrowing at 31 March	2,237	2,209	2,162
Capital Financing Requirement*			2,492
Other long term liabilities capital financing requirement			565
Net Borrowing 31st March comprised as follows			
Long term Fixed	2,078	2,098	2,234
Variable (less than 1 Year)	20	0	0
New Borrowing	169	141	90
Short term Borrowing	0	0	0
Total External Borrowing	2,267	2,239	2,324
Less Investments	30	30	162
Net External Borrowing	2,237	2,209	2,162
% borrowing funded by short term and variable rate loans	8%	6%	4%
Limit for variable rate Borrowing	40%	40%	40%

* The Capital Financing Requirement (CFR) is the maximum level of debt (i.e. borrowing and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years capital programmes.

- 3.1.2 The level of debt and liabilities should be viewed in the context of the Council's assets which are valued at approximately £5.6bn as at 31st March 2019. The value of assets as at 31st March 2020 are pending the completion of the Council's draft balance sheet and statement of accounts which are not finalised at this time. The Capital programme outturn position is reported in the June Financial Performance - Outturn Report to Executive Board elsewhere on the agenda.
- 3.1.3 Graph 1, below shows that the level of debt during 2019/20 remained within Authorised limits during the year. The Authorised Limit is the maximum permitted amount of borrowing the Council can have outstanding at any given time and has not been breached during 2019/20. The operational boundary is a key management tool and can be breached temporarily depending on cash flow. This limit acts as a warning mechanism to prevent the Authorised limit from being breached. Treasury management activity has resulted in no breach of its prudential indicators which are detailed in Appendix A. All of these other prudential indicators are within the normal tolerance levels of treasury management.

Graph 1



- 3.1.4 The 2019/20 borrowing strategy continued to fund the capital programme borrowing requirement from short dated loans and internal cash balances whilst looking for opportunities to lock into attractive longer dated funding. Whilst this approach continues to deliver lower costs of financing, the proportion of borrowing funding by short terms loans has been reduced to 4% (Table 1) due to the longer term funding of £486.5m taken during 2019/20 as detailed in Table 2. This exposure to interest rate refinancing has decreased significantly from 2018/19 however it is expected to rise to approximately 24% in 2022/23 if only short term funding is utilised. Provision exists in 2021/22 and 2022/23 within the MTFS to enable the switching of all short term borrowing to Long term funding in which case the interest rate exposure would fall to 2%.
- 3.1.5 Since the economic update to Members in February, the uncertainty surrounding Brexit has continued and the impact of the Covid-19 outbreak provide the backdrop for the economic performance outlined below. The key movements are:

- Inflation as measured by the CPI index was between 1.5% and 2% for most of the year however it fell from 1.5% in March to 0.9% in April as economic activity declined. Likewise commodity prices have also fallen with oil reaching levels not seen since 2016 as supply exceeded demand. Brent crude traded between \$55 and \$70 for most of the year before falling below \$25 in March. Average earnings have also decreased during the year after reaching a peak of just over 4% in June 2019 the 3 months to March fell to 2.4% The fall in inflation and increase in average earnings together represent an increase in household disposable income which is supportive of the wider economy.
- Unemployment having remained at low levels posting a figure of just below 4% for most of the year and ending at 3.9%. As the impact of the Covid-19 begins to percolate through the economy this figure is however expected to rise
- After starting the year at 0.75% the Bank of England (BOE) Base rate was expected to rise gently over the next few years, however on 11th March the Monetary Policy Committee (MPC) introduced an emergency cut to 0.25% followed on 19th March with another emergency cut to 0.1% which is the lowest level since records began in 1694. Additionally in March the MPC increased the Quantitative Easing package from £475bn to £675bn in response to the Covid-19 crisis.
- In the US the economy grew 3.1% in Quarter 1 however this fell to around 2% for the remaining 3 quarters and this prompted the Federal Open Markets Committee (FOMC) to cut rates. 3 cuts of 0.25% were implemented in 2019 and in March US rates were reduced to 0% to 0.25% as the Covid19 impact was felt. The US is entering a serious recession and despite a \$2 trillion stimulus package and other measures unemployment is rising and has reached 14.7% from a level of below 4% in February and. Non-farm payroll figures fell by £20.5m in April 2020 alone.
- In Europe growth of 1.8% in 2018 fell to only 0.9% in Q4 2019. Inflation remains below the 2% target and the QE programme which ended in December 2018 it introduced a third round providing cheap 2 year funding to banks from September 2019. In response to Covid-19 in expanded this further in March 2019 although the fiscal response by national governments has been patchy.
- In China economic growth continues to weaken and is viewed against a backdrop of the trade issues with the US during 2019. China was amongst the first to begin a lock down in response to Covid-19 and although the restrictions are now slowly being lifted ongoing economic issues remain.
- GDP growth in Japan continues to struggle however inflation again remains below target despite continued and continuing monetary and fiscal stimulus.
- Current projections for interest rates are uncertain due the unprecedented impact of the Covid-19 outbreak and the position is being kept under review as the situation evolves.

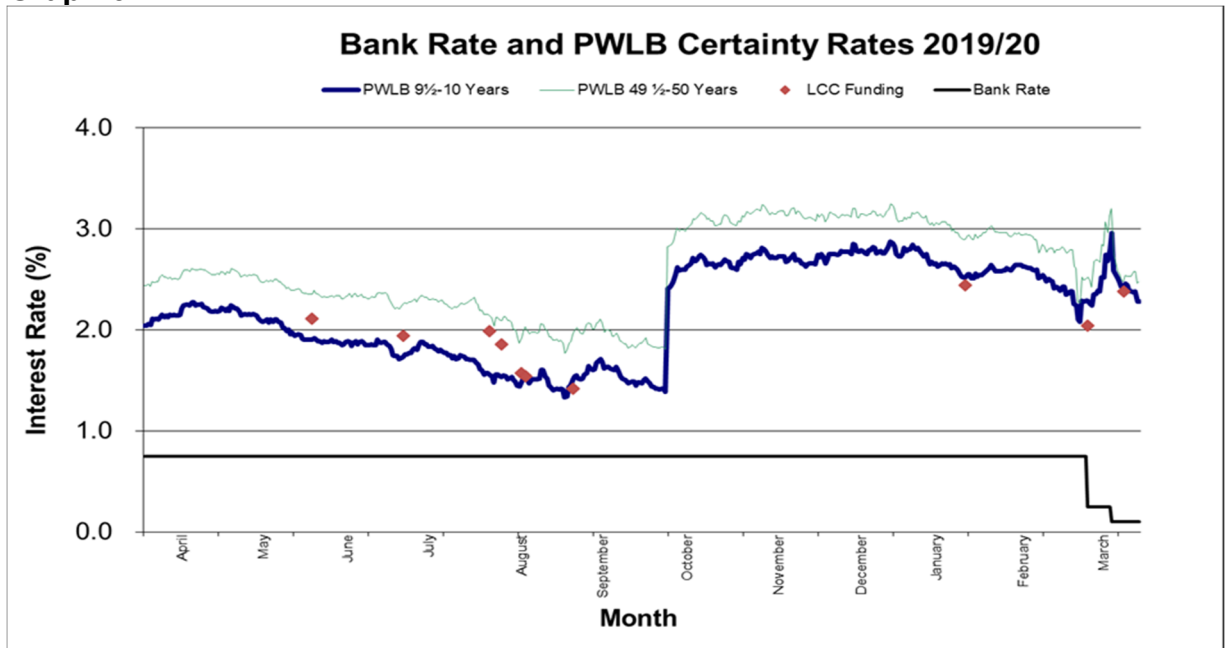
3.1.6 Graph 3 below shows the movement in PWLB interest rates over the year. Gilt yields have fallen over the year by around 1% in the 50 year and PWLB rates have mirrored this trend. Longer term PWLB rates (49½-50 year) have varied during the year but ended the year at higher levels than the start and achieved a low point which occurred in early September. Shorter term rates (9½-10 year) have also risen from the start of the year and again hit a low point in September. This apparent disconnect between underlying gilts and PWLB rates on offer is due to action taken by Her Majesty's Treasury (HMT) who changed the rates structures on 9th October without any warning

or consultation by increasing rates by 1% across all structures and can be clearly seen in Graph 3. This was partially reversed on 11th March when HRA borrowing was re-instated at the previous levels. WPLB rates can now be summarised as follows

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

The graph below also shows the long term funding activity undertaken as detailed in table 2 below.

Graph 3



3.1.7 Net debt savings of £2.8m have been generated against the revised budget. These savings are principally due to continuing to fund short term borrowing at low short term rates and from the use of internal resources to defray external borrowing.

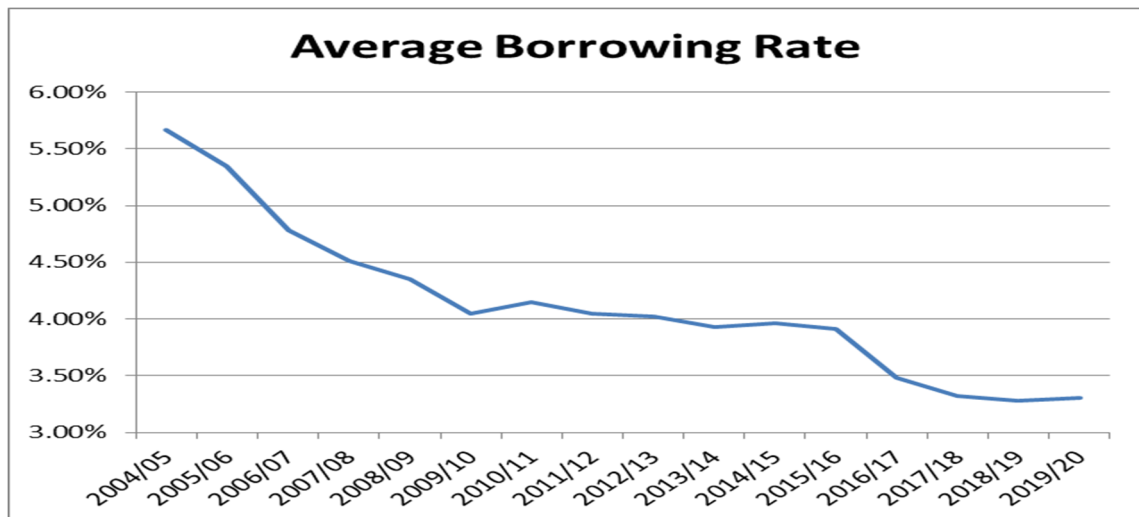
Table 2 shows £486.5m of longer term funding was secured during the year the majority of this before the surprise increase in PWLB rates as rates fell during early 2019. The table also shows that no market loans options were exercised during the entire year, £26m PWLB loans reached maturity during the period. Approximately half of market loans outstanding are termed Lenders Option Borrowers Option (LOBO) and contain clauses which allows the lender, at pre-determined dates, to vary the interest rate on the loan. If one of these options is exercised and the new rate is not accepted, the borrower then has the option to repay the loan without penalty. The Council has £215m of loans with Barclays of which £110m are the subject of a class action initiated by a total of 7 Councils. These LOBOs contained clauses that referenced London Inter Bank Overnight Rate (LIBOR) at a time when Barclays were subsequently convicted and fined for fraudulently fixing LIBOR. An initial hearing date had been set on 6/7th April to consider a preliminary issue however this has now been pushed back to January 2021. This is an ongoing action and further details will be reported as appropriate.

Table 2

Loan repayments and borrowing 2019/20							
Loan Repayments				New Borrowing			
Date	Amount	Original Rate	Discount Rate	Date	Amount	Term	Interest Rate
	(£m)	(%)			(£m)	(Years)	(%)
FWLB Loans				FWLB			
15/07/2019	26.4	3.83%	n/a	04/06/2019	30.0	30	2.08
				04/06/2019	20.0	20	2.16
				05/07/2019	25.0	25	1.87
				05/07/2019	25.0	25	2.01
				06/08/2019	50.0	50	1.99
				09/08/2019	50.0	50	1.86
				16/08/2019	25.0	25	1.30
				16/08/2019	25.0	25	1.84
				19/08/2019	25.0	25	1.31
				19/08/2019	25.0	25	1.76
				05/09/2019	25.0	25	1.24
				05/09/2019	25.0	25	1.60
				28/02/2020	16.5	16.5	2.44
				11/03/2020	10.0	10	2.00
				11/03/2020	10.0	10	2.07
				24/03/2020	25.0	25	2.22
				24/03/2020	25.0	25	2.67
				24/03/2020	25.0	25	2.06
				24/03/2020	25.0	25	2.57
Sub Total	26.4				486.5		
Non FWLB Loans				Non FWLB Loans			
Sub Total	0.000				0		
Total	26.4			Total	486.5		

3.2 Interest Rate Performance and Average Maturity Profile

- 3.2.1 The average rate of interest paid on the Council's external debt was 3.30% (up from 3.28%) as shown in Graph 3. This increase is due to the level of longer term funding taken during the year at attractive rates but at levels higher than short term rates achievable.

Graph 3

- 3.2.2 Whilst the average borrowing rate remains low it is important to note the average maturity profile of the Council's debt. The average length of all loans to final maturity including temporary loans is 35.1 years. The average length of all loans to the next option date including temporary loans is 31.8 years. This provides a large degree of funding certainty within the overall debt portfolio. Appendix B analyses debt as at 31st March 2020 by interest rate band and the year of maturity or first option date for LOBO loans. The final maturity of LOBO loans is shown as a memo item in the table at the bottom of Appendix B.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report is an update on strategy as presented to Executive Board in February 2020, as such no consultation has taken place. However, consultation with the Council's treasury advisors takes place regularly throughout the year.
- 4.1.2 The borrowing requirement is an outcome of the capital programme which has been the subject of consultation and engagement as outlined in the February capital programme report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equality, diversity, cohesion and integration requirements are addressed as part of individual capital scheme and programme approvals. The borrowing to deliver these capital schemes is executed through treasury strategy and as such there are no further equality, diversity, cohesion and integration issues.

4.3 Council Policies and Best Council Plan

- 4.3.1 Treasury management strategy secures funding for the council's capital programme that supports the authority's policies and priorities as set out in the Best Council Plan. These include our Best Council ambition to be an efficient and enterprising organisation.

Climate Emergency

- 4.3.2 The Council declared a Climate Emergency at full Council in March 2019. As the Treasury Management strategy secures funding for the Council's capital programme the impact of the Council's activity and implications for the climate emergency will be considered in each individual capital programme and scheme project report.

4.4 Resources, Procurement and Value for Money

- 4.4.1 This update on the treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. The revenue costs of borrowing are included within the revenue budgets of the General Fund and HRA.
- 4.4.2 Net debt savings of £2.8m against the revised budget have been delivered.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 In accordance with the Council's Budget and Policy Framework, decisions on borrowing limits, treasury management indicators, investment limits and the Treasury management Policy Statement are approved by Council. Monitoring reports are considered by Executive Board and are subject to call in. There are no further legal, access to information or call in issues.

4.6 Risk Management

- 4.6.1 This report sets out performance against the 2019/20 treasury strategy. The execution of strategy and associated risks are kept under regular review through:
- Monthly monitoring of debt costs and reporting forms part of the monthly update on the Council's Revenue position to Executive Board.

- Quarterly strategy meetings with the Chief Officer Financial Services and the Council's treasury advisors; and
- Regular market, economic and financial instrument updates and access to real time market information.

5 Conclusions

- 5.1 This Treasury Management Outturn Report for 2019/20 provides a final update on loans undertaken to fund the capital programme requirements for both General Fund and HRA. Treasury activity during the year was conducted within the approved borrowing limits for the year and resulted in overall savings to the revenue budget as detailed in 3.1.7.

6 Recommendations

- 6.1 Executive Board are asked to note the Treasury Management outturn position for 2019/20 and that treasury activity has remained within the treasury management strategy and policy framework.

7 Background documents ¹

None

¹ The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Leeds City Council - Prudential Indicators 2019/20

No.	PRUDENTIAL INDICATOR	Feb 19 Report	Feb 20 Report	Outturn (This Report)
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORTS				
Ratio of Financing Costs to Net Revenue Stream				
1a	General Fund (Borrowing Only)	11.96%	12.35%	12.23%
1b	General Fund (Borrowing and Other Long Term Liabilities)	20.98%	21.36%	21.24%
2a	HRA (Borrowing Only)	11.65%	11.63%	11.73%
2b	HRA (Borrowing and Other Long Term Liabilities)	18.64%	18.64%	18.82%
5	Gross external borrowing requirement (Gross Debt and CFR) The Net Borrowing Requirement should not exceed the capital financing requirement (Note 3)	2,341,000 OK	2,239,000 OK	2,323,718 OK
Estimate of total capital expenditure (including PFI)				
6	General Fund	£'000 337,700	£'000 290,386	£'000 270,428
7	HRA	122,510	97,680	101,764
	TOTAL	460,210	388,066	372,192
Capital Financing Requirement (as at 31 March)				
8	General Fund	£'000 2,259,057	£'000 2,242,013	£'000 2,241,809
9	HRA	827,744	810,753	814,565
	TOTAL	3,086,801	3,052,766	3,056,374

No.	PRUDENTIAL INDICATOR	Feb 19 Report	Feb 20 Report	Outturn (This Report)
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS				
10	Authorised limit for external debt - (Note 3) borrowing other long term liabilities TOTAL	£'000 2,600,000 690,000 3,290,000	£'000 2,600,000 690,000 3,290,000	£'000 2,600,000 690,000 3,290,000
11	Operational boundary - (Note 3) borrowing other long term liabilities TOTAL	2,450,000 670,000 3,120,000	2,450,000 670,000 3,120,000	2,450,000 670,000 3,120,000
14	Upper limit for fixed interest rate exposure expressed as either:- Net principal re fixed rate borrowing / investments OR:-	115%	115%	115%
15	Upper limit for variable rate exposure expressed as either:- Net principal re variable rate borrowing / investments OR:- Net interest re variable rate borrowing / investments	40%	40%	40%
17	Upper limit for total principal sums invested for over 364 days (per maturity date)	£'000 150,000	£'000 150,000	£'000 150,000
18	Net Debt as a Percentage of gross Debt	98.72%	98.66%	93.06%

16	Maturity structure of fixed rate borrowing 2019/20	Lower Limit	Upper Limit	Actual 31/03/20	
	under 12 months	0%	15%	0%	
	12 months and within 24 months	0%	20%	2%	
	24 months and within 5 years	0%	35%	11%	
	5 years and within 10 years	0%	40%	6%	
	10 years and within 20 years			7%	
	20 years and within 30 years			0%	
	30 years and within 40 years	25%	90%	35%	81%
	40 years and within 50 years			34%	
	More Than 50 Years			6%	
				100.0%	

Notes.

- The indicator for the ratio of financing costs to net revenue stream for General Fund is now calculated based on the External Borrowing costs only and Borrowing and Other long term Liabilities (PFI and leasing)
- The Changes to the Prudential Code 2017 retired the Indicator 3 and 4 on the incremental impact of New Capital decision on HRA and GF as well as Indicator 13 the need to explicitly adopt the Code of Practice. In addition Indicator 9 the relating to the MHCLG imposed HRA borrowing debt ceiling has been recinded and is therefore no longer reported
- In order to ensure that over the medium term gross borrowing will only be for a capital purpose, the Council should ensure that gross external borrowing does not exceed the total capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence and was changed from Net Borrowing to gross borrowing under the update to the Codes in 2017.
- Prudential indicator 12 relates to actual external debt at 31st March, which will be reported in the Treasury Management Annual Report.
- Indicators 14 and 15 are no longer explicit within the updated codes however these have been but have been retained pending further review
- Indicator 17 relates solely to Treasury Management investments made under Section 12 of the Local Government act 2003

Debt as at 31st March 2020						Appendix B	
Table below shows a breakdown of the maturity structure of the authority giving totals							
Year Ending 31st March	to 2%	2% to 2.99%	3% to 3.99%	4% to 4.99%	Greater Than 5%	Principal	
Fixed Rate Loans - LOBO to First Option							
2021	-	-	13,812	55,000		68,812	
2022	-	-	41,436	20,000	-	61,436	
2023	-	20,000	27,624	35,000	-	82,624	
2024	-	-	30,000	71,436	-	101,436	
2025	-	25,000	20,000	-	-	45,000	
2026	-	-	-	-	-	-	
2027	5,675	-	28,812	-	-	34,487	
2028	-	25,000	-	-	-	25,000	
2029	-	15,000	20,000	-	-	35,000	
2030	25,000	-	-	-	-	25,000	
2031	25,000	-	-	-	-	25,000	
2032	25,000	-	-	-	-	25,000	
2033	-	16,500	-	-	-	16,500	
2034	-	10,000	-	-	-	10,000	
2035	25,000	-	5,000	-	-	30,000	
2036	-	30,000	-	-	-	30,000	
2037	-	25,000	-	-	-	25,000	
2052	-	-	-	28,727	-	28,727	
2053	-	-	-	145,396	-	145,396	
2054	-	-	-	49,347	-	49,347	
2055	-	-	5,000	75,782	-	80,782	
2056	-	-	10,000	72,173	-	82,173	
2057	-	-	-	115,436	-	115,436	
2058	-	-	-	102,218	14,099	116,317	
2059	-	25,000	-	-	-	25,000	
2060	100,000	-	-	-	-	100,000	
2061	25,000	-	-	17,624	-	42,624	
2062	-	-	17,624	-	-	17,624	
2063	-	50,000	-	-	-	50,000	
2064	-	40,000	10,000	-	-	50,000	
2065	-	70,000	-	-	-	70,000	
2066	-	40,000	10,000	35,000	-	85,000	
2067	-	55,000	30,000	5,000	-	90,000	
2068	-	100,000	-	-	-	100,000	
2069	-	115,000	-	-	-	115,000	
2070	50,000	55,000	-	-	-	105,000	
2077	-	-	20,000	-	-	20,000	
2078	-	-	-	85,000	-	85,000	
2079	-	-	-	20,000	-	20,000	
Sub Total	280,675	716,500	289,307	933,137	14,099	2,233,718	
Temporary Loans							
2020	90,000	-	-	-	-	90,000	
Sub Total	90,000	-	-	-	-	90,000	
CABP							
	370,675	716,500	289,307	933,137	14,099	2,323,718	
Memo : LOBO Variable Rate Loans to Maturity							
2047	-	-	-	-	-	-	
2055	-	-	-	15,000	-	15,000	
2056	-	-	-	45,000	-	45,000	
2066	-	-	10,000	10,000	-	20,000	
2067	-	-	25,000	15,000	-	40,000	
2077	-	-	40,000	15,000	-	55,000	
2078	-	-	-	55,000	-	55,000	
2079	-	-	-	-	-	-	
Sub Total	-	-	75,000	155,000	-	230,000	

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Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 22 July 2020

Subject: Impact of Coronavirus COVID-19 upon Leeds City Council's 2020/21 Financial position and on the forecast budget position for 2021/22

Are specific electoral wards affected?	☐ Yes	☒ No
If yes, name(s) of ward(s):		
Has consultation been carried out?	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Will the decision be open for call-in?	☐ Yes	☒ No
Does the report contain confidential or exempt information?	☐ Yes	☒ No
If relevant, access to information procedure rule number:		
Appendix number:		

1. Purpose of this report

- 1.1 The purpose of this report is to provide Board Members with details of the impact COVID-19 has had on the Council's financial position both in the current financial year and looking ahead into 2021/22.

