



SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 19th December, 2016 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

S Bentley Weetwood;
D Cohen Alwoodley;
K Groves (Chair) Middleton Park;
H Hayden Temple Newsam;
J McKenna Armley;
S McKenna Garforth and Swillington;
D Nagle Rothwell;
A Sobel Moortown;
E Tunnicliffe Roundhay;
T Wilford Farnley and Wortley;
R Wood Calverley and Farsley;

Please note: Certain or all items on this agenda may be recorded

Principal Scrutiny Adviser:
Steven Courtney
Tel: 24 74707

Produced on Recycled Paper

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>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).</p> <p>(* 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).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>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.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>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:</p> <p>No exempt items have been identified.</p>	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</p> <p>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.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 21 NOVEMBER 2016</p> <p>To confirm as a correct record, the minutes of the meeting held on 21 November 2016.</p>	1 - 6
7			<p>MINUTES OF THE EXECUTIVE BOARD - 16 NOVEMBER 2016</p> <p>To receive for information purposes the draft minutes of the Executive Board meeting held on 16 November 2016.</p>	7 - 16
8			<p>STRATEGIC COMMISSIONING - UPDATE</p> <p>To receive and consider a report from the Head of Governance and Scrutiny Support introducing an update in relation to the Scrutiny Board's inquiry into 'Commissioning'.</p>	17 - 20

Item No	Ward/Equal Opportunities	Item Not Open		Page No
9			FINANCIAL HEALTH MONITORING To receive and consider a report from the Head of Governance and Scrutiny Support introducing a Financial Health Monitoring report (month 7) due to be considered by Executive Board on 14 December 2016.	21 - 54
10			INITIAL BUDGET PROPOSALS - 2017/18 To receive and consider a report from the Head of Governance and Scrutiny Support introducing the initial budget proposals for 2017/18, due to be considered by the Executive Board at its meeting on 14 December 2016.	55 - 110
11			WORK SCHEDULE (DECEMBER 2016) To consider the Scrutiny Board's work schedule for the remainder of the 2016/17 municipal year.	111 - 116
12			DATE AND TIME OF NEXT MEETING	

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			<p>THIRD PARTY RECORDING</p> <p>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.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> 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. 	

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 21ST NOVEMBER, 2016

PRESENT: Councillor K Groves in the Chair

Councillors S Bentley, N Buckley, D Cohen,
H Hayden, S McKenna, D Nagle, A Sobel,
E Tunnicliffe and T Wilford

37 Late Items

The following late information was submitted for consideration of the Scrutiny Board:

- Item 11: Improving Our Procure-to-Pay Process

The information had not been available at the time the agenda was published and despatched.

38 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

39 Apologies for Absence and Notification of Substitutes

Apologies for absence were received from Cllr J McKenna and Cllr R Wood.

Cllr N Buckley was in attendance as a substitute member for Cllr R Wood.

40 Minutes - 19 September 2016 and 24 October 2016

RESOLVED – The draft minutes of the meetings held on 19 September 2016 and 24 October 2016 were agreed accurate records.

41 Financial Health Monitoring

The Scrutiny Board considered a suite of financial health monitoring reports, covering revenue spending, the capital programme and treasury management, considered by the Executive Board at its meeting on 16 November 2016.

The following officers were in attendance for consideration of this item:

- Doug Meeson – Chief Officer – Financial Services
- Neil Warren – Head of Corporate Finance – Financial Services

The Chief Officer (Financial Services) gave a summary of the three financial health monitoring reports, which included:

- Revenue budget – projected overspend of £4M (approx.), a reduction of £1M on the previous report.
- Capital programme – setting out an increase in the scale of the proposed programme to 2020.
- Treasury management - forecasting an increase in the Council's external borrowing to £200M (approx.)

The Scrutiny Board discussed a number of areas, including:

- Levels of staffing / staffing budgets;
- Risks to the Council associated with Business Rates retention and Business Rate appeals;
- Business Rate relief for charitable organisations;
- Developer contributions through Section 278 monies;
- The level of projected overspend in Children's Services.

On conclusion of the discussion, the Chair thanked the officers for their attendance and contribution to the discussion.

RESOLVED –

- (a) That the reports and information presented be noted.
- (b) That the Scrutiny Board continues to maintain an overview of the financial health of the Council throughout the remainder of the year.

(NB Councillor D Cohen joined the meeting at 10:20am during consideration of this item.)

42 Use of Agency Staff

The Board received a report from the Head of Governance Services that provided an opportunity to discuss the use of agency staff across the Council.

The following officers were in attendance for the discussion:

- Alex Watson – Head of Human Resources
- Ian Williams – Senior Human Resources Business Partner
- Doug Meeson – Chief Officer – Financial Services

In introducing the item, a number of points were made, including:

- The overall budget allocation for spending on agency staff was around £5.5M. This represented around 1% of the overall staffing related budgets.
- The agency staffing budget was currently overspent, but this was off-set by underspends in other staffing budget areas.
- Over recent years, significant progress had been made in reducing the Council's overall spending on agency staff.

- There was a more rigorous process in place for Human Resources to 'challenge' the use of agency staff across the Council, including regular meetings with service managers where agency staff usage was perceived as 'high'.
- It was recognised that the use of agency staff did allow a more flexible approach to dealing with known, often seasonal, increased demand in some service areas.

The Board discussed the details presented and highlighted at the meeting. In recognising the significant improvements and reductions in the overall spending on agency staff, a number of points were raised and discussed, including:

- The current level of projected overspends on agency staff in the current year.
- The need for a clearer understanding of the staffing base necessary to deliver services.
- Ensuring and monitoring the quality of services delivered by agency staff.
- The need to continue to develop and maintain a skilled workforce, including areas involving specialist skills and knowledge.
- Other approaches to the use of external employment agencies in helping to deliver aspects of a flexible workforce.

At the conclusion of the discussion, the Chair thanked the officers for their attendance and contributions to the discussion.

RESOLVED – That the details presented in the report and outlined at the meeting be noted.

43 Improving Our Procure-to-Pay Process

The Board received a report from the Head of Business Improvement on improving the Council's procure-to-pay process.

The following officers were in attendance for the discussion:

- Doug Meeson – Chief Officer – Financial Services
- Shaun Fogarty – Business Partner Manager – Business Improvement

In introducing the item, a number of points were made, including:

- Procure-to-pay formed part of the Council's review of core business processes.
- A number of short-term and longer-term improvements had been identified.
- Improvement areas had been priorities and were being addressed accordingly.

- Part of the work included a review of the Council's main computer systems, including Financial Management System (FMS).
- Reviewing the number and location of officers able to procure and pay for goods and services; and considering the extension of 'purchasing hubs'.

The Board discussed the details presented and highlighted at the meeting. A number of points were raised and discussed, including:

- The timescales and resources necessary to complete the identified improvements.
- The use of an 'agile development approach' to help identify and prioritise improvements – including 'quick wins'.
- The use of e-billing and e-invoicing, reducing the reliance on paper-based procurement and payment processes.
- Concern that the Council was significantly 'behind the curve' in some aspects of its procurement and payment processes.
- Issues associated with staff training and the level of investment in ICT.
- The levels of safeguards and controls in the Council's procurement and payment processes.
- The need for the Council to be more 'business minded' in aspects of its procurement and payment processes.

At the conclusion of the discussion, the Chair stated the business intelligence details presented and discussed were central to the Board's work in relation to commissioning; the use of waivers; and 'off contract' spend.

The Chair thanked the officers for their attendance and contributions to the discussion.

RESOLVED – That the details presented in the report and outlined at the meeting be noted.

(NB Cllr S McKenna left the meeting at 11:15am, during the Board's consideration of this item.)

44 Work Schedule (November 2016)

The Principal Scrutiny Adviser presented an outline of the Scrutiny Board's work schedule for the remainder of the municipal year 2016/17.

The Board discussed the following main areas for consideration over the course of the municipal year:

- Commissioning (including use of the Leeds £)
- ICT
- Procurement

The Principal Scrutiny Adviser drew the Board's attention to the review of the Best Council Plan (which formed part of the Council's Budget and Policy

Framework) and the proposed involvement of Scrutiny through a 'workshop' meeting, most likely in December 2016.

RESOLVED – That the outline work schedule, including the approach in relation to the review of the Best Council Plan, be agreed, subject to any scheduling decisions necessary by the Chair.

45 Date and Time of Next Meeting

Monday, 19 December 2016 at 10:00am (pre-meeting for all Board Members at 9:30am).

The meeting closed at 12:05pm.

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EXECUTIVE BOARD

WEDNESDAY, 16TH NOVEMBER, 2016

PRESENT: Councillor J Blake in the Chair

Councillors A Carter, R Charlwood,
D Coupar, S Golton, J Lewis, R Lewis,
L Mulherin, M Rafique and L Yeadon

97 Declaration of Disclosable Pecuniary Interests

There were no declarations of interest made at the meeting.

98 Minutes of the Previous Meeting

RESOLVED - That the minutes of the previous meeting held on 19th October 2016 be approved as a correct record, subject to the resolutions within Minute No. 83 (Outcome of the Call In of the Decision taken at Executive Board on 21st September 2016 in relation to the 'Better Lives Programme: Phase Three: Next Steps and Progress Report) being amended to read as follows:

- (a) That the Scrutiny Board's recommendations, as detailed at 3.2.1 to 3.2.6 of the submitted report, be accepted, noting the additional comments in relation to The Green, as per resolution (b) below;
- (b) That the original decisions taken by the Executive Board on 21st September 2016, be re-affirmed, subject to The Green being retained until there can be a seamless transition to the new facility;
- (c) Whilst the decision is to close The Green as a long term residential care service, it will remain open until there is a transition to a new function/ facility. The Board notes The Green will be retained as a community asset and that discussions will continue with the NHS about future use of the facility. A progress report, including an update on discussions with the NHS, will be brought back to the Executive Board. This update report to also provide information about how the seamless transition would work, with any associated timescales;
- (d) That it be noted and highlighted that the input of the Scrutiny Board is appreciated, and that it also be noted that the Scrutiny Board will be kept informed in order to enable it to monitor the progress made against any decisions taken.

99 Matters Arising from the Minutes

Minute No. 83 (Outcome of the Call In of the Decision taken at Executive Board on 21st September 2016 in relation to the 'Better Lives Programme: Phase Three: Next Steps and Progress Report')

Reassurance was sought that prior to the closure of the current facility at The Green being implemented, a report on such matters would be submitted to

Draft minutes to be approved at the meeting
to be held on Wednesday, 14th December, 2016

Executive Board. In response, the Board was advised that The Green would remain open until such time as a transition plan was in place, and that such plans would be detailed within the report to be submitted to the February 2017 Board meeting.

Further to this, Councillor A Carter highlighted that although he was in agreement with the amendment to the minutes which had been approved, he reiterated his position, as stated at the 19th October 2016 meeting, to abstain from voting on the Board's decision to reaffirm the resolutions regarding the 'Better Lives Programme' made on 21st September 2016.

HEALTH, WELLBEING AND ADULTS

- 100 Safeguarding Adults Board: Annual Report 2015/16 and Strategic Plan**
Further to Minute No. 91, 18th November 2015, the Director of Adult Social Services submitted a report presenting the 2015/16 Leeds Safeguarding Adults Board Annual Report and Strategic Plan. The documents summarised the Board's achievements during the previous 12 months and set out the ambitions for the forthcoming year.

(The Board jointly considered this submitted report alongside the Leeds Safeguarding Children Board Annual Report, as referenced at Minute No. 101).

The Board welcomed Richard Jones CBE, Independent Chair of the Leeds Safeguarding Adults Board to the meeting, who was in attendance in order to introduce the key points of the annual report and to highlight key priorities. Mark Peel, Independent Chair of the Leeds Safeguarding Children Board, was also in attendance during the consideration of this item and contributed towards the discussion on related matters.

Responding to an enquiry, the Board, together with the Independent Chairs, considered the role of the Safeguarding Boards in Leeds, and discussed the nature of the relationship, together with the connectivity between those Boards and the Local Authority. Members also discussed the role which could be played by Elected Members in this area.

The Board also highlighted the importance of ensuring that the reporting mechanisms for safeguarding concerns were as clear and effective as possible.

In considering the procedures established to support individuals through the transitional period between the safeguarding arrangements in place for young people and the safeguarding arrangements in place for adults, it was undertaken that a briefing paper on such matters would be provided to Board Members for their information.

In conclusion, it was highlighted that the issue of safeguarding remained a top priority for the Council and that a co-ordinated and partnership approach was

taken in order to ensure that the safeguarding arrangements in place were as effective as possible.

RESOLVED –

- (a) That the contents of the submitted covering report, the contents of the Leeds Safeguarding Adults Board 2015/16 Annual Report and also in looking forward, the contents of the Board's Strategic Plan, as appended, be noted;
- (b) That a briefing paper regarding the procedures established to support individuals through the transitional period between the safeguarding arrangements in place for young people and the safeguarding arrangements in place for adults be provided to Board Members.

CHILDREN AND FAMILIES

101 Leeds Safeguarding Children Board Annual Report (2015/16): Evaluating the Effectiveness of Safeguarding Arrangements in Leeds

Further to Minute No. 92, 18th November 2015, the Independent Chair of the Leeds Safeguarding Children Board (LSCB) submitted a report which introduced and presented the key issues from the LSCB Annual Report (2015/16).

(The Board jointly considered this submitted report alongside the Leeds Safeguarding Adults Board Annual Report, as referenced at Minute No. 100).

The Board welcomed Mark Peel, Independent Chair of the Leeds Safeguarding Children Board, who was in attendance at the meeting in order to introduce the key points of the annual report and to highlight key priorities. As part of his introduction to the report, the Independent Chair highlighted and welcomed the commitment which he had experienced to safeguarding issues across the Council.

Richard Jones CBE, Independent Chair of the Leeds Safeguarding Adults Board, was also in attendance during the consideration of this item.

RESOLVED –

- (a) That the contents of the submitted report, together with the LSCB's Annual Report, as appended, be noted, and that the Director of Children's Services be requested to consider any implications for the work of Leeds City Council;
- (b) That a briefing paper regarding the procedures established to support individuals through the transitional period between the safeguarding arrangements in place for young people and the safeguarding arrangements in place for adults be provided to Board Members.

ECONOMY AND CULTURE

102 Growing the Leeds Economy

The Director of City Development submitted a report presenting the approach to be taken in order to review and replace the Leeds Growth Strategy for 2017–2020. The report outlined the main issues and opportunities, whilst also providing a timeframe for delivery. In addition, the report also provided an update on developments in national policy relevant to the Growth Strategy Review.

Members welcomed the proposal to review the current Growth Strategy, with the Board specifically highlighting the need to focus upon areas such as: 'social enterprise', 'health and medical', manufacturing and retail. In addition, emphasis was also placed upon the overriding 'inclusive growth' agenda and the sense of place that was being given to the strategy.

Also, given the Government's recent announcement regarding the HS2 route, Members highlighted the key importance of increased connectivity for Leeds, and emphasised the key role being played by the Leeds City Region in this and other significant areas.

Finally, Members emphasised the need to ensure that the Leeds Growth Strategy was used as a catalyst to maximise opportunities for all, with special reference being made to young people.

RESOLVED –

- (a) That the approach taken regarding the revision of the Leeds Growth Strategy be noted, and the strategy's publication in summer 2017 be supported;
- (b) That the approach towards strengthening the Council's commitment to working with other cities and city regions in order to develop the Northern Powerhouse agenda, moving this beyond transport in order to encompass education and skills, trade and investment, innovation and enterprise, and housing, be supported;
- (c) That the Chief Executive be asked, in consultation with the Leader of the Council, to prepare a submission to the RSA (Royal Society for the encouragement of Arts, Manufactures & Commerce) Inclusive Growth Commission, which sets out the practical steps being taken as a Council under the 'Strong Economy within a Compassionate City' agenda;
- (d) That the Chief Economic Officer, Economy and Regeneration, be requested to work with Leeds City Region LEP and the Core Cities Group, in consultation with the Leader of the Council, in order to influence the development of the National Industrial Strategy.

EMPLOYMENT, SKILLS AND OPPORTUNITY

103 Promoting Apprenticeships

The Director of Children's Services submitted a report which presented the actions being taken to work with young people, businesses, communities and partners in order to ensure that young people in particular continued to benefit from the opportunities offered by apprenticeships, whilst the report also set out how the Council could most effectively align its resources to achieve this goal.

Members welcomed the submitted report, and received a verbal update in response to an enquiry regarding the availability of further data in respect of the actions being taken to promote apprenticeships. In addition, with a view to keeping Members informed on such matters, it was requested that an update report be submitted to the Board providing further details on this issue, and which also presented statistics on performance against relevant targets and also the matter of job retention for those who had undertaken apprenticeships.

RESOLVED –

- (a) That the proposed activities, as set out within the submitted report, be endorsed;
- (b) That an update report be submitted to the Board providing further details on the promotion of apprenticeships, and which also presents statistics on performance against relevant targets and the issue of job retention for those who had undertaken apprenticeships.

RESOURCES AND STRATEGY

104 Financial Health Monitoring 2016/17 - Half Year

The Deputy Chief Executive submitted a report setting out the Council's projected financial health position for 2016/17 at the half-year point of the financial year. The report also reviewed the position of the budget and highlighted any potential key risks and variations after 6 months of the year.

Responding to a Member's enquiry, officers undertook to provide the Member in question with further information on the actions being taken within the area of Civic Enterprise Leeds to replace the loss of 7 school catering contracts, as detailed within the submitted report.

RESOLVED – That the Council's projected financial position for 2016/17 at the half year point of the financial year, as detailed within the submitted report, be noted.

105 Capital Programme Quarter 2 Update 2016-2020

The Deputy Chief Executive submitted a report providing an update on the Council's Capital Programme position as at period 6. Additionally, the report also sought some specific approvals in relation to funding injections.

RESOLVED –

- (a) That the latest position, as at period 6, on the General Fund and Housing Revenue Account (HRA) Capital programmes, be noted;
- (b) That the net increase in the General Fund and HRA Capital Programme 2016-2020 of £68.8m since Quarter 1, be noted, with the majority of these injections, £51.77m, relating to the inclusion of annual programmes in 2019-20, as shown in Appendix B to the submitted report, £45.9m of which is Council borrowing and £5.88m is grant and external contributions;
- (c) That it be noted that the borrowing required to fund the Capital Programme in 2016-17 has reduced by a further £11.8m since the Quarter 1 update. It also be noted that the Capital Programme remains affordable and that further work is underway through regular capital programme reviews to ensure that future debt costs are maintained within the overall Medium Term Financial strategy;
- (d) That the following injections into the Capital Programme, be approved:-
 - £51.77m, to reflect the roll forward of annual programmes into 2019-20, as set out in Appendix B to the submitted report, funded by £45.89m LCC borrowing and £5.88m grant;
 - £9.0m, to reflect the forecasted 1 for 1 right to buy receipts for 2017/18 and 2018/19, which will be utilised within the Council House Growth programme;
 - £232.8k in relation to Capital Receipts, to be utilised by Ward Councillors under the Capital Receipts Incentive Scheme (CRIS), as detailed at Appendix D to the submitted report;
- (e) That it be noted that the above resolutions to inject funding will be implemented by the Chief Officer (Financial Services);
- (f) That the £3.65m injection covered by the “Sustainable Communities Investment Programme Review” report which is found elsewhere on this Executive Board meeting agenda and which is included within the figures detailed within this submitted report, be noted (Minute No. 108 refers).

106 Treasury Management Strategy Update 2016/17

The Deputy Chief Executive submitted a report providing a review and update of the Council’s 2016/17 Treasury Management Strategy.

Responding to a Member’s enquiry, officers undertook to provide the Member in question with further details on how the Council’s debt, asset and liability levels compared to that of other Core Cities.

In addition, responding to a further enquiry, the Board was also provided with further information on the approach being taken by the Council to monitor and minimise the cost of borrowing.

RESOLVED –

- (a) That the update on the Treasury Management borrowing and investment strategy for 2016/17, as detailed within the submitted report, be noted;
- (b) That it be noted that full Council, at its meeting on the 9th November 2016, approved the changes to the borrowing limits for 2016/17, 2017/18 and 2018/19, as detailed in section 3.2 of the submitted report, with the proposed changes to both the Operational Boundary and the Authorised limits also being noted by the Board.

107 Aireborough Leisure Centre Refurbishment

The Director of City Development and the Assistant Chief Executive (Citizens and Communities) submitted a joint report highlighting the refurbishment works proposed to be undertaken at Aireborough Leisure Centre. The report also sought the necessary authority to spend in order to carry out the proposed works, whilst the report also highlighted a proposal for Guiseley Library to relocate into Aireborough Leisure Centre, enabling the current library building to be sold and thus generating a capital receipt.

The Board welcomed the proposals detailed within the submitted report, with a Member highlighting that such a positive approach could be used as an example in respect of future community hub provision.

RESOLVED –

- (a) That the design proposals for the proposed improvement and refurbishment of Aireborough Leisure Centre, be agreed;
- (b) That the ring fencing of the capital receipt for Guiseley Library, circa £200,000, to fund the relocation of the Library and creation of a Community 'Super' Hub with café facility, be approved;
- (c) That the necessary 'authority to spend' and funding of £1.2M for the proposed improvement and refurbishment of Aireborough Leisure Centre, be approved;
- (d) That it be noted that the Chief Officer for Culture and Sport is responsible for the implementation of such matters.

COMMUNITIES

108 Investing in our Neighbourhoods - a review of the Sustainable Communities Investment Programme and the opportunities for Holbeck

The Director of Environment and Housing and the Director of City Development submitted a joint report which set out the approach that had been taken to promote regeneration in Cross Green and the Nevilles through the Sustainable Communities Investment Programme (SCIP), detailed the

impact of the investment which had been made there and which also highlighted the lessons that could be learned from an intensive and targeted approach towards neighbourhood regeneration activities. In addition, the report also outlined the work undertaken to date in Holbeck and how this could be intensified through similar interventions. Finally, the report requested an injection into the capital programme and sought related approval of expenditure.

Members welcomed the information and the proposals detailed within the submitted report, highlighting the anticipated positive impact that the approach would have in Holbeck, and how, amongst other things, it would help address the issue of fuel poverty in the area and contribute towards the Council's 'Cutting Carbon and Improving Air Quality' Breakthrough Project.

RESOLVED –

- (a) That the outcomes from SCIP, together with the lessons learned and how they could inform future regeneration across the city, be noted;
- (b) That the contribution from the Housing Revenue Account (HRA) Housing Leeds programme 2017/18 of £850.0k, be noted;
- (c) That an injection into the capital programme of £3.65m be authorised, of which £1.5m is secured funding from the Local Growth Fund, £0.2m being Energy Company contributions, £0.45m being private sector owners' contributions, with the balance of £1.5m being from the capital programme;
- (d) That expenditure of £0.85m on the Council housing group repair in Holbeck, which will address poor housing conditions and energy efficiency, be authorised;
- (e) That expenditure of £3.65m on the private sector housing group repair in Holbeck, which will address poor housing conditions and energy efficiency, be authorised;
- (f) That responsibility be delegated to the Chief Housing Officer, Housing Leeds, in order to bring forward the group repair scheme.

