

Overview of Leeds City Council payments to third sector organisations 2022/23

Briefing note to: Third Sector Partnership

Meeting date: 27th November 2023

1. Purpose

- 1.1 The Local Government Transparency Code 2015 stipulates that local authorities should publish details of all grants to voluntary, community and social enterprise organisations (collectively referred to within this report as ‘Third Sector’ organisations) either by tagging related transactions within published data on expenditure over £500 or published procurement information, or in the form of a separate list or register.
- 1.2 Based on the datasets of Leeds City Council’s expenditure which are published monthly (available [here](#)), details of the authority’s payments to Third Sector organisations in each of the previous financial years are also publicly available on the Data Mill North and can be found [here](#). This report represents a brief overview of the payments made to Third Sector organisations during the financial year 2022/23. (Prior year reports can also be accessed on the Data Mill North [here](#).)

2. Background information

- 2.1 In categorising organisations as belonging to the Third Sector, the authority continues to be guided by a wide-ranging, inclusive definition drafted several years ago by the former Office of the Third Sector¹. This definition includes charities, community groups, churches and faith groups, sports and recreational clubs, social enterprises and partnerships, and trade unions and associations.
- 2.2 The council’s payments to the Third Sector involve tens of thousands of transactions including grant payments, funding for projects, activities and events, procurement of goods and services and the commissioning of services. They include spending from both revenue and capital budgets. The transactions are taken from FMS (the council’s financial ledger). Third Sector payments are ‘flagged’ with a 310 reference code to make them identifiable within FMS.
- 2.3 It should be noted that, as highlighted in previous years’ reports, there are some caveats around this data. Firstly, the transactions identified as ‘Third Sector’ may not be fully reflective of all payments made to such organisations: some payments may be paid through different categorisations within the financial ledger. Secondly, there is the possibility that certain payments and / or organisations have been flagged as Third Sector in error. Thirdly, when suppliers / organisations are set up on the system, they may not be

¹ This later became the Office for Civil Society and was then renamed as the Civil Society and Youth Directorate within the government Department for Culture, Media & Sport.

‘flagged’ appropriately against the 310 code. However, significant resources would be required to carry out intensive data cleansing and further analysis to overcome these potential limitations.

- 2.4 It should also be noted that a number of payments included within this analysis are made to third sector organisations which then administer funds to other groups as the lead organisation for a consortium or through a sub-contracting arrangement. These ultimate beneficiaries of the funding are not captured within the data set which only includes the direct payments to the lead organisations.
- 2.5 It was highlighted in last year’s report provided for payments made during 2020/21 and 2021/22 that one major consortium organisation (Gipsil Limited) had not featured within the analysis as it had not been flagged within the FMS category ‘310’. This organisation has now been included within the 2022/23 data.

3. Overall payments to third sector organisations in 2022/23

- 3.1 Appendix A summarises Leeds City Council’s total spend with organisations with a ‘310’ flag. This shows that the authority’s total spend with such organisations was £149.6m in 2022/23, up by 10% from 2021/22. This is likely to reflect the additional Covid grants provided to support local businesses.
- 3.2 Pre-pandemic, spend has been comparable year-on-year. It should be noted that the scale and stability of the council’s payments to the sector has been broadly maintained in a period of very challenging financial circumstances for local government.
- 3.3 £27.4m (18.3%) of the payments made in 2022/23 were to Aspire. Total spend with other organisations came to £122.2m.
- 3.4 The data indicates a marginal increase between 2021/22 and 2022/23 of 1.4% in the total number of organisations paid directly since reporting started. This follows a decline between 2016/17 and 2020/21.

Year	No. of organisations
2022/23	1,174
2021/22	1,158
2020/21	948
2019/20	1,264
2018/19	1,309
2017/18	1,392
2016/17	1,664

4. ‘Top 25’ third sector organisations

- 4.1 Appendix B lists the 25 third sector organisations receiving the highest level of payments from the council over the last four years. – the ‘Top 25’. For 2022/23, payments to this group totalled £95.9m, of which 28.6% (£27.4m) went to Aspire and 71.4% (£68.5m) to the remaining 24 organisations. The top 4 organisations remain unchanged year on year.

5. Range of payments

- 5.1 Appendix C shows that the council's payments to the Third Sector continue to be dominated by payments to a small number of organisations. 70% of the total value paid comes from 34 organisations receiving payments over £1m. In comparison, the other 30% is made up of payments to 1,140 organisations with values below £1m.
- 5.2 12 organisations received payments above £2m in 2022/23, in line with the numbers in previous years. As noted above, Aspire receives by far the highest level of payments according to this analysis at £27.4m in 2022/23 (up from £25.7m in 2021/22), with Humankind receiving £12.1m in 2022/23 (up from £10.7m in 2021/22).