2. Background information

- 2.1 Whilst the substantive financial impact of the COVID-19 pandemic will fall in 2020/21 and 2021/22 and potentially further into the future, there was an initial pressure from the loss of income and additional expenditure of £2.64m on the 2019/20 revenue budget, which was covered by COVID-19 Support Grant funding.

3. Main issues

- 3.1 Details of the Impact of Coronavirus COVID-19 upon Leeds City Council's 2020/21 Financial position and an update on the forecast budget position for 2021/22 is provided as Appendix A for member's consideration. In addition a more detailed look at the impact of COVID-19 on the financial health of the authority in the current financial year is provided through the Month 2 Financial Health Monitoring report at Appendix B, which was considered by Executive Board at it's meeting on 20 July 2020.

- 3.2 It is clear that COVID-19 creates an extremely challenging financial environment for the Council. The report to the Executive Board meeting on 24 June 2020 set out an overall overspend of £197.6m linked to COVID-19.
- 3.3 Appropriate senior officers have been invited to the meeting to discuss the attached reports and address any issues raised by the Scrutiny Board.

4. Corporate considerations

4.1 Consultation and engagement

- 4.2 The two Executive Board reports attached as appendices to this report are factual reports and are not subject to consultation.

4.3 Equality and diversity / cohesion and integration

- 4.3.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26 February 2020.

4.4 Council policies and the Best Council Plan

- 4.4.1 The 2020/21 budget targeted resources towards the Council's policies and priorities. This report comments on financial performance against this budget in support of the Best Council ambition of offering value for money through being an efficient and enterprising organisation.

Climate Emergency

- 4.4.2 Since this is a factual report detailing the Council's budgetary position for 2020/21 and 2021/22 there are no specific climate implications.

4.5 Resources, procurement and value for money

- 4.5.1 All financial implications are detailed in the main body of the Executive Board reports.

4.6 Legal implications, access to information, and call-in

- 4.6.1 There are no legal implications arising from this report.

4.7 Risk management

- 4.7.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget action plans was in place for 2019/20.

5. Conclusions

- 5.1 The two appended Executive Board reports set out the financial challenge posed by the COVID-19 pandemic in Leeds and also set out the challenge nationally in terms of the public finances. It seems reasonable to conclude that this will be the dominant issue in terms of both setting the Council's budget and financial health monitoring for the months and years ahead.

6. Recommendation

- 6.1 That the Scrutiny Board considers the relevant information within the attached Executive Board reports and agrees any specific scrutiny actions that may be appropriate.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of the Chief Officer – Financial Services

Report to Executive Board

Date: 24th June 2020

Subject: Impact of Coronavirus COVID-19 upon Leeds City Council's 2020/21 Financial position and update on the forecast budget position for 2021/22.

Are specific electoral wards affected?	☐ Yes	☒ No
If yes, name(s) of ward(s):		
Has consultation been carried out?	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Will the decision be open for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information?	☐ Yes	☒ No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary

1. Main issues

- As a result of the COVID-19 pandemic the Council has incurred additional expenditure, whilst at the same time seeing reductions in the level of resources available through a combination of lower forecast income levels for both Business Rates and Council Tax and a reduction in the level of income receivable from sales, fees and charges. A report received at this Board in May noted a projected overspend of £164.7m in respect of COVID 19 incurred in 2020/21 before any funding from Government. It was also noted that the financial implications from COVID-19 will have ongoing funding consequences for the financial projections for future years which are contained in the current Medium Term Financial Strategy (MTFS).
- The financial implications of COVID-19 incurred during 2020/21 have been updated and are now showing that the level of projected overspend reported to the Ministry of Housing and Local Government (MHLG) has increased by £36.3m to £201m. However this position contains a pre-COVID pressure of £2.524m within the Children and Families Directorate and £0.845m which relates to timing differences between the production of the MHCLG return and the Financial Health reports. As a result of these adjustments the overall level of COVID-19 overspend reduces to £197.6m. This report only deals with the overspend relating to COVID 19, the overall Financial Position of the Council for 2020/21 is considered in the Financial Health Report elsewhere on this agenda.

- In which year the financial implications of COVID 19 will impact on the revenue budget needs to be considered. The loss of income received by the Council due to the collection of Business Rates and Council Tax will not impact on the revenue budget until 2021/22. This will be considered in more detail in section 3.5. The Council has written to the Government, requesting additional support and flexibilities which would allow the Council to respond to the impact of the pandemic on its financial position. If further support from the Government is not forthcoming or is insufficient to address the forecast financial position then a number of measures have been identified which will contribute towards addressing the level of overspend. These measures will require an emergency budget to be agreed by Full Council in the summer.
- However if the Chief Officer – Financial Services in their professional opinion considers that the actions proposed are insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services then a Section 114 report would be issued.
- The 2020/21 Revenue Budget and Council Tax report received at February's Executive Board and Full Council contained details of the estimated budget gap of £52.2m for 2021/22. Expenditure, income and savings assumptions have been reviewed and revised and when combined with the projected variation in income receivable from the Council Tax Base and Business Rates Base, the estimated budget gap for 2021/22 has increased to £117.8m. This does not take into consideration the loss of income incurred in 2020/21 due to COVID 19 which impacts on the General Fund in 2021/22 as this is considered in section 3.5. To address this gap the Council is undertaking a series of cross cutting and service reviews with the outcome of these reviews being incorporated into an updated Medium Term Financial Strategy (MTFS) which is timetabled to be received by this Board in September.

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

- The Best Council Plan can only be delivered through a sound understanding of the Council's longer-term financial sustainability, which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. Since the impact of COVID-19 challenges the financial sustainability of the Council, it is imperative that the financial options contained in this report are supported in order that Best Council priorities can be delivered within a robust financial framework.

3. Resource Implications

- The financial position as set out in the report details how the projected overspend for 2020/21 has increased from the previously reported figure of £164.7m to a figure of £201m – an increase of £36.3m which has been reported to MHCLG. However this position contains a pre-COVID pressure of £2.524m within the Children and Families Directorate and £0.845m which relates to timing differences between the production of the MHCLG return and the Financial Health reports. As a result of these adjustments the overall level of COVID-19 overspend reduces to £197.6m.
- In the context of this projected financial position for 2020/21, a number of asks have been made of Government which, if received, will contribute towards the Council delivering a balanced budget position in 2020/21. If additional support is not forthcoming, or is insufficient to address the projected deficit in 2020/21, then a

number of further measures have been identified which will require an Emergency Budget to be considered by Full Council in the summer. However if in the professional opinion of the Chief Officer – Financial Services these options are not sufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services then a Section 114 report would be issued.

- The estimated budget gap for 2021/2 has been revised upwards from £52.2m to £117.8m. In order to address this financial projection the Council has embarked on a series of cross cutting and targeted service reviews which are aimed at reducing the estimated budget gap. An updated MTFS has been timetabled to be received at September's Executive Board.

Recommendations

- a) Executive Board are recommended to note the position outlined in this paper by the Chief Officer - Financial Services concerning Leeds City Council's financial position as a consequence of the COVID-19 pandemic.
- b) Executive Board are requested to note that the Government have been written to asking for further financial assistance.
- c) Executive Board are asked to note that if further assistance from the Government is not forthcoming or is insufficient to address the scale of financial overspend detailed in this report, an Emergency Budget would be considered by Full Council in the Summer.
- d) Executive Board are asked to note that if the actions that the Council can take are in the professional opinion of the Chief Officer - Financial Services insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services, then a Section 114 notice would be issued
- e) Executive Board are asked to note the revised estimated budget gap for 2021/22 and the actions being taken to address this position.
- f) Executive Board are asked to note that an updated Medium Term Financial Strategy is to be brought to Executive Board in September which will provide an update on the financial position, covering the period 2021/22 – 2025/26.

1. Purpose of this report

- 1.1 At its meeting on the 26th February 2020 Full Council set a balanced budget for 2020/21 and provisional budgets for 2021/22 and 2022/23.
- 1.2 Given the scale of the financial challenge the Council is now facing for 2020/21 and future years due to the COVID-19 pandemic, it is appropriate to provide an update on the financial position for 2020/21 and the actions being taken to manage the situation. The financial health of the Council will continue to be reviewed and updated to Executive Board on a monthly basis and builds on the position reported to Executive Board in May 2020.
- 1.3 This report also provides an update on the 2021/22 financial projection that was reported to this Board in February. This update of the 2021/22 position includes:
 - the original assumptions behind the reported financial projection for 2021/22 and how these have changed;
 - an estimate of the ongoing impact of COVID-19 on the 2021/22 financial projection and;

- the approach that the Council is taking to identify budget savings options that will start to address the revised estimated budget gap for 2021/22.

2. Background information

- 2.1 A report received at this Board's meeting on May 19th provided an update on the impact of the current global Coronavirus outbreak which was declared a pandemic by the World Health Organisation on the 11th March. The report referenced the range of national developments and announcements made by the Government, outlined the local approach to planning, governance and delivery in this unprecedented period, detailed the Council's Response and Recovery Plan and outlined the approach to easing restrictions in the city.
- 2.2 In recognition of the impact of Coronavirus on the economy the Government have responded by announcing a range of measures to help businesses and residents which include furloughing staff, the provision of targeted business rate reliefs, business grants and loans, deferral of VAT and self-assessment payments, and a Hardship Fund which is a grant payable to local authorities to provide council tax relief alongside existing council tax support schemes.
- 2.3 The Government also recognise that Coronavirus COVID-19 has had a direct financial impact on local authorities. To date £3.2bn has been provided nationally to compensate local authorities for additional expenditure incurred and loss of income resulting from the current Coronavirus pandemic. Of this £3.2bn Leeds has been awarded £43.7m.
- 2.3.1 In May the Executive Board received a report which provided an update of the impact of COVID-19 on the Council's 2020/21 approved revenue budget. The report detailed a projected overspend of £164.7m offset by the application of the balance (£41.3m) of this £43.7m of grant funding receivable from Government. This position has been reviewed as more information and data has become available. An updated position is provided in section 3.1 and will be reviewed on a monthly basis and reported to this Board.

3. Main issues

3.1 Revenue Budget 2020/21

- 3.1.1 In recognition of the financial impact of COVID-19 upon the Council's financial position in 2020/21, Executive Board agreed at its 19th May meeting that the Council should write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds, namely that the Government:
- underwrite all of the shortfall in Business Rates resulting from COVID-19 to bring the Council back to its level of baseline funding;
 - compensate the Council for any shortfall against budgeted assumptions with regard to the level of Council Tax collected as a result of COVID-19;
 - fund 100% of the Local Council Tax Support (LCTS) scheme to protect authorities against loss of council tax income due to an increase in claimants;
 - write off PWLB debt held by local authorities or, failing this, reduce the interest rates for PWLB debt to the cost to Government. This would save the Council £9m in 2020/21;

- underwrite any variation in the level of income receivable from fees and charges that have been impacted by COVID-19. This would require a contribution of £33.3m in 2020/21.

- 3.1.2 Subsequent to May's Executive Board the Leader of the Council has written to the Government on behalf of the Council asking for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds. The letter written to the Government asking for financial assistance, referred to in 3.1.1, also incorporates a request that additional funding (£59.9m) be provided which would result in the Council being able to deliver a balanced budget position in 2020/21.
- 3.1.3 Since Executive Board received the financial update report in May, the projected financial impact of COVID-19 upon the Council's financial position has been updated. This updated financial position was included in a second return to the Ministry of Housing, Communities and Local Government (MHCLG), submitted on the 15th May. This return, which all local authorities were required to complete, details the actual and projected impact of COVID-19 which was incurred by the Council in 2020/21. This revised estimate of the financial impact of COVID-19 has been incorporated into the 2020/21 Period 1 Financial Health monitoring report that can be found elsewhere on this agenda.
- 3.1.4 After reviewing the expenditure, income, Business Rates and Council Tax collection assumptions due to more information and data being available, the impact of COVID-19 which was incurred by the Council in 2020/21 increased from £164.7m to £201m.
- 3.1.5 Of this £201m forecast impact in 2020/21, £107.6m relates to income variations and £93.4m relates to expenditure variations. Details of these variations are detailed in the Directorate dashboards which can be found within the Period 1 Financial Health monitoring report elsewhere on this agenda. As well as incorporating additional expenditure incurred by the Authority, and a projected reduction in fees and charges and commercial income, this forecast position also incorporates the shortfall in capital receipts receivable, non-achievement of budget action plans and a variations resulting from an assumed reduction in the level of Business Rates and Council Tax collected in 2020/21.
- 3.1.6 However the position reported to MHCLG contains a pre-COVID pressure of £2.524m within the Children and Families Directorate and £0.845m which relates to timing differences between the production of the MHCLG return and the Financial Health reports. As a result of these adjustments the overall level of COVID-19 overspend reduces to £197.6m.

The amount incurred by the Council due to COVID 19 in 2020/21 will impact on the Council's Financial Position in 2020/21 and 2021/22. This is due to the timing of when the loss of income from the Collection of Council Tax and Business Rates will hit the General Fund. Therefore by excluding the impact on collection rates in respect of Business Rates and Council Tax, (which will impact on the General Fund in 2021/22), and after taking account of the COVID-19 grant funding receivable from Government which hasn't been applied in 2019/20, the impact of COVID-19 on the Council's approved budget in 2020/21 is to increase the projected level of overspend from £60.6m to £95.6m – an increase of £35.0m. This revised financial forecast will continue to be refined as more information and data becomes available as the financial year progresses. The movement between the position forecast in May and the current forecast is detailed in Table 1 below.

Table 1

	May Exec Board		May MHCLG		June Exec Board		Movement May EB to June EB	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Additional Expenditure	62.948		93.426		90.004		27.056	
Income Losses	101.738		107.576		107.629		5.891	
Total COVID-19 Pressure	164.686		201.002		197.633		32.947	
Collection Fund Impact 2021/22	(62.800)	62.800	(60.935)	60.935	(60.935)	60.935	1.865	(1.865)
Government Grant Receivable	(41.308)		(41.109)		(41.109)		0.199	
	60.578	62.800	98.958	60.935	95.589	60.935	35.011	(1.865)
Non-COVID Pressures - June*					(4.139)			
Total Overspend Reported June 2020					193.494			

* The Month 1 Financial Health Monitoring report received at June's Executive Board reports a total projected overspend of £193.494m. Whilst £197.633m is COVID-19 related, this position also includes a net £4.139m of non-COVID savings.

- 3.1.7 The £27.1m increase in projected expenditure includes an additional £11m of costs relating to Leeds Building Services in regard to under-recovery of income against the 2020/21 budget and a further £5m of spend on PPE equipment.

Income projections have increased by £5.9m. Government guidance accompanying the May return to MHCLG required local authorities to assume that lockdown would end by the end of July 2020 to ensure consistency of treatment across authorities. By comparison the figures in the May report to this Board had assumed that lockdown would end in June 2020, so the July assumption has increased both projected expenditure and income. The value of Government grant applied in 2020/21 has fallen by £0.2m, reflecting this increase in COVID-19 costs at outturn 2019/20 requiring additional use of grant. Collection Fund assumptions have been amended slightly to reflect actual Council Tax collection in April, reducing the impact on 2021/22 by £1.9m.

After taking account of non COVID-19 savings the overall level of forecast overspend in 2020/21 is £193.49m. This position is detailed in the 2020/21 Period 1 Financial Health report which is elsewhere on this agenda.

- 3.1.8 The scale of the financial pressure being faced by the Council is unprecedented and requires immediate action to be taken to minimise spend and to enable the Council's financial position to remain within the available resources. The report to May's Executive Board recognised that support received to date from the Government is insufficient to deal with the identified projected overspend and, that if further Government support is not forthcoming, the Council would need to implement a number of measures including an emergency budget in the Summer. The Council has implemented a number of management measures to start to mitigate this position and these are as follows.

3.2 Short Term Immediate Management Measures

- 3.2.1 **Implementation of a recruitment freeze** for all services except those in accordance with the HR guidance which includes statutory services (essential), health and safety obligations, cost prevention and income generating posts. Releases will be approved by the relevant Director / Chief Officer and opportunities to redeploy staff into vacant roles must be considered.

- 3.2.2 **Implement restrictions on the utilisation of agency and overtime** and will only be permitted in line with the principles of the recruitment freeze.
- 3.2.3 **Implementation** of an immediate freeze on non-essential spend with the exception of spend needed to keep a service running and for health and safety purposes.
- 3.2.4 **Review the current procurement strategy** to see whether the commissioning of contracts can be stopped, slipped into future years or re-specified at a lower value to achieve savings.
- 3.2.5 **Identify and capture any savings resulting from the current lockdown**, e.g. expenditure savings resulting from a building being closed, a service not being delivered or associated with travel or training.
- 3.2.6 With regard to **savings** that have been identified for 2021/22, determine whether any of these can be **brought forward** into 2020/21.
- 3.2.7 Actively **promote the Council's ELI scheme** across all services and, where a business cases exists, allow staff to exit the Authority.
- 3.2.8 A number of **service review** areas across all Directorates have been identified and, whilst these reviews are focused on the identification of budget savings options that will contribute towards addressing the reported estimated budget gap for 2021/22, any part year effect of these will contribute towards reducing the forecast projected variation in 2020/21.
- 3.2.9 Similarly there are a number of **cross cutting initiatives**, such as the administration review, digital and automation, which are anticipated to contribute towards reducing the budget gap in 2021/22. Each of these areas are at different stages of review but, where proposals exist that will realise savings, resources should be focused upon delivering these in 2020/21.
- 3.2.10 **At the 31st March 2020** the Council had £30.1m in earmarked reserves and £31.5m in General Balances. Leeds City Council has had a strategy of keeping reserves at a low level to protect front line services and therefore the Council is not in a position to mitigate the impact of COVID 19 by using these reserves Given that there are insufficient reserves to deal with the in-year financial pressures resulting from the COVID-19 and, if in the professional opinion of the Chief Officer - Financial Services the actions proposed in this report are insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services following the Emergency Budget in the summer, then a Section 114 report would be issued.

3.3 Section 151 Responsibilities

- 3.3.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and the Chief Officer - Financial Services has responsibility for these arrangements.
- 3.3.2 If in undertaking this statutory role it is clear that the Council cannot deliver a balanced budget position in 2020/21 then it is incumbent on the Section 151 Officer under the Local Government Finance Act 1988, Section 114 (3) to "make a report under this section if it appears....that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".
- 3.3.3 A Section 114 report would be issued after consultation with the Senior Management Team, this Executive Board and External Audit. The timing of the announcement would be such that it would allow for the implementation of specific actions, e.g. no new expenditure that is not of a statutory minimum requirement, which would contribute towards improving the Council's financial position.

3.3.4 Before the Section 114 report was issued the Section 151 Officer would also ensure that all Scrutiny Chairs, the Chair of Corporate Governance and Audit, and the opposition Leaders were informed and kept updated on the position.

3.3.5 Under S115 of the Local Government Finance Act 1988 Councillors have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting and before the consideration of an emergency budget.

3.4 Revenue Budget 2021/22

3.4.1 The 2020/21 Revenue Budget and Council Tax report that was received at both Executive Board and Full Council in February included an update in respect of the Revenue Budget for 2021/22 and 2022/23. The position reported detailed estimated budget gaps of £52.2m and £31.7m in 2021/22 and 2022/23 respectively.

3.4.2 In the determination of the respective budget positions for 2021/22 and 2022/23 the February report highlighted a number of uncertainties with regard to the;

- Government's spending review in 2020,
- future levels of Council tax increases,
- impact of the Government's proposed move to 75% Business Rate retention,
- impact of the any Business Rates reset and
- outcome of the Government's Fair Funding Review.

3.4.3 In addition it was outlined that the Government's intentions regarding the future funding of Social Care remained unclear. Since the February Revenue Budget and Council Tax report was produced the Government have subsequently announced, as a result of COVID-19 pandemic, that 75% Business Rate retention, a Business Rates reset and the implementation of the Fair Funding review have been delayed until 2022.

3.4.4 The impact of the COVID-19 pandemic upon the UK economy is still emerging but the Office of Budget Responsibility (OBR) has projected that there will be a £298.4bn budget deficit for 2020/21, which is a significant increase from the £55bn forecast in the Chancellor's budget speech in March. In addition the OBR has forecast that GDP will reduce by 12.8% during 2020 and that the unemployment rate will rise to 7.3% during the same period. The economic impact of COVID-19 will not be confined to 2020/21 alone and its ongoing economic impact, combined with Government's response to it, will influence future public spending reviews and the level of resources available for local authorities.

3.4.5 As identified in 3.4.1 above a £52.2m estimated budget gap for 2021/22 was reported to February's Executive Board and Full Council. As referenced in 3.1.7 above the shortfall in the Collection Fund caused by a projected variation in the level of Business Rates and Council Tax collected in 2020/21 will reduce the level of resources available to the Authority in 2021/22. Since this shortfall in the Collection Fund is as a result of reductions in Business Rates and Council Tax collection that are projected to occur in 2020/21, it is assumed that this variation will be addressed through the receipt of additional Government assistance as detailed in paragraphs 3.1.1 and 3.2 above and therefore will not impact upon the level of resources available to support the 2021/22 revenue budget.

3.4.6 However with regard to the 2021/22 budget, consideration does still need to be given to the impact of COVID-19 upon the respective bases for both Business Rates and Council Tax. In respect of Business Rates the Council will need to reflect any reduction in the Rateable Value of business properties in the city in its

budget calculations for 2021/22, with a consequent reduction in budgeted business rates income receivable. This is expected to impact on the cumulative growth assumptions in the current Medium Term Financial Strategy (£10.9m in 2020/21) but could also result in the Council having to budget at a level below the baseline funding level Government currently assumes – the level of business rates income Government has assessed the Council to need to provide its services. Here Government would be expected to meet any shortfall in income below the safety net of 92.5% of baseline funding but under existing arrangements the Council would have to manage any shortfall in Business Rates receivable up to the safety net (£11.9m in 2020/21). As a result of the above the 2021/22 projection assumes a shortfall of £22.8m in the level of Business Rates receivable.