ENVIRONMENT AND SUSTAINABILITY

109 Air Quality and Air Quality Update

The Director of Environment and Housing submitted a report which sought approval to the revocation of the Air Quality Management Areas at Ladybeck Close, Hunslet and Queen Street, Morley. In addition, the report also sought approval to the establishment of an Order to designate the Main Street area of Pool-in-Wharfedale and the Chapel Hill area of Morley as new Air Quality Management Areas. In addition, the report also outlined the proposal to undertake a review of air quality monitoring across the city and highlighted the work which had been undertaken this year in respect of air quality.

Members noted the recent national developments which had taken place in respect of air quality, and also noted the intention to submit a further report to Executive Board in 2017.

The Board highlighted the need to work closely with DEFRA on this issue, and also acknowledged the differing methods used by DEFRA and the Council with regard to the monitoring of air quality.

Finally, it was noted that the Scrutiny Board (Environment and Housing) was undertaking an inquiry into this issue.

RESOLVED –

- (a) That the revocation of the Air Quality Management Areas at Ladybeck Close, Hunslet and Queen Street, Morley, be approved;
- (b) That the making of an Order to designate the Main Street area of Pool-in-Wharfedale and the Chapel Hill area of Morley as new Air Quality Management Areas, be approved;
- (c) That it be noted that a review in respect of air quality monitoring across the city is to be undertaken;
- (d) That the work undertaken this year on air quality, together with the timetable to report back to Executive Board in 2017, be noted.

DATE OF PUBLICATION: FRIDAY, 18TH NOVEMBER 2016

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 P.M., FRIDAY, 25TH NOVEMBER 2016

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Report of the Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 19 December 2016

Subject: Strategic Commissioning

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Purpose

1. The purpose of this report is to provide a summary of the Scrutiny Board's consideration of strategic commissioning, to inform a discussion with the Executive Member (Strategy and Resources), the Chief Executive and other senior officers within the Council .

Background

2. At the beginning of the previous municipal year (2015/16), the Scrutiny Board (Strategy and Resources) considered undertaking a piece of work around 'commissioning' – the focus being to look at the principles, benefits and practicalities of developing a centralised commissioning hub, which aimed to ensure services are commissioned consistently across the Council, based on the evidence of what works and what is value for money.
3. To help develop the Board's thinking around 'commissioning' a visit to Manchester City Council was undertaken, where an Integrated Commissioning Hub had been established in July 2013. A summary note of the 'Manchester model' has previously been circulated to the Board.
4. The Scrutiny Board recognised the timing of work around 'commissioning' was crucial and did not wish to complicate nor duplicate work any discussions already taking place with external partners on integrated commissioning by undertaking any inquiry. Discussions with the Executive Member (Strategy and Resources) and relevant Directors confirmed a considerable amount of work was being undertaken in this area, led by the Director of Adult Social Services. As such, the Scrutiny Board agreed to receive an update report on the work undertaken in March 2016.

March 2016

5. At the Scrutiny Board (Strategy and Resources) meeting in March 2016, the Director of Adult Social Services clearly outlined the direction of travel proposed by a cross-directorate working group of senior officers and sought the Board's support for its recommendation to establish a Corporate Strategic Commissioning Group, chaired by a Director. The Scrutiny Board (Strategy and Resources) was also asked to support the establishment of a cross-directorate Operational Group, to be chaired by a Head of Commissioning.
6. The Scrutiny Board (Strategy and Resources) did not give its endorsement to the proposals, largely on the grounds that it was not convinced that the model would achieve "...the best of both worlds: a good strategic overview and opportunity to think about commissioning in a different way without the fragmentation that a structural solution, .i.e. a single commissioning unit would create".
7. In addition the Scrutiny Board (Strategy and Resources) was concerned that the proposed model did not include Housing, Jobs and Skills and others involved in Commissioning.
8. Following that meeting, the Chair of Scrutiny Board (Strategy and Resources) wrote to the Chief Executive outlining the Scrutiny Board's concerns and inviting him to a future meeting to discuss his views on the current thinking around commissioning.

July 2016

9. Following further discussions at the beginning of the current municipal year the Executive Member for Strategy and Resources, Chief Executive, Director of Adult Social Services and a range of other officers attended the Scrutiny Board to further discuss the Council's approach to commissioning. At that meeting, the Chief Executive and Executive Member welcomed the scrutiny inquiry and made a number of comments, including:
 - Strategic commissioning aimed to help the City achieve its objectives and make the best use of public resources and the 'Leeds £'.
 - Work had commenced to transform commissioning, with over £50M saved in the past 4 years.
 - A structural model (i.e. a single commissioning hub), while seemingly having the benefit of a single responsible officer, also carried significant risks, including:
 - A potential decrease in control and democratic accountability, should other partners (i.e. NHS) assume overall responsibility for commissioning.
 - A potential loss, or dilution, of specialist commissioning knowledge and skills – particularly around safeguarding for children and adults.
 - Revisions to the proposed 'peoples commissioning' approach to reflect previous concerns raised by the Scrutiny Board, included:
 - Greater Member involvement – including the Executive Board member (Strategy and Resources) chairing the Corporate Strategic Commissioning Group.
 - The inclusion of Housing and Jobs and Skills within the scope and remit of 'peoples commissioning'.
 - The significance of financial cuts – with the Council saving over £90M in the previous three years, with the requirement of a further £60M over the next 12-months.
 - A commitment for greater involvement of ward members and use of local intelligence within commissioning processes.

10. The Scrutiny Board discussed the matters raised during that meeting; making a number of comments, observations and highlighting other areas for discussion, including:

- Acknowledgement of the concerns previously highlighted by the Scrutiny Board and how these were being addressed.
- The potential role of Community Committees within the commissioning cycle.
- The category management approach within the Programme, Projects Programmes & Procurement Unit (PPPU).
- Outcome measures and communication.
- The availability and use of 'efficiency benchmarks' as a method of demonstrating progress and performance.
- Evidence of decommissioning and associated decision-making processes.
- Maintaining 'service quality' particularly during increased levels of independent sector provision.
- Quality of employment practices within parts of the independent sector.
- Governance and accountability – in terms of commissioning and service provision.
- Balancing the need for specialist and generalist commissioning expertise.
- Current internal staffing costs associated with commissioning.
- Total 'place based' commissioning.
- The Adult Social Care 'Use of Resources' peer review expected in September 2016.
- The reliance on Neighbourhood Networks to deliver statutory services.
- Pooled budgets and integrated commissioning.

11. From the discussion, the Scrutiny Board went on to identify the following as potential areas for improvement:

- Assurance on the robustness of the commissioning approach.
- Consistent triangulation of quality across the Council.
- Communication to help articulate the vision and approach for commissioning.
- Defining/ confirming the future role of the Third Sector in Leeds.
- Monitoring and reporting outcomes, including the use of cost benefit analysis.
- Identifying and discussing decommissioning of services.
- Further involvement of members within the commissioning cycle.

Summary of main issues

12. To help maintain the Scrutiny Board's focus on commissioning, the Chair of the Board has further discussed the work of Board and confirmed the Board is particularly concerned with "people based" services i.e. Adults, Public Health, Children's, Housing and Jobs and Skills, and wishes to;

- Understand how performance of commissioned services is monitored, i.e. how does the Council ensure providers achieve the outcomes intended;
- Consider how consistent performance monitoring is across the Council.
- Consider how the Council ensures any performance issues in one contract are fed into others i.e. where there may be contracts with the same organisation but from different services;
- Examine the extent of waivers and contract extensions (information has previously been provided in this regard); and,

- Consider the Leeds £, and better understand how the Council works with partners to ensure commissioning and contracting is efficient, effective and achieving outcomes.

13. Further details addressing these points will be provided in advance of the meeting and appropriate representatives have been invited to the meeting to discuss these aspects in more detail.

Recommendations

14. That the Scrutiny Board considers the details presented and identifies any specific scrutiny actions that may be appropriate.

Background documents¹

15. 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.

Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 19 December 2016

Subject: Financial Health Monitoring

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. As part of the Scrutiny Board's consideration of its future work programme at the meeting in June 2016, the Board identified routine monitoring of the Council's financial health as a key activity.
2. Attached, is the financial health monitoring report (month 7), due to be considered by the Executive Board at its meeting on 14 December 2016.
3. Appropriate Finance representatives have been invited to the meeting to discuss the attached report and address any issues raised by the Scrutiny Board. Details of the initial 2017/18 budget proposals are presented elsewhere on the agenda for consideration.

Recommendations

4. That the Scrutiny Board considers the attached Executive Board reports and agrees any specific scrutiny actions that may be appropriate.

Background documents¹

5. 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 Deputy Chief Executive

Report to Executive Board

Date: 14th December 2016

Subject: Financial Health Monitoring 2016/17 – Month 7

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of the revenue budget, and the Housing Revenue Account.
2. The 2016/17 financial year is the first year covered by the 2015 Spending Review and again presents significant financial challenges to the council. The council to date has managed to achieve considerable savings in the order of £330m since 2010 and the budget for 2016/17 will require the council to deliver a further £76m of savings.
3. 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 is becoming more difficult to manage and it will be increasingly difficult over the coming years to maintain current levels of service provision without significant changes in the way the council operates.
4. Executive Board will recall that the 2016/17 general fund revenue budget, as approved by council provides for a variety of actions to reduce net spend by £31.5m delivering some £76m of budget action plans by March 2017. After 7 months of the financial year it is clear that the majority of these actions and savings plans are on track to be delivered, however this report highlights a potential overall overspend/risk of £4m.

5. The medium-term financial strategy approved by Executive Board in September 2016 assumes that the 2016/17 budget will be at a balanced position by the year-end. Work is ongoing through directors and budget holders to bring-forward options and proposals across all directorates and services in order to reduce net spend in line with the budget.
6. At the half-year, the Housing Revenue Account is projecting a £0.62m surplus.

Recommendation

7. Executive Board are asked to note the projected financial position of the authority.

1. Purpose of this report

- 1.1 This report sets out for the Executive Board the Council's projected financial health position for 2016/17 after 7 months of the year.
- 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 7 months of the year.

2. Background information

- 2.1 Executive Board will recall that the net budget for the general fund for 2016/17 was set at £496.4m, supported by the use of £3.5m of general reserves.
- 2.2 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.

3. Main Issues

- 3.1 At month 7, a £4m overspend is forecast, as shown in table 1 below.

Table 1 – forecast 2016/17 budget variations by directorate

Directorate	Director	(Under) / Over spend for the current period				Month 6 Position
		Staffing	Total Expenditure	Income	Total (under) / overspend	
		£000	£000	£000	£000	£000
Adult Social Care	Cath Roff	(2,066)	858	(858)	0	0
Children's Services	Steve Walker	500	9,490	(4,502)	4,988	4,256
City Development	Martin Farrington	(697)	540	(689)	(149)	(225)
Environment & Housing	Neil Evans	(764)	2,038	(2,133)	(95)	(95)
Strategy & Resources	Alan Gay	(1,367)	(1,526)	1,620	94	194
Citizens & Communities	James Rogers	(45)	1,756	(1,852)	(96)	345
Public Health	Dr Ian Cameron	(176)	15	(38)	(23)	(72)
Civic Enterprise Leeds	Julie Meakin	1,459	2,080	(1,879)	201	201
Strategic & Central	Alan Gay	300	2,970	(3,908)	(938)	(714)
Total Current Month		(2,856)	18,221	(14,239)	3,982	3,890
Previous month (under)/over spend		(2,458)	18,500	(14,610)	3,890	

3.1.1 The report on the 2017/18 initial budget proposals which is also on the agenda for today's Executive Board makes reference to proposals to review and re-profile the council's repayment of debt which could achieve savings of up to £9.3m against the minimum revenue provision budget in 2016/17, with subsequent earmarking of the saving to reserves. This proposal has not been reflected in this report and the budget proposals for 2017/18 still assume that the 2016/17 budget is balanced by year-end. For information, the position at this point in the 2015/16 financial year was also a £4m overspend which improved to a marginal underspend by the year-end.

3.2 The key variations against the budget are outlined below and more detailed information is included in the financial dashboards at appendix 1.

3.2.1 Adult Social Care - the directorate is projecting a balanced position at the financial year-end, as also reported at P5. Projected spend on community care packages, general running expenses has reduced, income has slightly improved albeit offset by a reduction in the projected staffing savings.

A high level review of all budget action plans has taken place and slippage totalling £3.1m is projected at the year-end, although substantial contingency savings have also been identified to offset the impact. There is a projected shortfall of £1.4m in delivering the specific actions within the community care packages budget, with the largest shortfall relating to learning disability services. Slippage of £0.9m relates to contracts and grants budgeted savings and £0.3m to the Better Lives programme within older people's residential and day care services. Some other budget pressures and savings have been identified, further details of which are outlined in the financial dashboard at appendix 1.

3.2.2 Children's Services – overall at month 7 the directorate is reporting a projected overspend of £4.98m. The directorate is still facing a number of budget pressures but has committed to a number of actions to mitigate against these budget pressures including additional controls on recruitment and promoting the ELI

scheme in some areas, a review of contracts and a review of spend including restrictions in all areas of non-essential spend. In addition, the directorate is anticipating additional funding through a new innovations bid but this is subject to final approval.

Children in care - at month 7, the directorate is supporting an additional 34 looked after children in external residential (ER) placements and with independent fostering agencies (IFA) than the 2016/17 budget provides for and this has resulted in a projected £4.9m pressure around these demand budgets (£3.5m ER & £1.3m IFA). In the last quarter of 2015/16 numbers had increased and continued to increase through to April 2016; however there has been a steady reduction in children looked after numbers since May. There are currently 1,232 CLA children (increase of 6 from month 6); this includes 51 with ER and 200 with IFA's. There is also a £0.9m pressure on in-house fostering but this is off-set by £0.9m of additional income on adoption. Overall the children in care budget supports 1,170 placements which includes provision for 36 ER and 181 IFA placements. The current projection assumes that the number of children in care will continue to gradually reduce during the remainder of the financial year to 44 ER & 187 IFA.

Transport - the home to school/college transport budget is under significant pressure due to a rise in the number of young people with complex needs, a rise in the transport requirements outside the city and an increase in private hire rates. The pressure is currently identified at £1.7m, which is net of the appropriation of £1m from the specific demand & demography earmarked reserve.

Other Income - additional income from the Innovations & Partners in Practise grant is anticipated (part of a new 3/4 year bid which has not been secured yet). A further £0.3m income is also anticipated from the Housing Revenue Account to support the Family Intervention Services and the Multi-Systemic Therapy Service. Mitigating these is a net £0.6m pressure from a reduced level of funding supporting the Children's Centres.

- 3.2.3 Schools Budget/Dedicated Schools Grant (DSG) – as reported last month, there are a number of budget pressures that have emerged during 2016/17. These are mainly in the High Needs Block with a projected overspend of £5.3m in 2016/17 and this position was reported to the schools forum in October 2016. Schools forum noted the projected financial position, including that the deficit could be carried forward into 2017/18, and that a further report would be presented to the next meeting of the forum which would outline options for mitigating the budget pressures.
- 3.2.4 City Development – at month 7 the overall position is a projected underspend of £149k. However it should be noted that there are a number of fluctuations within the directorate that are being managed through additional income receipts and specific actions.
- 3.2.5 Environment & Housing – at month 7 the directorate is forecasting a marginal underspend of £0.1m against its £53m net managed budget. Within this overall figure, the waste management budget is anticipated to balance. In car parking, staffing savings and additional income are expected to deliver a saving of £0.3m and in Community Safety there is a forecast underspend of £0.1m due again to staffing savings, one-off income from the WYPCC and additional Ministry of Justice funding. Environment action & health are forecasting a £0.2m underspend due to

staffing savings and Housing support are also expecting to deliver a £0.2m underspend again due to staffing savings. These savings are enabling the directorate to manage the directorate wide staffing efficiency target within the budget.

- 3.2.6 Citizens & Communities – budget action plans have been reviewed with each Chief Officer and at present it is anticipated that most plans will be achieved, though there is a pressure of £0.25m on the Customer Access budget which is offset by a forecast underspend of £0.24m on the elections, licensing and registration budget which is due to additional income. The anticipated year-end position on the Benefits, Welfare and Poverty budget has improved from last month due to further work on housing benefit overpayment income, and the transfer of libraries has brought across a £0.1m underspend from City Development. Overall, the directorate is forecasting £0.1m underspend against its £29.7m budget.
- 3.2.7 Public Health – the public health budget and budget savings plans for 2016/17 reflect the continuing reduction to the ring-fenced grant. Overall, the budget plans are on track to be delivered other than the planned savings of £0.2m as part of the transfer of the TB contract which will not materialise, though work to find compensating savings is now completed and is currently predicted to offset this pressure. Due to overtrading of sexual health services, provision was made for anticipated costs however it is likely that these costs will not materialise in full resulting in savings to compensate for this risk. In addition, pay costs are projected to be £0.16m underspent on the general staffing budget and work is continuing to identify potential financial pressures particularly in relation to costs associated with the new drugs and alcohol contract and public health activity contracts which are paid based on demand and some on NHS tariff. Recent activity data is showing a reduced level of activity and as a result an underspend of £249k is projected on commissioning budgets.
- 3.2.8 Strategy & Resources – overall, the directorate is highlighting a potential overspend of £0.2m which is due to a potential reduction in external income in the Projects, Programmes and Procurement Unit of £1m offset by forecast staffing savings of £0.7m. The rest of the directorate is expected to deliver on its budget action plans.
- 3.2.9 Civic Enterprise Leeds – the overall projected position at month 7 is an overspend of £0.2m explained by a potential overspend against the catering net budget which is mainly as a result of the marginal impact of the loss of 7 school contracts together with the marginal impact of a shortfall against the adjusted meal numbers.
- 3.2.10 Strategic & Central budgets – at month 7, the strategic and central budgets are anticipated to underspend by £0.9m. The key variations include;
- i. Debt - a net forecast pressure of £0.3m due to the conversion of short-term debt to long-term to take advantage of low long-term interest rates.
 - ii. Section 278 income - a potential £1.8m risk due to lower levels of development activity.
 - iii. Procurement - a £1m variation which reflects that the procurement savings will be managed through directorate budgets.
 - iv. The spend forecast recognises the impact of the decision to increase the Leeds living wage from January 2017.

- v. PFI – a £0.9m variation which recognises that these savings will show in directorate/service budgets.
- vi. Savings of £2m from the additional capitalisation of eligible spend in general fund and school budgets.
- vii. Appropriation of £1.9m of earmarked reserves.
- viii. A pressure of £0.4m relating to court cost income.
- ix. Savings of £2m on the levy contribution to the business rates pool.
- x. A potential pressure on court cost fees.

3.3 Other Financial Performance

3.3.1 Council Tax

The Council Tax in-year collection rate at the end of October was 63.85% which is marginally ahead of the performance in 2015/16. At this stage of the year, the forecast is for an in-year collection rate of 95.9% collecting some £301m of council tax income.

3.3.2 Business Rates

The business rates collection rate at the end of October was 64.91% which is 0.34% behind the performance at this stage in 2015/16. The forecast is still to achieve the 2016/17 in-year collection target of 97.7% collecting some £383.2m of income.

3.3.3 Prompt payment of Creditors

The current performance for the prompt payment of invoices processed within 30 days is 91.93% which is marginally below the target of 92%.

3.3.4 Procurement Report

Executive Board has requested a quarterly update on procurement activity. The report attached at appendix 2 provides information in relation to the second quarter of the current financial year.

4. Housing Revenue Account (HRA)

- 4.1 At month 7 the HRA is projecting a £0.62m surplus at the year-end. Projected income from rents and service charges are forecast to be marginally below the budget with a £0.1m estimated variation at the year-end. There are a number of variations against the expenditure budgets which together total an underspend of £0.7m, including an underspend of £0.9m on the employee budget due in the main to staffing vacancies, a pressure on the disrepair provision of £0.2m because of new cases, an overspend on capital charges of £0.2m due to lower interest receivable and a forecast overspend of £0.2m across the supplies and services budgets. Further detailed information is included in the HRA financial dashboard at appendix 1.

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 2016/17 was subject to equality impact assessments where appropriate and these can be seen in the papers to Council on 24th February 2016.

5.3 Council Policies and Best Council Plan

5.3.1 The 2016/17 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 Resources and Value for Money

5.4.1 This is a revenue financial report and as such all financial implications are detailed in the main body of the report.

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications arising from this report.

5.6 Risk Management

5.6.1 Financial management and monitoring continues to be undertaken on a risk-based approach with key budget risks identified as part of the annual budget-setting process and specifically monitored through the financial year. Examples include the implementation of budget action plans, those budgets which are volatile and subject to fluctuating demand, key income budgets, etc. The information in the financial dashboards at appendix 1 includes specific information on these risk areas.

6. Recommendations

6.1 Executive Board are asked to note the projected financial position of the authority.

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.

ADULT SOCIAL CARE 2016/17 BUDGET

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall narrative

The directorate is projecting a balanced position at the financial year-end, as also reported at month 6. Projected spend on community care packages, general running expenses has reduced, income has slightly improved albeit offset by a reduction in the projected staffing savings.

A high level review of all budget action plans has taken place and slippage totalling **£3.1m** is projected at the year-end, although substantial contingency savings have also been identified to offset the impact. There is a projected shortfall of £1.4m in delivering the specific actions within the community care packages budget, with the largest shortfall relating to learning disability services. Slippage of £0.9m relates to contracts and grants budgeted savings and £0.3m to the Better Lives programme within older people's residential and day care services. Some other budget pressures and savings have been identified, further details of which are outlined below.

The main variations at Month 7 across the key expenditure types are as follows:

Staffing (-£2.1m – 4.0%)

Savings within Access and Care Delivery total £1.0m. This mainly reflects reducing staffing numbers within the Community Support Service since the budget was set and vacancies within the care management and business support services, partly offset by slippage relating to the Better Lives programme within older people's residential and day care services. Savings of £1.1m are projected in commissioning services, resources and strategy and health and wellbeing due to ongoing vacancies.

Community care packages (+£2.4m – 1.2%)

Expenditure on the learning disability pooled budget is currently projected to exceed budget provision mainly due to slippage in delivering the budgeted savings, but work continues to bring this back on track as far as possible by the year-end. There are also some pressures on residential and nursing care placements reflecting the trend in the last quarter of 2015/16 and a higher number of residents at the start of the current financial year than was assumed when the budget was set. Actions are underway to minimise the impact of these pressures by the year-end.

Transport (+£0.7m – 16.4%)

The most recent projections from Passenger Transport Services indicate higher than budgeted costs. The information available indicates that the majority of the projected overspend relates to costs rather than demand, but further work is needed to understand this more fully. This is being undertaken in conjunction with Passenger Transport Services.

Income (-£0.9m – 1.3%)

Service user contributions are slightly higher than budgeted, mainly due to some slippage in the Better Lives programme within older people's residential and day care services. Funding for staffing costs through the learning disability pooled budget is also higher than budgeted.