6. Spending by council directorate

- 6.1 Appendix D analyses spend with the Third Sector in terms of the council directorate incurring the expenditure. Not surprisingly, this shows that the overall spend is primarily driven by the authority's social care services: Adults and Health along with Children and Families and Social Care Pooled Budgets.
- 6.2 Communities, Housing and Environment also make up a significant level of spend in 2022/23, perhaps due to their role in disbursing government support grants to the public.

7. Financial challenge

- 7.1 The financial climate for local government continues to present significant risks and challenges to the council's priorities and ambitions. This is outlined in further detail both in the council's regular in-year financial health reports and in the Medium-Term Financial Strategy (MTFS). This is a five-year strategy which is updated each year and includes the key risks and assumptions to the council's financial position.
- 7.2 Third Sector partners are asked to take note of the [Medium-Term Financial Strategy](#) recently refreshed for 2024/25 to 2028/29 and received at the council's Executive Board in September 2023.

APPENDIX A**Distribution Analysis of 2022/23 Third Sector Business****Leeds City Council Total Business With the Third Sector.**

	<u>Total</u> <u>Payments</u>	<u>Movement</u> <u>from Previous</u> <u>Year</u>	<u>Movement</u> <u>as a %</u>
	£M	£M	
2022/23	149.6	13.5	10%
2021/22	136.1	4.0	3.0%
2020/21	132.1	1.6	1.2%
2019/20	130.5	3.3	2.5%
2018/19	127.2	2.1	1.7%
2017/18	125.1	-7.8	-6.2%
2016/17	132.9	5.8	4.4%
2015/16	127.1	15.1	11.9%
2014/15	112.0	2.8	2.5%
2013/14	109.2	0.6	0.5%
2012/13	108.6	-0.8	-0.7%
2011/12	109.4	-10.5	-9.6%
2010/11	119.9	-3.5	-2.9%
2009/10	123.4	-	-

Note

Payment data analysed above is based on payments made through the creditors system with a 310 marker. Further data cleansing relating to 310 marked organisations may need to be undertaken by BSC.

In 2015/16 Aspire was formed; hence the increase in total payments. To provide comparable data, Aspire would need to be discounted from payment totals: Aspire has received the following payments:

2015/16	£109.3m
2016/17	£110.4m
2017/18	£103.1m
2018/19	£105.8m
2019/20	£106.3m
2020/21	£25.1m
2021/22	£25.7m
2022/23	£27.4m

APPENDIX B**Distribution Analysis of 2022/23 Third Sector Business****Rankings**

Financial Year	2022/23	2021/22	2020/21	2019/20
Organisation	£	£	£	£
1 Aspire Services (Leeds) Limited	27,423,758.99	25,742,923.30	25,147,618.08	24,192,554.16
2 Humankind	12,114,367.66	10,705,081.20	8,826,474.96	8,947,475.26
3 ST ANNES COMMUNITY SERVICES	5,625,479.03	4,719,366.88	5,521,494.50	10,706,610.71
4 ST ANNES RESIDENTIAL CARE	5,518,818.86	5,740,876.49	7,045,161.31	-
5 Care & Repair Leeds	4,702,628.18	2,750,863.78	2,573,070.96	3,830,222.53
6 Gipsil Limited	4,617,828.90	-	-	4,673,009.23
7 HOME FARM TRUST LTD	3,535,473.84	3,510,817.30	4,036,985.51	4,179,868.44
8 REFUGEE COUNCIL	3,211,999.76	959,485.11	1,336,818.12	2,036,186.22
9 Be Caring Ltd	2,784,939.15	2,936,485.57	2,821,125.25	2,146,338.64
10 Leeds Womens Aid	2,644,248.98	1,845,681.61	1,137,081.56	1,112,147.43
11 REAL LIFE OPTIONS	2,258,579.11	2,011,621.07	2,502,227.55	2,298,463.93
12 Touchstone - Leeds	2,174,430.35	2,728,254.06	2,844,579.03	2,972,441.48
13 Affinity Trust North Divisional Office	1,707,271.42	1,645,276.52	1,982,885.54	2,515,449.10
14 LEEDS AUTISM SERVICES	1,657,658.89	1,981,844.45	2,113,493.32	1,629,645.81
15 Turning Lives Around (TLA)	1,657,488.51	1,568,202.85	1,477,621.12	1,617,163.77
16 Carers Leeds	1,609,847.00	1,479,984.00	1,591,244.00	1,479,440.62
17 Community Foundation For Leeds	1,596,861.08	1,763,459.00	-	-
18 LEEDS CITIZENS ADVICE BUREAU	1,531,075.00	1,503,575.50	1,529,763.00	1,524,763.00
19 Hollybank Trust	1,453,099.64	1,478,389.64	1,464,053.75	1,196,210.45
20 The Disabilities Trust	1,406,417.29	1,068,835.33	1,417,504.34	1,187,663.21
21 Advonet	1,398,606.23	1,373,652.50	1,454,409.11	1,231,812.37
22 BARCA - Leeds	1,370,749.02	1,457,351.32	1,011,347.92	740,737.34
23 LEEDS OLDER PEOPLES FORUM	1,345,875.50	233,075.00	194,700.00	27,300.00
24 Mencap	1,344,949.47	745,713.13	849,226.67	397,239.60
25 The Sanctuary Project Limited	1,233,274.04	214,602.37	379,715.41	269,343.26
Total paid to Top 25	95,925,725.90	80,165,417.98	79,258,601.01	80,912,086.56