Annual growth in the Council Tax base has been assumed in the current Medium Term Financial Strategy. However it is assumed that increased unemployment will lead to increased numbers of CTS (Council Tax support) claimants which has the effect of reducing the base for Council Tax and consequentially the budgeted level of income receivable. As the economy settles, collection rates are likely to recover to some extent but an increase in CTS claimants may impact on overall collection as collection rates are generally lower for these tax payers. Initial estimates indicate that the number of CTS claimants will increase by 5,000 by 2021/22 and this reduces by £4m the level of collectible income from Council Tax.

Whilst we do not yet know the extent to which the Council's income from business rates and council tax will reduce, these are important sources of income for the Authority making up 95% of the Net Revenue Budget in 2020/21. Government currently takes account of levels of business rates and council tax income when calculating how much Revenue Support Grant an authority will require to provide services. Given the potential scale of losses nationally it is certainly possible that Government will have to take some action to provide additional financial support to authorities in this respect, but it is not yet known whether this will be the case or what form such measures might take.

- 3.4.7 The financial assumptions with regard to the expenditure, income and savings options which resulted in the reported budget gap of £52.2m for 2021/22 has been reviewed. As a result of this review the forecast gap has increased by £7.5m to £59.7m.
- 3.4.8 This variation is largely due to a combination of revised assumptions in respect of demographic pressures within social care (£0.7m); income variations of £0.5m largely relating to local land charges and apprentice levy income; revised assumptions (£3m) in respect of savings proposals; revised grant assumptions of £0.3m; updated assumptions about the use of earmarked reserves and: £1.5m of other variations that includes additional building maintenance expenditure and flood alleviation costs.
- 3.4.9 In respect of the ongoing financial impact of COVID-19 upon both expenditure and income receivable it is assumed that there will continue to be a scarring effect and this will impact upon the Council's 2021/22 budget as the UK economy starts its recovery from the impact of the COVID-19 pandemic. Therefore projecting the impact of COVID-19 upon expenditure and income in 2021/22 will result in a variation from current budgeted assumptions of £31.1m.
- 3.4.10 As a result of the revisions to financial assumptions which are detailed in the paragraphs above the estimated budget gap for 2021/22 has increased from £52.2m to £178.8m including the Collection Fund Deficit brought forward. Assuming

this deficit will be offset by options identified in this report the funding gap reduces to £117.8m. This movement is summarised in Table 2.

Table 2	£m
Budget Report 2020/21	52.2
Revised Pressures: Review May 2020	
Commissioned Services	(0.2)
Demand and Demography	0.7
Income Pressures	0.5
Other	1.5
	2.5
Revised Savings	3.0
Changes to Funding	
Grants	0.3
Reserves	1.7
Revised Gap before COVID Impact	59.7
Increased Expenditure 21/22 - COVID	6.9
Loss of Income 21/22 - COVID	24.3
Collection Fund Deficit Brought Forward from 20/21	60.9
Estimated Budgeted Loss of Council Tax Income 21/22	4.1
Estimated Budgeted Loss of Business Rates Income 21/22	22.8
	178.8
Collection Fund Deficit Offset By Options Identified in Report	(60.9)
Revised Gap 2021/22 with COVID Impact	117.8

- 3.4.11 A Medium Term Financial Strategy report covering the period 2021/22 – 2025/26 is timetabled to be received at this Board in September. This report will incorporate updated assumptions with regard to the impact of COVID-19 on expenditure and income as well as an updated estimate on Business Rates and Council Tax collection in 2021/22.
- 3.4.12 Work is being undertaken on a series of cross cutting initiatives which will contribute towards reducing this estimated budget gap. Specifically these review areas include a review of mail and print Council wide, further reductions in the cost associated with the Council's property portfolio though additional Changing the Workplace initiatives, reducing the wage bill through reviewing our practices and more informed workforce planning and resourcing, and further digitalisation, automation and transformation of some of our core business processes.
- 3.4.13 In addition the Council has embarked on a series of service reviews which will contribute significantly towards closing the estimated budget gap in 2021/22. For a number of years there have been exercises to highlight areas for service reviews which have provided data and information for consideration. To ensure we do not lose this good work and to build on the intelligence gained a number of service reviews are proposed to be undertaken by Directorate.
- 3.4.14 An initial list of service review areas has been developed from previous work undertaken and a 'Rapid Support Review Team' will be formed to undertake the

review around each service area. This will include the area expert from the service under review, external supplier support and Council support functions (Finance, HR, IT Performance etc.).

- 3.4.15 Starting from mid-June the reviews will take place over a four week period and the outcomes from these will be incorporated into the updated Medium Term Financial Strategy Report timetabled to be considered by this Board in September.

3.5 Impact of the financial projections for 2020/21 and 2021/22 upon employees

- 3.5.1 Staffing is the most significant cost to the Council. In addition to the measures already in place around restrictions on recruitment and the use of agency and overtime, further reductions in workforce related costs is an area that can be considered to further contribute to the mitigation of the current financial deficit. It is anticipated that there will be a variety of workforce implications resulting from the agreed service reviews that may contribute to the reduction of staffing costs. All proposals will need to be fully explored, risk assessed and considered in line with our statutory duties to ensure full and transparent consultation with Trade Unions is undertaken. There is an established framework in place led by HR that can be used to support this process.
- 3.5.2 In the context of potential future staffing reductions that will be required to meet the identified budget gaps in both 2020/21 and 2021/22 it is the Council's intention to issue an updated S188 notice in June 2020. The notice sets out our intention to collectively consult with the Trade Unions to seek to avoid, reduce or mitigate the potential impact on the workforce as a consequences of the current funding gap.

3.6 Housing Revenue Account

- 3.6.1 As with General Fund services the HRA has been impacted upon by COVID-19 in 2020/21. In respect of the return that was made to MHCLG an initial rent income shortfall of £2m was projected although as the financial year progresses this projection will be revised to reflect actual collection rates.
- 3.6.2 There will also be an ongoing impact of COVID-19 in 2020/21. Specifically income collected will reduce with increasing numbers of people cancelling direct debits. This will be reflected as an increase in tenant arrears as the rent is still owed to the Council. The likely impact on the HRA will be a requirement to provide for an increase in the provision for doubtful debts to provide for any debts that may ultimately be irrecoverable.
- 3.6.3 In addition with regard to 2021/22 and future years it is assumed that that rent levels will increase by CPI+1% which is consistent with the Government's current rent formula. Since CPI is likely to be below these budgeted assumptions this will mean that future rent increases will be less than assumed with the resultant reduction in resources available within the HRA.
- 3.6.4 In respect of fee income receivable from Right to Buy (RtB) sales this is anticipated to reduce. Sales in 20/21 are already lower and there is the likelihood that potential sales will be lower in 2021/22 if the economy doesn't pick up. In addition to the loss of fee income, a reduction in the level of retained capital receipts resulting from a reduction in RtBs will have implications for the level of resources available to fund the current HRA capital programme.
- 3.6.5 An updated Housing Revenue Account Medium Term Financial Strategy will be reported to this Board in September.

3.7 Capital Programme update

- 3.7.1 Work is underway to review the capital programme to understand whether the priorities agreed in February are still appropriate given the impact of Covid-19. The process needs to be considered in the context of the Council's financial position, therefore whilst the review of the capital programmes takes place all non-essential capital spend will be placed on hold with the exception for essential health and safety works, Covid-19 related spend and Externally/Part (where funding agreements are in place) funded schemes.
- 3.7.2 All schemes are currently being assessed to establish whether they are progressing as normal or the extent to which they have been affected by COVID-19, i.e. have they stalled or are they continuing with delays anticipated. It will also assess the acceleration of some programmes. Once this base line information has been gathered directorates will be asked to review scheme priorities and also to consider whether there are any additional COVID-19 related capital requirements.
- 3.7.3 These priorities are likely to focus upon Health and Safety, Statutory Requirements which will be developed at minimum cost to meet this requirement, Fully/part (where funding agreements are in place) funded from external sources, income protection and future cost savings.
- 3.7.4 An assessment of the impact of the Council's priorities climate change, health and wellbeing and inclusive growth will also form part of the review.
- 3.7.5 Re-prioritise Directorate capital programmes will be subject to a peer challenge, which was integral to setting the current capital programme, with outcomes reported to the Council's Strategic Investment Board for discussion and agreement. This process will consider whether re-prioritised schemes are affordable within the current year and MTFS. The results of the review will be taken to July's Executive board as part of the Capital Programme Quarter 1 update report and will incorporate further discussion and member engagement.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Following Executive Board's approval of the Initial Budget Proposals for 2020/21 in January a public budget consultation exercise ran between 7th and 28th January 2020. The outcome of this exercise was incorporated into the 2020/21 Revenue Budget and Council Tax report approved at Council in February 2020.
- 4.1.2 Where appropriate, implementation of any decision in respect of the financial options either contained in or resulting from this report will be subject to a separate consultation and engagement exercise.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Equality Act 2010 requires the Council to have "due regard" to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay "due regard" be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show due regard.

- 4.2.2 The Council is fully committed to ensuring that equality and diversity are given proper consideration when we develop policies and make decisions. In order to achieve this, the Council has an agreed process in place and has particularly promoted the importance of the process when taking forward key policy or budgetary changes. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.
- 4.2.3 Where appropriate, equality impact assessments will be carried out prior to the implementation of any of the financial options either contained in or resulting from this report.

4.3 Council policies and the Best Council Plan

- 4.3.1 The Best Council Plan sets out the Council's ambitions and priorities. The current plan is therefore aligned with both the Council's Medium Term Financial Strategy and its annual budget.
- 4.3.2 Since the impact of COVID-19 challenges the financial sustainability of the Council it is imperative that the financial options contained in this report are considered in order that Best Council priorities can be delivered within a robust financial framework.

Climate Emergency

- 4.3.3 There are no specific implications for the climate emergency resulting from this report.

4.4 Resources, procurement and value for money

- 4.4.1 All resources, procurement and value for money implications are considered in the summary and main body of the report.

4.5 Legal implications, access to information, and call-in

- 4.5.1 Where appropriate any decisions with regard to the implementation of the financial options contained in this report or resulting from the subsequent identification of savings options will be subject to specific decision-making processes in which the legal implications, access to information and call-in will be considered in accordance with the Council's decision making framework. This includes compliance with the legal requirements around managing staffing reductions.

4.6 Risk management

- 4.6.1 Even without the identified impact of COVID-19, the approved 2020/21 revenue budget contains a number of inherent risks which include the requirement to implement budget action plans, budgets which are subject to fluctuating demand and demographic pressures and key income budgets that rely upon the number of users of a service. In addition the approved budget makes assumptions in respect of the level of resources that are receivable through council tax, business rates and government grants. Any variations from these budgeted assumptions has implications for the level of resources available to the Council.
- 4.6.2 The financial position detailed in Table 1 makes a number of assumptions in respect of the impact of COVID-19 upon both income, expenditure and collection

rates in respect of both Business Rates and Council Tax. Any variation in these assumptions impacts upon the level of resources available in 2021/22. These assumptions will be subject to review through the financial management, monitoring and reporting processes that the Council has in place.

- 4.6.3 In respect of 2021/22 there remain uncertainties with regard to the impact of the postponed Government spending review, business rates reform and Fair Funding and also the Government's intentions for the future funding of Social Care which still remain unclear.
- 4.6.4 In addition in 2021/22 COVID-19 will continue to have an impact upon both income and expenditure assumptions as well as the levels of Business Rates and Council Tax that can be collected. Whilst assumptions have been made in the determination of the projected position for 2021/22 provided in this report, these will change as more information becomes available and this will have implications for the level of resources available to fund the services that the Council provides.

5. Conclusions

- 5.1 The impact of Coronavirus COVID-19 upon the Council's 2020/21 revenue budget is currently projected to result in an overspend of £201m. However this position contains a pre-COVID pressure of £2.524m within the Children and Families Directorate and £0.845m which relates to timing differences between the production of the MHCLG return and the Financial Health reports. As a result of these adjustments the overall level of COVID-19 overspend reduces to £197.6m. This position is partially offset by the receipt of two tranches of grant support from Government (£41.109m) which reduces the deficit to £156.521m. Of this variation £60.9m related to the impact of a projected reduction in Council Tax (£38.1m) and Business Rates (£22.8m) and this will impact upon the Collection Fund in 2021/22. As a result of this the in-year deficit for 2020/21 is £95.589m.
- 5.2 Since further financial support to local authorities has yet to be announced a number of asks will be made of Government which, if agreed, would address the projected overspend for 2020/21 detailed in this report. If further support is not forthcoming from the Government and in the professional opinion of the Chief Officer-Financial Services they consider that the further proposed actions that can be taken by the Council are insufficient to reduce the Council's cost base to enable there to be sufficient resources available to fund services, then a Section 114 report would need to be issued.
- 5.3 There remains a risk that the projected overspend could increase as the financial implications of COVID-19 are revised as more information becomes available. An updated financial position will continue to be reported to this Board through the Financial Health reports and in the returns to MHCLG. Any increase in the financial impact of COVID-19 on the Council's financial position increases the requirement for both further Government financial support and the implementation of the financial options available to the Council to reduce the financial deficit.
- 5.4 Largely as a result of the impact of COVID-19 upon taxation and income sources the estimated budget gap for 2021/22 has increased to £117.8m. To address this financial position work has commenced on a series of cross cutting and service reviews, the outcome of which will be incorporated into an updated Medium Term Financial Strategy report which is timetabled to be received at this Board in September.

6. Recommendations

- 6.1 Executive Board are recommended to note the position outlined in this paper by the Chief Officer - Financial Services concerning Leeds City Council's financial position as a consequence of the COVID-19 pandemic.
- 6.2 Executive Board are requested to note that the Government have been written to asking for further financial assistance.
- 6.3 Executive Board are asked to note that if further assistance from the Government is not forthcoming or is insufficient to address the scale of financial overspend detailed in this report, an Emergency Budget would be considered by Full Council in the Summer.
- 6.4 Executive Board are asked to note that if the actions that the Council can take are in the professional opinion of the Chief Officer - Financial Services insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services, then a Section 114 report would be issued
- 6.5 Executive Board are asked to note the revised estimated budget gap for 2021/22 and the actions being taken to address this position.
- 6.6 Executive Board are asked to note that an updated Medium Term Financial Strategy is to be brought to Executive Board in September which will provide an update on financial position covering the period 2021/22 – 2025/26.

7. Background documents¹

None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Report of the Chief Officer Financial Services

Report to Executive Board

Date: 20th July 2020

Subject: Financial Health Monitoring 2020/21 – Month 2

Are specific electoral wards affected? If relevant, name(s) of ward(s):	☐ Yes	☒ No
Has consultation been carried out?	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Will the decision be open for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes	☒ No

Summary

1. Main issues

- The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of both the General Fund revenue budget and the Housing Revenue Account for the first quarter of the financial year.
- The Council to date has managed to achieve considerable savings since 2010 and the budget for 2020/21 requires the Council to deliver a further £28.4m of savings.
- The current and future financial climate for local government represents a significant risk to the Council’s priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
- This is the second budget monitoring report of the year, and Executive Board will recall that the 2020/21 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £28.4m of budget action plans by March 2021. At this early stage of the financial year, it is clear that COVID-19 has impacted on the delivery of some of these actions.

- In addition the Council continues to incur additional expenditure and to lose income across services as a consequence of COVID-19. As a result Directorate dashboards highlight a potential COVID-19 related overspend of £124.1m. This is offset by projected non-COVID net savings of £4.3m resulting in a Directorate overspend of £119.8m.
- The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected COVID overspend of £173.4m at Month 2. Once offset by the projected non-COVID net savings of £4.3m this results in an overall overspend of £169.1m.
- This £169.1m position is an improvement of £24.4m when compared to Month 1. This mainly reflects a reduction of £24.2m in the COVID financial reported to this Board in June. There has been a £4.9m reduction in COVID-19 pressures projected by directorates and a £19.3m reduction in the projected losses of council tax and business rates income as more data becomes available.
- To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. The position assumes that the estimated Collection Fund income shortfall of £41.6m would impact on the revenue position in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.
- On 2nd July Government announced a further package of financial support for Local Government. No funding allocations have been confirmed as yet. Initial estimates indicate that additional funding in the region of £25.8m may be receivable for 2020/21, which would reduce this gap to £64.9m.
- At Month 2, the Housing Revenue Account is projecting a balanced budget position.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

3. Resource Implications

- The projected overspend largely relates to COVID-19 pressures of £173.4m. However, at Month 2 there are also projected underspends not relating to COVID-19 across a number of directorates totalling £4.3m. At Month 2 an overall overspend of £169.1m is projected against the approved 2020/21 budget, before application of any additional funding announced on the 2nd July.

Recommendations

Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 2 and note the projected impact of COVID-19 on that position.

- b) Note that a further package of financial support for Local Government has been announced, with funding allocations yet to be confirmed.
- c) Note that, although this additional funding is welcome, the remaining gap will still require significant savings and further support from Central Government.

1. Purpose of this report

- 1.1. This report sets out for the Executive Board the Council's projected financial health position for 2020/21 at Month 2.
- 1.2. Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first month of the year.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.5m. The 2020/21 budget assumes further use of £9.0m from this reserve during the current financial year. It is anticipated that general fund balances will be added to in year but in light of the potential impact of COVID-19 on capital receipts this position will be kept under review.
- 2.3 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.
- 2.4 Looking beyond 2020/21, a full update of the Medium Term Financial Strategy is timetabled to be received by this Board in September 2020.

3. Main Issues

- 3.1 At Month 2 a COVID related overspend of £173.4m is projected. This is offset by projected non-COVID net savings of £4.3m, resulting in an overall overspend position of £169.1m.
- 3.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that the estimated Collection Fund income shortfall of £41.6m would impact on revenue in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.

Table 1

Summary Position at Month 2 - Financial Year 2020/21

Directorate	Director	(Under) / Over spend for the current period				COVID related	Non-COVID related	Previous month's Total	COVID related	Non-COVID related
		Staffing	Total Expenditure	Income	Total (under) /overspend					
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults & Health	Cath Roff	583	7,677	1,134	8,811	8,811	0	8,730	8,730	0
Children and Families	Sal Tariq	1,458	5,267	3,834	9,101	9,101	0	10,002	10,002	0
City Development	Martin Farrington	(4,811)	(7,389)	28,939	21,550	23,475	(1,925)	21,660	23,570	(1,910)
Resources & Housing	Neil Evans	1,505	13,292	12,521	25,813	26,571	(758)	32,366	32,615	(249)
Communities & Environment	James Rogers	2,371	6,676	20,026	26,702	28,176	(1,474)	24,180	26,126	(1,946)
Strategic	Victoria Bradshaw	(83)	98,882	(71,091)	27,791	27,993	(202)	27,959	27,993	(34)
Total Current Month (Dashboards)		1,022	124,404	(4,637)	119,768	124,127	(4,359)	124,897	129,036	(4,139)
Capitalised Staffing					7,663	7,663		7,663	7,663	
Council Tax & Business Rates Losses					41,620	41,620		60,935	60,935	
					169,051	173,410	(4,359)	193,494	197,633	(4,139)
Previous month (under)/over spend		3,441	56,772	68,125	193,494					

3.3 The major variations are outlined below, with additional detail provided on the Directorate dashboards which are appended to this report;

3.3.1 **Adults & Health** – though early in the financial year the directorate is projected to overspend its budget by £8.8m. However, it should be noted that this position is entirely related to COVID-19 caused pressures.

The pressure is related to a number of actions taken by the directorate in light of the pandemic and the resultant impact of those changing priorities on delivering a number of budgeted savings plans. It is currently projected that £1.5m of savings plans will not be delivered this financial year; though it is assumed that once a return to 'normal' is achieved the work needed to deliver these plans will resumed, but there will be slippage in the delivery.

COVID related pressures that make up the remaining £7.3m pressure are the £0.6m of anticipated pressure of the additional pay award; additional care packages to meet the needs of people affected by day centre closures (£0.5m) and 'paying to plan' on home care (£0.5m). £4.5m has been committed to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market a 10% fee, based on historic payments, has been provided for to be paid to providers in each of the first three months of the year. £0.4m has been incurred to fund PPE and equipment to facilitate early discharge. The NNDR attached to the Waterside building has been allocated as a Covid-19 cost due to its use as a temporary mortuary. Income is also affected with a pressure caused by the cessation of face to face financial assessments and the delay in the commencement of the dementia beds scheme which was partly funded by the CCG has placed a further £0.2m pressure on the Council.

It should be noted that there are potential non-COVID-19 pressures that have arisen in-year, notably slippage in CCG funding and the impact of the late detail and conditions surrounding the Public Health grant specifically relating to the Agenda for

Change (AfC) programme. The directorate are actively working on resolving these pressures therefore these are noted but not reflected in the figures above.

3.3.2 Children and Families – As detailed on the appended dashboard, the current year-end forecast for the Children and Families directorate is an overspend of £9.1m, all of which is attributable to COVID-19. This position includes both expenditure and loss of income directly attributable to COVID-19 (£7.7m), as well as assumed budget actions that the Directorate is unable to address at this stage due to the current situation. These total £1.4m and relate to projected non-achievement of children's centre income and other staffing pressures, including £0.7m for the increased pay award proposals.

The £7.7m of pressures directly attributable to COVID are:

	£m
• Workforce pressures – predominantly LCC run homes	0.42
• Residential Care costs	2.17
• Care Leavers Service	0.25
• Section 17 payments	0.31
• IT costs	0.35
• Loss of income including Schools trading and Children's Centre fees	4.54
• Travel savings	(0.35)

The projections assume delivery of proposals put forward to address £2.52m of pressures arising from existing CLA numbers and the late notification of a reduction in Troubled Families grant income, details of which were provided by Children and Families in the June report to Executive Board. The proposals outline £1.14m of savings related to CLA and also propose savings against other budget areas to offset the remaining pressures of £1.38m. It is however likely that there will be an increase in CLA numbers later in the year as a consequence of COVID-19. In line with projections at Month 1 it is estimated that there will be further CLA residential costs of £2.2m during 2020/21 due to COVID.

A further key impact of COVID on the Children and Families budget is on income, and in total a £4.5m pressure has been identified due to expected loss of income from children's centres, school trading, the secure residential unit and school attendance penalty notices. In line with principles laid out by Government, the Council has taken the approach that schools should be charged as normal for disrupted Council services for which they have a regular financial commitment. However there is still some loss of income projected for ad hoc traded services to schools and those paid for through parental contributions, such as music services and activity centres.