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	365	(112)	252	(87)	0	75	0	4	121	0	0	0	113	(204)	(91)
Access & Care Delivery	245,962	(39,467)	206,495	(1,004)	74	(179)	(16)	551	1,575	787	0	0	1,789	(444)	1,345
Commissioning Services	12,828	(24,298)	(11,470)	(497)	0	(141)	(3)	109	410	0	0	0	(121)	(599)	(720)
Resources and Strategy	6,985	(1,008)	5,977	(478)	(1)	(176)	(3)	(315)	50	0	0	0	(922)	388	(534)
Total	266,139	(64,885)	201,254	(2,066)	74	(421)	(21)	349	2,156	787	0	0	858	(858)	(0)

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.	Older people's residential and day care	D Ramskill	Full-year effects and ongoing Better Lives programme	A	0.9	0.3
2.	Assessment and care management practice	S McFarlane	Delivering the most cost effective service for new customers based on the strengths based approach and the use of reablement and telecare services	A	1.0	0.4
3.	Review of care packages - mental health	M Ward / M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	A	0.5	0.0
4.	Review of care packages - physical impairment	J Bootle	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	G	0.5	0.0
5.	Review of care packages - learning disability	J Wright / M Naismith	Reviewing care packages for existing customers based on the strengths based approach and securing improved value for money commissioning	A	3.0	1.0
6.	Assessment and care management efficiencies	S McFarlane	Review of skills mix and business processes	G	0.5	0.0
7.	Grants and contracts	M Ward	Review of contracts and grants across client groups	A	1.4	0.9
8.	Vacancy management	Various	Mainly non-frontline services	G	0.8	0.0
9.	Fees and charges	A Hill	Implementation of February 2016 Executive Board decisions	G	1.0	0.0
10.	Health funding	S Hume	Mainly funding received in 2015/16 on a non-recurring basis	G	3.9	0.0
11.	Better Care Fund	S Hume	Exploring opportunities to realign spend between capital and revenue	G	1.8	0.0
B. Other Significant Variations						
1.	Staffing	Various	Ongoing tight vacancy management and reducing staff numbers in the Community Support Service			(2.1)
2.	Community care packages	J Bootle / M Naismith	Pressures experienced on residential & nursing placements and the learning disability pooled budget are continuing			0.6
3.	Transport	J Bootle / M Naismith	Mainly increased costs, which are under investigation with Passenger Transport Services			0.7
4	Other expenditure	Various	Savings on general running expenses through careful budget management, including the projected impact of essential spend only for the remainder of the year			(0.9)
5	Income	Various	Mainly funding for staffing costs through the learning disability pooled budget and service user contributions			(0.9)
Adult Social Care Directorate - Forecast Variation						0.0

CHILDREN'S SERVICES 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - at period 7 the directorate is reporting a projected overspend of £4.98m. The directorate is still facing a number of budget pressures but has committed to a number of actions to mitigate against these budget pressures including additional controls on recruitment and promoting the ELI scheme in some areas, a review of contracts and a review of spend including restrictions in all areas of non-essential spend. In addition, the directorate is anticipating additional funding through a new innovations bid but this is subject to final approval.

CLA Obsession - at period 7, the directorate is looking after an additional 34 looked after children in External Residential (ER) placements and with Independent Fostering Agencies (IFA) than the 2016/17 budget provides for and this has resulted in a projected £4.9m pressure around CLA demand budgets (£3.5m ER & £1.3m IFA). In the last quarter of 2015/16 numbers had increased and continued to increase in April but there has been a steady reduction in children looked after numbers since May. There are currently 1,232 CLA children (increase of 6 from P6); this includes 51 with ER and 200 with IFA's. There is a £0.9m pressure on in-house fostering but this is off-set by £0.9m additional income on adoption. Overall the CLA budget supports 1,170 placements which includes provision for 36 ER and 181 IFA placements. The current projection assumes that the looked after children numbers will continue to gradually reduce during the remainder of the financial year to 44 ER & 187 IFA.

Staffing - Current assumption is for pay to overspend by £0.5m. There are some risks around this forecast although the directorate has committed to take action to reduce staffing numbers. Staffing levels continue to reduce and have fallen month on month during 2016/17 and the overall monthly spend on pay is gradually reducing. Offsetting the savings in basic pay are increased spend on overtime and agency staff, mitigating some of the savings being delivered from reducing headcount but this is being reviewed with the aim of reducing where possible.

Commissioned Services - A £0.1m saving target around the £10m of commissioned contracts and other spend within the directorate. The target has been reduced from Period 3 by £0.4m but the review currently taking place will generate further savings in 2017/18 to contribute to contribute to the directorate's budget strategy.

DfE Innovations Funding - There is a potential pressure of £0.8m with the existing DfE Innovations funding. The current projection assumes that actions will be taken so that overall commitments match the funding available but there is still a significant risk that commitments will exceed the available funding in 16/17.

Transport - The home to school and home to college transport budget is under significant pressure due to a rise in the number of young people with complex needs, a rise in the transport requirements outside the city and an increase in private hire rates. The pressure is currently identified at £1.7m, which is net of the appropriation of £1m from the specific demand & demography earmarked reserve.

Other Income - Additional income from the Innovations & Partners in Practise grant is anticipated (part of a new 3/4 year bid which has not been secured yet). A further £0.3m HRA income to support the FIS and MST Service. Offsetting this is a net £0.6m pressure from a reduced level of funding supporting the Children's Centres.

Dedicated Schools Grant (DSG)Pressure- Pressures have emerged over the past term principally in relation to the Social Emotional and Mental Health provision, Funding for Inclusion numbers and Central Early Years expenditure which total £5.1m. School Forum on the 6th October received a report on the DSG budget which outlined the various pressures and have requested a further update and options to bring spend within budget in 2017/18. School Forum noted the projected overspend of £5.1m and that one option was to carry forward a deficit on the DSG into 2017/18 which would enable time to consider options to manage the budget in 2017/18

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	
Demand Led Budgets:															
External and other Residential Placements	7,002	(2,835)	4,167						3,500				3,500	40	3,540
Independent Fostering Agencies	7,613	0	7,613						1,300				1,300		1,300
In House Fostering, Adoption, SGO and RO	21,560	(2,755)	18,805						898				898	(989)	(91)
SEN Outside Placements	4,857	(4,857)	0						871				871	(863)	8
Leaving Care	5,052	(1,160)	3,892						886				886	(363)	523
Transport	5,210	0	5,210				2,700					(1,000)	1,700		1,700
Sub total Demand Led Budgets	51,294	(11,607)	39,687	0	0	0	2,700	0	7,455	0	0	(1,000)	9,155	(2,175)	6,980
Partner Funding															
Schools Forum(A Life Ready For Learning)	0	(3,380)	(3,380)									875	875	152	1,027
Partner Funding of Family Services		(1,600)	(1,600)										0	600	600
Sub total Partner Funding	0	(4,980)	(4,980)	0	0	0	0	0	0	0	0	875	875	752	1,627
Other Budgets															
Partnership, Development & Business Support	14,257	(1,137)	13,120	465		(311)	0	95					249	(240)	9
Learning, Skills & Universal Services	129,347	(112,112)	17,235	(17)		(417)	1	(229)	(1,206)	0		153	(1,715)	1,545	(170)
Safeguarding, Targeted & Specialist Services	75,551	(17,897)	57,654	52	1	226	160	82	673	(38)		(230)	926	(4,384)	(3,458)
Central Overheads	8,894	(11,838)	(2,944)										0		0
Sub total Other Budgets	228,049	(142,984)	85,065	500	1	(502)	161	(52)	(533)	(38)	0	(77)	(540)	(3,079)	(3,619)
Total	279,343	(159,571)	119,772	500	1	(502)	2,861	(52)	6,922	(38)	0	(202)	9,490	(4,502)	4,988

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	Steve Walker	Pressure on CLA demand led budgets (External Residential placements and Independent Fostering Agencies) partly offset by additional income from adoption. There has been a gradual reduction in numbers since May and the current budget projection appears achievable.			4.90
	Passenger Transport	Sue Rumbold	Increased numbers of children requiring education outside the city, increased complexity of need and an increase in private hire rates. The current projection will be reviewed in October once the latest transport data is available.			1.70
	Income - DSG	Steve Walker	The current projection allows for a £0.75m shortfall against the budgeted income. The other pressures on the DSG could be partly met by exploring options in relation to balances and re-examining eligibility criteria. Options to be presented to School Forum in October.			0.75
	Income - DfE BID	Steve Walker	New BID submitted in 2016/17. Good progress is being made in the discussions with the DfE.			(2.00)
	HRA - funding	Steve Walker	Additional HRA income re signpost and MST service may not be forthcoming. It is subject to agreement with Environments & Housing.			(0.30)
	Savings challenge across department	All	Target savings against running costs and staffing budgets. Proposals are being considered by CSLT. There is a risk that sufficient savings are not identified. The saving target has been reduced as savings have been identified.			(0.50)
B. Key Budget Action plans (BAP's)						
A1	Securing additional income from Schools Forum	CSLT	£3.4m of funding per academic year provisionally agreed subject to delivery of activity and funds being available from DSG. School Forum in October has now approved this funding.	G	2.40	0.00
A2	Additional Funding For Children's Centres	CSLT	Funding options being pursued.	R	1.60	0.60
C1	Reconfigure services to young people at risk of becoming NEET	Andrea Richardson	IAG contract has been extended to July 2016. Some existing provider staff will TUPE.	A	1.20	0.25
E1/E2/E4	Staff savings	Sue Rumbold	Reduction in posts/additional trading opportunities and ELIs. Linked to medium term strategy for the directorate. Further staff reductions are required to meet budget assumptions.	A	1.40	0.00
E5	Reduce net cost of Learning For life managed Children's Centres Childcare.	Andrea Richardson	Ensure childcare income generated is reflected in childcare staffing levels	A	0.50	0.40
A3	Improvement partners	Steve Walker	Maximise income from supporting other LA's. Work underway with a number of LAs. Other expressions of interest from other LA's. Innovations bid ongoing. Decision due late summer.	G	0.50	0.00
A4	Adel Beck	Francis N'Jie	Maximise income from selling to other LA's. Rates revised for 16-17 to recover this additional income subject to occupancy levels being achieved.	G	0.40	(0.10)
E3	Impact of residential review on overtime costs	Steve Walker	Running cost efficiencies following closure of Pinfolds and Bodmin. Linked to the overall pay strategy for the directorate.	G	0.40	0.00
	Various other budget savings (10)	All CO's	Including reconfiguration of Targeted Services, a review of assets, additional trading with schools, additional DfE funding for adoption services; principally inter-agency fee, reviewing non Statutory costs etc.	G	2.29	(0.72)
Children's Services Directorate - Forecast Variation						4.98

CITY DEVELOPMENT 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - at Period 7 the reported position is a projected underspend of **£149k**. However it should be noted that there are a number of fluctuations within the Directorate that are being managed through additional income receipts and specific actions such as the use of Bridgewater Place money estimated at £916k and Arena Debt savings of £450k. These variances continue to be managed with the expectation that they will not cross over into 2017/18.

There are concerns around Planning Appeals costs this year as the service currently have a number of appeals ongoing from 2015/16 and new ones coming in in 2016/17, this is currently estimated at £200k, and is offset by increased Building Control and Planning Fee income and underspends on staffing due to a number of vacant posts.

In Economic Development the large variations on supplies and services and income is reflective of the Flood Alleviation expenditure and grant income receipts at Kirkgate Market are under pressure due to the extension of rent discounts into 2016-17 and later than anticipated new lettings resulting from delays to its redevelopment. The projected effect will be an under recovery of £420k against the income budget.

In Asset Management the advertising Income pressure remains at £442k. Although the income target was reduced in the 2016/17 estimates cycle by £200k it is unlikely to achieve its target this year due to the time required to build up the advertising sites portfolio and programme delays around approvals for the advertising sites. It is assumed that this will be offset by Arena debt savings (£450k) and income from two new asset purchases recently approved by Executive Board (£131k).

Highways and Transportation have contracted further work with their strategic partners Mouchel increasing supplies and services spend offset by additional income.

In Arts and Heritage there is a projected loss of income from Room Hire at the Art Gallery (closed for roof repairs) £100k, which is offset by the NNDR Rebate and there is increased Town Hall bar and catering income. Overspends in supplies and services are partly funded by and related to increased events income.

The Libraries Service has transferred to Citizens and Communities which has reduced the overall Directorate underspend by £101k

Within the Sport Service overspends on supplies and services including catering, resalable and consultancy costs are offset with associated increases in projected income, which also includes an anticipated £40k shortfall of income in relation to the pool closure and refurbishment at John Smeaton and a £60k pressure due to incorrect treatment of VAT on the Fitness and Swim Bodyline Offer. The service is also experiencing a downturn in Bodyline income due to the number of budget gyms that have opened in the last 12 months.

The directorate strategy is to use the proposed £916k Bridge Water Place settlement to part fund these net pressures and contribute the balance to the corporate strategy. In the service analysis below £460k is utilised against specific services and £456k Highways & Transportation.

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 and Sustainable Development	8,571	(5,753)	2,818	(124)	0	197	0	17	0	0	0	0	90	(190)	(100)
Economic Development	5,058	(4,189)	869	54	20	1,302	0	17	0	0	0	0	1,393	(907)	486
Asset Management and Regeneration	11,181	(10,410)	771	(165)	98	(108)	(6)	(188)	0	0	16	0	(353)	66	(287)
Highways and Transportation	56,429	(40,246)	16,183	(384)	107	(634)	78	(34)	0	0	0	0	(867)	420	(447)
Arts and Heritage	16,642	(6,902)	9,740	(31)	(116)	392	(2)	8	22	13	0	0	286	(202)	84
Sport and Active Recreation	24,507	(18,842)	5,665	(32)	30	43	3	28	(35)	(31)	0	0	6	124	130
Resources and Strategy	1,720	(95)	1,625	(15)	0	0	0	0	0	0	0	0	(15)	0	(15)
Total	124,108	(86,437)	37,671	(697)	139	1,192	73	(152)	(13)	(18)	16	0	540	(689)	(149)

Key Budget Action Plans and Budget Variations:

				RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£'000	£'000
A. Budget Action Plans						
		Lead Officer	Additional Comments			
1.	Planning and Sustainable Development	Tim Hill	Reduction in the net cost of service through management restructure, staffing savings and increased income generation	G	550	(300)
2.	Economic Development	Tom Bridges	Reduction in the net cost of service through staffing savings and increased income generation	A	280	66
3.	Asset Management & Regeneration	Tom Bridges	Reduction in the net cost of service through staffing savings and increased income generation	G	410	(148)
4.	Highways and Transportation	Gary Bartlett	Reduction in the net cost of service via alternative service delivery, removal of subsidies, staffing savings and additional income	G	440	9
5.	Arts and Heritage	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation	A	570	84
6.	Arts Grant	Cluny MacPherson	Full Year Effect of new grant allocations will deliver the savings. DDN published 25 March 2015 and implemented 1st April 2015	G	125	0
7.	Sport and Active Recreation	Cluny MacPherson	Reduction in the net cost of service via efficiency savings, staffing savings and increased income generation	A	440	130
8.	Resources and Strategy	Ed Mylan	Reduction in the net cost of service via efficiency and staffing savings	G	30	(15)
9.	Directorate	All Chief Officers	Directorate-wide additional income target	G	460	0
B. Other Significant Variations						
1.	Asset Management	Tom Bridges	Reduced borrowing costs at Leeds Arena (£450k) income from new assets (£131k) offsetting reduced income from Advertising (£442)			(139)
2.	Highways	Gary Bartlett	Additional Highways Income			0
3.	Planning Appeals	Tim Hill	Uncertainty at this stage around the costs of planning appeals			200
4.	Kirkgate Market	Tom Bridges	Extension of rent discounts and other rent reductions resulting from the delay in the Kirkgate redevelopment.			420
5.	Bridgewater Place	Martin Farrington	As per the Directorate Strategy, use of balance of Bridgewater Place settlement to mitigate pressures			(456)
				City Development Directorate - Forecast Variation		(149)

ENVIRONMENT & HOUSING 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall Position (£95k under budget)
Community Safety (£113k under budget)

The service is projecting an underspend on staffing of £202k (offset by reduced charges to HRA of £79k). One off income in year has been received from West Yorkshire Police & Crime Commissioner (£85k) for contributions to LASBT (Leeds Anti social behaviour team) and additional Ministry of Justice funds (£89k) have been utilised. CCTV income is projected to be lower than budgeted by £179k. Other variances total £5k

Parks & Countryside (£0k Nil variance)

The service is projecting lower level of turnover at attractions (including cafe/retail) due to no Easter and the good weather in August/September affecting Tropical World attendances, giving an overall variance at attractions of +£144k. A projected lower reduction in Golf income of £58k is offset by projected workshop savings (£84k) and fuel (29k). Other net savings across the service total (£89k).

Environmental Action & Health (£212k under budget)

Env Action - Projected staffing savings of (£357k) are offset by loss of Wellbeing funding £36k, reduced FPN income of £66k and additional transport costs of £125k in respect of GPS system for gully tankers and additional vehicles. Other variations total +£12k).

Env Health - projected staffing savings of (£136k), partially offset by increased legal costs £32k, other expenditure £27k and reduced income of £7k.

Car Parking (£319k under budget)

Ongoing vacant attendant posts (£185k) partially offset by additional expenditure of £60k (mainly for P&D machine maintenance and the upgrades required to facilitate the new £1 coin coming into circulation in 2017). Overall Income is projected to be increased by (£194k). This includes: Woodhouse Lane (£135k) of which (£90k) is for the 50p increase (in June); other variations being off street parking (£153k), On street £204k, PCN/BLE (£57k) and other income (£53k).

Housing Support/Partnerships/SECC/SP Contracts (£221k under budget)

Housing staffing underspends (£466k) due to vacant posts are partially offset by a reduction of £187k corresponding income, mainly charged to HRA. Variations in SP are £52k. Other variations across all areas are projected to be £6k.

General Fund SS (+£750k over budget)

Of the £999k Directorate wide staffing efficiency target, £886k savings have been included within the projected position of individual services and therefore remains a pressure within GFSS. (It is assumed that the remaining £113k will be found across the directorate in year). Offsetting the £886k are staffing savings in Intelligence & Improvements and other minor variations (£136k).

Leeds Building Services (£0k Nil variance)

Additional turnover is being generated through Housing Leeds repairs and work for capital schemes. This results in additional sub contractor spend which is partially offset by reductions in internal costs. Overall a nil variance is

Waste Management +£20k over budget
Refuse (+£54k over budget)

The projected overspend reflects additional staffing costs relating to Christmas cover and the cost of union support to the redesign of collection routes which is key to delivering the 2017/18 efficiency savings. Other staffing costs relating to back up routes and sickness levels are projected to be contained within the overall staffing budget.

HWSS & Infrastructure (+£16k over budget)

Additional staffing costs of £105k are forecast, which reflects additional operatives at HWSS required to deal with higher than anticipated waste volumes and increased sickness levels. In addition, vehicle repair costs of £29k are projected. Additional Trade contract income is projected to largely offset the expenditure variations, leaving a small projected overspend of £16k.

Waste Strategy & Disposal (£50k under budget)

Lower than anticipated tonnage volumes and an additional share of electricity income at the RERF have resulted in a projected underspend of (£254k). In addition, the continuing reduction in gate fees experienced in recent months has resulted in a projected underspend of (£189k) in respect of SORT disposal costs. Offsetting these projected underspends are higher than anticipated tonnages at Household Waste Sorting Sites. Excluding additional Trade contract waste disposal costs of £90k (which is offset by additional income within HWSS & Infrastructure) and taking into account a contribution of (£100k) from Housing Leeds to reflect increased volumes, these are projected to cost an additional £460k. All other variations and

Budget Management - net variations against the approved budget;
Summary By Service

				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
Community Safety	8,723	(6,530)	2,193	(212)		(226)		(169)					(607)	494	(113)
Strategic Housing, SECC, Contracts	18,610	(9,429)	9,181	(515)	3	103	2	0	143				(264)	44	(220)
General Fund Support	(429)	(408)	(837)	700		50							750	0	750
Leeds Building Services	45,305	(51,376)	(6,071)	(129)	181	1,772	(202)						1,622	(1,622)	0
Parks & Countryside	29,328	(21,309)	8,019	(52)	(4)	848	(87)	112					817	(817)	0
Waste Strategy and Disposal	20,429	(5,749)	14,680	(34)		(16)							(50)		(50)
Household Waste Sites & Infrastructure	4,502	(480)	4,022	106	17	14	6						143	(127)	16
Refuse Collection	16,747	(375)	16,372	51				3					54		54
Environmental Action	15,346	(4,343)	11,003	(358)	66	(45)	136	(24)					(225)	82	(143)
Environmental Health	3,164	(765)	2,399	(136)		22	4	32					(78)	8	(70)
Car Parking	5,003	(12,614)	(7,611)	(185)	19	28	13	1					(124)	(195)	(319)
Total	166,728	(113,378)	53,350	(764)	282	2,550	(128)	(45)	143	0	0	0	2,038	(2,133)	(95)

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.	Dealing Effectively with the City's waste	Andrew Lingham	FYE of Waste Strategy and assumes PFI at £53.3 for 81 tonnes; £0.3m for additional recycling performance	G	(4.5)	0.0
2.	HWSS Strategic Review	Andrew Lingham	Service still reviewing options but likely to be 2017/18. Other savings to be identified.	G	(0.1)	0.0
3.	Parks and Countryside additional income	Sean Flesher	Implement price rises, plus additional income at various attractions	G	(0.6)	0.0
4.	Leeds Building Services	Simon Costigan	Identification of savings to fund PPPU costs	A	(0.2)	0.0
5.	Car Parking	Helen Freeman	Review of Price tariffs and additional income target.	G	(0.2)	0.0
6.	WYP &CC grant use	Sam Millar	£713k funding budgeted but not confirmed therefore remains a risk	A	(0.7)	0.0
7.	Savings in Housing related support programme	Neil Evans	FYE of 15/16 plus recommissioning of more SP contracts	G	(0.3)	0.1
8.	Directorate wide staffing reductions	Neil Evans	At period 7, pressure of £0.75m offset by staffing savings in services (see 6 and 10 below)	G	(1.2)	0.75
9.	Contract / Procurement Savings / Line by Line		Target for contract savings in the base. (not shown as a variance as reported corp in 15/16)	A	(0.3)	0.0
10.	All Other action plan items			G	(0.1)	0.0
B. Other Significant Variations						
1.	Waste Disposal Costs	Andrew Lingham	Net budget £15.7m for 329.2k tonnes of waste; -£15k variation at P7			(0.0)
2.	Refuse Collection staffing costs	Tom Smith	£12.2m pay budget in service; £54k variation anticipated at P7			0.1
3.	Refuse Collection vehicle costs	Tom Smith	Repairs £0.7m; Fuel £1.2m. Fuel nil variance at P7 (price increases offset by volume variations)			0.0
4.	Car Parking BLE / PCN income	Helen Freeman	BLE £1.4m ; PCN's £2.3m - (£57k) variance projected at P7			(0.1)
5.	Car Parking Fee Income	Helen Freeman	£8.4m budget increase of £810k from 15/16.(Introduced new WHLCP increased by 50p June 2016)			(0.1)
6.	Environmental Action staffing	Helen Freeman	£13.5m pay budget in service			(0.4)
7.	Property Maintenance	Simon Costigan	Budgeted surplus of £5.2m required to be delivered. Service currently operating with £12.2m WIP			0.0
8.	Parks and Countryside - Attractions	Sean Flesher	£1.7m Income budget (incl: TWorld £1.3 m budget)			0.0
9.	Parks and Countryside - Bereavement Services	Sean Flesher	£6.3 m budget			0.0
10.	All other variations, mainly staffing		Includes Community Safety (£0.2m, Car Parking £0.2m, Housing Support/Partnership £0.2m)			(0.4)
Environment & Housing - Forecast Variation						(0.1)

CITIZENS AND COMMUNITIES 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - Budget action plans have been reviewed with each Chief Officer and at present it is anticipated that most plans will be achieved, though there is a pressure of £250k on Customer Access staffing costs. A projected underspend of £241k in Elections, Licensing and Registration along with forecast savings of £101k in Libraries gives an overall underspend of £96k for the Directorate as a whole.