2022/23	2021/22	2020/21	2019/20
Ranking			
1	1	1	1
2	2	2	3
3	4	4	2
4	3	3	-
5	7	8	6
6	-	-	4
7	5	5	5
8	30	19	11
9	6	7	10
10	12	24	23
11	10	9	9
12	8	6	7
13	14	11	8
14	11	10	12
15	16	14	13
16	18	12	16
17	13	-	-
18	17	13	14
19	19	15	19
20	25	17	21
21	21	16	18
22	20	28	-
23	79	87	246
24	37	32	50
25	86	59	72

Rankings based on total value of payments received by the organisation

APPENDIX C

Distribution Analysis of 2022/23 Third Sector Business

	Number of organisations	% Of number of Organisations	Total Value £	% of total Paid
Number of Third Sector recipients	1,174		149,629,272	
Total payments above £9m	2	0.2%	39,538,127	26.4%
Total Payments £2m - £9m	10	0.9%	37,074,426	24.8%
Total payments £1m - £2m	22	1.9%	29,182,113	19.5%
Total payments £0.75m - £1m	4	0.3%	3,528,239	2.4%
Total payments £0.5m - £0.75m	15	1.3%	9,274,372	6.2%
Total payments £0.25m - £0.5m	31	2.6%	10,807,995	7.2%
Total payments £0.1m - £0.25m	76	6.5%	11,479,651	7.7%
Total payments £50k - £0.1m	71	6.0%	4,991,700	3.3%
Total payments £10k - 50k	114	9.7%	2,647,597	1.8%
Total payments £5k - 10k	67	5.7%	476,960	0.3%
Total payments £1k - 5k	173	14.7%	401,985	0.3%
Total payments £500 - £999	152	12.9%	110,533	0.1%
Total payments £100 - £499	361	30.7%	110,382	0.1%
Total payments below £100	76	6.5%	5,193	0.0%
Total	1,174	100%	149,629,272	100%
			Average	£127,453

Comments

The data contained above is representative of the transactions posted through the Creditors system and filtered through Code 310.

It provides only an indication of the number of organisations attributed to the Third Sector, as in previous years, through the Councils Financial Ledger (FMS) .

34 organisations received total payments of £1m or more which accounted for 70% of all payments made to Third sector businesses. This is similar to last years analysis.

The highest volume of organisations receiving payments in 2022/23 was 'Between £100 - £499' with 361 organisations receiving payments but this only represents 0.1% of the total payments made, a similar percentage to last year.

The Average aggregate payment to the Third Sector in 2022/23 was £127k. An increase from the previous year of £106k (£21k increase year on year)

APPENDIX D**2022/23 Council Directorates**

<u>Directorate</u>	2022/23	%	2021/22	%
	£	of the total	£	of the total
Adults and Health	42,809,349.79	28.6%	42,951,042.67	31.5%
Children and Families	14,702,979.85	9.8%	13,189,101.00	9.7%
City Development	4,309,072.07	2.9%	6,842,526.74	5.0%
Communities and Environment		0.0%	9,009,904.54	6.6%
Communities, Housing and Environment	25,218,792.55	16.9%	2,363,947.26	1.7%
Resources and Housing		0.0%	7,256,628.25	5.3%
Resources	436,512.96	0.3%	80,604.25	0.1%
Strategic Accounts	266,802.25	0.2%	189,782.33	0.1%
Strategic Landlord	3,758,239.60	2.5%	561,404.26	0.4%
Social Care / Pooled Budgets				
Other Service Providers	30,703,763.81	20.5%	27,990,121.89	20.6%
Aspire	27,423,758.99	18.3%	25,742,923.30	18.9%
Grand Total	149,629,271.87	100.0%	136,177,986.49	100.0%

Note:

Towards the end of the 2021/22 financial year the financial accounting system was updated to reflect the movement of certain services between directorates. This led to some cross over on where transactions sit. All transactions should be under the correct directorate in 2022/23

From 2022/23, following the movement of services between two directorates, those directorate names were revised from Resources and Housing to Resources, and from Communities and Environment to Communities, Housing and Environment.