At the end of 2019/20 there was a deficit balance of £3.95m on the general Dedicated Schools Grant (DSG). At Month 2 we are projecting a £3.18m overspend on general DSG for 2020/21, which would result in a closing deficit of £7.13m. This is due to a projected overspend of £3.7m on high needs, which is partly offset by a £500k underspend on early years. The early years underspend is due to funding being calculated at a point in the year when the numbers of children are higher than the average over the full year.

The high needs overspend is the result of the increased demand and complexity of special educational needs being faced by many authorities across the country, which is expected to result in an overspend of £3.7m on high needs. Although high needs funding increased nationally for 2020/21, the Department for Education still applied a cap on gains which meant that the allocation for Leeds was subject to a cap of £4.7m. An announcement on funding for 2021/22 is expected during July. In the meantime the Directorate is assessing what actions can be taken at this current time to manage the DSG expenditure within available funding.

3.3.3 City Development – At Month 2 the Directorate is projecting an overspend of £21.5m, a small improvement of £0.1m over the position reported at Month 1. This includes an estimated impact of COVID-19 of £23.5m. The Directorate's financial position has been significantly affected by the current restrictions in place and the subsequent impact on the economy with the vast majority of the overspend resulting from reduced income across a number of services. The full extent of this will not be apparent until later in the year but the projections have been made based on current intelligence. There is still a great deal of uncertainty around some of the income projections and there is a risk that the financial position worsens. The impact on each service area will be regularly reviewed and updated during the year.

The most significant loss in income is in Active Leeds where all facilities are currently closed and the re-opening of facilities is expected to be later in the year on a staggered basis and with reduced capacity. The year-end financial position for Active Leeds is projected to be an overspend of just under £10m.

Other services also facing projected reductions in income include:

- Arts and Heritage - £2.4m following the closure of sites and cancellation of events and more limited scope to generate income for the rest of the year.
- Asset Management and Regeneration - £5.1m from expected reductions in rental and other commercial income
- Planning and Sustainable Development - £1.38m through an estimated reduction in planning and building fee income.
- Markets and City Centre - £1.49m from a reduction in rental and advertising income.
- Highways and Transportation - £1.8m through a reduction in chargeable fees and recovery of overheads mainly in the Highways DLO.

Whilst the impact of COVID-19 on City Development is mostly on income some additional costs are also being incurred. A sum of £0.5m for the year is currently projected across the Directorate. The additional cost of the proposed higher pay award is estimated at £0.37m.

The projected position includes anticipated staff savings of £0.75m on non-chargeable vacant posts net of the additional costs of the higher pay offer. Savings of £0.5m have also been included for reduced spend on general running costs and travel and subsistence.

3.3.4 Resources & Housing – Based on the indicative impact of COVID-19 in the directorate, an overspend of £25.8m is now forecast at Month 2. This is a reduction in excess of £6m from the previous month and reflects an improved forecast of the

impact within LBS and is also due to £1.6m of housing benefit income to help offset the additional accommodation cost in supporting the homeless.

The projections continue to be based on assumptions around the estimated impact on services when lockdown is released and undoubtedly these forecasts will be subject to variation as more intelligence is gathered.

In total £26.6m costs are COVID related. The COVID pressures can be broadly summarised into the following areas across the Directorate's services:-

- Trading deficit within Leeds Building Services (LBS) £10.5m
- Additional PPE (LCC wide) £8.2m
- Homelessness accommodation costs £1.9m
- Catering income & emergency meals £2.0m
- Other income reductions (capital/court fees) £2.3m
- Delays to budget action plans £0.4m
- Other items of expenditure £0.1m
- Non-realisation of savings to fund additional pay award £1.1m

The recruitment freeze and savings in non-essential spend are forecast to deliver around £1.1m of savings to the directorate's bottom line projections.

3.3.5 Communities & Environment - the overall position for the directorate at this early stage of the year is a projected overspend of £26.7m.

Of this, £28.2m relates to the estimated impact of COVID-19 although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. In particular, there is a great deal of uncertainty around income projections in a number of service areas and these will be kept under review throughout the year.

The main areas of variation in respect of COVID-19 are currently estimated as follows:

- Loss of car parking and enforcement income £7.5m
- Loss of Parks & Countryside income £7.7m. This includes income from visitor attractions, bereavement services, chargeable works within Parks Operations and Landscaping teams and the cancellation of planned events.
- Loss of Electoral and Regulatory Services income £1.8m. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire and Environmental Health activities. These income losses are partially offset by £0.3m savings resulting from the cancelled May 2020 local elections.
- Waste Management - additional expenditure £5.8m. This includes the cost of providing additional crews and vehicles to deal with increased volumes of waste, the cost of disposing of the additional waste and the cost of providing staffing cover and PPE equipment across the service as well as income losses at Household Waste sites.
- Welfare & Benefits – additional expenditure £1.2m. This includes the estimated net cost of Housing Benefit claims for rough sleepers and an anticipated additional call on the Local Welfare Support scheme.

- Cost to LCC of providing a temporary mortuary facility £1m - created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield.
- Cost of the local government pay offer £0.7m. This represents an additional 0.75% over the amount budgeted and the COVID-19 situation will impact on the ability to deliver the savings required to mitigate this additional cost.
- Other areas of income loss/additional expenditure across the directorate £2.8m. This includes estimated income losses from community centres, bulky waste collections and from environmental enforcement together with additional costs of providing PPE/Social distancing/cleaning equipment and software/equipment to support home working. It also includes the cost of providing for city wide mailout and other staffing related costs in support of the Council's response to the crisis.

The overall position for the directorate also includes assumptions around other expenditure savings totalling £1.5m. These include estimated savings both from the implementation of tighter controls on recruitment (£0.5m) and on other expenditure budget headings across the directorate (£0.9m).

- 3.3.6 **Strategic & Central Accounts** - At Month 2, the Strategic & Central accounts projection recognises the potential for an overspend of £28.0m in MRP, as a result of a reduced level of capital receipts being available to repay debt, as a consequence of the impact of COVID-19. There is considerable uncertainty over how quickly the property market will recover, and the position will continue to be reviewed and updated.
- 3.3.7 The position also reflects an additional projected £71.0m of S31 grants in relation to business rate reliefs awarded due to the impact of the pandemic. These grants will need to be carried forward in an earmarked reserve, as they are required to fund the 2020/21 Collection Fund deficit which will impact on the revenue position in 2021/22.
- 3.3.8 No other significant variances have been identified at this stage, although as a result of the economic shutdown there are significant risks around income from S278 developer contributions.

3.3.9 Impact of COVID-19

Directorate/Service	£m
Adult Social Care	8.8
Children & Families	9.1
City Development	23.5
Communities & Environment	28.2
Resources & Housing	26.6
Strategic & Central	28.0
Projected Impact 20/21 - directorate dashboards	124.1
Corporate pressures:	
Capitalised Staffing	7.7
Council Tax/Business Rates Income Losses	41.6
Projected Total GF Impact 2020/21	173.4
Less Government Funding	(41.1)
Projected Total GF Impact 2020/21 after Government Funding	132.3
Less Council Tax/Business Rates (impact in 2021/22)	(41.6)
COVID-19 Funding Gap 2020/21	90.7

Directorate dashboards highlight a projected COVID-19 overspend of £124.1m. The addition of corporate COVID pressures in relation to staffing costs which cannot be capitalised as a consequence of the impact of COVID-19 on the capital programme and the projected losses of council tax and business rates income results in a total projected COVID-19 overspend of £173.4m.

3.3.10 The reported £173.4m COVID financial pressure is £24.2m lower than the £197.6m cost of COVID-19 reported to this Board in June. This improvement is due to a £4.9m reduction in COVID-19 pressures projected by directorates and a £19.3m reduction in the projected losses of council tax and business rates income as more data becomes available.

3.3.11 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that Collection Fund income shortfall of £41.6m would impact on revenue in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21, an improvement of £4.9m since the June report to this Board.

3.3.12 In recognition of the financial impact of COVID-19 on the Council's financial position in 2020/21, Executive Board agreed at its 19th May meeting that the Council should write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds, namely that Government:

- underwrite the shortfall in Business Rates resulting from COVID-19;
- compensate the Council for any shortfall against budget regarding the level of Council Tax collected as a result of COVID-19;
- fund 100% of the Local Council Tax Support (LCTS) scheme to protect authorities against loss of council tax income due to an increase in claimants;
- write off PWLB debt held by local authorities or, failing this, reduce interest rates for PWLB debt to the cost to Government;
- underwrite any variation in the level of income receivable from fees and charges that have been impacted by COVID-19.

3.3.13 The report to May's Executive Board recognised that if further Government support is not forthcoming, the Council would need to implement a number of measures including an emergency budget in the Summer. The Council has implemented some immediate management measures to start to mitigate the financial position:

- Implementation of a recruitment freeze;
- Restrictions on utilisation of agency and overtime;
- Implementation of an immediate freeze on non-essential spend;
- Review the current procurement strategy to see whether commissioning can be stopped, slipped or re-specified at a lower value to achieve savings;
- Capture of savings resulting from the current lockdown;
- Active promotion of the Council's ELI scheme, allowing staff to exit the Authority where a business cases exists.

3.3.14 Additionally, Service Review areas have been identified across all Directorates to identify budget savings options to contribute towards addressing the reported estimated budget gap for 2021/22. Similarly, there are a number of cross cutting initiatives which are anticipated to contribute towards reducing the budget gap in

2021/22. These reviews may contribute towards reducing the forecast projected variation in 2020/21 where savings can be realised early enough.

3.3.15 If the Chief Officer – Financial Services, in undertaking their statutory S151 role, considers that in their professional opinion it is clear that the Council cannot deliver a balanced budget position in 2020/21 then it is incumbent on them under the Local Government Finance Act 1988, Section 114 (3) to “make a report under this section if it appears....that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.

3.3.16 A Section 114 report would be issued after consultation with the Senior Management Team, this Executive Board and External Audit. Under S115 of the Local Government Finance Act 1988 Councillors would then have 21 days from the issue of a Section 114 report to discuss the implications at a Full Council meeting and before the consideration of an emergency budget.

3.3.17 More detail regarding the Section 114 process and options to address the financial impact of COVID-19 can be found in the report “Impact of Coronavirus COVID-19 upon Leeds City Council’s 2020/21 Financial position and update on the forecast budget position for 2021/22”, received by the June meeting of this Board.

3.4 COVID-19 Additional Funding Package announced 2nd July 2020

3.4.1 On 2nd July 2020 Robert Jenrick, the Secretary of State for Housing, Communities and Local Government, announced a further package of financial support for local government. This included:

- A further £500 million of funding to cover local authority spending pressures;
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income;
- Phased repayment of Collection Fund deficits over the next three years;
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

3.4.2 The table below shows the estimated impact of these announcements on the 2020/21 funding gap outlined in paragraph 3.3.

	£m	
Total COVID Impact (July EB)	173.408	
Less Grant Already Received	<u>(41.109)</u>	
	132.299	
Less Collection Fund Deficit (impact in 2021/22)	<u>(41.620)</u>	
Funding Gap 2020/21 (July EB)	<u>90.679</u>	
Funding Announcements 2.7.20		
Additional Funding: Spending Pressures	(6.833)	Estimated share of £500m national funding
Additional Funding: Sales Fees & Charges Losses	(18.934)	Government to fund 75p/£ (excluding first 5%)
Revised Funding Gap 2020/21	<u>64.912</u>	

3.4.3 Allocation details are awaited regarding the additional national funding of £500m. The table assumes an apportionment based on population as used for the second tranche of COVID-19 funding. We have also estimated the amount of funding

receivable for irrecoverable Sales, Fees and Charges, based on the budget information submitted to MHCLG in May 2020.

- 3.4.4 Whilst this additional financial support is welcomed, it is currently not sufficient to meet the Council's full financial needs in 2020/21. As such the Council will need to continue to deliver savings measures discussed in paragraph 3.12 above and requires further support from Government to enable a balanced budget to be achieved in 2020/21..

3.5 Other Financial Performance

3.5.1 Council Tax

The Council Tax in-year collection rate at the end of May is 18.69% which is 0.53% lower than performance for the same period last year. This lower collection rate will in part reflect agreed payment deferrals, currently to the end of June. When setting the 2020/21 budget the target collection rate for the year was assumed to be 96.11%, in line with previous years. If the forecast is achieved this would collect some £378.7m of income. However, in light of the potential impact of COVID-19, the collection rate will continue to be closely monitored.

3.5.2 Business Rates

The budgeted collection rate for business rates is to achieve an in-year collection target of 97.7%, collecting £363.2m of business rates income billed at 1st April. However, the Board will be aware that in response to the COVID-19 pandemic Government awarded significant additional business rates reliefs, reducing the income to be collected from business to £238.1m. These reliefs will be funded in full by Government through Section 31 grants. Whilst this reduces the risk to the authority regarding non-collection of business rates income, the business rates collection rate at the end of May was 21.29% which is 2.32% behind performance in 2019/20. As with Council Tax, this lower collection rate will in part reflect agreement to defer payments.

The total rateable value of business properties in Leeds has reduced from £935.3m at 1st April 2020 to £933.9m at the end of May 2020, a decrease of £1.4m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (49.9p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (49%), Central Government (50%) and West Yorkshire Fire Authority (1%). After allowing for the business rates deficit brought forward, Leeds' actual share of business rates income is currently in the region of £101.4m, which is £82.2m below budgeted expectations. However much of this shortfall is accounted for by the Government's introduction of new extended reliefs for the retail and leisure sectors and children's nurseries. This results in grant funding associated with business rates some £71.7m above that forecast in the Council's budget.

In light of the current situation we expect to see losses of business rates income through non-payment and reduction in rateable value where businesses may cease to trade or revise their business model to reduce business rates and other costs. Business rates income continues to be closely monitored and reported to the Board in these monthly financial health reports.

3.5.3 Business Rates Appeals

The opening appeals provisions for 2020/21 are £27.8m, made up of £10.6m relating to appeals received against the 2010 ratings list and £17.2m estimated costs in relation to the 2017 ratings list. Under the 50% Business Rates Retention pilot, Leeds' budget is affected by 49% of any appeals provision made in this year. Provisions brought forward from 2019/20 were made at 74%.

On the 31st March, there were 1,107 appeals outstanding against the 2010 ratings list. During April and May 5 appeals have been settled, of which 2 have not resulted in changes to rateable values. 0 new appeals were received in April and May. At 31st May there are 1,102 outstanding appeals in Leeds, with 10.5% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

Only 2 appeals have been received to date against the 2017 list, with only 1.0% of the city's total number of hereditaments and 4.6% of its total Rateable Value in the 2017 list currently subject to either an appeal or a 'check' or 'challenge', the pre-appeal stages of the appeals process introduced in 2017. We will continue to monitor the level of appeals provisions as we go forward.

3.5.4 Impact of COVID-19 on the Collection Fund

It is still very early in the year to estimate the ultimate impact of COVID-19 on council tax and business rates income. The Council has, however reported to MHCLG projected losses of £41.6m in total: £18.8m in council tax and £22.8 in business rates. These estimates will continue to be refined as more data becomes available. Any Collection Fund income shortfall in 2020/21 would normally impact on the Council's financial position in 2021/22. However, as detailed in paragraph 3.4, one of the measures announced by Government on 2nd July is to allow phased repayment of Collection Fund deficits over three years, spreading the revenue impact. The detailed application of this measure is not yet known.

Further the announcement indicated that Government would also consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government, with details to be determined at the 2020 Spending Review.

4. Housing Revenue Account (HRA)

- 4.1 At the end of Month 2 the HRA is projecting a balanced position against the 2020/21 budget.

There is a forecast reduction in total income of £3.7m. Rental income is forecast to be £1m lower, mainly due to a temporary increase in the number of void properties due to COVID-19. £2.0m of income is impacted by forecast lower staff charges to capital from vacant posts and also due to the reduced capital programme for 2020-21. A small reduction in commercial rent income of £0.1m is also projected. A reduction in the number of Right to Buys during the pandemic is estimated to cost £0.2m in RtB fees.

Additionally, and as a consequence of an increase in tenant arrears in the last two

months, it is prudent to project an increase in the provision for doubtful debts of £0.5m.

Staffing costs are forecast to underspend by around £1.5m, with the recruitment freeze being the main reason for this.

With respect to the repairs budget, responsive repairs has been delivering 'Essential Services' only during lockdown, however the demand for repairs has not gone away. As such, there is a significant backlog of repairs with an estimated value of c.£3.9m. Currently the only restriction on spend will be our ability to complete all new and backlog repairs within the financial year. This is under continuous review but is not yet anticipated to yield significant in-year savings. As mobilisation plans are worked up, the cost of repairs can be more accurately forecast. There is no assumption of savings at this stage.

An additional £142k is required to fund works associated with exiting Navigation House as part of the Council's asset rationalisation programme.

Due to COVID, the HRA capital programme for 2020/21 has been revised from £80m to circa £62m based on the ability to deliver the full programme. As a result, the revenue contribution (RCCO) that funds most of the HRA capital programme will not be required at the original budgeted level.

This reduction in RCCO is to be flexed each month to allow the HRA to maintain a balanced position in year despite forecast pressures on income and costs outlined above. Should the RCCO at outturn be higher than the capital programme actually requires this year, then it is currently assumed that this will be transferred to the Major Repairs Reserve for use in future years capital programmes.

5. Corporate Considerations

5.1 Consultation and engagement

5.1.1 This is a factual report and is not subject to consultation.

5.2 Equality and diversity / cohesion and integration

5.2.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 26th February 2020.

5.3 Council policies and the Best Council Plan

5.3.1 The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

5.4 Climate Emergency

- 5.4.1 Since this is a factual report detailing the Council's financial position for 2020/21 there are no specific climate implications.

5.5 Resources, procurement and value for money

- 5.5.1 This is a revenue financial report and as such all resources, procurement and value for money implications are detailed in the main body of the report.

5.6 Legal implications, access to information, and call-in

- 5.6.1 There are no legal implications arising from this report.

5.7 Risk management

- 5.7.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk such as the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget actions plans is in place for 2020/21.

6. Conclusions

- 6.1 This report informs the Executive Board of the Month 2 position for the Authority in respect of the revenue budget which currently projects a COVID-19 related overspend of £173.4m. Once offset by the projected non-COVID net savings of £4.3m this results in an overall overspend of £169.1m.
- 6.2 To date the Council has received £43.7m of Government funding towards the costs of COVID-19, of which £2.6m has been applied in 2019/20. Application of the remaining £41.1m of grant in 2020/21 would reduce the COVID financial pressure to £132.3m. It is assumed that the Collection Fund income shortfall of £41.6m would impact in 2021/22, leaving a COVID funding gap of £90.7m for 2020/21.
- 6.3 In recognition of this, Executive Board agreed at its 19th May meeting that the Council should write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds. The report to May's Executive Board recognised that, if further Government support is not forthcoming, the Council would need to implement a number of measures including an emergency budget in the Summer. As such, the Council has implemented some immediate management measures to start to mitigate the financial position.
- 6.4 On 2nd July Government announced a further package of financial support for Local Government. No funding allocations have been confirmed as yet. Initial estimates indicate that additional funding of £25.8m may be receivable for 2020/21, which would reduce this gap to £64.9m. Given the scale of the funding gap remaining, additional savings measures are still required in year and further support from Government.

6.5 The Housing Revenue Account is projecting a balanced budget position.

7. Recommendations

7.1 Executive Board are asked to:

- a) Note the projected financial position of the authority as at Month 2 and note the projected impact of COVID-19 on that position.
- b) Note that a further package of financial support for Local Government has been announced, with funding allocations yet to be confirmed.
- c) Note that, although this additional funding is welcome, the remaining gap will still require significant savings and further support from Central Government.

8. Background documents¹

8.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

ADULTS AND HEALTH

Financial Dashboard - 2020/21 Financial Year

Month 2 (May 2020)

Though still early in the financial year the directorate is projected to overspend its budget by £8.8m. However, it should be noted that this position is entirely related to C-19 related cost pressures.

The pressure is related to a number of actions taken by the directorate and the impact of the changing priorities on delivering a number of savings plans, to such a degree that it is assumed that £1.5m of these plans will not be delivered in year.

It should be noted that there are several non-C19 pressures that have surfaced already, notably the slippage in CCG funding and the impact of the late detail surrounding the Public Health grant specifically relating to the Agenda for Change (AfC) programme. At this stage the directorate are working on delivering plans to meet these pressures and as such these pressures are noted but not reflected in the figures below.

This report is very high level and only highlights known variances. Detailed reporting is likely to commence at Period 3.

The main variations reported at Period 1 across the key expenditure types are as follows:

Staffing (£0.6m)

The impact of the proposed pay award which is above the budgeted assumptions is shown as C19 pressure as the urgent and necessary reaction to the pandemic has meant that plans to recover this pressure have had to be deferred.

Buildings (£0.1m)

A pressure of £0.1m is shown representing the cost of rates at the recently acquired Waterside building (for the Assisted Living Leeds move) which is now being used as a temporary mortuary.

Community Care Packages (£2.0m)

These pressures are C-19 related and include the cost of additional care packages to meet the needs of people affected by day centre closure (£0.5m), paying to plan on home care (£0.5m) and slippage in a number of savings plans because staff required to deliver these have been redirected to deal with the crisis.

Commissioning (£4.8m)

The pressure is C-19 related and includes £4.5m to meet pressures within the care sector. In line with national guidance to support the pressures within the provider market a 10% fee, based on historic payments, will be paid to providers in each of the first three months of the year. The payments are subject to validation. The directorate has funded 33 organisations with £5k grants to help support their communities. £90k of PPE has been purchased.

General Running Costs (£0.3m)

£0.3m of equipment to facilitate early discharge has been incurred. It is possible this may be recoverable from the NHS funding for early discharge.