Communities The latest figures for Community Centres indicate a potential overspend of £50k, although this assumes no savings in utility costs (last year this was £50k) which could balance the overall position. We have also assumed a drop in income as Leeds City College will be moving out of St Barts/Strawberry Lane and generated £30k per year. Budget savings on Well Being, Youth Activities, and the Innovation Fund have been delivered. The full saving of 3rd Sector Infrastructure Grant will not be delivered in year but this will be offset by savings elsewhere within the service. The variances recorded below all relate to Migration Services and reflect some savings on staffing cost due to delayed recruitment and transfer of income in year to reserve. Overall the service will balance to resources in year.

Customer Access Savings targets built in to the budget for 2016/17 are challenging and there is a significant amount of work involved in developing the Community Hubs.

The budget for 2015/16 had a saving of £100k built in for Community Hubs and there is a further £100k saving for 2016/17. Demands on staffing are significant and development of the Hub approach as well as integration of the Branch Library Service has resulted in some additional cost. It is unlikely that the saving will be delivered in year as we are currently forecasting the staffing pressure could result in an overspend of approx £250k. Some of the additional staffing costs relates to project resource required to deliver the outcomes of an Executive Board Report approving £4.6m of capital spend to develop the retained assets that are becoming the hub sites to allow both service integration and release of surplus assets. The Transactional Web savings of £200k relate to staffing costs in the Contact Centre and these are currently on line to be delivered.

Libraries Service The figures this month reflect the transfer of the service from City Development to Citizens and Communities. Overall, an underspend of £101k is expected, comprising a savings of £89k on staffing, £40k running costs as well as a shortfall in income of £28k.

Elections, Licensing & Registration Staffing costs at Period 7 are projected to be £18k under budget, included in this is an overspend of £29k for Taxi and Private Hire Licensing which is funded out of additional income. The collection of income continues to do well and this has been reflected within this month's projections. A total of £182k of projected income in excess of the budget has been identified at this stage in the year, this arises across three areas: Registrars £100k, Local Land Charges £53k and Entertainment Licensing £30k. Additional premises costs relate to Elections Service and these costs are funded via grant, the overspend on supplies and services relates to Vehicle Licensing and this is funded out of additional income.

Benefits, Welfare and Poverty Staffing and overtime costs are projected to be £129k below the staffing budget. There have been a number of windfall grants which have now been reflected in the projection, ie Pension Assessed Income, Temporary Absence, Family Premium which relate to the DWP New Burdens. In addition the FERIS and Single Fraud grants have been used to fund the increased cost of additional off-site processing work.

The Local Welfare Support Scheme is projecting to underspend by £300k - with some aspects of the spend on a 5 month delay, prior years orders rolled into 16/17 are currently being completed. Housing Benefit Overpayments have reduced in line with the overall reduction in HB payments, so too has the average value of each overpayment. In addition the number and value of overpayments generated through data matching with DWP and HMRC have reduced significantly despite the number of referrals being received by the LA remaining at a similar level to previous years. However proactive work has been ongoing during recent months with interventions based on medium risk cases - this has resulted in an increase in overpayment income projections compared to last month.

This year's initiative to identify further cases where Single Person Discount has been incorrectly claimed is proving successful and the projected additional income by year end is £500k against the £280k reflected in the budget. This income is accounted for within the Collection Fund, so doesn't show within the Citizens and Communities revenue position.

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	
Communities	12,452	(6,900)	5,552	(59)	50	132	(3)	21	0	0	0	43	184	(188)	(4)
Customer Access	16,930	(1,568)	15,362	250	0	0	0	0	0	0	0	0	250	0	250
Libraries	6,299	(1,193)	5,106	(89)	(2)	(35)	(2)	(1)	0	0	0	0	(129)	28	(101)
Elections, Licensing & Registration	7,474	(6,749)	725	(18)	181	81	(6)	(7)	0	0	0	0	231	(472)	(241)
Benefits, Welfare and Poverty	287,302	(284,390)	2,912	(129)	8	317	(12)	100	0	936	0	0	1,220	(1,220)	0
Total	330,457	(300,800)	29,657	(45)	237	495	(23)	113	0	936	0	43	1,756	(1,852)	(96)

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					
Efficiencies					
Community hubs	Lee Hemsworth	Efficiencies from bringing services together, linked to Phase 1 and 2 of the capital investment in the service	R	0.1	0.3
Running costs	Shaïd Mahmood	Main savings in Communities	G	0.3	0.0
Transactional web	Lee Hemsworth	Further savings from the implementation of transactional web, mainly staffing	G	0.2	0.0
Registrars	John Mulcahy	Review of costs and income	G	0.1	0.0
Asset savings	Shaïd Mahmood/Lee Hemsworth	Savings in line with the asset management plan for closure of buildings and move of some HRA functions into the Community Hubs	G	0.1	0.0
Staffing Savings (Libraries)	Lee Hemsworth	Staffing efficiency target	G	0.0	0.0
Other	All CO's	£64k from PPE, printing and mail	G	0.1	0.0
Changes to service					
Third sector infrastructure grant	Shaïd Mahmood	Grant reduction	G	0.1	0.0
Reduction in wellbeing and youth activities	Shaïd Mahmood	Reduction in budget	G	0.2	0.0
Innovation Fund	Shaïd Mahmood	Budget reduction	G	0.1	0.0
Service Reductions	Lee Hemsworth	Book Fund	G	0.1	0.0
Service Reductions	Lee Hemsworth	In year Savings	G	0.1	0.0
Additional income - traded services, partner and other income					
Housing benefits overpayments	Steve Carey	Level of overpayments down compared to last year. Projections still assume that the trend will pick up and the budget will be met, although this is a significant risk area.	R	0.4	0.6
Council Tax Single Person Discount	Steve Carey	£500k now projected - incidence in the Collection Fund	G	0.0	0.0
Advice consortium and welfare rights	Steve Carey	HRA contribution relating to under occupancy and rent arrears	G	0.2	0.0
Local Welfare Support Scheme	Steve Carey	HRA contribution in respect of support of Council tenants	G	0.1	0.0
B. Other Significant Budgets					
Net effect of all other variations					(1.0)
Citizens and Communities Directorate - Forecast Variation					(0.1)

PUBLIC HEALTH - 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - The allocation of the ring fenced Public Health grant for 2016-17 is £46,630k, this includes an additional £4,993k of funding for the full year effect for the 0-5 years services (Health Visiting and Family Nurse Partnership) which transferred to LCC in October 2015 less the continuing and significant reduction to the ring-fenced grant allocation.

The 2016/17 budget reflects savings of £1.1m from successful consultation and negotiation with our partners and providers including 3rd Sector and NHS providers. In addition savings have been made from the Public Health funding which is provided across Council directorates to support joint commissioning and commissioning of Council run services resulting in £355k of savings. Savings of £955k have been found from Public Health programme budgets, vacant posts, support services and running costs.

Detailed Analysis

The planned saving of £233k as part of the transfer of the TB contract will not materialise, though work to find compensating savings is now completed and is currently predicted to slightly over-achieve. Due to overtrading of sexual health services, provision was made for anticipated costs. However it is likely that these costs will not materialise in full therefore resulting in savings to compensate for this risk.

Due to staff turnover and vacant posts on hold as a result of a review to prioritise critical posts that need to be filled, pay costs are projected to be £161k underspent on the general staffing budget, though some staff are now working on income funded projects. Work is continuing to identify potential financial pressures particularly in relation to costs associated with the new drugs and alcohol contract and Public Health activity contracts which are paid based on demand and some on NHS tariff. Recent activity data is showing a reduced level of activity and as a result, an underspend of £249k is projected on commissioning budgets.

Overall, this means that the grant funded budgets are projected to be £401k underspent. This underspend will be used to reduce the £1,326k required from reserves to fund the budget shortfall, meaning that the funding required from reserves is now expected to be £925k.

In Supporting People there are a number of vacancies and recruitment delays which has resulted in a projected underspend of £73k, though this is partly offset by a corresponding reduction in income of £50k to give an overall underspend of £23k.

Budget Management - net variations against the approved budget

	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	
Public Health Grant		(46,630)	(46,630)	0	0	0	0	0	0	0	0	0	0	0	0
Staffing and General Running Costs	5,023		5,023	(176)	2	7	0	0	0	0	0	0	(167)	(22)	(189)
Commissioned and Programmed Services:															
- General Public Health	208		208	0	0	0	0	0	(30)	0	0	0	(30)	0	(30)
- Population Healthcare	283		283	0	0	0	0	0	(5)	0	0	0	(5)	0	(5)
- Healthy Living and Health Improvement	15,329	(140)	15,189	0	0	(3)	0	0	(127)	0	0	0	(130)	0	(130)
- Older People and Long Term Conditions	2,361	(47)	2,314	39	0	0	0	1	26	0	0	0	66	(66)	0
- Child and Maternal Health	14,059		14,059	0	0	0	0	(4)	(30)	0	0	0	(34)	0	(34)
- Mental Wellbeing and Sexual Health	9,248		9,248	37	0	0	0	9	(288)	0	0	0	(242)	0	(242)
- Health Protection	806		806	0	0	0	0	0	229	0	0	0	229	0	229
Transfer From Reserves		(500)	(500)									401	401		401
Supporting People	964	(637)	327	(76)	1	2	0	0	0	0	0	0	(73)	50	(23)
Drugs Commissioning	1,260	(1,260)	0	0	0	24	0	0	(24)	0	0	0	0	0	0
Total	49,541	(49,214)	327	(176)	3	30	0	6	(249)	0	0	401	15	(38)	(23)

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					
Efficiencies					
- General efficiencies on contracted services	Ian Cameron	A combination of reductions in demand, expiry of contracts, ending one-off contributions and activities now funded by other contracts or organisations	G	0.80	0.00
- Staff savings	Ian Cameron	Reduction in staffing pay budget through vacant posts on hold and vacancy management throughout 2016/17	G	0.42	0.00
Review of commissioned services					
Third Sector					
- Savings on contracts due to expire	Ian Cameron	5% saving on 22 contracts due to expire. Areas covered community development, food and nutrition, vulnerable groups, older people, sexual health, domestic violence, mental health, cancer screening, children's physical activity, obesity and breast feeding. All affected 3rd Sector providers have confirmed their acceptance of the 5% saving, public health contract managers continue to provide support to all providers.	G	0.16	0.00
- Drugs and alcohol services	Ian Cameron	Initial consultation with provider has taken place, further discussions are planned.	G	0.20	0.00
- Drug Intervention Programme and Integrated Offender Management	Ian Cameron	Consultation with partners and providers have begun in order to realise savings.	G	0.38	0.00
- Savings on existing contracts	Ian Cameron	Contracts affected include Health Visiting, School Nursing, Healthy Lifestyles, Smoking Cessation, Weight Management, Infection Control. Consultation with NHS provider has started, further discussions planned.	G	0.29	0.00
- Transfer of TB service to NHS provider	Ian Cameron	Following consultation with NHS Partners this saving will not be realised	R	0.23	0.23
Leeds City Council services	Ian Cameron	In response to this proposed reduction in public health funding in 16/17 to council provided services, £1.3m of non-recurrent earmarked reserves will be used to maintain services to March 17. LCC directorates and heads of finance have confirmed savings have been achieved and implemented either by absorbing the saving or in consultation with relevant provider.	G	1.75	0.00
Programmed budgets	Ian Cameron	Programme budgets removed for area health priorities across ENE, S&E and WNW. Adult public health programmes including drugs and alcohol, mental health, sexual health, infection control and fuel poverty. Children's public health programmes including obesity, breastfeeding, alcohol, drugs infant mortality and oral health.	G	0.60	0.00
B. Other Variations					
Projected underspend on staffing costs					(0.18)
Net effect of all other variations					(0.07)
Public Health - Forecast Variation					(0.02)

STRATEGY AND RESOURCES - 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - Action plans are generally on line to deliver the budgeted savings. The only area currently expected to create a pressure is income within the PPU which means that Strategy & Resources is currently reporting a net overspend of £94k.

Strategy & Improvement - Strategy and Improvement are projected to spend within budget at Month 7.

Financial Services - the number of staff of leaving during the year is expected to result in a balanced position by the year-end.

Human Resources - HR are planning to meet the £371k efficiency savings incorporated in the budget, through freezing recruitment and the use of the early leavers initiative.

Information Technology - savings on staffing costs due to vacant posts are expected to be offset by reduced income as these posts are income generating. On running costs, there is an £80k saving on Microsoft licences which was initially funded by transfers from directorate budgets.

PPPU - based on current projections, the Unit will be £452k overspent at year end. Even though there is an underspend on pay of £723k and a freeze on posts is in place, income is projected £1,172k less than budget. The main reasons for the shortfall in income are the fall out of NGT (£619k), Health Transformation (£81k) and various capital schemes (£559k). PPPU's Senior Management Team are reviewing workload and income streams and the reported variance assumes that an extra £152k of income can be realised by year end. Obviously this remains a significant risk area for the Directorate.

Legal Services - Legal are currently under budget on staffing by £160K and all expenditure budgets are online. There is a risk that internal income will be significantly below budget, principally because of reductions in the Legal establishment. Some additional income is now predicted meaning that the current forecast is a shortfall of £160k.

Democratic Services - the Governance, Scrutiny, Civic and Ceremonial and Members' Allowances budgets are on target to deliver a balanced budget for 2016/17. However on-going, year on year pressures remain within Members' Support which has necessitated other opportunities to be explored to achieve a balanced budget across the Democratic Services division. These include the on-going secondment of a member of staff to WYCA, redesigning work packages, working arrangements and leadership responsibilities to enable vacated posts to be not filled and other in-year one off savings to be accrued.

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	
Strategy & Improvement	4,832	(471)	4,361	(60)	0	5	(5)		0	0	0	0	(60)	60	0
Finance	15,843	(7,004)	8,839	(25)	2	(4)	0	0	0	0	0	0	(27)	27	0
Human Resources	8,305	(1,915)	6,390	(178)	(2)	(5)	(24)	(46)	0	0	0	0	(255)	255	0
Information Technology	19,428	(6,074)	13,354	(95)	0	(80)	0	0	0	0	0	0	(175)	95	(80)
Projects, Programmes & Procurement	7,658	(6,085)	1,573	(723)	0	1	(1)	0	0	0	0	0	(723)	1,023	300
Legal Services	4,736	(6,915)	(2,179)	(160)	0	0	0	0	0	0	0	0	(160)	160	0
Democratic Services	4,944	(26)	4,918	(126)	0	0	0	0	0	0	0	0	(126)	0	(126)
Total	65,746	(28,490)	37,256	(1,367)	0	(83)	(30)	(46)	0	0	0	0	(1,526)	1,620	94

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						
	Efficiencies					
1	Financial services	Doug Meeson	Further changes to way services provided, self service, less internal audit, centralisation.	G	0.76	0.00
2	HR	Lorraine Hallam	On-line advice, less HR input into low level cases, ELI and vacancy management	G	0.37	0.00
3	ICT staffing	Dylan Roberts		G	0.12	0.00
4	ICT Print Smart	Dylan Roberts	Further efficiencies on top of those delivered in 2015/16	G	0.10	0.00
5	Legal Services	Catherine Witham		G	0.05	0.00
6	Corporate Communications and intelligence	Mariana Pexton	Staffing and efficiency savings, mainly within the Communications Team	G	0.38	0.00
7	Democratic services	Catherine Witham	Staffing and efficiency savings. Member pension saving	G	0.12	0.00
8	ICT procurement savings	Dylan Roberts	Modernisation of telephony	G	0.33	0.00
9	PPPU	David Outram	Significant reduction in Procurement particularly low value procurements. Additional external income	R	0.66	0.30
	Additional income - traded services, partner anc					
10	ICT	Dylan Roberts	Provision of managed service to WY Joint Services	G	0.15	0.00
B. Other Significant Variations						
	Net effect of all other variations					(0.2)
Strategy and Resources Directorate - Forecast Variation						0.09

CIVIC ENTERPRISE LEEDS - 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

Overall - the overall projected position at period 7 is an overspend of £201k explained by a £200k overspend against the Catering net budget. The Catering overspend is mainly as a result of the marginal impact of the 7 schools which have been lost to the service plus the marginal impact of a shortfall against the adjusted meal numbers.

Business Support Centre

BSC are forecast to be on track to meet their 2016/17 savings target of £400k which is to be achieved through the freezing of posts and ELIs.

Commercial Services

The Commercial Services overspend of £200k is, as explained above, accounted for by the marginal impact of the 7 schools which were lost from the Catering service plus the marginal impact of a shortfall against the adjusted meal numbers. The projected overspend on staffing is mainly within the Cleaning Service and is offset by additional income. Work will be done with the Head of Service to identify the permanent resources requirement and income so that a virement can be done to ensure an accurate expenditure and income budget moving forward for Cleaning Services. Once this budgetary realignment is done, this will show that following the implementation of day time cleaning in civic buildings (thus avoiding premium staffing payments) and reduced cleaning frequencies and using the ELI initiative, the service is on track to meet the £200k savings from a lower cleaning specification included in the 2015/16 base budget and should provide a platform for savings in the following financial year.

Facilities Management

A balanced position is projected at month 7 although there are risks around accruals for services charges for the two joint service centres going back to 2013/14. The payment of these charges is being dealt with by Legal Services. There is also a potential risk on savings assumed in the Asset Rationalisation programme for Merrion House NNDR where, following advice, an accrual of £430k has been provided in 2015/16.

Corporate Property Management

A balanced position is projected at month 7 which assumes budgeted savings of £150k staffing and £450k on building maintenance will be achieved.

Budget Management - net variations against the approved budget

				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	
Business Support Centre	15,269	(5,590)	9,679	15	8	(74)	0	0	0	0	0	0	(51)	51	0
Commercial Services	59,532	(56,897)	2,635	1,553	1	758	(15)	(24)	0	1	0	0	2,274	(2,074)	200
Facilities Management	10,088	(4,123)	5,965	(142)	(8)	7	0	0	0	0	0	0	(143)	144	1
Corporate Property Management	5,959	(587)	5,372	33	(40)	0	0	7	0	0	0	0	0	0	0
Total	90,848	(67,197)	23,651	1,459	(39)	691	(15)	(17)	0	1	0	0	2,080	(1,879)	201

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	Asset rationalisation	Sarah Martin	Savings from: 1&3 Reginald Terr £29k, Belgrave Hse £60k, Deacon Hse £30k, South Pudsey Centre £25k, Tribecca £110k	G	0.29	0.0
2	Maintenance of council buildings	Sarah Martin	Reduce responsive maintenance	G	0.60	0.0
3	Catering Savings	Mandy Snaith	Agency staff	G	0.05	0.0
4	Energy	Sarah Martin	Impact of energy efficiency measures	G	0.05	0.0
5	BBM - admin, mail and print	Helena Phillips	Significant changes in respect of business processes required to deliver these savings across 4 contract areas.	G	0.37	0.0
6	Vehicle Fleet	Terry Pycroft	Extend life of light commercial vehicles	G	0.20	0.0
7	Recover cost of living wage	Richard Jackson	Recover from Property Cleaning.	G	0.20	0.0
8	Catering additional income.	Mandy Snaith	Increased income/efficiencies.	G	0.05	0.0
9	Additional MOT income.	Terry Pycroft	Increase number of MOTs undertaken.	G	0.03	0.0
10	Recovery of cleaning charges.	Les Reed	Recovery of charges from clients.	G	0.07	0.0
B. Other Significant Variations						
1	Net effect of all other variations			R		0.2
Civic Enterprise Leeds - Forecast Variation						0.2

STRATEGIC & CENTRAL ACCOUNTS - 2016/17 FINANCIAL YEAR

FINANCIAL DASHBOARD - MONTH 7 (APRIL TO OCTOBER)

At month 7, the strategic & central budgets are anticipated to underspend by 938k.

The key variations are;

- Debt - a forecast pressure of £0.3m due to the conversion of short-term debt to long-term to take advantage of low long-term interest rates (net of additional prudential borrowing re strategic fund investment acquisitions)
- Section 278 income - a potential £1.8m risk due to lower levels of development activity.
- £430k forecast shortfall in income from court costs
- Procurement - a £1.9m variation which reflects that the procurement and PFI savings will be managed through directorate budgets.
- Savings of £2m from the additional capitalisation of eligible spend in general fund and school budgets.
- Appropriation of £2.0m of earmarked reserves.
- Savings of £2.0m on the levy contribution to the business rates.
- Joint Committee - £0.1m anticipated overspend for the Coroners' services.

Budget Management - net variations against the approved budget

				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	(11,480)	(32,488)	(44,422)	300		1,860					(2,000)	(1,993)	(1,833)	2,430	597
Debt	24,380	(1,103)	23,277								1,422		1,422	(1,162)	260
Govt Grants	3,015	(26,434)	(23,419)										0	(1,890)	(1,890)
Joint Committees	37,411	0	37,411			95							95		95
Miscellaneous	2,450	(1,311)	1,139										0		0
Insurance	9,831	(9,831)	0			3,414		(121)				(7)	3,286	(3,286)	0
Total	65,607	(71,167)	(6,014)	300	0	5,369	0	(121)	0	0	(578)	(2,000)	2,970	(3,908)	(938)

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	Doug Meeson Latest projection of increased debt costs due to new long term borrowing (net)	A	13.0	0.3
2.	Minimum Revenue Provision	Doug Meeson The budget assumes the use of £23.4m capital receipts to repay debt. There is a risk that capital receipts available to fund this may fall short by up to £1.8m.	A	10.3	0.0
3.	New Homes Bonus	Doug Meeson No material variation anticipated at this stage in the year	G	(19.2)	0.2
4.	Business Rates (S31 Grants, Tariff adjustment & EZ)	Doug Meeson Tariff adjustment £480k and Enterprise zone reliefs £370k	A	(7.1)	0.1
5.	S278 Contributions	Doug Meeson Potential risk of £1.8m depending on development activity to the year-end	A	(5.2)	1.8
6.	General capitalisation target	Doug Meeson Capitalisation of eligible spend in directorate/service revenue budgets.	A	(3.0)	(1.0)
7.	Schools capitalisation target	Doug Meeson Capitalisation of eligible spend in school revenue budgets.	A	(2.5)	(1.0)
8.	Corporate Savings Target	Doug Meeson Centrally-held budget savings target. Actual savings will be shown in Directorate budgets.	A	(1.0)	1.0
9.	PFI Contract Monitoring Target	David Outram Budget held in the strategic accounts pending confirmation of where the reductions in expenditure will be achieved	A	(0.9)	0.9
10.	Early Leaver Initiative	Doug Meeson £2m earmarked reserve established to fund the severance costs in 2016/17.	A	0.0	0.0
11.	Joint Committee - Coroners Services	Doug Meeson £95k over spend projected at mth 6 due to dilapidations claim at Symons House and a large interpreter fees, partially offset by staffing cost savings	G	0.0	0.1
B. Other Significant Budgets					
1.	Insurance	Doug Meeson Potential additional costs in-year which will be managed through the Insurance Reserve	A	0.0	0.0
2.	Business Rates Levy	Doug Meeson Savings anticipated from levy	G	3.0	(2.0)
3.	Prudential Borrowing Recharges	Doug Meeson Contra budgets in directorate/service accounts.	G	(11.9)	0.0
4.	Earmarked Reserves	Doug Meeson Use of demography reserve and capital reserve	G	0.0	(1.9)
5.	Bridgwater Place	Doug Meeson Compensation to be received from the developer.	G	0.0	0.0
6.	Income	Doug Meeson Income from Court fees	A	0.0	0.4
7.	Leeds Living Wage	Doug Meeson Estimated impact of Jan rise to £8.25/ hour	A	0.0	0.3
Strategic & Central Accounts - Forecast Variation					(0.9)

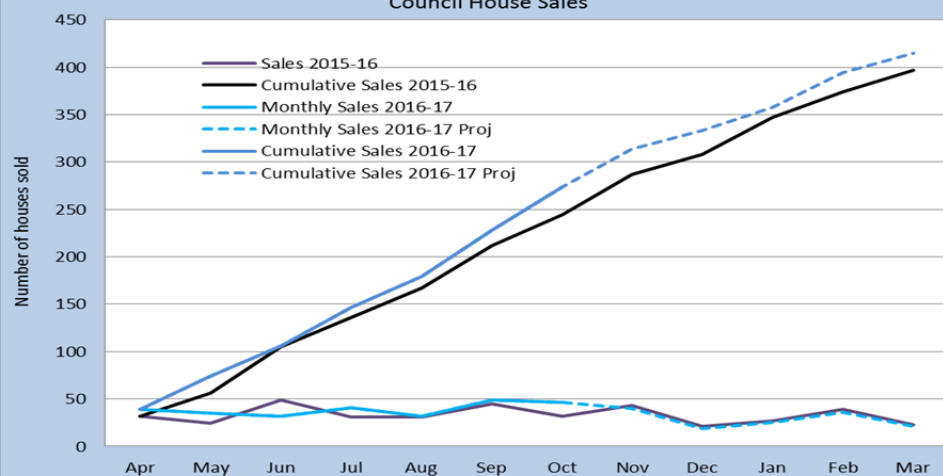
Housing Revenue Account - Month 7 (October 2016)

Financial Dashboard - 2016/17 Financial Year

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

Directorate	Current Budget	Projected Year End Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
Income					
Rents	(218,375)	(218,339)	36	Projected rent lower than budget due to stock numbers being less than anticipated during budget setting.	62
Service Charges	(6,443)	(6,427)	16	Reduction in income from sheltered accommodation.	16
Other Income	(29,306)	(29,237)	69	PFI PTC (£100k), increase in RTB sales fee income (£46k) offsetting reduction in capitalised salaries due to vacant posts £196k and other small variances £18k.	43
Total Income	(254,124)	(254,003)	121		121
Expenditure					
Disrepair Provision	1,000	1,200	200	Projection due to increase in new cases which is anticipated to continue.	200
Repairs to Dwellings	43,548	43,548	-		-
Council Tax on Voids	663	725	62	Current charges indicate overspend.	62
Employees	27,792	26,930	(862)	Vacant posts (£1061k) and training saving (£59k) offsetting agency staff (includes disrepair) £188k and severance costs £69k.	(801)
Premises	7,013	7,101	88	Increase in cleaning charges £77k, Site maintenance costs at Navigation House £11k	88
Supplies & Services	5,259	5,456	197	Large insurance claims £249k, LLBH PFI Japanese Knotweed consultants £15k. Offset by Tenant Mobility saving (£75k) and minor variations £8k.	178
Internal Services	38,473	38,372	(101)	Increase in surveyor RTB valuation work £160k, PPPU recharges for PFI £92k, HR recharge for additional time £24k. Offset by reduction in the GF recharges to the HRA (£321k) and Regeneration team recharge (£52k). Other small variance (£4k).	(32)
Capital Programme	73,041	73,041	-		-
Appropriations	(7,115)	(7,459)	(344)	Large insurance claims (£249k), PFI appropriation adjustment (£95k).	(377)
Unitary Charge PFI	8,101	8,194	93	PFI scheme adjustments: UC £52k; PTC £106k; RTB (£65k).	125
Capital Charges	49,159	49,364	205	Interest receivable lower than budgeted	197
Other Expenditure	7,190	6,907	(283)	Reduction in DHP requirement (£172k), Leeds Tenant Federation - in line with 2016/17 negotiations (£50k), Transport cost reforecast (£61k).	(111)
Total Expenditure	254,124	253,379	(745)		(471)
Total Current Month	-	(624)	(624)		(350)

Council House Sales



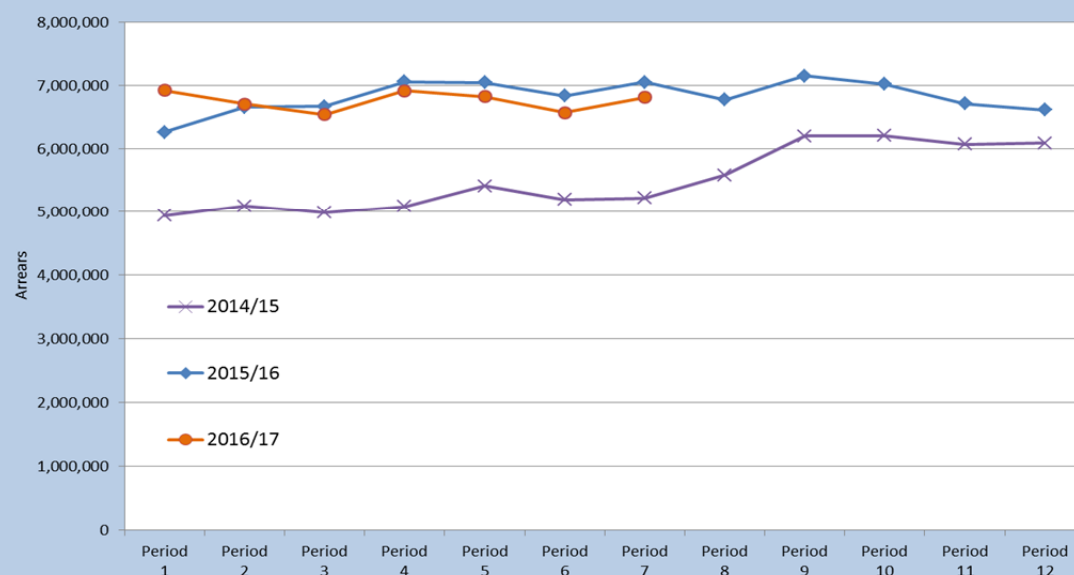
Change in Stock	Budget	Projection
Right to Buy sales*	380	415
New Build (PFI)	(93)	(93)
New Build (Council House Growth)	(142)	(142)
Total	145	180

* actual sales as at the end of Period 7 - 274

Right to Buy Receipts	2015/16 Actual	2016/17 Projection
Total Value of sales (£000s)	18,057	20,990
Average Selling Price per unit (£000s)	45	51
Number of Sales*	397	415
Number of Live Applications	892	1,051

	2015/16	2016/17	Variance
	£000	£000	£000
Arrears (Dwelling rents & charges) - Week 31			
Current Tenants	6,838	6,813	(25)
Former Tenants	3,175	3,974	799
	10,013	10,787	774
Under occupation - Week 26			
Volume of Accounts	5,078	4,855	(223)
Volume in Arrears	2,628	2,352	(276)
% in Arrears	52%	48%	-4%
Value of Arrears	825	618	(207)
Collection Rates - Week 31			
Dwelling rents	97.24%	96.97%	-0.27%
Target	98.06%	97.50%	
Variance to Target	-0.82%	-0.53%	-0.27%

Comparison of Current Tenant Arrears by Financial Year



1. 2016-17 Procurement Report

- 1.1 The Chief Officer for the Projects Programmes and Procurement Unit is required to provide statistical procurement information to Executive Board every quarter. This report provides information in relation to **Q2 of the 2016/17** financial year.

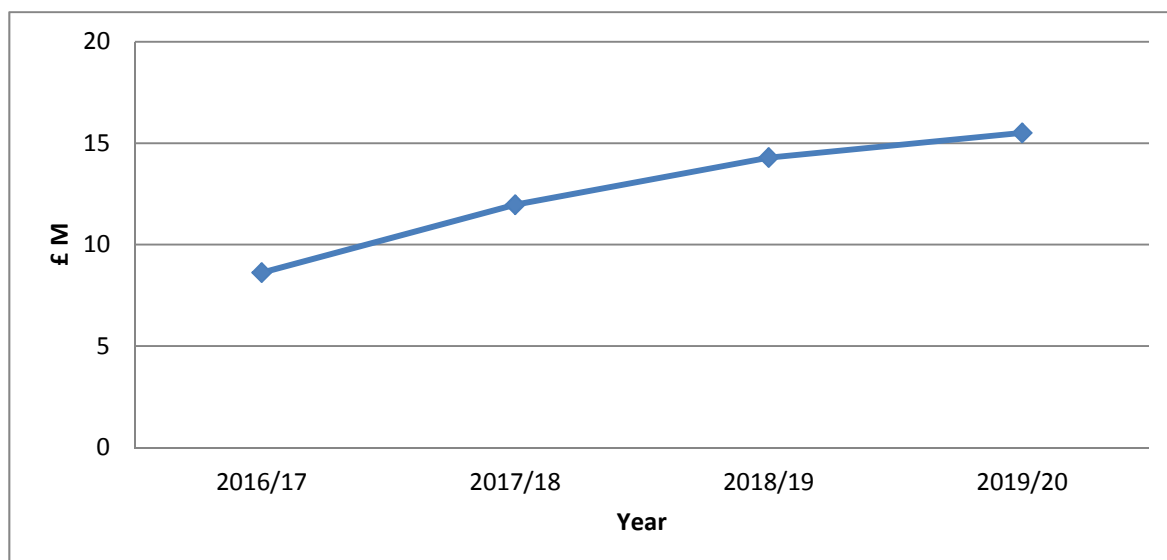
2. Procurement Savings

- 2.1 The delivery of procurements, and in turn procurement savings, are a result of cross-functional working with directorates. The procurement category teams work closely with directorate colleagues to seek to secure procurement and contract efficiencies and to reduce off-contract and non-contract spend. Agreeing and 'capturing' procurement savings, in discussion with directorates, enables budget holders to make informed choices and, where possible, translate identified saving opportunities into 'cashable' savings. The high level forecast savings are detailed below.

Updated September 2016	Prior Years £000s	2016/17 £000s	Future Years £000s	Projected Whole Life Saving £000s
Savings already deducted from previous year's and future budgets *	(18,226)	(5,602)	(8,087)	(31,915)
Additional Projected savings against the 2016/17 budget		(3,016)		(3,016)
Total Forecast Savings on Current contracts	(18,226)	(8,618)	(8,087)	(34,931)
*Savings reflect the whole life of the contract and are reflected in the budget for the year the contract is awarded				

- 2.2 Anticipated savings on new procurements for contracts awarded as at 30th September are £3.016m.
- 2.3 Forecast savings are based on predicted contract usage and will be updated on a quarterly basis to reflect this.
- 2.4 Further savings are anticipated in the remainder of the year however as market conditions dictate the final tender values, savings will only be estimated once the final tender values are known.
- 2.5 In addition to the cashable savings identified above, the savings report also identifies cost avoidance or 'non cashable savings', for example whereby having implemented good procurement controls, or contract management, a price increase has been avoided or where the re-procurement of a contract has resulted in 'more for less'. By definition it is difficult to prove these savings as they are not usually quantifiable from a budget perspective. Nevertheless they do demonstrate the value added by effective procurement intervention and add value to the process.

2.6 Graph of Cumulative Procurement savings 2016/17 to 2018/19



3. Orders Placed on the Financial Management System (FMS)

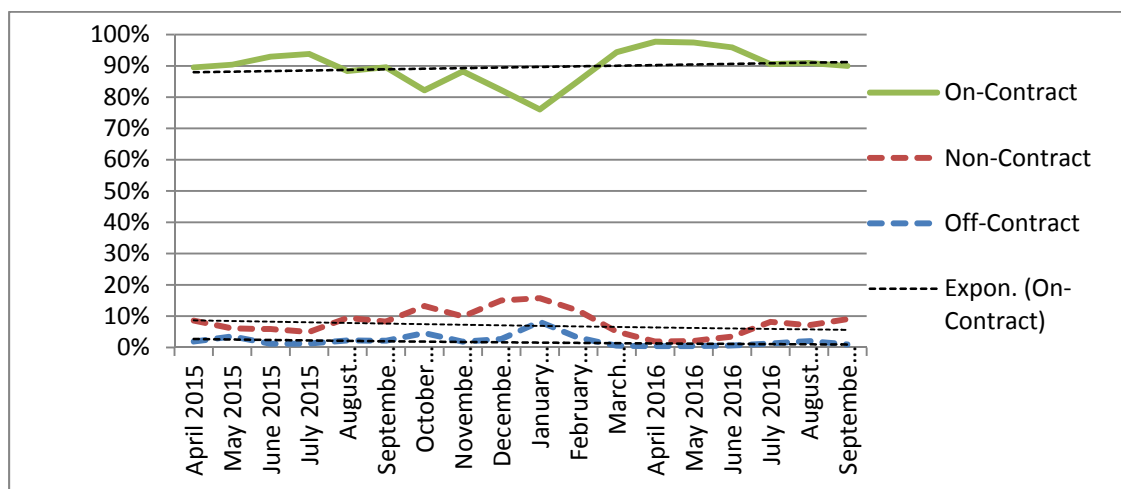
- 3.1 The following financial information is sourced from an analysis of all orders recorded in the council's main financial system, FMS. On the payments system, each creditor (a body or person to which a payment is made by the council) has an indicator on their record which allocates them to a category. Such categories include private companies, commercial individuals (sole traders), other public sector bodies, and the third sector. The classification of organisations is carried out by colleagues in corporate finance with typically several hundred new creditor organisations allocated to a category each month.
- 3.2 These figures do not include orders placed through feeder systems, such as Orchard², purchasing cards, or payment requisitions where BACS or cheque payments are made through FMS without the Business Support Centre processing an invoice and where therefore there is no associated order.
- 3.3 The table below shows all orders placed in FMS during Q2 2016/17. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q2 2015/16			Q2 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
On Contract	£190,131,460	9,029	77.08%	£206,699,912	8,889	71.85%
Non-Contract	£15,069,188	8,332	6.11%	£8,701,345	7,356	3.02%
On Contract - Quasi	£33,326,430	2,824	13.51%	£64,059,050	4,012	22.27%
On Contract - Waiver	£778,766	47	0.32%	£2,760,894	325	0.96%
Off-Contract	£5,184,663	1,744	2.10%	£1,724,553	800	0.60%
Non-Contract - One off or non-influenceable	£2,191,706	566	0.89%	£1,319	43	0.00%
Grand Total	£246,682,211	22,542	100.00%	£287,672,496	22,253	100.00%

² Orchard is used by various council functions for dealing with the financial aspects of council owned property, for example to pay contractors for undertaking repairs to the housing stock.

On, off and non-contract orders placed on FMS

- a) The graph below shows the percentage of on, off and non-contract orders placed on FMS from April 2015 to September 2016.



4. Local Suppliers

- 4.1 Orders placed with local suppliers in **Q2 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q2 2015/16			Q2 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Local Spend	£109,085,383	9,973	44.22%	£145,788,626	13,195	50.68%
Non-Local Spend	£137,596,828	12,569	55.78%	£141,883,869	15,295	49.32%
Grand Total	£246,682,211	22,542	100.00%	£287,672,496	22,253	100.00%

Suppliers with a Leeds metropolitan area postcode have been included in the above data. These are postcodes LS1 to LS29 plus BD3, BD4, BD10, BD11, WF2, WF3, WF10, WF12, WF17.

5. Third sector

- 5.1 Orders placed with third sector suppliers in **Q2 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q2 2015/16			Q2 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Third Sector	£47,398,144	2,833	19.21%	£83,038,999	2,113	28.87%
Non Third Sector	£199,284,068	19,709	80.79%	£204,633,497	20,140	71.13%
Grand Total	£246,682,211	22,542	100.00%	£287,672,496	22,253	100.00%

6. Small and Medium Enterprises (SMEs)

- 6.1 Orders placed with SMEs in **Q2 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q2 2015/16			Q2 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Not an SME	£129,332,344	8,509	52.43%	£148,017,745	8,108	51.45%
SME	£117,349,867	14,033	47.57%	£139,654,750	14,145	48.55%
Grand Total	£246,682,211	22,542	100.00%	£287,672,496	22,253	100.00%

7. Glossary

- 7.1 **On contract** is an order placed with a contracted supplier.
- 7.2 **Non-contract** is an order placed where no contract exists for the goods or service.
- 7.3 **Off contract** is an order placed where there is a contracted supplier but the order raiser uses a different supplier.
- 7.4 **Waivers** are required where the relevant Chief Officer is able to justify a genuine exception to the requirements for competition under Contract Procedure Rules.
- 7.5 **Quasi** contracts are virtual contracts put in place to aggregate spend with a view to evaluating the requirements of a contract.
- 7.6 The Local Government Association defines the third sector as “non-governmental organisations” (NGOs) that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives.
- 7.7 **Third sector** includes charities, community groups, churches and faith groups, sports and recreational clubs, social enterprises and partnerships and trade unions and associations.
- 7.8 **SMEs** are defined as having a turnover of less than £25.9 million and fewer than 250 employees. This data was collated by using the categorisation selected by the supplier upon registration on YORtender (the council's electronic tendering site) and then verified where possible against data from the Department of Business Innovation and Skills.

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Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 19 December 2016

Subject: Initial Budget Proposals for 2017/18

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. In accordance with the Council's Budget and Policy Framework, the Deputy Chief Executive submitted to the Executive Board the attached report which sets out the Initial Budget Proposals for 2017/18. The proposals are subsequently submitted to Scrutiny for consideration and review.
2. Other Scrutiny Boards will consider elements of the budget proposals relevant to their individual terms of reference.
3. Any comments or recommendations made by the Scrutiny Board will need to be submitted to the Deputy Chief Executive by the end of January 2017 in order that the Executive Board can consider these comments at its meeting in February 2017 prior to submission of the proposed budget to full Council on 22 February 2016.
4. During the previous municipal year, the Scrutiny Board (Strategy and Resources) agreed a series of recommendations following its inquiry into Fees and Charges. A summary of the agreed recommendations and desired outcomes are appended to this report for ease of reference.

5. The Scrutiny Board's Fees and Charges inquiry report and recommendations were presented to the Executive Board at its meeting on 10 February 2016. The relevant extract from the Executive Board minutes is detailed below:
- (c) That, in respect of the Scrutiny Report on Fees & Charges attached as Appendix 2 of the submitted report:*
- (i) That the report from scrutiny be welcomed and the proposed changes to the Fees and Charges Policy and Best Practice Guidance be agreed.*
- (ii) That it be noted that in relation to non-residential Adult Social Care Services, the recommendation that officers consider the potential to either increase or remove the current cap on the amount anyone pays for their services per week has been addressed and proposals are included in a separate report on Adult Social Care charging elsewhere on agenda for consideration (minute 134 refers).*
- (iii) That officers be tasked with consideration of the other recommendations proposed by Scrutiny and report back to Executive Board as appropriate.*
6. Relevant Executive Members and Directors (or their nominees) have been invited to the meeting to discuss the Executive's initial budget proposals.

Recommendations

7. Members are asked to consider the Executive's initial budget proposals as set out in the attached report and agree any comments and/or recommendations to be submitted.

Background documents¹

8. 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.

**Report of the Deputy Chief Executive
Report to Executive Board
Date: 14th December 2016**

Subject: Initial Budget Proposals for 2017/18

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to set out the initial budget proposals for 2017/18.
2. These budget proposals support the council's Best City/Best Council ambitions, policies and priorities aimed at tackling inequalities (please refer to the Best Council Plan 2017/18 refresh report which is on today's agenda).
3. These budget proposals are set within the context of the 2017/18 – 2019/20 medium term financial strategy which was approved by the Executive Board in September 2016, updated to recognise the implications following the Chancellor's Autumn Statement in November 2016, the 2017 business rates revaluation and further savings proposals to bridge the previously identified budget gap.
4. Whilst the government's multi-year funding settlement provides some certainty, there are still a number of assumptions within the budget proposals that will not be known until the provisional local government finance settlement is announced, which is likely to be mid-December 2016.
5. The financial climate for local government continues to present significant risks to the council's priorities and ambitions. The council continues to make every effort possible to protect the front line delivery of services, and whilst we have been able to balance the budget each year since 2010, have continued to deliver a broad range of services despite declining income, and have avoided large scale compulsory redundancies, it is clear that the position is becoming more difficult to manage and it will be increasingly difficult over the coming years to maintain current levels of service provision without significant changes in the way the council operates.
6. The headlines from the 2017/18 initial budget proposals, when compared to the 2016/17 budget, are as follows:

- A reduction in revenue support grant from government of £28m (30%).
 - A reduction in the settlement funding assessment of £25m (10.6%)
 - An increase in Council tax of 1.99% together with a further 2% in respect of the Adult Social Care precept generating an additional £10.8m of local funding.
 - A combination of reduced funding and cost pressures means that the council will need to deliver £62.4m of savings by March 2018.
7. In respect of the Housing Revenue Account, whilst there are proposals to increase some service charges, the implementation of the rent cap, which was announced in July 2015, will mean that the majority of housing rents will again reduce by 1% from April 2017.

Recommendation

8. Executive Board is asked to agree the initial budget proposals and for them to be submitted to Scrutiny and also for the proposals to be used as a basis for wider consultation with stakeholders.

1. Purpose of report

- 1.1 In line with the council's constitution, the Executive Board is required to publish initial budget proposals two months before approval of the budget by Full Council, which is scheduled for the 22nd February 2017. This report sets out the initial budget proposals for 2017/18 which are set within the context of the medium term financial strategy which was approved by Executive Board in September 2016 updated to recognise the implications following the Autumn Statement in November 2016, the 2017 business rates revaluation and further savings proposals to bridge the previously identified budget gap.
- 1.2 Subject to the approval of the Executive Board, these initial budget proposals will be submitted to scrutiny for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this board on the 8th February 2017. These budget proposals will also be made available to other stakeholders as part of a wider and continuing process of engagement and consultation. It is also proposed to provide an update at the meeting of the board in February 2017 as to the medium-term financial strategy, which was approved by the board at its September 2016 meeting.
- 1.3 In accordance with the council's budget and policy framework, decisions as to the council's budget are reserved to full council. As such, the recommendation at 13.1 is not subject to call in as the budget is a matter that will ultimately be determined by full council.

2. The national context and Autumn Statement

- 2.1 The economic context in which public spending has to be seen within is very much dominated by the debate as to the impact of the EU referendum and the strength and resilience of the national economy.

2.2 In its November 2016 forecasts, compared with its March 2016 forecasts, the Office of Budget Responsibility (OBR);

- expects gross domestic product (GDP) annual growth to be lower in 2017 and 2018, and unchanged in 2019 and 2020. The 2017 forecasts have been cut from 2.2% to 1.4%.
- has raised consumer price index (CPI) annual inflation in 2017 and 2018 recognising the fall in the pound since the EU referendum and the consequential increase in import prices.
- has cut average annual earnings growth forecasts to 2019.