Income (£1.1m)

Income is affected by the C-19 pandemic and has impacted upon savings plans for the recovery of income within client contributions and staffing costs. Because of the C-19 pandemic the CCG has delayed the commencement of the dementia beds scheme, as this was jointly funded and the costs are in place this has placed a £0.2m pressure on the Council.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,496	(964)	532	(0)	0	0	0	0	0	0	0	0	(0)	0	0
Social Work & Social Care Services	286,474	(50,294)	236,181	573	81	300	0	0	1,950	0	0	0	2,904	1,084	3,988
Service Transformation	2,360	(369)	1,991	10	0	0	0	0	0	0	0	0	10	0	10
Commissioning Services	23,372	(66,192)	(42,820)	0	(0)	0	0	0	4,755	0	0	0	4,755	50	4,805
Resources and Strategy	6,005	(992)	5,013	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
Public Health (Grant Funded)	45,293	(44,949)	344	(0)	0	8	0	0	0	0	0	0	8	0	8
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	365,001	(163,759)	201,241	583	81	308	0	0	6,705	0	0	0	7,677	1,134	8,811

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
1.	Review of Learning Disabilities	Caroline Baria	slippage on review due to social work priorities being C19 related	R	1.0	0.5
2.	Review of Physical Impairment	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
3.	Review of home care efficiency	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.1	0.1
6.	Enablement Service - improvements in productivity	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.5	0.3
7.	Review billing and collection of assessed client contributions	Steve Hume	slippage on review due to social work priorities being C19 related	R	1.9	0.5
8.	Assistive technology to a city-wide self-pay market	Shona McFarlane	slippage on review due to social work priorities being C19 related	R	0.2	0.1
B. Other Significant Variations						
1.	Staffing	All	pressure re pay award			0.6
2.	Community care packages	Various	C19 costs related to additional packages of care and supporting the care market			5.9
3	General running costs	All	C19 related costs associated with purchasing equipment to facilitate early hospital discharge			0.4
5	Income	All	impact of C19 on financial assessments not being held face to face and delay in the dementia beds facility			0.5
Adults and Health Directorate - Forecast Variation						8.8

CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 2

Overall Summary - At P2 the directorate is reporting a pressure of £9.1m, all of which is attributable to Covid-19. The overspend includes both expenditure and loss of income directly attributable to Covid, as well as assumed budget actions that the Directorate is currently unable to address due to the ongoing situation. The P2 projection is an improvement of £0.9m from the reported position at P1. Although some additional costs are projected due to Covid compared to P1, the expected savings on staffing, along with utilisation of grant funding, have reduced the overall projected overspend.

Children Looked After (CLA): - The budget for 20-21 is £43.8m, an increase of £1.45m from 19-20. The budget supports 1,346 CLA placements; 58 External Residential (ER) and 183 Independent Fostering Agency (IFA). At P11 19-20 an early pressure of £3.8m was identified for 20-21, however due to reductions in ER placements and proposals by the service for savings on both CLA and non-CLA budgets this pressure is projected to be addressed. CLA numbers as at 31st May were 1,331 of which 63 are ER and 205 are IFA. There are however expected to be additional pressures from Covid-19 during the year and these are detailed in the Other Significant Variations section below.

Non CLA Financially supported: - The non-CLA financially supported budget was increased by £1.0m to £13.9m in the 2020/21 budget. Budgeted 20-21 numbers are 913 placements (+46 20-21 -v- 19-20); current numbers are 935 (+22) creating a pressure of £0.386m. There is also a further £0.25m of costs for an increase in the rate of the care leavers allowance due to Covid.

Staffing: - Pay pressures of £1.458m have currently been identified. This is comprised of £0.8m existing pressures in Early Help and Social Care Management, £0.421m additional pay costs directly attributable to Covid, a £0.687m impact of the additional 0.75% pay award offer, offset by £0.35m savings from vacancy control and overtime and £0.1m savings on severance/retirement costs for former teachers.

Transport : - The Passenger Transport expenditure budget has increased compared to 19-20 by £0.465m to £15.2m. At P1 we are assuming a small saving of £0.05m due to the plan to bring in-house the Independent Travel Training contract. However there is a risk that costs on the transport budget may increase later in the year due to Covid as a result of distancing requirements.

Trading and Commissioning : - There is a Children Centres fee income pressure of £0.4m due to assumed budget actions that the directorate is unable to address due to Covid, in addition to losses of income due to Covid for both Children's Centres and trading with schools.

Supplies & Services & Internal Charges:- £0.3m savings in Travel & Subsistence costs have been identified and are reflective of the current home-working arrangements during Q1 20-21.

Other Income / Projects : The projections include a pressure of £0.324m due to the reduction in 20-21 of the Troubled Families Earned Autonomy Grant, which was notified after the budget had been set. In response to the CLA pressures noted above, current income projections assume utilisation of £1.672m of grant funding.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Demand Led Budgets:															
In House placed CLA	21,079	0	21,079	0	0	0	0	0	(204)	0	0	0	(204)	0	(204)
Independent Fostering Agency	7,681	0	7,681	0	0	0	0	0	900	0	0	0	900	0	900
External Residential	12,096	(3,995)	8,101	0	0	0	0	0	2,245	0	0	0	2,245	244	2,489
Other Externally placed CLA	2,967	0	2,967	0	0	0	0	0	(76)	0	0	0	(76)	0	(76)
Non CLA Financially Supported	13,872	(5,610)	8,262	0	0	0	0	0	636	0	0	0	636	0	636
Transport	15,586	(897)	14,689	0	0	(50)	0	0	0	0	0	0	(50)	0	(50)
Sub total Demand Led Budgets	73,282	(10,502)	62,780	0	0	(50)	0	0	3,501	0	0	0	3,451	244	3,695
Other Budgets															
Partnerships & Health	5,101	(1,319)	3,782	0	0	0	0	0	0	0	0	0	0	0	0
Learning	35,565	(30,165)	5,400	0	0	0	0	0	0	0	0	0	0	2,126	2,126
Social Care	137,289	(92,316)	44,973	1,558	0	0	(300)	(150)	658	150	0	0	1,916	1,464	3,380
Resources and Strategy	66,885	(61,449)	5,437	(100)	0	0	0	0	0	0	0	0	(100)	0	(100)
Sub total Other Budgets	244,841	(185,250)	59,592	1,458	0	0	(300)	(150)	658	150	0	0	1,816	3,590	5,406
Total	318,123	(195,752)	122,371	1,458	0	(50)	(300)	(150)	4,159	150	0	0	5,267	3,834	9,101

Key Budget Action Plans and Budget Variations:		Lead Officer	Additional Comments		Action Plan Value	Forecast Variation against plan/budget
A. Key Budget Action plans				RAG	£m	£m
Transport	Passenger Transport	Sue Rumbold / CEL Group	20-21 budget assumes savings on Passenger Transport costs via re-commissioning routes, reviewing occupancy levels on routes, route rationalisation and Independent travel Training.	G	(0.44)	0.0
Transport	Passenger Transport	Tim Pouncey	Full cost recovery of Personal Travel Allowances from Schools DSG funding.	G	(0.35)	0.0
Social Care	Children Looked After & Financially Support Non-CLA Demand Budgets.	Tim Pouncey	Recovery of Education costs of External Residential placements from Schools DSG funding.	G	(0.15)	0.0
Children & Families Directorate	Increased income target	C&F Leadership	Review and identify additional income, via additional trading, fee paying, grants, etc.	G	(0.21)	0.0
Children & Families Directorate	Increased income target from Schools Trading and Youth Justice Board.	C&F Leadership	£0.1m additional income from schools trading and £0.1m from Youth Justice Board source.	G	(0.20)	0.0
Children & Families Directorate	Running cost savings	C&F Leadership	Identify running cost savings via controls on internal spend and commissioning.	G	(0.28)	0.0
B. Other Significant Variations						
	Children Looked After & Financially Support Non-CLA Demand Budgets.	Sal Tariq / Julie Longworth	The CLA budget supports 1,346 CLA children of which 58 is for ER and 183 for IFA placements. Current numbers are 63 (+5) ER and 205 (+22) IFA. Projection reflects new £1m in-year action plan savings target plus £140k ER placements moving in house. £0.244m shortfall in CCG contributions for Out of Leeds placement costs.			1.304
	Staffing Related Costs	C&F Leadership Team	The 20-21 pay budget includes 2 significant pressures that need to be addressed; the staffing structure within Early Help to reflect transition from the Troubled Families programme delivery to the Earned Autonomy model (£1.2m); secondly, residual staffing action plans within Social Care - Safeguarding Management account (£0.8m). This is offset by savings through vacancy control and a reduction in agency/overtime.			0.450
	Learning For Life - Early Start (Little Owls income)	Sal Tariq / Andrea Richardson	Shortfall in income due to fewer 2,3 and 4 year olds and impact of free 30 hours per week free provision.			0.400
	Non-Pay savings	C&F Leadership Team	£0.1m savings on retirement costs for former teachers, £0.05m from the planned insourcing of Independent Travel Trainer contract and £0.3m savings on travel & subsistence due to restrictions during Q1. £0.15m Legal Services; reduced demand in Q1. £0.15m increased			(0.449)
	Income (Incl. Grants)	C&F Leadership Team	£0.324m reduction in Troubled Families - Earned Autonomy funding announced after the 20-21 budget set. Offset by £0.05m additional use of CLA Pupil Premium & £1.372m use of DfE Partners in Practice 20-21 award & £0.25m Other DfE Grant funded programmes.			(1.348)
	Covid related expenditure and loss of income	C&F Leadership Team	Specific budget pressures relating to Covid-19 are: £0.42m Workforce pressures, predominantly around the LCC run homes; £2.19m impact on residential care costs; £0.25m impact on care leavers service; £0.658m impact on s17 payments and IT costs; £4.939m loss of income (£1.797m school traded income, £2.12m children centre fee income, £0.292m Adel Beck income and £0.33m School Attendance). Also includes £0.68m pay pressure from additional 0.75% pay offer.			8.744
Children and Families Directorate - Forecast Variation						9.101

CHILDREN & FAMILIES 2020/21 FINANCIAL YEAR

DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 2

Overall Summary - The Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. Although it is still early in the year, some underlying issues have been identified and as a result it is expected that the DSG will be £2,928k overspent in 2020/21. At this stage, no specific costs associated with covid 19 measures have been identified.

Schools Block - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. When this happens, there is a reduction in grant income which is largely matched by reduced expenditure. Since the budget was set, there have been a number of academy conversions which reduces the grant received and the school funding paid out. There are a number of de-delegated services where schools have agreed for the local authority to retain funding to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). As it is expected that there will be fewer schools converting to an academy by 1st September 2020, additional de-delegated income of £250k is projected, which would increase the de-delegated surplus. The Growth Fund budget remains part of this block and is currently projected to be on budget.

Central School Services Block

This block covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). No variances are currently projected on these services.

Early Years Block - This element is concerned with provision to pre-school children. The final grant amount received is largely based on the January 2021 census and so will not be confirmed until the 2021/22 financial year. In line with the increase in the unit rate received, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. It is too early in the year for actual activity information, but based on previous years data, an underspend of £500k is projected.

High Needs Block - This element is used to support provision for pupils and students with special educational needs and disabilities. Although early in the year, current information suggests that there will be an overspend of £3,678k. The largest areas of overspend are as follows:

- Mainstream top-ups and additional blocks £2,864k. Based on top up funding already allocated out, with estimated increased based on the average at this point in year for the past 3 years. Additional place funding based on March places compared to notional SEN blocks in 2020/21.
- Outside placements £1,000k, based on current placements. However due to a shortage of specialist places in Leeds, there is a risk that this could increase further.
- The net effect of all other variances is an underspend of £186k.

Reserves - There is an overall deficit brought forward from 2019/20 on general DSG of £3,955k and a de-delegated surplus of £722k. The reserves carried forward into 2021/22 are projected to be a deficit on general DSG of £7,133k and a surplus on de-delegated services of £972k.

Budget Management - net variations against the approved budget

DSG Grant Reserves

Schools Block

Budget £'000	Projection £'000	Variance £'000
DSG Income	(314,877)	7,516
Individual Schools Budgets	307,309	(7,516)
De-delegated budgets	4,568	(250)
Growth Fund	3,000	0

Latest Estimate

Balance b/fwd from 2019/20
Net contribution to/from balances

Balance c/fwd to 2021/22

Projected Outturn

Balance b/fwd from 2019/20
Projected in year variance
Net contribution to/from balances

Balance c/fwd to 2021/22

General £'000	De-delegated £'000	Total £'000
3,954	(721)	3,233
3,954	(721)	3,233
3,954	(721)	3,233
3,178	(250)	2,928
		0
7,132	(971)	6,161

Central School Services Block

DSG Income	(4,867)	(0)
CSSB Expenditure	4,867	0
0	(0)	(0)

Early Years Block

DSG Income	(64,216)	0
EEEE 3 and 4 year olds	53,002	(500)
EEEE 2 year olds	7,933	0
Other early years provision	3,281	0
0	(500)	(500)

High Needs Block

DSG Income	(79,831)	(126)
Funding passported to institutions	72,329	3,889
Commissioned services	1,821	0
In house provision	5,123	(85)
Prudential borrowing	558	0
0	3,678	3,678

Total

0	2,928	2,928
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Key Budget Action Plans and Budget Variations:

	Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans					
				£m	£m
Transfer funding to High Needs Block		Transfer of £2.65m from the schools block and £350k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2020.	B	3.00	0.00
B. Significant Variations					
Schools Block		In year underspend of £250k on de-delegated services			(0.25)
Early Years Block		Underlying underspend on block			(0.50)
High Needs Block		Increase in high needs funding at mainstream schools			2.86
High Needs Block		Increase in outside placement costs			1.00
High Needs Block		Net effect of all other variances			(0.18)

Dedicated Schools Grant - Forecast Variation

2.93

CITY DEVELOPMENT 2020/21 BUDGET FINANCIAL DASHBOARD - MONTH 2 (MAY)

Directorate Summary - At Period 2 it is projected that there will be a year-end overspend of just over £21.5m, this takes account of the projected impact of Covid 19 of circa £23.5m which includes the additional cost of the proposed higher pay offer. This is a net improvement of £0.1m from the Period 1 Dashboard as the impact of Covid 19 on services develops and is understood. The Directorate's financial position has been significantly affected by the current restrictions in place as a result of Covid 19 and by the severe impact on the economy. There is a direct impact in Active Leeds and Arts and Heritage from the loss in income from the closure of all sites. In other service areas the anticipated economic downturn is expected to impact on income from the commercial property portfolio, Markets, advertising, planning and building fees and in Highways from reduced fee recovery as a result of some of the workforce self-isolating and other staff absences. The extent of the impact will not be fully apparent until later in the year but forecasts for the year have been made based on current intelligence. There is a great deal of uncertainty around some of the income projections and assumptions will be updated and reviewed regularly.

Staffing - Based on current vacancy levels and assuming limited external recruitment for the foreseeable future, staffing is projected to be under budget by £4.8m based on current vacancy levels. In Highways and Transportation most staff costs are chargeable and any vacancies will lead to reduced income or additional contractor costs. Some staff in Asset Management and Regeneration are also chargeable. Allowing for this it is estimated that staff savings will contribute a net saving of £1.125m. This also allows for additional costs from a higher pay award than budgeted for estimated at £375k although some of this cost will be charged out.

Other running cost savings - Where cost savings directly relate to closure of facilities and events then these have been accounted for in the net income loss figures. It is estimated that there could be additional savings in supplies and services and travel costs of around £500k across the Directorate and an initial assessment of projected savings is shown under each service area but will be kept under review.

Additional Covid 19 spend - Whilst the impact of Covid 19 on City Development is mostly on income, some additional costs are being incurred. A sum of £500k is currently projected across the Directorate and is expected to include additional highways works.

Planning and Sustainable Development - In May both planning and building fee income showed an increase compared to April. The cumulative position for May is now 23% down against 2019/20 income levels for planning fees and 29% down against 2019/20 for building fees. In addition, the planned implementation of revised pre-application charges has been postponed for the time being. The 2020/21 budget included additional income of £250k for these charges and a shortfall of £150k is projected assuming implementation in the autumn. Overall the shortfall in income is forecast to be £1.5m and is based on a reduction in total fee income of 20% for the year. Large planning applications are still being received but there has been a slowdown in householder applications. Partly offsetting this is just under £200k of staffing, transport and supplies and services savings.

Economic Development - The service is forecasting a reduction of income and additional costs of £110k for the year, mainly reduced income from Conference Leeds and reduced recovery of staff costs where staff are now working on Covid 19 related work. The projection also includes some additional grant income that has been received.

Asset Management and Regeneration - The year end forecast anticipates a shortfall in income from the Commercial Property Portfolio from the non-achievement of budget actions which were based on generating additional rental income from the purchase of additional commercial assets during the year. It is likely that there will be a delay in new acquisitions due to the economic uncertainties arising from COVID-19. It is also anticipated that there will be a reduction in overall rental income as some businesses continue to struggle financially. Whilst it is early days in the economic impact of the pandemic, the service is currently developing a strategy around rental income, in particular how to respond to requests from businesses seeking support. The current projection assumes a 30% shortfall in rental income over the non-prime commercial property portfolio. In addition, there may be specific sectors which are particularly badly hit where there is a higher risk that rental income may not be achieved. There is a risk that this may be an overly optimistic position but this will be kept under review. There has been a £0.4m improvement in this projection from Period 1 as further information has become available.

Employment and Skills - No significant variations are currently projected. The major grant schemes that the service manages are currently expected to be delivered. There is a risk that not all grant income will be received but this will be kept under review.

Highways and Transportation - The major variation is forecast to be on the amount of highways maintenance work that the DLO is able to complete due to a reduced available workforce. This will result in reduced chargeable works which will lead to a reduction in income and the recovery of overheads. The current projection is for a shortfall in income of £950k in the DLO and £716k in Civil Engineering and Transport Planning. There is a risk that this is higher. Other areas of the service are still working but restrictions could mean that there is a shortfall in income in some areas, a £500k shortfall has been projected. Staffing is also below the budgeted structure and further delays in recruitment mean that there will be a need for more work to be allocated to external contractors.

Arts and Heritage - As all facilities are currently closed the service is forecasting a significant shortfall in income. Ongoing restrictions on being able to fully re-open facilities and the likelihood that many of the planned events for the year will have to be cancelled will also have an impact on income for the year. The Period 2 projection has revised and increased the net loss of income by £600k as the impact of social distancing requirements makes it unlikely that many activities (events, room hire, etc) will resume as planned in this financial year although the projections assume that Christmas Events will go ahead. There will be some cost savings as a result and these have been netted of the income shortfall projections where they can be identified. Some staff have now been reallocated to work in other essential service areas although this will not result in savings for Arts and Heritage.

Active Leeds - All sport facilities are currently closed with the monthly loss in income at £1.3m. It is projected that even if some facilities are allowed to re-open at some point during the year that income will remain well below budgeted levels due to social distancing requirements and a very slow building back of the customer base to pre-Covid 19 levels. The loss of income has been netted down by some cost savings but these are fairly small. Some staff have now been reallocated to work in other essential service areas although this will not result in savings to Active Leeds. There is a risk that the income position is worse than currently projected.

Resources and Strategy - No significant variations are anticipated although the additional costs being incurred as a result of Covid 19 are being recorded in the Resources and Strategy budget.

Markets and City Centre - Open Market traders are currently not being billed for rent at a monthly loss of £40k. Indoor Market traders are still being billed. Whilst most indoor traders are eligible for support through the Government business support scheme it is anticipated that there will be an increase in voids in the Market and the current projection is that there will be a 30% shortfall in income. There is also expected to be a reduction in advertising income, the year-end projection is for a £700k shortfall against the budget including the £200k additional income assumed in the 2020/21 budget.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,560	(7,877)	1,683	(156)	0	(3)	(38)	0	0	0	0	0	(197)	1,486	1,289
Economic Development	2,327	(596)	1,731	34	0	126	0	0	0	0	0	0	160	(63)	97
Asset Management & Regeneration	18,656	(21,888)	(3,232)	(803)	300	(78)	(4)	0	0	0	0	0	(585)	5,249	4,664
Employment & Skills	7,410	(5,697)	1,713	(31)	0	0	0	0	0	0	0	0	(31)	0	(31)
Highways & Transportation	68,150	(50,241)	17,909	(3,740)	17	(665)	(672)	0	0	0	0	0	(5,059)	6,856	1,797
Arts & Heritage	21,427	(9,046)	12,381	(26)	(4)	(1,753)	(4)	(59)	0	0	0	0	(1,845)	4,004	2,159
Active Leeds	26,626	(20,453)	6,173	(1)	(125)	(25)	0	0	(75)	0	0	0	(226)	9,930	9,704
Resources & Strategy	1,045	0	1,045	(83)	0	495	0	0	0	0	0	0	412	0	412
Markets & City Centre	3,463	(4,567)	(1,104)	(6)	(12)	0	0	0	0	0	0	0	(18)	1,476	1,458
Total	158,664	(120,365)	38,299	(4,811)	177	(1,903)	(718)	(59)	(75)	0	0	0	(7,389)	28,939	21,550

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Budget Action Plans					£m	£m
1.	Planning & Sustainable Development	David Feeney	Pre-Application fee income in Planning - delayed implementation	A	(0.25)	0.15
2.	Asset Management & Regeneration	Angela Barnicle	Purchase of commercial assets to generate additional rental income over and above the annual costs of borrowing and other land-lord related costs	R	(0.75)	0.75
3.	Asset Management & Regeneration	Angela Barnicle	Asset Rationalisation	R	(0.20)	0.20
4.	Highways & Transportation	Gary Bartlett	LED Street Lighting Conversion	G	(0.43)	0.00
5.	Highways & Transportation	Gary Bartlett	Site Development	G	(0.25)	0.00
6.	Highways & Transportation	Gary Bartlett	Utility Permits	A	(0.20)	0.10
7.	Markets & City Centre Management	Phil Evans	Advertising Income	R	(0.20)	0.20
8.	Resources & Strategy	Phil Evans	Use of Balances/One Off Income	G	(0.50)	0.00
Total Budget Action Plan Savings					(2.78)	1.40
B. Other Significant Variations						
1.	Planning & Sustainable Development	David Feeney	Planning Application and Building Control Fees			1.3
2.	Economic Development	Eve Roodhouse	Loss of income and additional costs related to Covid 19.			0.1
3.	Asset Management & Regeneration	Angela Barnicle	Commercial Rental Income			4.3
4.	Highways & Transportation	Gary Bartlett	Highways Maintenance			1.0
5.	Highways & Transportation	Gary Bartlett	Civil Engineering and Transport Planning			0.8
6.	Arts & Heritage	Cluny Macpherson	Net loss of income due to closure of venues			2.4
7.	Arts & Heritage	Cluny Macpherson	Postponement of Tour de Yorkshire and the Triathlon			(0.3)
8.	Active Leeds	Cluny Macpherson	Loss of income due to closure of Leisure Centres and reduced income once they re-open.			9.9
9.	Markets & City Centre Management	Phil Evans	Markets, advertising and Licences income			1.5
10.	All Services	All	Staffing Vacancies (excluding income funded posts)			(1.1)
11.	All Services	All	Savings on supplies and services across the Directorate			(0.5)
12.	All Services	All	Additional Pay Award			0.4
13.	All Services	All	Additional spend as a result of Covid 19			0.5
City Development Directorate - Forecast Variation						21.55

RESOURCES AND HOUSING

FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

PERIOD 2

Overall

The Directorate has a projected overspend at month 2 of £25.8m against its £84.9m net managed budget, a reduction of £6.6m from the month 1 forecast which is mainly due to £1.6m additional Housing benefit income, a review of the assumptions around the impact of lockdown upon LBS and refinement of projections across services. The total COVID related cost/loss of income is £26.6m including the £8.2m Authority wide costs of PPE shown under CEL; other pressures of around £300k and savings of £1.1m with vacancy freeze assumptions. additional income and savings in non essential expenditure across all services.