Chart 1 Office of Budget Responsibility's forecasts for the national economy

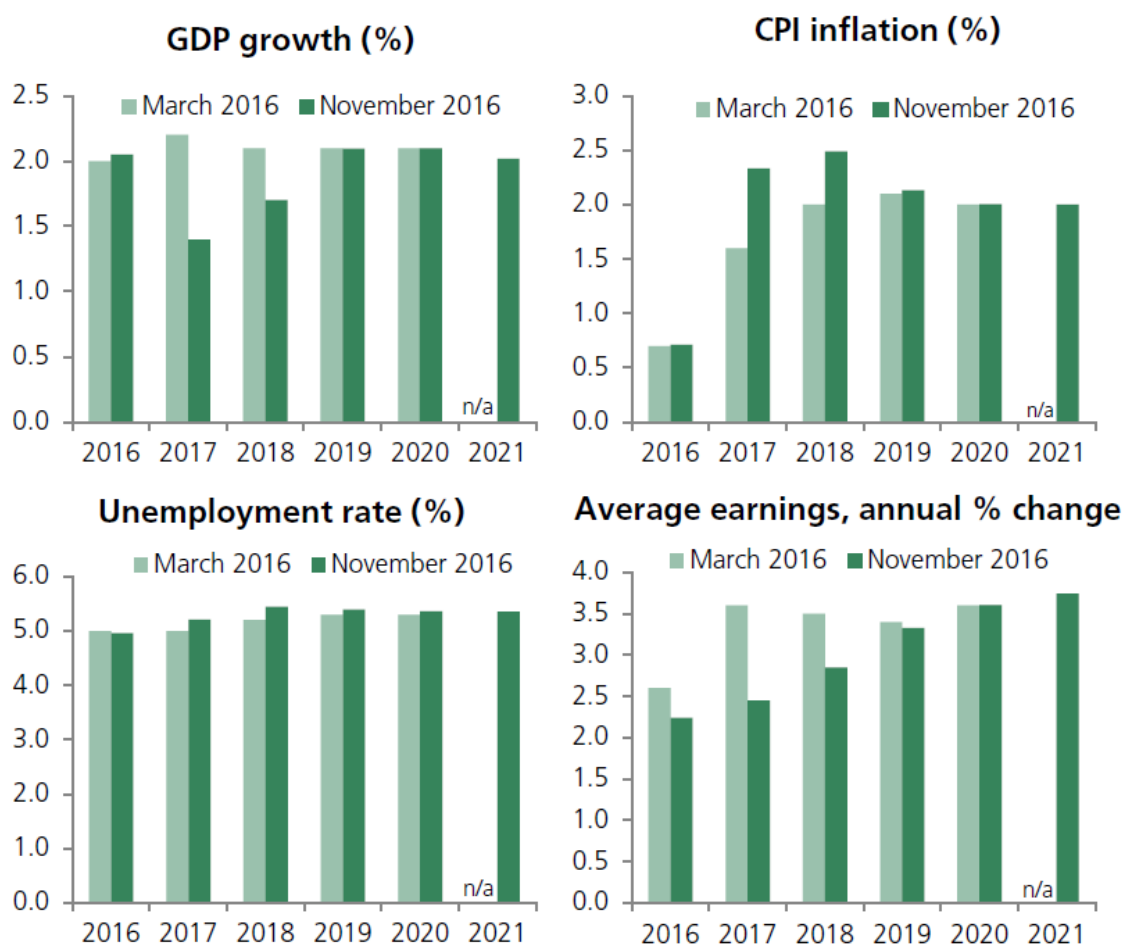


Table 1 Office of Budget Responsibility's forecasts for the national economy

OBR forecasts: economy

	2015	2016	2017	2018	2019	2020	2021
GDP growth (%)							
March 2016	2.2	2.0	2.2	2.1	2.1	2.1	..
November 2016	2.2	2.1	1.4	1.7	2.1	2.1	2.0
CPI inflation (%)							
March 2016	0.0	0.7	1.6	2.0	2.1	2.0	..
November 2016	0.0	0.7	2.3	2.5	2.1	2.0	2.0
ILO unemployment rate, %							
March 2016	5.4	5.0	5.0	5.2	5.3	5.3	..
November 2016	5.4	5.0	5.2	5.5	5.4	5.4	5.4
Average earnings, % change on previous year							
March 2016	2.3	2.6	3.6	3.5	3.4	3.6	..
November 2016	1.8	2.2	2.4	2.8	3.3	3.6	3.7

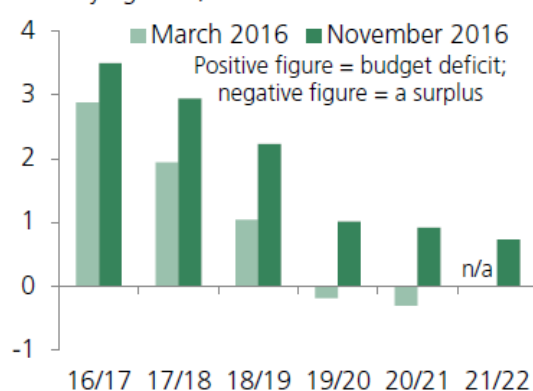
*In March 2016, there were no forecasts for 2021

2.3 The OBR also updated its forecasts for the public finances. In summary the November 2016 forecasts compared with its March 2016 forecasts;

- expects more borrowing in all years – some of the additional borrowing can be attributed to government policy decision, but the majority is a result of changes to the OBR's underlying forecast.
- expects higher debt in all years. The debt-to-GDP ratio is now expected to start falling in 2018/19, two years later than previously expected.

Chart 2 Office of Budget Responsibility's forecasts for public finances

Public sector net borrowing, % of GDP
Underlying basis, see table below



Public sector net debt, % of GDP

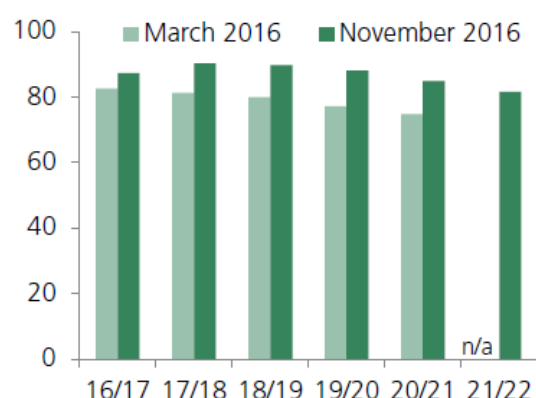


Table 2 Office of Budget Responsibility's forecasts for public finances

OBR forecasts: public finances

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Net borrowing**, £ billion							
March 2016	72.2	56.0	39.2	21.9	-4.1	-6.9	...
November 2016	76.0	68.2	59.0	46.5	21.9	20.7	17.2
Net borrowing**, % of GDP							
March 2016	3.8	2.9	1.9	1.0	-0.2	-0.3	..
November 2016	4.0	3.5	2.9	2.2	1.0	0.9	0.7
Cyclically adjusted net borrowing, % of GDP							
March 2016	3.6	2.7	1.9	1.0	-0.5	-0.5	..
November 2016	3.8	3.3	2.6	1.8	0.8	0.8	0.7
Net debt, £ trillion							
March 2016	1.59	1.64	1.68	1.72	1.72	1.74	..
November 2016	1.61	1.72	1.84	1.90	1.95	1.95	1.95
Net debt, % of GDP							
March 2016	83.7	82.6	81.3	79.9	77.2	74.7	..
November 2016	84.2	87.3	90.2	89.7	88.0	84.8	81.6

*In March 2016, there were no forecasts for 2021/22

** Like-for-like basis adjusting for ONS classification changes

The OBR assesses that the government is more likely than not to meet its proposed fiscal targets. They also report that the government would have missed its previous targets.

2.4 Autumn Statement 2016

2.4.1 On the 23rd November 2016, the new chancellor announced the first Autumn Statement since the EU referendum.

2.4.2 The key announcements in the 2016 autumn statement were;

- A National Productivity Investment Fund (NPIF) will be introduced, which will invest an average of around £5 billion a year between 2017/18 and 2021/22. The NPIF will be targeted at transport, digital communications, research and development and housing.
- The Universal Credit taper will be reduced from 65% to 63% from April 2017. This means once claimants earn above the work allowances in Universal Credit they will be able to keep more of what they earn.
- The National Living Wage will increase from £7.20 to £7.50 in April 2017. This follows the recommendations of the Low Pay Commission. The Government has also accepted the Low Pay Commission's recommendations for the other National Minimum Wage rates.
- Fuel duty will be frozen for the seventh successive year.

- The standard rate of Insurance Premium Tax will increase from 10% to 12% from 1 June 2017. From 2018/19 this is estimated to raise around £850 million a year, making it the largest tax raising measure announced.
- National Insurance contributions (NICs) thresholds for employers and employees will be aligned from April 2017. This means employees and employers will start paying National Insurance at the same amount of weekly earnings.
- Tax and NICs advantages on some salary sacrifices will be removed. This means that employees swapping salary for other benefits will pay tax on these benefits. Exceptions include: pensions (including advice), childcare, Cycle to Work and ultralow emission cars.
- £1 billion of savings from an efficiency review will be reinvested in priority areas. The review, announced in Budget 2016, is aiming to find savings for public spending of £3.5 billion in 2019/20.
- A Northern Powerhouse strategy has been published.
- Pay to Stay – under which local authority tenants with sufficient incomes would have been required to pay a market, or near market rent – is dropped. This was announced a couple of days prior to the Autumn Statement.
- Letting agents' fees to tenants will be banned.
- Various measures to tackle tax avoidance and evasion will be introduced.
- There will be minor amendments to business rates. Transitional reliefs, which are available to those whose bills will rise following the business rates revaluation, will be more generous. Rural rate relief will rise to 100%.
- The Budget timetable to change. The Budget will take place in autumn from autumn 2017. From 2018 there will be a Spring Statement in which the Chancellor will respond to the OBR's forecasts for the economy and public finances.

3. Developing the 2017/18 budget and medium term financial strategy with the refreshed 2017/18 Best Council Plan

- 3.1 Between the 2010/11 and 2016/17 budgets, the council's core funding from government has reduced by around £214m and in addition the council has faced significant demand-led cost pressures. This means that the council will have to deliver reductions in expenditure and increases in income totalling over £400m by March 2017. To date, the council has responded successfully to the challenge and has marginally underspent in every year since 2010 through a combination of stimulating good economic growth, creatively managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies.

- 3.2 In February 2016, Council approved the 2016/17 Best Council Plan and the supporting budget. The Best Council Plan is the council's strategic planning document and sets the context and policy direction against which the budget and medium-term financial strategy are developed. The policy direction is clearly explained in the 2016/17 Best Council Plan: that the council's 'Best City' and 'Best Council' ambitions remain - articulated around Leeds having a strong economy and being a compassionate city and the council being an efficient and enterprising organisation – with a focus on reducing poverty and tackling the range of interlinked inequalities that persist across the city.
- 3.3 Inevitably, managing the large reduction in government funding and increasing cost pressures has meant that the council has had to make some difficult decisions around the level and quality of services. However, as signposted in the 2016/17 Best Council Plan and 2016/17 budget reports to council in February 2016, it will become increasingly difficult over the coming years to identify further financial savings without significant changes in what the council does and how it does it. This will have significant implications for the services provided directly and commissioned by the local authority, impacting upon staff, partners and service users. In order to deliver the council's ambitions aimed at tackling poverty and reducing inequalities, those services that are no longer affordable and a lesser priority than others will be delivered differently or, in some cases, stopped. This will be achieved through a continuing process of policy and service reviews across the council's functions and ongoing consultation and engagement.

4. Estimating the net revenue budget for 2017/18

4.1 Settlement funding assessment – reduction of £25.2m

- 4.1.1 Settlement funding assessment is essentially the aggregate of government grant and business rate baseline funding for a local authority. As part of the 2016/17 financial settlement, government offered councils a 4-year funding settlement for the period 2016/17 to 2019/20. Government describes this as part of the move to a more self-sufficient local government, suggesting that these multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery, support strategic collaboration with local partners and for local authorities to strengthen financial management and efficiency.
- 4.1.2 At its meeting in September 2016, Executive Board agreed to accept the government's 4-year funding offer on the premise that any acceptance would be on the basis that the offer represents a minimum level of government funding to the council and that the council would not be disadvantaged at all by accepting the offer.
- 4.1.3 On the 16th November 2016, the council received confirmation from DCLG that it is now formally on the multi-year settlement and can expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20. The letter also re-iterated that the government will also need to take account of future events such as the transfer

of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the government expects these to be the amounts presented to Parliament each year.

- 4.1.4 Table 3 below sets out the council's settlement funding assessment for 2017/18 which is in line with the multi-year settlement. For 2017/18, this represents a reduction of £25.2m compared to 2016/17, equivalent to a 10.6% reduction.

Table 3 – Settlement funding assessment

	2016/17	2017/18	Change	
	£m	£m	£m	%
Revenue Support Grant	93.0	65.0	(28.0)	30.13
Business Rates Baseline Funding	145.0	147.8	2.9	1.97
Settlement Funding Assessment	238.0	212.9	(25.2)	10.58

- 4.1.5 The business rates element of the settlement funding assessment is determined by taking the 2016/17 baseline business rates amount of £145m and uplifting it for inflation. The uplift for inflation, based upon September 2016 Retail Price Index, is 1.97%. The business rates element of settlement funding assessment for 2017/18 for Leeds is therefore £147.8m which is net of the estimated tariff adjustment of £14.9m.

- 4.1.6 As in 2016/17, funding in respect of early intervention, homelessness prevention, lead local flood authorities and learning disability & public health reform funding, as shown in table 4 below, are included within the settlement funding assessment but continue to be separately identified within the assessment.

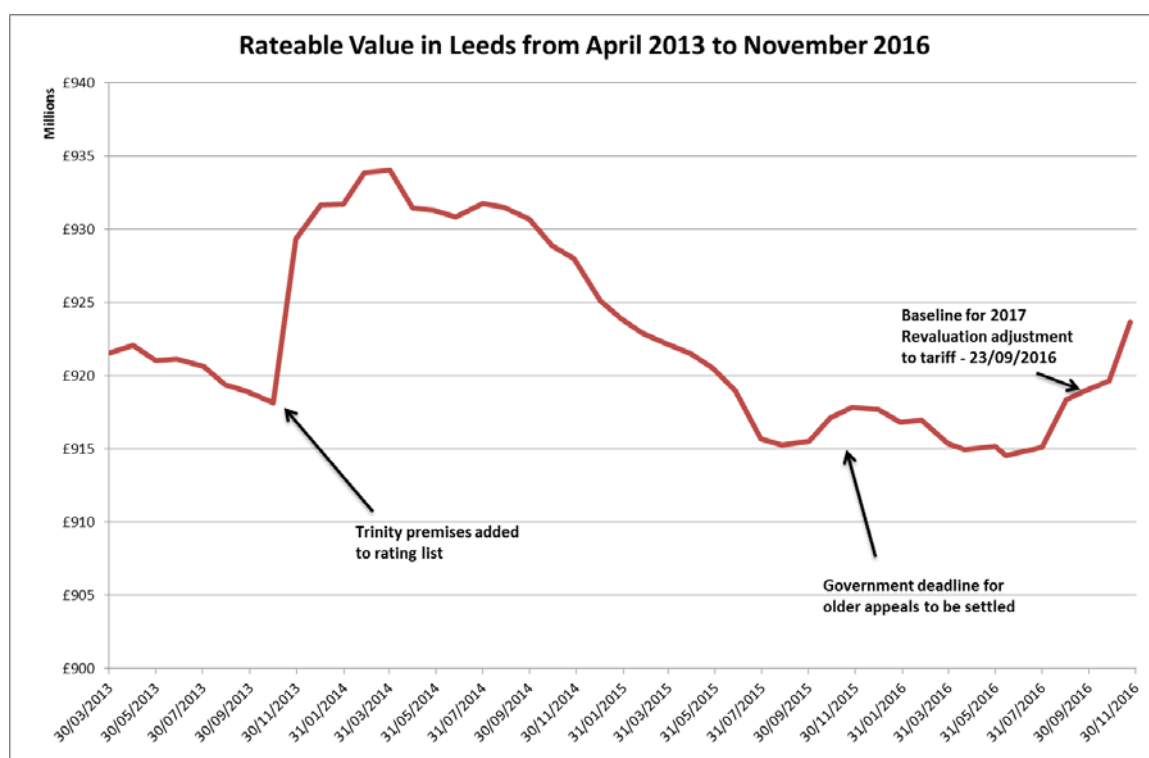
Table 4 – Breakdown of the settlement funding assessment

	2016/17	2017/18	Change
	£m	£m	£m
Formula Grant	192.31	167.56	(24.75)
Council tax freeze grant 2011/12	6.64	6.64	0.00
Council tax freeze grant 2013/14	2.77	2.77	0.00
Early intervention grant	17.79	16.34	(1.45)
Preventing homelessness	0.86	0.86	0.00
Lead local flood authority grant	0.23	0.23	0.00
Learning disability & health reform grant	10.81	11.02	0.21
Local welfare provision	2.59	2.59	0.00
Care act funding	4.03	4.84	0.81
Sustainable drainage systems	0.02	0.02	0.00
Carbon monoxide & fire alarm grant	0.00	0.00	0.00
Settlement Funding Assessment	238.05	212.87	(25.18)

4.2 Business rates retention

- 4.2.1 Leeds has the most diverse economy of all the UK's main employment centres and has seen the fastest rate of private sector jobs growth of any UK city in recent years. Yet this apparent growth in the economy is not being translated into business rates growth; in fact the council's business rates income has declined since 2014/15 and other authorities are reporting similar problems.
- 4.2.2 Under the business rates retention (BRR) scheme which was introduced in 2013/14, business rates income is shared equally between local and central government. Local authorities that experience growth in business rates are able to retain 50% of that growth locally. The downside is that local authorities also bear 50% of the risk if their business rates fall or fail to keep pace with inflation, although a safety-net mechanism is in place to limit losses from year to year to 7.5% of their business rates baseline.
- 4.2.3 Although BRR allows local authorities to benefit from business rates growth, it also exposes them to risk from reductions in rateable values. The system allows ratepayers and their agents to appeal against their rateable values if they think they have been wrongly assessed or that local circumstances have changed. When agreement cannot be reached, appeals may be pursued through the Valuation Tribunal and then through the courts. One major issue with the system is that successful appeals are usually backdated to the start of the current valuation list, i.e. 1st April 2010, and this greatly increases the losses in cash terms – by nearly six times in the current financial year. At the end of November 2016 there were approximately 5,000 appeals outstanding in Leeds.
- 4.2.4. The cost of appeals in Leeds since the system started in 2013/14 is almost £100m. Under 50% retention that risk is at least shared equally with Whitehall, but under 100% retention all the appeals risk will fall on local government. The provision for business rate appeals within the collection fund has been reviewed and recalculated to recognise new appeals and the settlement of existing appeals, and the 2017/18 initial budget proposals provide for an additional £20.8m contribution from the general fund to fund the increased provision.
- 4.2.5 The chart below shows the headline rateable value for the city from the introduction of business rates retention in 2013 to the present day. From the chart we can see the impact from the opening of the Trinity shopping centre in 2013 and Victoria Gate in October 2016 together with other significant developments and how this growth in business rates has been eroded by successful appeals.

Chart 3 - Business rateable value 2013-2016



2017 revaluation

- 4.2.6 The Valuation Office Agency (VOA) has completed a revaluation of all business premises for rating purposes. Draft valuation lists were published at the end of September 2016 and ratepayers now have the opportunity to check their new rateable values and seek to have any errors corrected before the new lists come into force on 1st April 2017.
- 4.2.7 This new rating list, which is primarily based on rental values in 2015, should be more accurate than the 2010 list which was based on rental values in 2008, just before the 'financial & economic crisis'. This, together with the impact of the new 'check, challenge, appeal' appeals process, should reduce appeals and volatility going forward
- 4.2.8 Although rateable values for individual premises may go up or down, at the national level the revaluation is designed to be revenue neutral. Overall, rateable values in England have increased by 9.1%, but there are significant variations between both sectors and regions as shown below.

Table 5 - % change in rateable value by region and sector.

Area	Percentage change in rateable value by Region and Sector				
	Retail	Industry	Office	Other	All
England	4.7%	4.0%	11.3%	15.5%	9.1%
North East	-6.8%	0.0%	-12.5%	9.0%	-1.1%
North West	-5.5%	-3.1%	-4.8%	10.2%	-0.2%
Yorkshire and the Humber	-1.9%	0.4%	-13.0%	6.6%	-0.3%
East Midlands	4.7%	3.3%	7.8%	13.7%	7.2%
West Midlands	-1.2%	3.1%	-7.2%	12.0%	2.9%
East	-4.0%	2.3%	2.4%	13.2%	3.9%
London	26.2%	15.1%	21.2%	25.7%	22.8%
South East	1.4%	6.5%	7.7%	17.5%	8.6%
South West	-4.4%	5.4%	-0.7%	12.1%	3.8%
Wales	-8.8%	-4.0%	-7.0%	4.7%	-2.9%

- 4.2.9 The reductions for the north of England coupled with the reduction in the multiplier mean that the majority of ratepayers in the north will see reductions in their rates bills. However, those reductions will be limited because, as with previous revaluations, there will be a transitional scheme in place which will limit reductions for those transitioning to lower bills to provide funding for protections for those who are facing higher bills. The effect will be to subsidise ratepayers facing increases (mainly in London) by keeping bills in other areas (mainly in the north) higher than they otherwise would be. Government estimates that this subsidy will be worth £1bn over the five year lifetime of the scheme.
- 4.2.10 The average reduction in rateable value for Leeds is 1.2%, a reduction of £11m from £919m to £908m, which is higher than that for Yorkshire and Humberside as a whole. Within the 1.2% headline reduction for Leeds there are significant variations by sector with the largest factor being reductions to offices which have reduced by an average of 17.5%.
- 4.2.11 From April 2017, small business in Leeds will benefit from an increase to the rateable value threshold from £6,000 to £12,000 which will effectively mean that an extra 3,500 properties will pay no business rates at all.
- 4.2.12 In terms of the initial budget proposals, after applying the business rate multiplier, together with mandatory and discretionary reliefs, it is estimated that the local share of business rates funding in 2017/18 will be £180.51m. This includes an estimated £7.7m for a national appeals adjustment which relates to the potential future appeals against the 2017 business rates list. As per table 6 below, the initial budget proposals recognise business rate growth above the baseline of £17.8m which is an increase of £3.5m, or 25% from 2016/17 budget.

Table 6 – business rates, estimated growth above the baseline

	2016/17 £m	2017/18 £m	Change £m
Business rates local share	192.39	180.51	(11.88)
Less: business rates baseline	178.15	162.73	(15.42)
Growth above baseline	14.24	17.78	3.54

- 4.2.13 The £180.51m local share of business rates funding is then reduced by the £14.9m tariff payment and the £20.2m contribution to the collection fund to give the £145.4m estimated business rates funding shown in table 7.
- 4.2.14 Comparing the £145.4m of business rates funding against the £147.8m business rates baseline produces a shortfall of £2.4m which is a £6.4m improvement against the budgeted shortfall in the 2016/17 financial year.
- 4.2.15 The £20.2m contribution to the collection fund in 2017/18 is in addition to the £23m contribution in 2016/17 and the £6.4m contribution to the collection fund in 2015/16.