Resources

There is a projected overspend of just over £4m across the Resources group of services, £3.1m of this is due to the adverse impact of COVID. The most significant items are a projected loss of court fees in Finance/Legal of £1.1m, £0.8m estimated cost of operating and providing meals from the Food Warehouse, £0.7m reduction in income to capital projects and other charges. Delays to the implementation of Budget Actions Plans and other COVID pressures in Shared Services are around £0.4m; There are net savings on non COVID related areas of £0.7m, being a combination of savings against vacant posts, non essential spend and other running cost savings.

Housing Services

An overspend of £1.9m is forecast for Housing mainly due to the Covid-19 impact, consisting of £2.8m additional accommodation costs and £0.75m for security costs relating to both hotel and supported accommodation. The total pressure of £3.6m is partially offset by additional Housing Benefit income of £1.6m.

Civic Enterprise Leeds (CEL)

The division is projected to overspend by £25m with all of this attributable to COVID. Of the £25m COVID pressures, around £15mm is forecast in LBS due to a reduction in income as a consequence of reviewing what services can currently be delivered safely, front line staff self isolating and staff working elsewhere to support COVID related activity. Furthermore an estimate has been made on the impact on efficiency for those operatives working but having to do so to meet the requirements of safe distancing.

A sum of £8.2m is projected for the costs of PPE across the Council. So far over £3m has been spent / committed.

In addition, school closures, closures of commercial outlets and the provision of emergency meals (grab bags / hampers) to children will cost around £1.2m in Catering. The pandemic has also caused a delay in implementation budget action plan savings of £241k within Fleet Services. However, as some civic buildings have closed with increased working from home, overall savings of £48k have been built into the projections within Facilities Management.

The non COVID pressures in CEL are circa £0.2m and are mainly related to the additional pay award.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resources	101,933	(32,557)	69,376	2,343	(54)	298	(49)	80	0	0	0	0	2,618	643	3,261
Housing	20,837	(13,345)	7,492	(234)	0	3,607	0	0	0	0	0	0	3,373	(1,439)	1,934
CEL	148,367	(140,366)	8,001	(604)	(63)	7,834	134	0	0	0	0	0	7,301	13,317	20,618
Directorate Action Plan				0		0							0		0
Total	271,137	(186,268)	84,869	1,509	(117)	11,739	85	80	0	0	0	0	13,292	12,521	25,813

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
Service	Budget Action	Lead Officer	Comments		£m	£m
HOUSING						
Housing	Additional Charges to DFG	Jill Wildman	New structure in Health and Housing in place. No issues expected, but need to keep under review re level of capital spend to justify charges to scheme	G	(0.21)	
CEL						
Leeds Building Services	To ensure the delivery of the targeted return (£10.655m) and ensure service developments and effective productivity improvements.	Sarah Martin	Significant risk turnover won't be delivered with impact of pandemic; Currently £500k/week under recovery	R	0.00	10.47
CPM	Additional charges to capital (staffing)	Sarah Martin	New structure in place during 19/20. No issues anticipated	G	(0.04)	
Facilities Management	Insourcing of Office waste and Voids	Sarah Martin	Insourcing of general waste contract completed, insourcing of voids slipped.	G	(0.08)	
Facilities Management	Review of servicing offer at Merrion Hosue	Sarah Martin	Savings to come from fewer meetings etc as a result of WFH.	G	(0.06)	
Fleet Services	Electric Vehicle replacement and reduction in hire	Sarah Martin	EV vehicle replacement on track and service working to reduce hire. Assue slippage 6 months re COVID	A	(0.33)	0.14
Fleet Services	Generate additional external income from maintenance of external vehicles	Sarah Martin	Covid-19 epidemic has delayed savings and income	G	(0.21)	0.01
Catering	Generate net additional income from expanding commercial offer	Sarah Martin	Aireborough leisure centre completed but affected by closures	R	(0.03)	
Catering	Target saving from reduced reliance on meat based dishes	Sarah Martin	School closures could affect ability to deliver this	R	(0.04)	
RESOURCES						
DIS / Shared Services	Mail and Print Review - Printer rationalisation	Dylan Roberts	This has been done printers required will be in place for end of March and paid from ESP budget 2019/20;	G	(0.25)	
DIS / Shared Services	Mail and Print Review - Reductions in the volume of printing (Colour and B	Dylan Roberts	Work in progress to get volumes down – given that the vast majority of staff are wfh there will be significant reductions in printing. Assuming WFH continues into 2020/21 will bring reduced printing costs in the new year.	G	(0.15)	
DIS / Shared Services	Mail and Print Review - new Print Unit Equipment and LCC wide cost reduction on external spend	Sonya McDonald	Project on hold	R	(0.14)	0.07
DIS	DIS Breakfix - reduced external spend	Dylan Roberts	This is done - past six months trends show a reduction in costs – no reasons this wouldn't continue.	G	(0.06)	
DIS	Staffing Reduction - DIS Service Desk	Dylan Roberts	Not actioned – given the current demand/volume of calls cannot reduce staffing levels in the service desk in the near future or maybe at all. Need to identify alternative actions to offset	G	(0.05)	
DIS	DIS - Health and City Partnerships	Dylan Roberts	Done and agreed – signed 12 months contracts with health partners	G	(0.25)	
HR	Staffing reductions	Andrew Dodman	ELI Business case approved. Staff leaving between Mar and Oct; Savings net of ELI costs	G	(0.13)	
HR	Income HR	Andrew Dodman	Charges to academies. Agreed	G	(0.02)	
HR	Ultra Low Emission Vehicles (ULEV)	Andrew Dodman	Anticipate around £10k LCC wide on existing ULEV take up	A	(0.05)	0.05
HR	Apprenticeship Levy (Rolled over 19/20)	Andrew Dodman	This income will not be received. (Will need to identify alternative savings in year & remove from base budget)	R	(0.15)	0.15
Shared Services	E Invoices	Sonya McDonald	Given current situation, unlikely to deliver. Assume 6 moth slippge	R	(0.15)	0.15
Shared Services	Servicing of meeting savings	Louise Snowden	£200k initial savings; £60k been identified elsewhere. £140k potential issue	R	(0.14)	0.07
DIRECTORATE WIDE						
Directorate Wide	Line by Line Reductions	Various COs	HR £44k (Staff shop, Serv Devt); Legal £100k; Pru Borrowing £60k; S&I £50k; IN year monitoring of spend	G	(0.31)	
Directorate Wide	Staffing reductions	Various COs	Passengers £87k ELI done; Housing Options £90k (split GF/ HRA)	G	(0.13)	
Directorate Wide	Impact of Covid-19		Additional expenditure/loss of income as a result of pandemic net of £1.6m HB income	R		6.38
	Impact of Covid-20		Pay Award	R		1.09
Directorate/LCC Wide	Impact of Covid-19		PPE Expenditure	R		8.20
B. Other Significant Variations						
1	All Other variations		Net pressures, vacancy freeze and non essential spend savings	G		(0.96)

Resources and Housing Directorate - Outturn Variation**25.81**

COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY

FINANCIAL DASHBOARD - 2020/21 FINANCIAL YEAR

Period 2 (May 2020)

The overall position is a projected overspend of £26,702k. Of this, £28,176k relates to the estimated impact of Covid-19, although this figure is based on a number of assumptions and is therefore subject to variation as the situation progresses. The overall position also includes assumptions around tighter recruitment and expenditure controls and an assessment at this early stage indicates that potential savings of £1,474k may be achievable.

Communities (£286k overspend)

Covid-19 related costs total £291k which includes £195k loss of Community Centre income, £66k delays to planned savings from Community Centres and £28k cost of the additional 0.75% pay offer. Other variations reflect £5k expenditure savings.

Customer Access (£1,484k overspend)

Covid-19 costs are estimated at £853k which includes the cost of software and equipment to support home working of £197k, PPE/Social distancing measures and additional cleaning at Hub sites of £240k together with projected income losses of £251k across the service and the additional cost of the pay offer of £165k. Other variations include a projected staffing overspend of +£530k, additional security of £120k at Hubs and £19k other net expenditure savings.

Electoral and Regulatory Services (£994k overspend)

Elections, Licensing and Registrars (£833k overspend)

The majority of fee earning activities have ceased or reduced significantly. This includes Registrars, Entertainment Licensing, Land and Property Searches, Taxi & Private Hire Licensing. The combined impact on income is estimated at £1,572k, with a further £16k relating to the pay offer, although these will be partially offset by net savings of £319k from the cancelled May elections. Further net savings of £436k are anticipated reflecting projected staffing and other expenditure variations and utilisation of the TPHL earmarked reserve to partially offset the in-year income shortfall.

Environmental Health (£161k overspend)

The projected position reflects Covid related costs of £227k, mainly due to income losses from a reduction in activities across the service and pay offer of £10k, partially offset by £76k net savings in respect of staffing and other expenditure.

Welfare and Benefits (£1,133k over budget)

The projected overspend mainly reflects Covid-19 related expenditure in respect of the net cost of Housing Benefit claims for rough sleepers (£578k), an anticipated additional call on the Local Welfare Support budget (estimated c£600k) and the estimated cost of the pay offer (£45k). Other non-Covid forecast variations include minor staffing savings of £14k and other identified expenditure savings of £76k.

Parks and Countryside (£8,483k overspend)

The impact of Covid-19 on income generating facilities including Tropical World, Temple Newsam Home Farm, Lotherton Wildlife World, the Arium, Cafes, Golf courses, Bowling Greens and concessions in parks, is currently estimated at £5,475k. In addition, shortfalls in income from the cessation of chargeable works activities within Parks Operations and Landscaping are estimated at £1,748k and losses of income resulting from restrictions within bereavement services are estimated at £492k (including the impact of non-implementation of the planned inflationary fee increase). A further £250k of income is estimated to be lost as a result of the cancellation of events held in parks although savings of £340k from the cancellation of the West Indian Carnival will offset this. Other expenditure of £1,192k is anticipated, mainly due to measures in Parks to facilitate Safer Public Spaces. The cost of the pay offer is estimated at £129k, with other staffing savings of £350k for the year forecast at this stage, together with other operating expenditure savings of £113k.

Car Parking (£7,082k overspend)

Covid-19 related income losses of £7,482k across the service are currently estimated which reflects the Council's decision to suspend all car parking charges and enforcement activity. Net staffing savings of £137k (including the pay offer at +£23k) and other expenditure savings of £262k are currently anticipated to partially offset this.

Community Safety (£46k overspend)

The projected overspend mainly reflects the anticipated cost of the pay offer. A small amount of other expenditure (£6k) has been incurred in respect of Covid-19 but this is offset by other forecast expenditure savings elsewhere in the service.

Waste Management (£5,750k overspend):

Within the Refuse service, additional expenditure of £2,470k is currently forecast which reflects the cost of providing additional crews and vehicles to deal with increased volumes of waste and to provide necessary staffing cover and PPE equipment. Additional costs of waste disposal are difficult to accurately forecast at this stage but additional volumes of waste are currently forecast to be £2,740k to the end of the year. Additional costs of £588k are forecast at Household Waste Sites for the cost of providing PPE equipment, staffing cover and security at the sites as well as net income losses from the weighbridges, inert waste charges and from the Revive shops. The pay offer is estimated at £155k although this is offset by other forecast savings of £202k mainly relating to prudential borrowing savings.

Cleaner Neighbourhoods Teams (£78k overspend)

Covid-19 related costs of £464k reflect the loss of income from bulky waste collections, additional costs of cover for staff in self isolation, litter bin stickers, PPE equipment and the estimated cost of the pay offer. However, these are anticipated to be partially offset by other staffing savings of £319k and operating expenditure savings of £68k.

City Centre (£150k overspend)

Covid-19 related costs of £162k include the projected loss of environmental enforcement income, additional cost of cover for staff in self isolation and the pay offer. Staffing and expenditure savings of £12k are anticipated to partially offset these costs.

Directorate Wide (£1,217k overspend)

The directorate is forecasting additional Covid-19 related costs of £1,209k. £990k of this is in respect of a temporary mortuary facility created as part of the Council's emergency planning arrangements to deal with a potential increase in mortality rates over and above current capacity for Leeds and Wakefield. In addition, a city wide mailout in respect of accessing support is projected to cost £132k, overtime costs of £49k are anticipated for the co-ordination of the city wide use of volunteers, and approximately £38k is anticipated to be incurred for a temporary senior officer in support of the Council's response to the Covid situation.

Budget Management - net variations against the approved budget;

Summary By Service

				Period 1 Projected variances											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	16,566	(11,714)	4,852	28		(3)							25	261	286
Customer Access	25,106	(4,560)	20,546	695	120	438	(20)						1,233	251	1,484
Electoral & Regulatory Services (including Environmental Health)	8,296	(6,428)	1,868	(487)	25	(121)	(16)					(246)	(845)	1,839	994
Welfare And Benefits	196,901	(191,795)	5,106	31		530	(9)	76		578			1,206	(73)	1,133
Car Parking Services	4,867	(12,252)	(7,385)	(138)	(20)	(242)							(400)	7,482	7,082
Community Safety	8,842	(6,504)	2,338	44		2							46	0	46
Waste Management	44,279	(9,766)	34,513	2,295	119	2,787	425	(160)					5,466	284	5,750
Parks And Countryside	33,914	(26,147)	7,767	(221)		(1,124)	5	70					(1,270)	9,753	8,483
Environmental Action (City Centre)	2,119	(427)	1,692	53	(1)	19							71	79	150
Cleaner Neighbourhood Teams	12,762	(4,372)	8,390	(15)		(37)	(20)						(72)	150	78
Directorate wide	0	(1)	(1)	86		1,130							1,216		1,216
Total	353,652	(273,966)	79,686	2,371	243	3,379	365	(14)	0	578	0	(246)	6,676	20,026	26,702

Key Budget Action Plans and Budget Variations:

	Lead Officer	Additional Comments	RAG	Action Plan Value (£000s)	Forecast Variation against Plan/Budget
Communities					
Communities Team	Communities Team - achievement of staffing efficiencies	Shaïd Mahmood	G	(75)	
Community Centres	Community Centres - asset transfer savings and general efficiencies within the service	Shaïd Mahmood	A	(100)	66
Communities	Achievement of base budget vacancy factor	Shaïd Mahmood	G	(166)	
Customer Access					
Contact Centre	Secure invest to save funding to partly offset additional staffing	Lee Hemsworth	G	(150)	
Customer Access	Achievement of base budget vacancy factor	Lee Hemsworth	R	(646)	530
Welfare & Benefits					
Housing Benefits	Achievement of staffing reductions	Lee Hemsworth	A	(200)	
Welfare and Benefits	Achievement of base budget vacancy factor	Lee Hemsworth	G	(194)	
Electoral and Regulatory Services (incl Environmental Health)					
Elections	Charge PCC for share of elections	John Mulcahy	G	(400)	(319)
All	Achievement of base budget vacancy factor	John Mulcahy	G	(177)	
Car Parking					
Car Parking	Increase charges at Woodhouse Lane car park by 50p for a full day	John Mulcahy	R	(100)	100
Car Parking	Achievement of base budget vacancy factor	John Mulcahy	G	(148)	
Waste Management					
Refuse	Secure agreement from DEFRA re revision to waste contract	John Woolmer	G	(2,200)	
Waste Management - all	Achievement of staffing savings	John Woolmer	G	(50)	
Waste Management - all	Achievement of base budget vacancy factor	John Woolmer	G	(290)	

Parks and Countryside						
Parks and Countryside	Additional funding from Childrens Funeral Fund	Sean Flesher		G	(120)	
Parks and Countryside	Staffing savings - achievement of vacancy factor	Sean Flesher		G	(1,398)	
Community Safety						
Community Safety	Maximisation of external funding	Paul Money		G	(175)	
Community Safety	Achievement of staffing efficiencies	Paul Money		G	(17)	
Community Safety	Achievement of base vacancy factor	Paul Money		G	(335)	
Directorate Wide						
Other Significant Variations						
All	Covid-19 related	All	Covid-19 expenditure/income variations not already shown in action plans above			28,329
All	Staffing	All	Estimated staffing savings			(1,054)
All	Operating expenditure	All	Expenditure savings identified at period 2 - running costs etc			(852)
ELR	Taxi & Private Hire Licensing	John Mulcahy	Utilisation of earmarked reserve			(246)
All	Other	All	All other variations			148
				Communities & Environment - Forecast Variation		
				26,702		

STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR

FINANCIAL DASHBOARD - PERIOD 2

Overall :

The overall projection for month 2 for Strategic & Central Accounts shows an overspend of £27.8m. There are two significant factors to highlight within this position:

The dashboard recognises the potential for a shortfall of £28.0m in capital receipts as a result of the shutdown in the economy due to the Covid 19 lockdown, which would require a corresponding increase in the level of MRP chargeable to revenue. However this represents a worst case scenario given the considerable uncertainty in the property market, and a lower shortfall against budget may be achievable.

As a result of the impact of Covid 19 on the local economy, the council anticipates that it will receive significantly more S31 grants as compensation for the additional business rates reliefs given during the year. However there will be a corresponding impact on the Collection Fund deficit which the council will have to fund in 2021/22 as a result of these additional reliefs, and thus the additional income (currently projected at £71.1m) will be fully required in 2021/22 and will therefore be carried forward in an earmarked reserve.

No other significant variations have been identified in the Strategic & Central Accounts budget. However, given the slowdown in economic activity as a result of the coronavirus lockdown, there are risks attached to the budget for S278 income from developers

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				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000												
				Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000	Income £'000	
Strategic Accounts	(13,311)	(20,089)	(33,400)			12							12		12
Debt	35,747	(17,881)	17,866								27,993		27,993	(91)	27,902
Govt Grants	2,161	(27,581)	(25,420)									71,034	70,953	(71,034)	(81)
Joint Committees	35,201	0	35,201						7				7		7
Miscellaneous	5,746	(794)	4,952	(83)									(83)	34	(49)
Insurance	9,167	(9,167)	0										0		0
Total	74,710	(75,512)	(802)	(83)	0	12	0	0	7	(81)	27,993	71,034	98,882	(71,091)	27,791

STRATEGIC & CENTRAL ACCOUNTS - 2020/21 FINANCIAL YEAR	
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Key Budget Action Plans and Budget Variations:			Forecast
RAG	Budget	Variation against	

						Budget	
		Lead Officer	Additional Comments				
A. Major Budget Issues						£m	£m
1.	Debt Costs and External Income	Victoria Bradshaw	Current forecast is as budget		G	20.2	0.0
2.	Minimum Revenue Provision	Victoria Bradshaw	The budget relies on the use of capital receipts to repay some debt. Due to the slowdown in economic activity, there is a risk that sufficient capital receipts may not be realised, requiring additional MRP from revenue.		R	14.2	27.9
3.	New Homes Bonus	Victoria Bradshaw	Current forecast is as budget		G	(4.7)	0.0
4.	Business Rates (S31 Grants & retained income)	Victoria Bradshaw	The current forecast is for an additional £71m of S31 grant income in relation to business rates. However this will be required to fund the Collection Fund deficit expected to be carried forward to 2021/22, and so will be carried forward in an earmarked reserve.		A	(22.7)	0.0
5.	S278 Contributions	Victoria Bradshaw	No variation is anticipated at this stage, however there is a risk of a shortfall depending on the rate of economic recovery.		A	(4.6)	0.0
6.	General capitalisation target	Victoria Bradshaw	Current forecast is as budget		G	(3.8)	0.0
7.	Schools capitalisation target	Victoria Bradshaw	Current forecast is as budget		G	(3.7)	0.0
8.	Joint Committees	Victoria Bradshaw	Current forecast is as budget		G	35.2	0.0
Other Significant Budgets							
1.	Insurance	Victoria Bradshaw	Forecast at Period 2 is the budget		G	0.0	0.0
2.	Prudential Borrowing Recharges	Victoria Bradshaw	Forecast at Period 2 is £91k higher than budget		G	(16.6)	(0.1)
3.	Miscellaneous	Victoria Bradshaw	Current forecast is for minor variations		G	4.9	(0.1)
Strategic & Central Accounts - Forecast Variation							
							27.7

Housing Revenue Account - Period 2

Financial Dashboard - 2020/21 Financial Year

Summary of projected over / (under) spends (Housing Revenue Account)

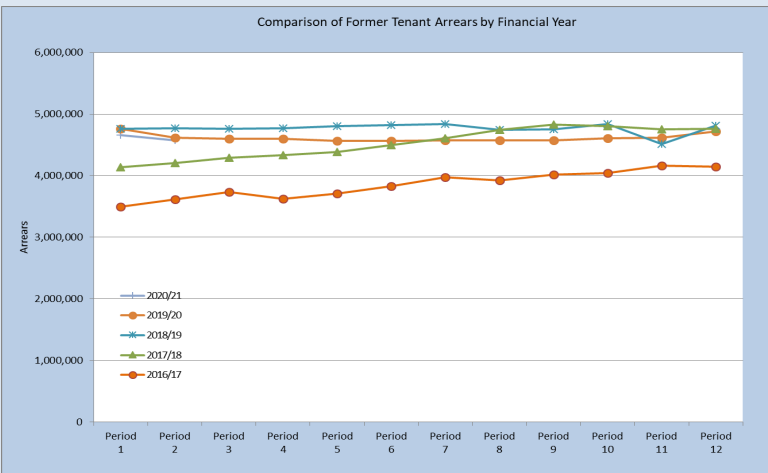
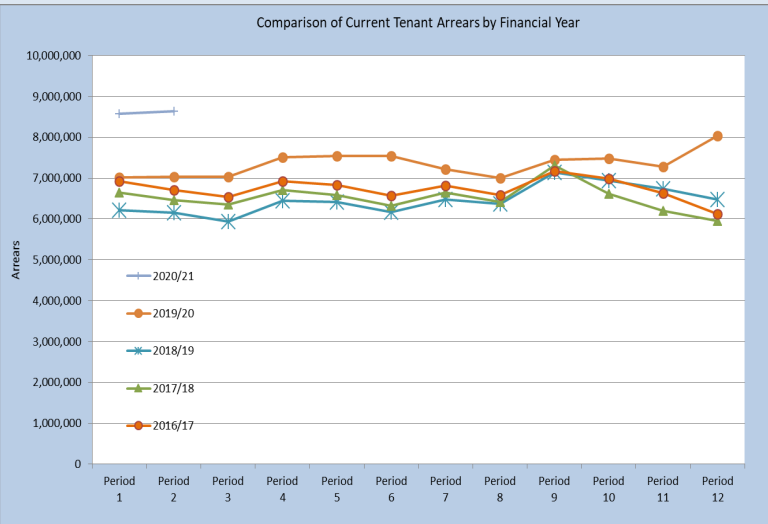
Directorate	Current Budget	Projected Spend	Variance to budget
	£000	£000	£000
Income			
Rents	(212,140)	(211,113)	1,027
Service Charges	(8,484)	(8,442)	41
Other Income	(33,772)	(31,119)	2,653
Total Income	(254,396)	(250,675)	3,721
Expenditure			
Disrepair Provision	1,400	1,400	-
Repairs to Dwellings	45,081	45,081	-
Council Tax on Voids	778	778	-
Employees	31,402	29,897	(1,505)
Premises	8,202	8,344	142
Supplies & Services	3,835	3,835	-
Internal Services	44,064	44,639	575
Capital Programme	60,926	56,883	(4,043)
Unitary Charge PFI	10,417	10,417	-
Capital Charges	44,334	44,334	-
Other Expenditure	5,748	6,248	500
Total Expenditure	256,185	251,854	(4,331)
Net Position	1,789	1,179	(610)
Appropriation: Sinking funds	(216)	394	610
Appropriation: Reserves	(1,564)	(1,564)	-
(Surplus)/Deficit	9	9	0
Proposed New Reserves			-
Transfer to Capital Reserve			-
Total Current Month	9	9	0

Comments
£481k Increase in Voids due to Covid 19. £365k pre-covid trend void rate moved from 0.75 to 0.92. £85k Net impact of reduction in RtBs sales offset by ROFR delays. £72k Covid 19 loss of commercial rent. Garages rent pressure £24k. Leeds Pipes £164k RtB admin income due to Covid 19. £423k Civica project team not charged to capital. £1,690k staff not working on capital schemes due to Covid 19. £335k Hsg growth posts vacant - offset in emp costs. NB - Probable Pressure from LEEDS PIPES income not yet included. Greater analysis required, but likley installation levels will be delayed.
Assume hold vacant posts vacant for 6 months and addtl 0.75% pay award due to Covid 19. Naviagtion House Delapidation work. Civica DIS staff not charged to capital. NB Possible additional pressure of LEEDS PIPES costs not yet reflected. Greater analysis required. RtB loss of capital receipts from reduced sales (126 assumed less sales - NB This assumes the impact will be for 4 months. <i>The pressure will be greater if longer than this</i>). Provision for bad debt figure increased to reflect the projected £1.968m increase in rent arrears. Budget assumed using £600k of reserves to fund staffing pressures; Staffing savings means this no longer required

Previous period variance
£000
1,062
40
1,865
2,967
-
-
-
(204)
142
-
575
(4,590)
-
-
500
(3,577)
(610)
610
-
(0)
-
-
(0)

Housing Revenue Account - Period 2

Financial Dashboard - 2020/21 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	(645)	(519)
Right of First Refusals/ Buybacks	65	38
New Build (Council House Growth)	80	66
Total	(500)	(415)

Right to Buy Receipts	2019/20 Actual	2020/21 Projection
Total Value of sales (£000s)	33,931	31,079
Average Selling Price per unit (£000s)	55.4	59.9
Number of Sales	612	519
Number of Live Applications	1,333	1,190

Arrears	2019/20	2020/21	Variance
	£000	£000	£000
Dwelling rents & charges	2019/20 Week 8	2020/21 Week 8	
Current Dwellings	6,228	7,681	1,453
Current Other	811	950	139
Former Tenants	4,618	4,576	(42)
	11,657	13,208	1,550
Under occupation	2019/20 Week 53	2020/21 Week 4	
Volume of Accounts	3,051	3,008	(43)
Volume in Arrears	1,198	1,108	(90)
% in Arrears	39.3%	36.8%	-2.4%
Value of Arrears	197	194	(3)
Collection Rates	2019/20 Week 53	2020/21 Week 4	
Dwelling rents	96.43%	93.44%	-3.0%
Target	97.50%	97.50%	0.0%
Variance to Target	-1.07%	-4.06%	-3.0%

Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 22 July 2020

Subject: Work Schedule

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Has consultation been carried out?	☒ Yes ☐ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

1. Purpose of this report

- 1.1 The purpose of this report is to consider the Scrutiny Board's work schedule for the forthcoming municipal year.

2. Background Information

- 2.1 All Scrutiny Boards are required to determine and manage their own work schedule for the municipal year. In doing so, the work schedule should not be considered a fixed and rigid schedule, it should be recognised as a document that can be adapted and changed to reflect any new and emerging issues throughout the year; and also reflect any timetable issues that might occur from time to time.

3. Main issues

- 3.1 A draft work schedule is attached for consideration at Appendix 1. Already included within the draft work schedule are traditional items of Scrutiny work. These involve recommendation tracking of work previously undertaken by the Strategy and Resources Scrutiny Board; performance monitoring reports and any Budget and Policy Framework Plans.
- 3.2 On 16 March 2020, in light of the Covid-19 pandemic, Leeds City Council took the necessary steps to cancel a number of planned meetings of various Committees,

Boards and Panels. This included all Scrutiny Board meetings and any joint scrutiny arrangements where the Council acts as the lead authority.

- 3.3 In June 2020 public sessions of all Scrutiny Boards re-started, albeit remotely. It was agreed with Scrutiny Chairs that the first two sessions for each Board will be in a more streamlined format than traditional committee meetings. This is in recognition of the fact that new remote ways of conducting public meetings need to be tested and adapted, and many services are also continuing to respond to the consequences of Covid-19 and the subsequent easing of lockdown restrictions.
- 3.4 This is the second meeting of the Strategy and Resources Scrutiny Board delivered under this format due to a number of technical issues that impacted upon the meeting scheduled for 10 June 2020.
- 3.5 At its meeting on the 1 July 2020 the Board considered a single item agenda focused on Devolution proposals for West Yorkshire. Consideration of the Work Schedule was therefore deferred to today's meeting.
- 3.6 Executive Board minutes from the meetings held on 19 May and 24 June 2020 are attached as Appendix 2. The Scrutiny Board is asked to consider and note the Executive Board minutes, insofar as they relate to the remit of the Scrutiny Board; and identify any matter where specific scrutiny activity may be warranted, and therefore subsequently incorporated into the work schedule.

Developing the work schedule

- 3.7 When considering any developments and/or modifications to the work schedule, effort should be undertaken to:
- Avoid unnecessary duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue.
 - Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.
 - Avoid pure "information items" except where that information is being received as part of a policy/scrutiny review.
 - Seek advice about available resources and relevant timings, taking into consideration the workload across the Scrutiny Boards and the type of Scrutiny taking place.
 - Build in sufficient flexibility to enable the consideration of urgent matters that may arise during the year.
- 3.8 In addition, in order to deliver the work schedule, the Board may need to take a flexible approach and undertake activities outside the formal schedule of meetings – such as working groups and site visits, where necessary and appropriate. This flexible approach may also require additional formal meetings of the Scrutiny Board.

4. Consultation and engagement

- 4.1.1 The Vision for Scrutiny states that Scrutiny Boards should seek the advice of the Scrutiny officer, the relevant Director(s) and Executive Member(s) about available resources prior to agreeing items of work.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Scrutiny Board Procedure Rules state that, where appropriate, all terms of reference for work undertaken by Scrutiny Boards will include 'to review how and to what effect consideration has been given to the impact of a service or policy on all equality areas, as set out in the Council's Equality and Diversity Scheme'.

4.3 Council policies and the Best Council Plan

- 4.3.1 The terms of reference of the Scrutiny Boards promote a strategic and outward looking Scrutiny function that focuses on the best council objectives.

Climate Emergency

- 4.3.2 When considering areas of work, the Board is reminded that influencing climate change and sustainability should be a key area of focus.

4.4 Resources, procurement and value for money

- 4.4.1 Experience has shown that the Scrutiny process is more effective and adds greater value if the Board seeks to minimise the number of substantial inquiries running at one time and focus its resources on one key issue at a time.
- 4.4.2 The Vision for Scrutiny, agreed by full Council also recognises that like all other Council functions, resources to support the Scrutiny function are under considerable pressure and that requests from Scrutiny Boards cannot always be met.

Consequently, when establishing their work programmes Scrutiny Boards should:

- Seek the advice of the Scrutiny officer, the relevant Director and Executive Member about available resources;
- Avoid duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue;
- Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.

4.5 Legal implications, access to information, and call-in

- 4.5.1 This report has no specific legal implications.

4.6 Risk Management

- 4.6.1 This report has no specific risk management implications.

5. Conclusions

- 5.1 All Scrutiny Boards are required to determine and manage their own work schedule for the municipal year. The latest iteration of the Board's work schedule is attached as Appendix 1 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.

6. Recommendations

- 6.1 Members are asked to consider the matters outlined in this report and agree (or amend) the overall work schedule (as presented at Appendix 1) as the basis for the Board's work for the remainder of 2020/21.

7. Background Documents¹

- 7.1 None

¹ 1 The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.



Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

June	July	August
Meeting Agenda for 10 th June 2020	Meeting Agenda for 1st July 2020 and 22 nd July 2020	No Scrutiny Board meeting scheduled.
REMOTE SESSION West Yorkshire Devolution Deal – Consultation on the published Scheme (PDS)	<u>*REMOTE SESSION* - Agenda for 1st July 2020</u> West Yorkshire Devolution Deal – Consultation on the published Scheme (PDS) <u>*REMOTE SESSION* - Agenda for 22nd July 2020</u> Financial Performance – 2019/20 Outturn (PM) Treasury Management – 2019/20 Outturn (PM) Impact of Coronavirus (COVID-19) upon Leeds City Council's 2020/21 Financial Position and Update on the Forecast Budget Position for 2021/22 (PM)	
Working Group Meetings		
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

September	October	November
Meeting Agenda for 7 th September 2020	Meeting Agenda for 12 th October 2020.	Meeting Agenda for 16 th November 2020.
Annual Corporate Risk Management Report (PM) Scrutiny review of resilience and emergency planning – recommendation tracking (RT)	Inquiry into the reduction of energy consumption in Council buildings – Formal Response (RT) Scrutiny review on the management and financial implications of council owned void properties – recommendation tracking (RT)	<i>To be determined.</i>
Working Group Meetings		
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

December	January	February
No Scrutiny Board meeting scheduled.	Meeting Agenda for 11 th January 2021	Meeting Agenda for 15 th February 2021
	Performance report (PM) Financial Health Monitoring (PSR) 2021/22 Initial Budget Proposals (PDS) Best Council Plan Refresh – Initial Proposals (PDS)	<i>To be determined.</i>
Working Group Meetings		
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response



Scrutiny Board (Strategy & Resources) Work Schedule for 2020/2021 Municipal Year

March	April	May
Meeting Agenda for 22 nd March 2021	No Scrutiny Board meeting scheduled.	No Scrutiny Board meeting scheduled.
<i>To be determined.</i>		
Working Group Meetings		
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response

REMOTE MEETING OF EXECUTIVE BOARD

TUESDAY, 19TH MAY, 2020

PRESENT: Councillor J Blake in the Chair
(REMOTELY) Councillors A Carter, R Charlwood,
D Coupar, S Golton, J Lewis, L Mulherin,
J Pryor, M Rafique and F Venner

164 Chair's Opening Remarks

The Chair welcomed everyone to the remote meeting of the Executive Board, which was being held as a result of the ongoing social distancing measures established in response to the Coronavirus pandemic.

On behalf of the Board, the Chair extended her thanks and appreciation to Council employees, together with all partner organisations and sectors across the city and the wider region for the extraordinary co-ordinated efforts which continued to be taken to safeguard and serve communities during these unprecedented times.

165 Exempt Information - Possible Exclusion of the Press and Public

RESOLVED – That, in accordance with Regulation 4 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting during consideration of the following parts of the agenda designated as exempt from publication on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

- (a) That Appendix 1 / A to the report entitled, 'East Leeds Secondary Place Provision – Proposed completion of Purchase of land at Torre/Trent Road from Arcadia', referred to in Minute No. 172 be designated as being exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information contained within it relates to the financial or business affairs of the Council and/or another organisation. It is considered that the release of such information would, or would be likely to prejudice the Council's commercial interests in relation to other similar transactions. It is considered that the public interest in maintaining the exemption from publication outweighs the public interest in disclosing this information at this point in time.

166 Late Items

Agenda Item 7 (Update on Coronavirus (COVID-19) Pandemic – Response and Recovery Plan)

With the agreement of the Chair, a late item of business was admitted to the agenda entitled, 'Update on Coronavirus (COVID-19) Pandemic – Response and Recovery Plan'.

Given the scale and significance of this issue, it was deemed appropriate that a further update report be submitted to this remote meeting of the Board. However, due to the fast paced nature of developments on this issue, and in order to ensure that Board Members received the most up to date information as possible the report was not included within the agenda as originally published on 11th May 2020. (Minute No. 170 refers).

Agenda Item 8 (Impact of Coronavirus (COVID-19) upon Leeds City Council's 2020/21 Financial Position)

With the agreement of the Chair, a late item of business was admitted to the agenda entitled, 'Impact of Coronavirus (COVID-19) upon Leeds City Council's 2020/21 Financial Position'.

Given the scale and significance of this issue, it was deemed appropriate that an update report be submitted to this remote meeting of the Board. However, due to the fast paced nature of developments regarding this issue, and in order to ensure that Board Members received the most up to date information as possible the report was not included within the agenda as originally published on 11th May 2020. (Minute No. 171 refers).

167 Declaration of Disclosable Pecuniary Interests

There were no Disclosable Pecuniary Interests declared at the meeting.

168 Minutes

RESOLVED – That the minutes of the previous meeting held on 22nd April 2020 be approved as a correct record.

INCLUSIVE GROWTH AND CULTURE

169 Devolution Deal for West Yorkshire - Review, Scheme and Consultation

The Chief Executive submitted a report which provided an update on the latest stage of the process to implement the West Yorkshire Devolution Deal, as agreed between the region and Government in March 2020. The report included information on the outcome of the statutory governance review which had been undertaken and also sought approval to progress to the next phase involving public consultation on the draft Scheme, as appended to the submitted report.

In introducing the submitted report, the Leader highlighted that work on the devolution deal continued at pace, with it being reiterated that the intention was to progress in line with the timeframe as set out within the report. It was also highlighted that bearing in mind the current situation regarding the Coronavirus pandemic, discussions continued around allowing an element of

flexibility in the timeframe to ensure that all due diligence, consultation and scrutiny processes in respect of the proposals were fully undertaken as required.

In considering the submitted report, Members discussed and received further information on the following:-

- Given the current situation regarding the Coronavirus pandemic, emphasis was placed upon the importance of ensuring that members of the public and Elected Members of the Council were provided with appropriate opportunity to engage with and discuss the proposals as part of the consultation and communications exercises, which included the respective scrutiny functions at both the City Council and the Combined Authority. The importance of the democratic accountability and transparency of the process was reiterated, with the need for all Opposition Groups to receive briefings and communications on such matters, as appropriate, being highlighted;
- Proposals regarding the range of functions to be undertaken by the Mayoral Authority as part of the devolution deal were discussed, with it being highlighted that as a result of this process, no current functions would be transferred away from the City Council, unless by agreement of the Council. In response to specific enquiries, officers undertook to provide a Member in question with further information on how the function of housing and land acquisition would be delivered under the proposed model, with it being undertaken that a Member's specific comments around the setting of precepts would be fed into the relevant consultation processes;
- The potential economic benefits for the area arising from the adoption of the devolution deal for West Yorkshire were highlighted, with Members emphasising the importance of this, given the current financial position of Local Authorities in light of the Coronavirus pandemic.

RESOLVED –

- (a) That having considered the Governance Review, as appended to the submitted report at Appendix 1, the Review's conclusions be endorsed, including that an Order under S104 and S105 in relation to the changes to constitutional arrangements considered in the Review and the delegation of additional functions to the Combined Authority would be likely to improve the exercise of statutory functions in relation to the Combined Authority's area;
- (b) That the Board's consideration and comments regarding the draft Scheme for the establishment of the Mayoral Combined Authority, as detailed at Appendix 2 to the submitted report, be noted;
- (c) That agreement be given for a public consultation exercise to be undertaken on the proposals contained within the Scheme, with the Board's consideration and comment upon the draft consultation questions, as detailed in Appendix 3 to the submitted report being noted;

- (d) That the progression of engagement with the Combined Authority and other constituent Councils, as described within the submitted report, be agreed, with the Board's agreement also being given that the Managing Director of the Combined Authority shall, in consultation with the Leader and Chief Executive of this Council, be authorised to take any steps to finalise the preparation and publication of the Scheme and progress the public consultation exercise, as set out within the submitted report;
- (e) That the updated timetable, as set out in Appendix 4 to the submitted report be noted, together with the next steps including, subject to the approval by constituent Councils and the Combined Authority, the submission of a summary of the consultation responses to the Secretary of State in August / September 2020, and to subsequently consent to any draft Order in September 2020 so that a mayoral combined authority model and associated changes may be adopted and implemented by May 2021, as set out in the Deal;
- (f) That the proposals, as outlined in section 3.49 of the submitted report around political engagement throughout the devolution process, be agreed;
- (g) That approval be given for all decisions taken by the Executive Board from this report, and as resolved above, be exempted from the Call In process on the grounds of urgency, as set out in paragraph 4.5.3 of the submitted report.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (g) above, and for the reasons as detailed within sections 4.5.3 of the submitted report)

170 Update on Coronavirus (COVID19) pandemic – Response and Recovery Plan

Further to Minute No. 161, 22nd April 2020, the Chief Executive submitted a report providing an update on the coronavirus (COVID-19) related work across the city, being driven by the response and recovery plan, as previously reported to the Board. The report provided information on organisational issues arising from the pandemic as well as a citywide update, and noted that the response and recovery plan aimed to mitigate the effects of the outbreak on those in the city, especially the most vulnerable, and prepare for the early stages of recovery. The report also noted that the city's multi-agency command and control arrangements were set within the national approach and guidance from the Government, plus the context of resilience and health partnership arrangements at a West Yorkshire level, and the Combined Authority.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons as set out in section 9.1 of the submitted report, and as detailed in Minute No. 166.

In introducing the submitted report and providing an update on the current position, the Leader, on behalf of the Board, extended her thanks to all of those involved in the development and implementation of the response and recovery plan to date, including the continued delivery of detailed communications with all relevant parties. The Chief Executive reiterated such comments, paying tribute to all those who continued to deliver services across the city in response to the pandemic.

Members discussed and received further information on a number of issues, including:-

- The national role being undertaken by the Chief Executive with regard to the programme of testing, tracing and containing the virus, with Members highlighting the need for appropriate procedures to be implemented in respect of this at a localised level;
- The significant impact of the pandemic across a number of sectors. In response to enquiries regarding the hospitality sector, the Board was provided with information on the support being provided to that sector, with it being highlighted that provision of such support would be a key area of activity for the Council moving forward;
- Responding to a Member's comments regarding the delivery of formal meetings whilst social distancing measures remained in place, it was noted that formal meetings held remotely continued to take place and be scheduled, and that preparations were being made to deliver meetings which could potentially be attended both remotely and physically, however such physical attendance at meetings would not be introduced until Members felt it appropriate to do so, and that further Member discussions on such matters were required;
- A Member highlighted the importance of the Council taking into consideration service users' feedback and the outcomes from engagement processes when reviewing the Council's response to the pandemic and the adapted delivery of services. Responding to such comments, the Board received updates on a number of service areas including those delivered in crematoria, the distribution of food in communities / the delivery of associated grants, and the delivery of actions addressing period poverty;
- With regard to support for the agricultural sector, specific reference was made to the Council supported 'Pick for Britain' programme. Responding to a Member's enquiry, officers undertook to provide the Member in question with further details on how the Council was engaging in this initiative;
- Also, the Board received updates from several Executive Members regarding related matters within their respective portfolios. These included:-
 - Council decision making processes during the current period;

- Communication processes established to ensure that local communities remained informed of the help and support available to them, with a number of specific examples being provided;
- The current position within Care Homes in Leeds and the actions being taken to address the challenges which continued to be faced in this area, with specific tribute being paid to the work of frontline care workers during this time;
- The monitoring of the health inequalities agenda;
- The ongoing work aimed at delivering greater active travel provision, and the level of public engagement to date with the 'Common Place' platform.

In conclusion, the Chair highlighted the need for the Government to focus its efforts upon a more localised approach moving forward, with the key role of Local Authorities in such an approach being emphasised.

Finally, on behalf of the Board, the Leader asked all Directors to relay thanks to their respective teams for their continued efforts throughout such challenging circumstances.

RESOLVED –

- (a) That the updated national context and local response to the Coronavirus (COVID-19) pandemic, as detailed within the submitted report, be noted;
- (b) That the updated Response and Recovery plan, which includes the updated aims and objectives, be agreed;
- (c) That the approach towards and messaging for running a safe city, as detailed within the submitted report, be agreed;
- (d) That the submitted report and the comments made in respect of it during the discussion be noted in context with the more detailed report on the financial implications of the Coronavirus pandemic for the Council, as presented within Minute No. 171;
- (e) That all Directors relay to their respective teams Members' thanks for their continued efforts throughout such challenging circumstances

RESOURCES

171 Coronavirus (COVID-19) - Impact upon the Council's 2020/21 Revenue Budget

The Chief Officer, Financial Services submitted a report providing an interim briefing on the forecast position for the Council when considering the scale of the financial challenge faced by the Authority in terms of 2020/21 and future years due to the COVID-19 pandemic.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons

as set out in section 4.5.2 of the submitted report, and as detailed in Minute No. 166.

In introducing the submitted report, the Executive Member for Resources highlighted the scale of the financial challenge being faced by the Council, which it was emphasised remained an evolving picture. With regard to the recommendation that the Board write to the Government to ask for financial assistance to enable the Council to fulfil its requirements, it was highlighted that it was proposed that in addition to this, Government would be asked to provide support through the proposals, as set out within section 3.5.2 of the report.