Table 7 – Business rates retention 2016/17 & 2017/18

	2016/17 £m	2017/18 £m
Business rates baseline (including tariff)	145.0	147.8
Projected growth above the baseline to March	5.7	16.7
Estimated growth in the year	6.4	1.1
Additional income from ending of Retail Relief	2.1	0
Total estimated growth	14.2	17.8
Estimated provision for appeals	(22.1)	(20.8)
Additional cost of transitional arrangements and provision for bad debts	(0.9)	0.6
Estimated year-end Collection Fund deficit (Leeds Share)	(23.0)	(20.2)
Estimated Business Rates Funding	136.2	145.4
Increase/(reduction) against the Business Rates baseline	(8.8)	(2.4)
Business rates retention - net general fund saving		6.4

- 4.2.16 The council is a member of the Leeds City Region Business Rates Pool along with the other four West Yorkshire Authorities, Harrogate and York. The benefit of the pooling arrangement is that the levy income generated by Leeds, Harrogate and York is retained in the region rather than being paid over to the Government. The initial budget proposals assume that this arrangement will continue in 2017/18. Based on the estimated growth in business rates above the baseline, the estimated levy payment to the pool in 2017/18 is £1.1m.

4.3 Council Tax

- 4.3.1 The 2016/17 budget was supported by a 3.99% increase in the level of council tax which included the new adult social care precept. Leeds council tax remains the 2nd lowest of the English core cities and mid-point of the West Yorkshire districts, as detailed in table 8 below.

Table 8 – 2016/17 Council Tax levels (Figures exclude Police and Fire precepts)

Core Cities	Band D £:p	West Yorkshire Districts	Band D £:p
Nottingham	1,771.08	Kirklees	1,522.86
Bristol	1,692.87	Calderdale	1,506.51
Liverpool	1,675.46	Leeds	1,421.20
Newcastle	1,604.79	Wakefield	1,413.43
Sheffield	1,581.27	Bradford	1,403.74
Manchester	1,435.12		
Leeds	1,421.20		
Birmingham	1,372.23		

- 4.3.2 Government previously provided funding for the on-going effect of previous council tax freezes up to 2015/16. The council accepted the council tax freeze grant for the years 2011/12 to 2013/14, and government funding of £9.4m was built into the council's 2015/16 settlement (the grant for freezing council tax in 2012/13 was for one year only).
- 4.3.3 The 2017/18 initial budget proposals recognise an additional £3.6m of income from increases to the Council Tax base (3,000 band D equivalent properties) together with an increase in the contribution from the collection fund of £0.4m (a budgeted £1.8m surplus on the collection fund in 2016/17 increasing to an estimated surplus on the collection fund of £2.2m in 2017/18).
- 4.3.4 In previous years the government has set a limit of up to 2% for council tax increases above which a Local Authority must seek approval through a local referendum. The referendum ceiling for 2017/18 has yet to be announced; when this information is known the council will need to make a decision about the proposed council tax increase. However, subject to an announcement as to a referendum ceiling it is proposed that the standard council tax is increased by 1.99%.
- 4.3.5 The 2015 Spending Review announced that for the rest of the current Parliament, local authorities responsible for adult social care 'will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care'. This flexibility was offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets. To ensure that this flexibility is used in accordance with the government's intentions, and to ensure transparency for council tax payers, authorities are required to provide certain information and undertake a number of actions. In addition, the Secretary of

State continues to indicate that he will take account of authorities' actions when setting referendum principles in future years. In line with the medium term financial strategy, it is proposed that the Leeds element of the council tax is also increased by a 2% Adult Social Care precept. Members will be assured that the increase in the Adult Social Care budget is higher than the £5.4m of funding that would be generated through the precept.

- 4.3.6 Table 9 below sets out the estimated total income from council tax in 2017/18. This recognises the estimated increase in the council tax base, a £2.2m estimated surplus on the collection fund together with £10.8m of additional income generated from the Adult Social Care precept and the general increase in the council tax rate.

Table 9 – estimated council tax income in 2017/18

	2016/17 Baseline £m	2017/18 Forecast £m
Previous year council tax funding	251.9	267.1
Change in collection fund - increase/(decrease)	(0.2)	0.4
Change in tax base - increase/(decrease)	5.2	3.6
Increase in council tax level	5.1	5.4
Adult Social Care precept	5.1	5.4
Total - Council Tax Funding	267.1	282.0
Increase from previous year		14.9

- 4.3.7 The settlement funding assessment includes an element to compensate parish and town councils for losses to their council tax bases from the local council tax support (LCTS). The amount is not separately identifiable and, as in previous years, it is proposed that the LCTS grant for parish and town councils should be reduced in-line with the assumptions for Leeds' overall reduction in the settlement funding assessment which would be a reduction of 10.6% for 2017/18 from £84k to £75k.

4.4 The net revenue budget 2017/18

- 4.4.1 After taking into account the anticipated changes to the settlement funding assessment, business rates and council tax, the council's overall net revenue budget is anticipated to reduce by £4.0m from £496.4m to £492.4m, as detailed in table 10 below;

Table 10 – estimated net revenue budget 2016/17 compared to the 2016/17 net revenue budget

	2016/17 £m	2017/18 £m	Change £m
Revenue Support Grant	93.0	65.0	(28.0)
Business Rates Baseline	145.0	147.8	2.8
Settlement Funding Assessment	238.0	212.8	(25.2)
Business Rates Growth	14.2	10.1	(4.1)
National Appeals Adjustment	0.0	7.7	7.7
Business Rates Deficit	(23.0)	(20.2)	2.8
Council Tax (incl. Adult Social Care Precept)	265.3	279.7	14.4
Council Tax surplus/(deficit)	1.8	2.2	0.4
Net Revenue Budget	496.4	492.4	(4.0)

- 4.4.2 Table 11 below analyses the £4m estimated reduction in the net revenue budget between the settlement funding assessment and locally determined funding sources.

Table 11 – reduction in the funding envelope

Funding Envelope	2017/18 £m
Government Funding	
Settlement Funding Assessment	(25.2)
Sub-total Government Funding	(25.2)
Locally Determined Funding	
Council Tax (incl tax base growth)	14.9
Business Rates	6.4
Sub-total Locally Determined Funding	21.3
Increase/(decrease) in the Net Revenue Budget	(4.0)

5. Developing the council's budget proposals – consultation

- 5.1 The financial strategy and initial budget proposals have both been driven by the council's ambitions and priorities as set out in the Best Council Plan, which have been shaped through past consultations and stakeholder engagement. Information that the council already hold about people's priorities has been used to inform the preparation of the initial budget proposals for 2017/18.
- 5.2 As in previous years, residents and wider stakeholders will have the opportunity to comment on the initial budget proposals in a variety of ways, for example hard-copy feedback forms in public spaces, online and also through city-wide networks.

6. Initial budget proposals 2017/18

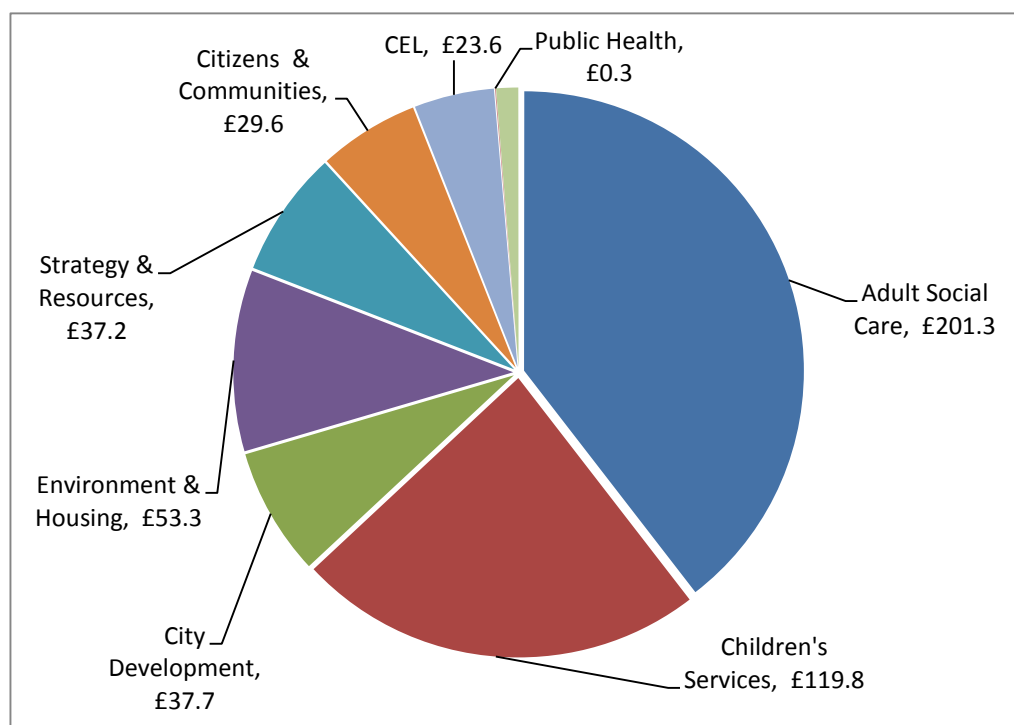
- 6.1 This section provides an overview of the spending pressures which the council is facing in 2017/18 and the initial budget proposals to balance with the available resources. Table 12 below provides a summary of key cost pressures and savings areas:

Table 12 Initial Budget Proposals 2017/18

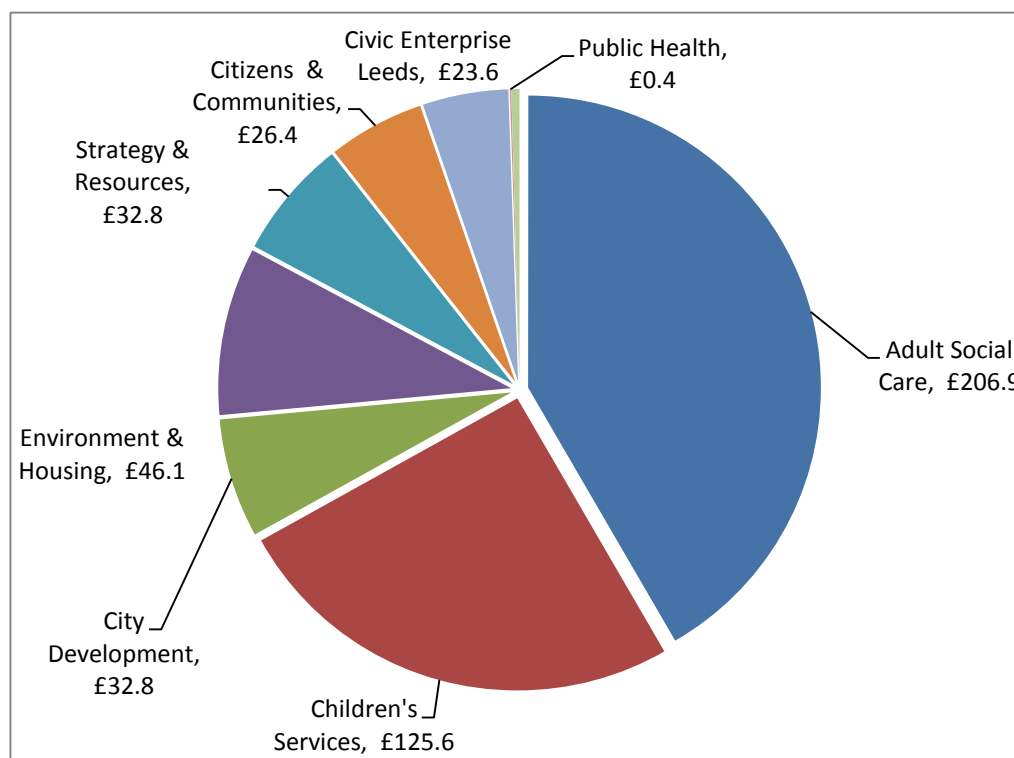
	£m
Reduction in settlement funding assessment	25.2
Inflation	7.2
Employers LGPS pension contributions	1.5
Apprentice levy	1.4
Leeds CC minimum pay rate	0.4
National living wage - commissioned services	3.2
Demand & demography - mainly Adult Social Care and Children's Services	12.5
Debt - external interest	2.5
New homes bonus - reduction in funding	6.6
Improved Better Care fund & Housing Benefit grant	(1.9)
Education Services Grant - reduction in funding	4.3
Estimated reduction in ring-fenced Public Health grant	1.2
Estimated reduction in partner funding	10.3
West Yorkshire transport fund	0.2
Adult social care charging review (full year effect)	(2.0)
Other corporate and directorate budget pressures;	
Children's Services	0.9
Environment & Housing	0.5
Public Health	1.7
Corporate pressures/savings	(0.4)
Cost & funding changes	75.3
General and earmarked reserves	8.4
Potential increase in council tax base, rate and adult social care precept	(14.9)
Business rates - potential growth offset by impact of backdated appeals	(6.4)
Sub total - reserves, council tax and business rates	(12.9)
Re-profiling the repayment of long-term debt	(9.3)
Additional capitalisation	(2.0)
Directorate Savings - see appendix 2	(51.1)
Sub total - savings proposals	(62.4)
Total	(75.3)

- 6.1.1 The pie charts below show the share of the council's net managed expenditure between directorates for 2016/17 and the proposed allocations for 2017/18 based on the initial budget proposals. It should be noted that these resource allocations may be subject to amendments as we move through the budget setting process. Net managed expenditure represents the budgets under the control of individual directorates and excludes items such as capital charges and pensions adjustments.
- 6.1.2 The initial budget proposals would mean that the council's spend on Children's Services and Adult Social Care will increase from 64.7% in 2016/17 to 67% in 2017/18 which reflects the council's priorities around supporting the most vulnerable across the city and to prioritise spending in these areas.

2016/17 net managed budgets (adj) £m



2017/18 net managed budgets (adj) £m



6.2 Changes in costs

- 6.2.1 **Inflation** - the budget proposals include allowance for £7.2m of net inflation in 2017/18. This includes provision of £4.7m for a 1% pay award over and above

the cost of implementing the real living wage. The budget proposals allow for inflation where there is a contractual commitment, but anticipates that the majority of other spending budgets are cash-limited. An anticipated 3% general rise in fees and charges has also been built into the budget proposals, although there are instances where individual fees and charges will increase more than this.

- 6.2.2 **Local government pensions** - the next actuarial valuation will be implemented in April 2017. Employers' pension contribution rates have been fixed at 14.2% until the end of 2016/17. The initial budget proposals assume that a further provision will have to be made in 2017/18 to address the service pension deficit and an increase of 0.5% on the employers' contributions has been included into the proposed budget, which will cost an estimated £1.5m in 2017/18. This will need to be updated once the outcome of the 2017 actuarial valuation is known.
- 6.2.3 **National living wage** – as part of the budget in July 2015, the government announced the introduction of a new national living wage of £7.20 per hour, rising to £9 per hour by 2020. Implemented from April 2016, the national living wage would be paid to all employees aged over 25. In his 2016 autumn statement, the Chancellor confirmed that the national living wage for all those aged over 25 would be increased by 4% in April 2017, to £7.50 per hour with an intention for the national living wage to reach 60% of median earnings by 2020. The increase in the national living wage is estimated to cost local authorities nationally an extra £337m and the council's initial budget proposals provides £3.2m to recognise the increased cost pressure on commissioned services.
- 6.2.4 **Leeds CC minimum pay rate** – the council has committed to the West Yorkshire Low Pay Charter and the Ethical Care Charter and, at its October 2016 meeting, the board agreed to increase the minimum hourly rate for council employees to £8.25 from January 2017. The initial budget proposals include provision £0.4m over and above inflation in order to fund this agreed increase.
- 6.2.5 **Apprentice levy** – the government has made a commitment to see an additional 3 million apprenticeship starts in England by 2020 with an apprenticeship levy used to fund the provision of quality training. From April 2017, larger organisations will pay a levy equivalent to 0.5% of their pay bill and organisations with pay bills less than £3m being exempt. The overall levy for the council is estimated to be around £2.9m in total of which £1.4m and £0.1m relate to schools and the housing revenue account. The initial budget proposals therefore include provision of £1.4m in 2017/18 for the general fund services
- 6.2.6 **Demand and Demography** – the initial budget proposals recognise the increasing demography and consequential demand pressures for services in Adult Social Care and Children's Services with provision of £12.6m. The population growth forecast assumes a steady increase from 2015, in the number of people aged 85-89 during 2016 and 2017 (2.9% and 2.8% respectively) followed by further increases but at a lower rate at 1.8% for the later years of the strategy, resulting in additional costs for domiciliary care and placements (£3.5m). In addition, the strategy reflects the anticipated impact of

increasing cash personal budgets of £2m per year through to 2020. The learning disability demography is expected to grow by £3.7m per annum, which includes an anticipated growth in numbers of 3.5% (based on ONS data) over the period; but noting that the high cost increase is primarily a combination of increasingly complex (and costly) packages for those entering adult care, as well as meeting the costs of the increasing need for existing clients whose packages may last a lifetime.

Children's Services continues to face demographic and demand pressures with provision of £5.8m included in the 2017/18 initial budget proposals. These pressures reflect relatively high birth rates (particularly within the most deprived clusters within the city), increasing inward migration into the city (particularly from BME groups from outside the UK), the increasing population of children & young people with special and very complex needs, greater awareness of the risks of child sexual exploitation, growing expectations of families and carers in terms of services offered and changes in government legislation, including 'staying put' arrangements that enable young people to remain with their carers up to the age of 21.

- 6.2.7 **Debt (external interest)** – the initial budget proposals include provision for an increase in the council's estimated debt costs in 2017/18 of £2.5m. This reflects the on-going investment through the capital programme together with assumptions around interest rates and internal revenue balances. The gross total 2016/17 to 2019/20 capital programme is over £1bn and seeks to deliver investment in line with the council's plans and objectives.
- 6.2.8 **Public Health** – on the 4th November 2015, government announced the outcome of the consultation on the implementation of a £200m national in-year cut to the 2015/16 ring-fenced Public Health grant allocation. This confirmed the Department of Health's preferred option of reducing each local authority's allocation by 6.2%, which resulted in a reduction of £2.82m for Leeds in 2015/16.
- 6.2.8.1 In the 2015 Spending Review and Autumn Statement, government indicated it will make savings in local authority public health spending with a further cash reduction of 2.2% in 2016/17 and it became apparent that these reductions were in addition to the 6.2% 2015/16 reductions which have now recurred in 2016/17. Confirmation of the funding allocation was received on 11th February 2016 which set out the reduction to the council's public health grant of £3.9m (7.7%) in 2016/17 with a total estimated reduction to the council's grant allocation of £7.4m by 2019/20. This will effectively mean that the Council will have £25m less to spend on public health priorities between 2015/16 and 2019/20.
- 6.2.8.2 The initial budget proposals recognise an indicative £1.2m further cut to the ring-fenced public health grant, which when combined with other pressures and the impact of the previous grants cuts will require savings in the order of £2.9m to be made to public health spending by March 2018.

6.2.8.3 West Yorkshire Transport Fund – From the 1st April 2015 the West Yorkshire Combined Authority began operations overseeing strategies for growing the economy, creating jobs, developing new affordable homes and improving the transport network. Discussions as to how to bridge the gap between the aspiration to deliver a £1.4bn transport fund compared to the government's commitment of £1bn over 20 years would result in an increase in contributions by local councils from 2016/17. The initial forecast for council levies indicates a further £1.8m per annum would eventually be required from Leeds by 2024/25, with the levy increasing on average by £0.2m per year. This has been built into the initial budget proposals.

6.2.9 Grant & other funding

6.2.9.1 Education services grant – the council and academies in the city are allocated an education services grant (ESG) on a per pupil basis according to the number of pupils for whom they are responsible. The current assumption is that, in line with the consultation, the grant will be significantly reduced and this is reflected in the initial budget proposals with a reduction of £4.2m for 2017/18 (equivalent to a 49% reduction on the 2016/17 grant allocation of £8.5m).

6.2.9.2 New homes bonus – the government introduced the new homes bonus as an incentive scheme in 2011 to encourage housing growth across the country: councils receive additional grant equivalent to the average national council tax for each net additional property each year which is received annually for six years. Whilst the new homes bonus is intended as an incentive for housing growth, it should be noted the funding for this initiative comes from a top-slice of the local government funding settlement and the distribution of this funding benefits those parts of the country with the highest level of housing growth and is weighted in favour of properties in higher council tax bands. The Chancellor announced in the 2015 spending review that the new homes bonus would be reduced by at least £800m in order to redirect funding to support adult social care services via the improved Better Care Fund. Although consultation ended in March 2016, the government has yet to announce the outcome. In line with the financial strategy and government's assessment of the council's core spending power, the initial budget proposals assume a reduction of £6.6m in 2017/18.

6.3 The Budget Gap – savings options – £62.4m

6.3.1 After taking into account the impact of the anticipated changes in funding and spend, it is forecast that the council will need to generate savings, efficiencies and additional income to the order of £62.4m in 2017/18, in addition to an estimated £14.9m additional council tax income.

6.3.2 To develop options to generate these savings, efficiencies and additional income, from April 2016 an ongoing process of reviews has been carried out across a range of services and policy areas with the active involvement of the Best Council Leadership Team (the c. 50 most senior managers) and service managers throughout the organisation. With the Best Council Plan focus on tackling inequalities and poverty being central to any proposals, the reviews

have identified possible savings / income generation opportunities, decision-making routes for any changes to be implemented, initial identification of possible third sector and equality impacts and a high-level risk assessment. Of particular note are the two key cross-cutting reviews on support services and locality working / leadership (both incorporating reviews of JNC – senior management – staff) and reviews assessing options around income and trading.

6.3.3 The total budget savings options are shown at table 12 and detailed by directorate at appendix 2. This estimated budget gap and therefore the required savings are very much dependent on the range of assumptions highlighted previously in this report.

6.3.4 These service and policy reviews have been – and will continue to be – updated as part of an iterative approach to developing the council's strategic plan and aligned medium-term financial strategy and annual budgets. All services are within scope though the council remains committed to protecting front-line services as far as possible – especially those that provide support to the most vulnerable.

6.3.5 Efficiencies – savings of £24.9m

6.3.5.1 In terms of efficiencies, the council has taken quite a distinctive approach. The focus has been on efficiencies from stimulating good economic growth and creatively managing demand for services. This whole city approach drives ambitious plans despite austerity. It is born from our vision for Leeds to be the best city in the UK: one that is compassionate with a strong economy that can tackle poverty and reduce inequalities. This approach coupled with a significant programme of more traditional efficiencies has enabled the council to make £400m of savings since 2010 whilst simultaneously creating the conditions for a thriving and sustainable city where people's lives are better.