Responding to a Member's enquiry regarding the options available to the Council moving forward, the Board was advised that a further report was scheduled to be submitted to the Board in June presenting the financial position over the next 2 years, which would also provide detail of the options available to the Council if further funding was not forthcoming from Government. Also, responding to a Member's enquiry, the Board noted that the issuing of a 'Section 114' report would only be undertaken as a final resort.

In response to a Member's enquiry, it was undertaken that Executive Members would continue to be briefed on relevant matters between this Board meeting and the next scheduled meeting on 24th June.

Members highlighted the need for local Government to continue dialogue with the Treasury in order to explore all potential options available to financially assist Local Authorities during this time and moving forward.

A Member requested an update on the Council's commercial investment portfolio during this challenging period, arising from the national press coverage given to the issues that some Local Authorities were experiencing in this area. In response it was noted that currently there were no specific issues to report on such matters.

RESOLVED –

- (a) That the position, as outlined in the submitted report by the Chief Officer, Financial Services concerning Leeds City Council's financial position as a consequence of the COVID-19 pandemic, be noted;
- (b) That agreement be given for Executive Board to write to Government to ask for financial assistance to enable the Council to fulfil its requirements to deliver services to the residents of Leeds, and that in addition to this, Government support be sought on the proposals, as set out within section 3.5.2 of the report;
- (c) That it be noted that a further report is to be submitted to Executive Board in June 2020 detailing the impact over the financial years 2020/21 and 2021/22 of the COVID-19 pandemic, together with an updated forecast budget position for 2021/22.

LEARNING, SKILLS AND EMPLOYMENT

172 East Leeds Secondary Place Provision - Proposed Purchase of Land at Torre/Trent Road from Arcadia

Further to Minute No. 177, 20th March 2019, the Director of City Development and the Director of Children and Families submitted a joint report which looked to bring together three interconnected workstreams that had been progressed following the Board's previous approval in March 2019 to enter into negotiations with the Arcadia Group Ltd. for the potential acquisition of part of their site at Torre Road for the creation of the new East Leeds Secondary School. The report set out the current position regarding each of those workstreams and presented the rationale for the requirement of the Council to enter into the final Heads of Terms with Arcadia Group Ltd. for the purchase of the site to ensure the delivery of a new Secondary School for opening in September 2021.

Members provided support for the proposals as detailed within the submitted report and appendices.

Following the consideration of Appendix 1 / A to the submitted report, designated as being exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED –

- (a) That the progress made to date regarding: the negotiations with Arcadia Group Ltd. for the purchase of part of their site for a new secondary school in East Leeds; the free school presumption under the terms set out in the Education and Inspections Act 2006 (section 6A) and the design development of the scheme to date, be noted;
- (b) That approval be given for the Council to enter into the final Heads of Terms for the acquisition of 2.77ha of the unused playing field land at Torre Road owned by Arcadia Group Ltd from REDCASTLE (FREEHOLDS) LIMITED who are part of the Arcadia Group Ltd., for the new East Leeds secondary school; and that approval also be given to authorise the Director of City Development to use his delegated powers to approve the exchange and completion of the contract for the land purchase by the 31st July 2020;
- (c) That 'authority to spend' the amount as detailed within the exempt appendix 1 / A to the submitted report on the purchase of the playing field land at Torre Road owned by Arcadia Group Ltd., be approved.

DATE OF PUBLICATION: THURSDAY, 21ST MAY 2020

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M. ON FRIDAY, 29TH MAY 2020

REMOTE MEETING OF EXECUTIVE BOARD

WEDNESDAY, 24TH JUNE, 2020

PRESENT: Councillor J Blake in the Chair
(REMOTELY) Councillors A Carter, R Charlwood,
S Golton, J Lewis, L Mulherin, J Pryor,
M Rafique and F Venner

APOLOGIES: Councillor D Coupar

1 Chair's Opening Remarks

The Chair welcomed everyone to the remote meeting of the Executive Board, which was being held as a result of the ongoing social distancing measures established in response to the Coronavirus pandemic.

On behalf of the Board, the Chair extended her thanks and appreciation to Council employees, together with all partner organisations and sectors across the city and the wider region for the extraordinary co-ordinated efforts which continued to be taken to safeguard and serve communities during these unprecedented times.

The Chair also highlighted that as the national measures in place began to change over the coming weeks, key messages around the ongoing importance of caution and safety, in line with the Government's guidance, would continue to be communicated.

2 Late Items

Agenda Item 15 (Update on Coronavirus (COVID-19) Pandemic – Response and Recovery Plan)

With the agreement of the Chair, a late item of business was admitted to the agenda entitled, 'Update on Coronavirus (COVID-19) Pandemic – Response and Recovery Plan'.

Given the scale and significance of this issue, it was deemed appropriate that a further update report be submitted to this remote meeting of the Board. However, due to the fast paced nature of developments on this issue, and in order to ensure that Board Members received the most up to date information as possible the report was not included within the agenda as originally published on 16th June 2020. (Minute No. 14 refers).

3 Declaration of Disclosable Pecuniary Interests

There were no Disclosable Pecuniary Interests declared at the meeting.

4 Minutes

RESOLVED – That the minutes of the previous meeting held on the 19th May 2020 be approved as a correct record.

Draft minutes to be approved at the meeting
to be held on Monday, 20th July, 2020

RESOURCES

5 Financial Performance - Outturn Financial Year Ended 31st March 2020

The Chief Officer (Financial Services) submitted a report presenting the financial outturn position for the 2019/20 financial year in terms of both revenue and capital elements, with it also including details regarding the Housing Revenue Account and expenditure on schools. In addition, the report also highlighted the position in respect of other key financial health indicators including: Council Tax and Business Rates collection statistics; sundry income; reserves and the prompt payment of creditors.

The Executive Member for Resources extended his thanks to Council officers for the work undertaken to achieve the Council's outturn position for 2019/20, as detailed within the report.

RESOLVED –

- (a) That the Council's financial outturn position for 2019/20, as detailed within the submitted report, be noted;
- (b) That the creation of earmarked reserves, as detailed within paragraph 6.3 of the submitted report, be agreed, with agreement also being given to delegate the release of such reserves to the Chief Officer (Financial Services);
- (c) That it be noted that the Chief Officer (Financial Services) will be responsible for the implementation of these resolutions following the conclusion of the 'Call In' period.

6 Treasury Management Outturn Report 2019/20

The Chief Officer (Financial Services) submitted a report providing the financial outturn position for the 2019/20 financial year in terms of the Council's Treasury Management Strategy and operations.

Responding to a Member's enquiry, the Board was provided with an update on the Council's current approach towards borrowing, with it being noted that during this current financially uncertain period, the Council was monitoring the markets with the aim of ensuring that future borrowing achieved best value for the Council.

RESOLVED – That the Treasury Management outturn position for 2019/20, as detailed within the submitted report, be noted, with it also being noted that treasury activity has remained within the Treasury Management Strategy and policy framework.

7 Financial Health Monitoring 2020/21 – Month 1

The Chief Officer (Financial Services) submitted a report which presented the projected financial health position of the Authority for 2020/21, as at month 1 of the financial year.

With regard to a Member's comments regarding the appended action plan which looked to address the pressures upon the 'Children Looked After' budget for 2020/21 and the approach being taken to deal with any increased demand for related services which could potentially arise as a consequence of the Coronavirus pandemic, the Board was advised that a detailed set of actions were in place to address such matters and that such information could be shared with Board Members, as required. Also, it was noted that there was a focus upon the transfer of children and young people currently in external placements to foster care wherever possible and appropriate, which was alongside the actions being taken aimed at increasing the recruitment levels of foster carers in Leeds.

RESOLVED –

- (a) That the projected financial position of the Authority, as at Month 1 of the 2020/21 financial year be noted, and that the projected impact of COVID-19 on that position also be noted;
- (b) That the savings plan, as provided by the Director of Children and Families which identifies initial proposals to address pressures in 'Children Looked After' budgets and the reduction in grant funding as announced after the 2020/21 budget had been set, be noted;
- (c) That in line with principles laid out by Government, it be noted that the Council has continued to charge schools as normal for Council services disrupted by COVID-19, for which they have a regular financial commitment.

8 Impact of Coronavirus (COVID-19) upon Leeds City Council's 2020/21 Financial Position and Update on the Forecast Budget Position for 2021/22

The Chief Officer (Financial Services) submitted a report which provided an update regarding the Council's financial position in respect of 2020/21 and 2021/22, taking into consideration the current position regarding the financial impact upon the Authority arising from Coronavirus pandemic.

In introducing the report the Executive Member for Resources highlighted the scale of the budget shortfall which was currently forecast, with it being noted that the Council continued to be in dialogue with the Government on such matters, including the need for further support.

In considering the submitted report, the Board discussed a number of key issues, including:-

- Whilst recognising the support which had been provided by the Government to date, emphasis was placed upon the unprecedented scale of the financial situation being faced by Local Authorities and the need for further support to be provided, with it being noted that a co-ordinated approach was being taken by Local Authorities and the Local Government Association in communicating such concerns to Government;
- In acknowledging the possibility that a budgetary shortfall may still remain even with the provision of further support from Government, Members

Draft minutes to be approved at the meeting
to be held on Monday, 20th July, 2020

discussed the need for further discussion to take place with Government around the possibility of being able to address the Council's financial position over a longer term and with greater flexibility;

- Members discussed matters relating to the current level of reserves held by the Council when compared to other Local Authorities; the longstanding budgetary approach which has been taken in Leeds; the Council's track record in consistently delivering balanced budgets; the nature and size of the economy in the city as a whole and the role which the Council continued to play within that;
- The key role which has been played by Local Authorities throughout the pandemic was highlighted, and the need for that key role to continue and be appropriately supported by Government, with emphasis also being placed upon the importance of the Council being agile enough to adapt and respond to the evolving needs of local communities and the economy as we progressed through the different stages of the pandemic.

RESOLVED –

- (a) That the position, as outlined in the submitted report by the Chief Officer (Financial Services) concerning Leeds City Council's financial position as a consequence of the COVID-19 pandemic, be noted;
- (b) That it be noted that the Government has been written to asking for further financial assistance;
- (c) That it be noted that if further assistance from the Government is not forthcoming or is insufficient to address the scale of the financial overspend as detailed within the submitted report, then an Emergency Budget would be considered by Full Council in the Summer;
- (d) That if the actions that the Council can take on this issue are in the professional opinion of the Chief Officer (Financial Services) insufficient to reduce the Council's cost base to enable there to be sufficient resources to fund services, then it be noted that a Section 114 report would be issued;
- (e) That the revised estimated budget gap for 2021/22 and the actions being taken to address this position, as detailed within the submitted report, be noted;
- (f) That it be noted that an updated Medium Term Financial Strategy is to be brought to Executive Board in September 2020 which will provide an update on the Council's financial position covering the period 2021/22 – 2025/26.

9 Annual Corporate Risk Management Report

The Director of Resources and Housing submitted a report that provided an update on the Council's most significant corporate risks, how they were currently being managed and presenting details on the further activity planned to address such risks during 2020/21.

In introducing the report, the Executive Member for Resources emphasised the impact of the Coronavirus pandemic upon the range of risks which were currently being faced by the Council, as reflected within the submitted report.

Responding to a Member's enquiry, the Board received further information on the stress test work undertaken regarding the resilience of the Council to maintain its financial position and deliver services under certain circumstances, with it being undertaken that the details of such work could be provided to Board Members as required.

In addition, further to the discussions in the preceding item, the need for continued dialogue with Government around the possibility of being able to address the Council's financial position over a longer term and with greater flexibility was reiterated.

RESOLVED –

- (a) That the contents of the annual risk management report, as submitted, together with the assurances given on the most significant corporate risks, in line with the Council's Risk Management Policy and the Board's overarching responsibility for their management, be noted;
- (b) That it be noted that the submitted report will provide a key source of evidence on the Authority's risk management arrangements contributing towards the Annual Governance Statement to be considered later this year by the Council's Corporate Governance and Audit Committee.

LEARNING, SKILLS AND EMPLOYMENT

10 Learning Places Design & Cost Report School Places Delivery September 2020

The Director of Children and Families and the Director of City Development submitted a report providing information on the need for additional secondary school places across the city for delivery by September 2020, and which sought approval regarding authority to spend and to incur a total expenditure of £7,595,000 to deliver projects at both Cockburn Academy and Leeds City Academy for September 2020 to address specific demographic growth pressures in those respective areas.

A Member raised concerns relating to the proposals within the submitted report regarding Cockburn Academy, with specific reference to the £6,835,000 capital expenditure proposed for that one school, indicated the potential for the matter to be 'Called In' which would require consideration by Scrutiny, and made an enquiry regarding any previous funding which had been provided to the Cockburn Multi Academy Trust. Responding to the concerns raised, the Board discussed and received further information regarding:-

- The delayed delivery of the Laurence Calvert Free School and the impact of this upon school places in the area, with Members receiving an update on the current position regarding the continued dialogue

taking place with Government in relation to the delivery of this Free School;

- Further detail was provided on how the proposed expenditure would be used, which included addressing the historical capacity issues at the school and the required adaptation of the current on site infrastructure, whilst also ensuring the delivery of appropriate facilities – with an offer that further detail could be provided to the Member in question, if required;
- In terms of timescales, it was confirmed that the 60 additional places proposed to be created at Cockburn Academy to address that bulge cohort would remain at the school until those 60 pupils had completed Year 11;
- Members also discussed the broader issue of appropriate resource being provided to the Local Authority for the delivery of further school places across the city to enable levels of demand to be met, with it being highlighted that further consideration and discussion of such matters would be welcomed.

RESOLVED –

- (a) That the additional secondary places which are required in order to reduce the amount of children being allocated a school place out of area, be noted;
- (b) That the necessary authority to spend be approved, together with approval also being given to incur expenditure of £6,835,000 from Capital Scheme number 33176/BGE/CBN to deliver the works associated with a 60 place ‘bulge’ at Cockburn Academy for September 2020;
- (c) That the proposal for the freehold transfer of the land identified within the submitted report, which forms part of the former South Leeds Golf Course to Cockburn Multi Academy Trust be approved, to allow the delivery of the sports field provision required as part of the proposals as detailed within paragraph 3.1.4 of the submitted report;
- (d) That the necessary authority to spend be approved, together with approval also being given to incur expenditure of £760,000 from Capital Scheme number 33176/BGE/LCA to deliver the works associated with a 60 place ‘bulge’ at Leeds City Academy which are being delivered by the Local Education Partnership (LEP) for September 2020;
- (e) That the programme dates, as detailed in the submitted report, in relation to the implementation of these resolutions, which represent the critical path for project success and must be adhered to where possible, be noted;
- (f) That it be noted that the officer responsible for the implementation of such matters is the Head of Service Learning Systems in the Children’s and Families directorate.

Draft minutes to be approved at the meeting
to be held on Monday, 20th July, 2020

(Under the provisions of Council Procedure Rule 16.5, Councillor A Carter required it to be recorded that he abstained from voting on the decisions referred to within this minute)

11 Outcome of statutory notice on a proposal to permanently increase learning places at Allerton Grange School from September 2021

Further to Minute No. 147, 12th February 2020, the Director of Children and Families submitted a report which presented details of a proposal brought forward to meet the Local Authority's duty to ensure a sufficiency of school places. Specifically, this report described the outcome of a Statutory Notice published under the Education and Inspections Act 2006 and in accordance with the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 in regard to a proposal to expand secondary school provision at Allerton Grange School and which sought a final decision in respect of this proposal.

Responding to an enquiry, officers undertook to provide Executive Members with information on the timeframe by which Ofsted inspections would resume and also with information regarding the outcomes from inspections which took place immediately prior to the Coronavirus outbreak.

RESOLVED –

- (a) That the proposal to permanently expand secondary provision at Allerton Grange School from a capacity of 1200 pupils to 1500 pupils in years 7 to 11, with an increase in the admission number from 240 to 300 and with effect from September 2021, be approved;
- (b) That the recommendation to exempt the decision from the Call In process for the reasons as set out within paragraph 4.5.2 of the submitted report, be approved;
- (c) That it be noted that the responsible officer for the implementation of such matters is the Head of Learning Systems.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process by the decision taker if it is considered that the matter is urgent and any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (b) above, and for the reasons as detailed within sections 4.5.2 of the submitted report)

12 Outcome of consultation and request to approve funding to permanently increase learning places at Leeds West Academy from September 2022

The Director of Children and Families submitted a report which presented details of a proposal brought forward to meet the Local Authority's duty to ensure a sufficiency of school places. Specifically, this report described the outcome of a consultation exercise which had been undertaken regarding a proposal to expand secondary school provision at Leeds West Academy and

which sought a decision to fund the delivery of a scheme to create the additional learning places required.

RESOLVED –

- (a) That the outcome of the consultation process undertaken on the proposal to permanently expand Leeds West Academy from a capacity of 1200 to 1500 students by increasing the admission number in year 7 from 240 to 300, with effect from September 2022, be noted;
- (b) That provisional approval for the authority to spend (ATS) £5.269m to deliver the proposed permanent expansion at Leeds West Academy be granted, with it being noted that early feasibility indicates the final cost is likely to be lower than this amount;
- (c) That it be noted that the implementation of this proposal is subject to funding being agreed based upon the outcome of further detailed design work and planning applications, as indicated at section 4.4 of the submitted report, with it also being noted that this proposal has been brought forward in time for places to be delivered for 2022;
- (d) That it be noted that the responsible officer for the implementation of the Capital budget is the Head of Learning Systems;
- (e) That it be noted that the White Rose Academies Trustees intend to self-deliver the build scheme.

CHILDREN AND FAMILIES

13 Update on 'Thriving': The Child Poverty Strategy for Leeds

Further to Minute No. 105, 25 November 2019, the Director of Children and Families submitted a report which provided an update on the work being undertaken towards the outputs and outcomes of each Impact Workstream under the 'Thriving' Strategy, provided details of the work being undertaken in response to the effects of COVID-19 in this area, whilst the report also provided details of the associated monitoring and evaluation arrangements for the work streams within the Strategy.

In introducing the report, the Executive Member for Children and Families highlighted how the report had been adapted to incorporate the effects of the Coronavirus pandemic when considering child poverty, together with a summary of current national issues linked to this agenda.

In considering such matters, a Member emphasised the need for all children and young people across the city who were affected by the effects of poverty to be supported, especially given the likely exacerbation of the issue as a result of the pandemic. Linked to this, the importance of continuing to monitor the extent of the impact of the pandemic in respect of child poverty was emphasised, so that appropriate responses to the needs of children and young people could be delivered.

Responding to comments, it was highlighted that all initiatives included within the strategy aimed to ameliorate the impact of poverty for children and young people and following this, Members received updates on, and discussed the approaches taken towards both the Period Poverty initiative and also the Healthy Holidays programme.

RESOLVED –

- (a) That the strategic framework in place to mitigate the impact of child poverty, together with the work being undertaken by the Council and its partners in the key areas of activity, as detailed within the submitted report, be noted;
- (b) That the data overview, the current work being undertaken and the reporting updates, as outlined within the submitted report, be noted;
- (c) That it be noted that the officer responsible for the implementation of such matters is the Chief Officer, Partnerships and Health, by December 2022;
- (d) That it be noted that Executive Board has an understanding of the potential impact of COVID-19 on child poverty, with the calls for a national approach towards mitigating the impact of child poverty also being noted.

(During the consideration of this item, under the provisions of Executive and Decision Making Procedure Rule 3.2.5, in the temporary absence of Councillor Blake, Councillor Lewis assumed the Chair of the meeting. In returning to the meeting, Councillor Blake resumed her position as Chair)

INCLUSIVE GROWTH AND CULTURE

14 Update on Coronavirus (COVID-19) Pandemic - Response and Recovery Plan

Further to Minute No. 170, 19th May 2020, the Chief Executive submitted a report which provided an update on the continued coronavirus (COVID-19) related work across the city being driven by the response and recovery plan, which aimed to mitigate the effects of the outbreak on those in the city, especially the most vulnerable, and prepare for the longer term planning of stages of recovery including local outbreak planning. The report highlighted how the city's multi-agency command and control arrangements continued to be used, which had been updated to reflect local outbreak management arrangements for Leeds, and also provided information on the organisational issues which were being faced by the Council arising from the pandemic.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons as set out in section 10.1 of the submitted report, and as detailed in Minute No. 2.

In introducing the submitted report and providing an update on the current position, the Leader, on behalf of the Board, extended her thanks to all of those involved in the continued delivery of statutory services across the city and also the delivery of those actions which were in response to the pandemic. Linked to this, the key role being played by Local Authorities throughout the pandemic, as highlighted earlier in the meeting was reiterated.

In addition, Members paid tribute to the work being undertaken at a national level by the Chief Executive, Tom Riordan, as part of the Government's ongoing test and trace programme.

The Board received an update from the Chief Executive on the key aspects of the work which continued to be undertaken in respect of planning for the control and management of any Coronavirus outbreaks, how such work was being co-ordinated at a local and regional level and how this fed into the national strategy, with details also being provided on how the newly established Leeds Outbreak Control Board fitted within existing governance arrangements.

Responding to an enquiry, the Board received further information and assurance on the close liaison which continued to take place with neighbouring Authorities regarding the control and management of localised outbreaks, to facilitate a more regionalised approach, where appropriate.

A Member highlighted the need, moving forward, to build upon the partnership working which had been developed throughout the pandemic, and the importance of looking to harness the effectiveness of local communities working together which had been a key part of the local response. Linked to this, Members highlighted how an effective communications strategy from a national to a local level continued to be fundamental to the successful management of outbreaks as restrictions began to be relaxed, with the role of Ward Councillors in helping to deliver such communications within communities being highlighted.

RESOLVED –

- (a) That the updated context, the progress being made and the issues being faced as the Council moves through the phases of dealing with the COVID-19 pandemic, be noted;
- (b) That the submitted report and the comments made in respect of it during the discussion be noted in context with the more detailed report on the financial implications of Coronavirus for the Council, as presented within Minute No. 8;
- (c) That the establishment of the Leeds Outbreak Board and Outbreak Plan to ensure that effective local arrangements are in place and which are linked to national testing and tracing approach, be noted;
- (d) That the continued focus of the collective response on health and wellbeing which recognises the direct health impacts of COVID-19,

Draft minutes to be approved at the meeting
to be held on Monday, 20th July, 2020

together with focus upon the emerging social and economic consequences, be noted.

DATE OF PUBLICATION: FRIDAY, 26TH JUNE 2020

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M. ON FRIDAY, 3RD JULY 2020

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