6.3.5.2 Efficiency of the council's own operations remains important and we have reduced budgets in all areas of the council and will continue to do so, whilst protecting frontline services and those for the most vulnerable. At the centre of this work is a whole organisation cultural change programme coupled with modernisation of the work environment creating the necessary conditions for fundamental organisational change and efficiency improvements. Our key achievements so far include:

- Staff reductions of 2,500 since 2010 without compulsory redundancy – saving £55m pa.
- £2.4m savings from changes in terms and conditions of staff;
- Over 50% reduction in agency staff since 2013;
- Over £35m of procurement savings since 2010/11;
- Asset review – getting the most from the assets we own and investing in new assets where it makes financial sense, saving over £4m since 2013/14;
- An annual saving in the cost of waste disposal of approximately £7m following the completion of the Recycling and Energy Recovery plant in 2015.

- Innovative use of the balance sheet to generate £35m savings in 2015/16; and
- More effective working with city partners to maximise the impact of the 'Leeds Pound'.

6.3.5.3 Appendix 2 provides the detail of a range of proposed efficiency savings across all directorates which total some £24.9m in 2017/18. These savings are across a number of initiatives around:

- Organisational design.
- Continuing demand management through investment in prevention and early intervention, particularly in Adult Social Care and Children's Services.
- Savings across the range of support service functions.
- Ongoing recruitment and retention management.
- Reviewing leadership and management.
- Realising savings by cash-limiting and reducing non-essential budgets.
- Ongoing procurement and purchasing savings.

6.3.6 Fees & Charges – additional income of £6m

6.3.6.1 At its February 2016 meeting, Executive Board approved the recommendations from Scrutiny Board (Strategy & Resources) on fees and charges which included agreement that all fees would be reviewed annually and increased by at least the rate of inflation, that officers should benchmark their charging frameworks each year and that full-cost recovery in line with CIPFA guidance should apply as part of the annual budget setting process.

6.3.6.2 The initial budget proposals reflect these principles and assume a general increase in fees and charges of 3%, and appendix 2 sets out detailed proposals around a number of fees, charges and subsidised services. If approved, these proposals would generate an additional £6m of income in 2017/18.

6.3.7 Traded Services, partner income & other income – additional income of £8.9m

6.3.7.1 Appendix 2 provides details across directorates of a number of proposals that together would generate additional income of £8.9m.

6.3.8 Changes to service – savings of £11.4m

6.3.8.1 By necessity, managing a reduction of £25.2m in government funding in addition to a range of cost pressures means that the council will have to make some difficult decisions around the level and quality of services that it provides and whether these services should be increasingly targeted toward need.

6.3.8.2 Appendix 2 sets out these detailed service change proposals which together target savings of £11.4m by March 2018.

6.3.9 Minimum revenue provision – savings of £9.3m

- 6.3.9.1 The minimum revenue provision (MRP) is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Statutory guidance sets out the broad aims of a prudent MRP policy, which should be to ensure that borrowing is repaid either over the life of the asset which the capital expenditure related to or, for supported borrowing, the period assumed in the original grant determination. In simple legislative terms, local authorities have a duty each year to provide for an amount of MRP which it considers to be 'prudent', although the regulation does not itself define what is a 'prudent provision'.
- 6.3.9.2 The guidance on Minimum Revenue Provision identifies four options for calculating MRP which would result in a prudent provision, but states that other approaches are not ruled out. Local authorities therefore have a considerable level of freedom in determining their MRP policies, provided that they are in line with the broad aims set out in the statutory guidance. In line with the 2012 guidance, the council has already reviewed its MRP policies including the use of capital receipts to redeem debt, rescheduling the MRP on pre-2017/18 debt and to charge MRP on PFI schemes over the life of the asset rather than the term of the PFI contract. The council's base budget for MRP in 2016/17 is £10.3m which reflected £23m of savings in that year.
- 6.3.9.3 Following the asset life approach, the council's post 2007/08 debt is being funded over periods ranging from 5 years to 70 years, according to the nature of the capital expenditure. Its pre 2007/08 debt is being funded over 39 years. The proposal is to amend the MRP policy to reduce the overall provision for debt repayment from MRP and capital receipts in each of 2016/17, 2017/18 and 2018/19. The reduction in debt repayments across these 3 years would then be spread evenly over the following 10 years to leave the position at the end of 13 years exactly as it would have been if no change had been made.
- 6.3.9.4 In order to adhere to the principle that debt should be funded over the life of the relevant asset, the intention would be to still repay borrowing on short-life assets which are due to be fully repaid by 2019/20 in line with the existing schedule. This would be funded from a mixture of revenue MRP and capital receipts. Funding of repayments on longer maturity debt would be deferred during this three year period.
- 6.3.9.5 It is estimated that this change in policy would re-profile approximately £79m of long-term debt repayments by the end of 2018/19 in comparison to the council's existing MRP policy. The council would then spread the repayment of this £79m evenly over the following 10 year period. Forecasts of capital receipts from planned asset sales indicate that the impact on the revenue budget from 2019/20 can be phased in gradually over a further three year period by the use of increased capital receipts to repay debt in those years. Re-profiling the long-term debt would increase external interest costs by £150k in 2017/18.
- 6.3.9.6 The initial budget proposals include savings of £9.3m against the MRP budget in 2017/18. In addition, the proposal to re-profile the repayment of long-term debt would enable savings in the 2016/17 financial year and against the

financial strategy and the intention is to use these savings to create specific earmarked reserves to support business rate appeals, employee severance and invest to save opportunities.

6.4 Impact of proposals on employees

- 6.4.1 The council has operated a voluntary retirement and severance scheme since 2010/11 which has already contributed significantly to the reduction in the workforce of around 2,500 ftes to March 2016, generating savings of £55m per year.
- 6.4.2 Following the 2015 spending review the council re-issued a Section 188 notice (notice to collectively consult to avoid redundancies issued under s.188 TULRCA 1992) stating that it is anticipated the council will need to downsize by 1,000 – 2,000 full time equivalent posts by the end of March 2020.
- 6.4.3 Since May 2016, the council has been positively and constructively engaging and working with our trade unions partners.
- 6.4.4 The council will continue to strive to avoid compulsory redundancies – through natural turnover, continuing the voluntary early leaver scheme, staff flexibility and continuing the positive working with the trade unions.
- 6.4.5 The initial budget proposals provide for an estimated gross reduction up to 800 in staff numbers by 31st March 2018, although there will be some opportunities for recruitment and redeployment, for example in highways, Children's Services, Civic Enterprise Leeds and across support services.

7. General Reserve

- 7.1 General and useable reserves are a key measure of the financial resilience of the council, allowing the authority to address unexpected financial pressures. Since 2010/11, the council's general reserve level has reduced from £29.56m down to £21.6m at April 2016 with further budgeted use of £3.5m in 2016/17.
- 7.2 The assumed general reserve balance of £18.1m at March 2017 is predicated on the delivery of a balanced budget in 2016/17. Executive Board will be aware of the pressures in the 2016/17 financial year and the financial health report (month 7) indicates a potential pressure of £4m, primarily due to continuing demand pressures in children's social care. The expectation is that measures will be put in place to bring the council's budget into balance by March 2017.
- 7.3 The initial budget proposals assume a £2.7m contribution to general reserves in 2017/18. This will take the estimated level of the general reserves to £20.8m by March 2018 as set out in the table below:

Table 13 – General reserve level

General Reserve	2016/17 £m	2017/18 £m
Brought Forward 1st April	21.6	18.1
Budgeted contribution/(use) in-year	(3.5)	2.7
Carried Forward 31st March	18.1	20.8

- 7.4 The council's reserves are relatively low and whilst they afford some flexibility between years, the intention is to increase the level of general reserve in the medium-term, as reflected in the financial strategy.

8. The Schools Budget

- 8.1 The Dedicated Schools Grant (DSG) for 2017/18 will continue to be funded as three separate blocks for early years, high needs and schools.
- 8.2 The early years block will fund free early education for 3 and 4 year olds and the early education of eligible vulnerable 2 year olds. The per pupil units of funding will be confirmed in December 2016 and will continue to be based on participation. From September 2017, government will increase the amount of free childcare to 30 hours/week for working families of 3 and 4 year old children.
- 8.3 The high needs block will support places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEN support and hospital & home education. Published place numbers for the 2016/17 academic year will be rolled forward as the base for 2017/18 allocations and adjusted in accordance with the Education Funding Agency's (EFA) place change request process, and the transfer of funding from the post 16 budget. The overall high needs block allocation will not be known until December 2016.
- 8.4 The schools block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11, and a number of prescribed services and costs in support of education in schools. The grant for 2017/18 will be based on pupil numbers (including those in academies and free schools) as at October 2016, multiplied by the schools block unit of funding which for 2017/18 is £4,564.86. The block unit of funding has increased due to the transfer of funding for the Education Services Grant (ESG) for retained duties (£15 per pupil). This rate also incorporates the former non-recoupment academies. It is estimated that pupil numbers will increase by approximately 3,080 this year, mainly in primary.
- 8.5 £5.2m of the schools block was retained centrally in 2016/17 in order to support Clusters, however the EFA has stipulated that from April 2017, the funding must be delegated to schools, and the local authority will have to put a plan in place so that schools may opt to purchase the service through individual agreement.

This funding will be distributed through an adjusted formula in order to limit variations to clusters and schools.

- 8.6 Funding for post-16 provision is allocated by the EFA through a national formula. No changes to the formula are expected for 2017/18. The current national base rate per student for 16-19 year olds will be protected in cash terms over the parliament. Funding for 2017/18 will be based on 2016-17 lagged student numbers.
- 8.7 Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to year 11 pupils on roll in January each year. The rates for 2017/18 are expected to remain at: primary £1,320, secondary £935, looked after/adopted £1,900, service £300. The early years pupil premium is payable to providers for eligible 3 and 4 year olds at the rate of £0.53 per child per hour. The pupil premium grant will continue and the rates will be protected.
- 8.8 The Primary PE grant will be paid in the 2016/17 academic year to all primary schools at a rate of £8,000 plus £5 per pupil. The year 7 catch-up grant will be paid in the 2016-17 financial year at a rate of £500 for each pupil in year 7 who did not achieve at least level 4 in reading and/or mathematics (maximum £500 per pupil) at key stage 2. The rates for 2017-18 have yet to be announced.
- 8.9 A grant for the universal provision of free school meals for all pupils in reception, year 1 and year 2 was introduced in September 2014. Funding is based on a rate of £2.30 per meal taken by eligible pupils. Data from the October and January censuses will be used to calculate the allocations for the academic year. The government has given a commitment to maintain this funding.
- 8.10 The high needs block is forecast to overspend this year by over £5m with a significant increase in the number of pupils with additional needs and an increase in spend on top-ups for outside placements resulting in an overspend against the Funding For Inclusion budget. These budget pressures are forecast to continue in 2017/18 meaning that options for savings in the high needs block or other areas of the DSG will need to be considered in order to bring spend in line with the available resources. School Forum will be consulted on options at its meeting in January with proposals included in the budget report to Executive Board in February 2017.
- 8.11 The government had previously announced that from 2017/18 funding for schools, early years and high needs would be delivered through a national funding formula and there would be a transitional phase to smooth its introduction. These proposals have been delayed. We are awaiting further details, however the earliest implementation will now be 2018/19.
- 8.12 There will be a reduction in the education support grant paid to local authorities as part of government's commitment to reduce the local authority role in running schools as well as the removal of, as yet unspecified, statutory duties. ESG funding for retained duties will transfer to the DSG from April 2017

Schools funding summary

- 8.13 As per table 14 below, the estimated figures for the 2016/17 and 2017/18 for the schools budget are;

Table 14 – the estimated schools budget

	2016/17 £m	2017/18 £m	Change £m
DSG - schools block	466.24	482.09	15.85
DSG - early years block	40.00	45.65	5.65
DSG - high needs block	59.25	60.75	1.50
EFA Post 16 funding	33.23	33.23	-
Pupil premium grant	42.03	42.93	0.90
Early years pupil premium grant	0.53	0.53	-
PE & sport grant	2.09	2.11	0.02
Yr 7 catch-up grant	0.83	0.86	0.03
Universal infant free school meals grant	9.37	9.57	0.20
Total schools budget	653.57	677.72	24.15

9. Housing Revenue Account

- 9.1 The Housing Revenue Account (HRA) includes all expenditure and income incurred in managing the Council's housing stock and, in accordance with Government legislation, operates as a ring fenced account.
- 9.2 The 2016 Welfare Reform and Work Act introduced the requirement for all registered social housing providers to reduce social housing rents by 1% for the 4 years from 2016/17. This reduction was implemented by the council in 2016/17 with a subsequent loss of £2.1m in rental income. Reducing rents by a further 1% in each of the three years from 2017/18 to 2019/20 equates to an additional estimated loss of £18.5m in rental income over this period. When compared to the level of resources assumed in the financial plan (and assuming that from 2020/21 rent increases will revert back to the previous policy of CPI+1%) this equates to a loss of £283m of rental income over the 10 year period (2016/17 to 2024/25).
- 9.3 Whilst the 2016 Act requires that social rents have to reduce by 1% per annum until 2019/20, properties funded through PFI can be exempt from this requirement. An increase in accordance with the government's rent formula of CPI (1% as at September 2016) + 1% is therefore proposed. This overall 2% rise equates to approximately £0.35m.
- 9.4 The costs associated with servicing the HRA's borrowing have increased due to a combination of discounts that had previously been applied to the overall level of debt falling out and the planned increase in borrowing to support the Council's new build programme.

- 9.5 The rollout of universal credit in Leeds commenced in 2016 and once fully implemented it will require the council to collect rent directly from around 24,000 tenants who are in receipt of full or partial housing benefit. Although the financial impact of this is still difficult to quantify it is likely to have implications for the level of rental income receivable since the level of arrears is anticipated to increase.
- 9.6 A reduction in the qualifying period after which tenants are able to submit an application to purchase a council house through the government's Right to Buy legislation continues to sustain an increase in the number of sales with a subsequent reduction in the amount of rent receivable.
- 9.7 The reduction in rental income will need to be managed in addition to other pay, price and service pressures. A combination of staffing efficiencies, a reduction in the contribution to BITMO and the use of reserves will all contribute towards off-setting these pressures. In addition it is proposed to reduce the level of resources available to Housing Advisory Panels (HAPs). Despite this reduction the proposed budget available to HAPs (£0.45m) in 2017/18 will still be greater than the level of resources that was provided prior to the housing management function being transferred back to the Council in 2013.
- 9.8 Further consideration will be given to increasing service charges to reflect more closely the costs associated with providing services. This will generate additional income which will contribute towards offsetting the reduction in rental income receivable as a result of the change in Government's rent policy.
- 9.9 Tenants in multi storey flats (MSFs) and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts and only pay a notional charge towards the cost of these services meaning other tenants are in effect subsidising the additional services received. It is proposed that an additional £2 per week increase on multi storey flats with an increase of £1 per week on low/medium rise flats in 2017/18 would generate an additional £950k compared to 2016/17.
- 9.10 Currently tenants in sheltered accommodation receiving a warden service are charged £13 per week for this service. This charge is eligible for Housing Benefit. In 2016/17 a nominal charge of £2 per week was introduced for those tenants who benefited from the service but did not pay. It is proposed to increase this charge by a further £2 per week in 2017/18.
- 9.11 An analysis of the impact on individual tenants of reducing rents by 1% and implementing the proposed charges as above has been undertaken. This analysis shows that should the proposals be agreed 71.8% of tenants will pay 78p less per week less in overall terms in 2017/18 than in 2016/17 with a further 4.1% paying 70p less per week. Of those paying more, 11.3% will pay up to £1.35 more per week, 4.6% will pay 31p per week more, 2.8% will pay £1.56 more per week, 2.3% will pay an additional 30p per week, 1.2% will pay £2.37 more per week, 0.8% will pay £3.30 more per week and 1.1% will pay

£1.33 more per week. These increases will be funded through Housing Benefit for eligible tenants.

- 9.12 Since all housing priorities are funded through the HRA any variations in the rental income stream will impact upon the level of resources that are available for the delivery of housing priorities. Resources will be directed towards key priority areas which include fulfilling the plan to improve the homes people live in, expanding and improving older person's housing and improving estates to ensure that they are safe and clean places to live.
- 9.13 In addition to the above, the Housing and Planning Act 2016 which received Royal Assent in May 2016 introduces a number of government proposals which when implemented are likely to have a significant impact on HRA resources. The Act requires local authorities to sell their higher value homes and allows the government to estimate the amount of money that they expect each local authority to receive from such sales each financial year. Authorities will then be required to pay a proportion of these receipts to the Treasury every quarter. Details of the definition of higher value homes and the mechanism by which government will calculate the amount to be paid by each authority are yet to be published. It is also unclear the date from which this legislative change will be implemented from. Since detailed regulations in respect of the Housing and Planning Act 2016 have yet to be issued the financial implications of the legislation upon the Housing Revenue Account cannot readily be assessed.
- 9.14 The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through Right to Buy by the planned investment in new homes and the buying up of empty homes. The council aims to maintain a consistent level of capital expenditure with a view to improving the condition of the stock. However, any financial pressures resulting from the Housing and Planning Act may impact on the authority's ability to deliver this.

Table 15 – housing revenue account pressures and savings

<u>Income</u>	£m
Reduction in rental income due to stock reduction and 1% rent reduction	3.40
Apply 2% rent increase to PFI funded areas	(0.35)
Increase service charges	(0.95)
Use of Reserves	(3.35)
Total	(1.25)
 <u>Expenditure</u>	
Pay and price pressures	0.65
Increase costs of capital (due to fallout of HRA discount and increased borrowing)	1.90
Targeted staffing efficiency	(0.80)
Reduce Housing Advisory Panel expenditure	(0.45)
BITMO - apply staff efficiency target	(0.05)
Total	1.25

10. Capital Programme

- 10.1 Over the period 2016/17 to 2019/20 the existing capital programme includes investment plans which total £1.1bn. The programme is funded by external sources in the form of grants and contributions and also by the Council through borrowing and reserves. Where borrowing is used to fund the programme, the revenue costs of the borrowing will be included within the revenue budget. Our asset portfolio is valued in the Council's published accounts at £4.3bn, and the council's net debt, including PFI liabilities stands at £2.32bn.
- 10.2 The initial budget proposals provide for a £2.5m increase in the cost of debt and capital financing. This assumes that all borrowing is taken short term at 0.65% interest for the remainder of 2016/17 and 2017/18.
- 10.3 The strategy allows for capital investment in key annual programmes, major schemes that contribute to the Best Council Plan objectives and schemes that generate income or reduce costs. Capital investment will continue to be subject to robust business cases being reviewed and approved prior to schemes approval. Whilst the capital programme remains affordable, its continued affordability will be monitored as part of the treasury management and financial health reporting.
- 10.4 A capital programme update report will be presented to the Executive Board in February 2017.

11. Corporate Considerations

11.1 Consultation and Engagement

- 11.1.1 As explained at section 5 above the initial budget proposals have been informed through the wealth of consultation evidence gathered in recent years on residents' budget priorities. Since 2012 there has been only minor changes to those priorities and, in addition, residents and service users have had significant involvement in on-going service-led change projects. Subject to the approval of the board, this report will be submitted to Scrutiny for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this Board on the 8th February 2017.
- 11.1.2 Consultation is an ongoing process and residents are consulted on many issues during the year. It is also proposed that this report is used for wider consultation with the public through the Leeds internet and with other stakeholders. Consultation is on-going with representatives from the Third Sector, and plans are in place to consult with the Business sector prior to finalisation of the budget.

11.2 Equality and Diversity / Cohesion and Integration

- 11.2.1 The council continues to have a clear approach to embedding equality in all aspects of its work and recognises the lead role we have in the city to promote equality and diversity. This includes putting equality into practice taking into

account legislative requirements, the changing landscape in which we work and the current and future financial challenges that the city faces.

- 11.2.2 As an example of the commitment to equality, scrutiny will again play a strong role in challenging and ensuring equality is considered appropriately within the decision making processes.
- 11.2.3 The proposals within this report have been screened for relevance to equality, diversity, cohesion and integration and a full strategic analysis and assessment will be undertaken on the revenue budget and council tax 2017/18 which will be considered by Executive Board in February 2017. Specific equality impact assessments will also be undertaken on the implementation of all budget decisions as they are considered during the decision-making processes in 2017/18.

11.3 Council Policies and Best Council Plan

- 11.3.1 The refreshed Best Council Plan 2017/18 will set out the council's priorities aligned with the medium-term financial strategy and annual budget. Developing and then implementing the Best Council Plan will continue to inform, and be informed by, the council's funding envelope and staffing and other resources.

11.4 Resources and Value for Money

- 11.4.1 This is a revenue budget financial report and as such all financial implications are detailed in the main body of the report.

11.5 Legal Implications, Access to Information and Call In

- 11.5.1 This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the initial budget proposals, once approved by the board will be submitted to Scrutiny for their review and consideration. The outcome of their review will be reported to the February 2017 meeting of this Board at which proposals for the 2017/18 budget will be considered prior to submission to full Council on the 22nd February 2017.
- 11.5.2 The initial budget proposals will, if implemented, have significant implications for council policy and governance and these are explained within the report. The budget is a key element of the council's budget and policy framework, but many of the proposals will also be subject to separate consultation and decision making processes, which will operate within their own defined timetables and managed by individual directorates.
- 11.5.3 In accordance with the council's budget and policy framework, decisions as to the council's budget are reserved to full council. As such, the recommendation at 13.1 is not subject to call in, as the budget is a matter that will ultimately be determined by full council, and this report is in compliance with the council's constitution as to the publication of initial budget proposals two months prior to adoption.

11.6 Risk Management

- 11.6.1 The council's current and future financial position is subject to a number of risk management processes. Failure to address medium-term financial pressures in a sustainable way is identified as one of the council's corporate risks, as is the council's financial position going into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's risk-based reserves policy. Both these risks are subject to regular review. In addition, financial management and 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 risk-based approach has been reinforced with specific project management based support and reporting around the achievement of the key budget actions plans.
- 11.6.2 It is recognised that the proposed strategy carries a number of significant risks. Delivery of the annual budget savings and efficiencies proposed will be difficult, but failure to do so will inevitably require the council to start to consider even more difficult decisions which will have far greater impact upon the provision of front line services to the people of Leeds.
- 11.6.3 A full risk assessment will be undertaken of the council's financial plans as part of the normal budget process, but it is clear that there are a number of risks that could impact upon these plans put forward in this report; some of the more significant ones are set out below.
- The reductions in government grants are greater than anticipated. Specific grant figures for the council for 2017/18 will not be known until later in the budget planning period.
 - Demographic and demand pressures, particularly in Adult Social care and Children's services could be greater than anticipated.
 - The implementation of the transformation agenda and delivery of the consequential savings could be delayed or the savings less than those assumed in the budget.
 - Delivery of savings proposals could be delayed and reductions in staffing numbers could be less than anticipated.
 - Inflation and pay awards could be greater than anticipated.
 - The level of funding from partners could be less than assumed in the budget.
 - Other sources of income and funding could continue to decline.
 - The increase in the council tax base could be less than anticipated.
 - The position on business rates retention, and specifically the impact of back-dated appeals, could deteriorate further.
 - Changes in the level of debt and interest rates could impact upon capital financing charges.
 - The estimated asset sales and capital receipts could be delayed which would impact on the assumed reduction in the minimum revenue budget

and which would also require the council to borrow more to fund investment.

- Failure to understand and respond to the equality impact assessment.

- 11.6.4 A full analysis of all budget risks in accordance will continue to be maintained and will be subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks and budget variations are contained in the in-year financial health reports submitted to the Executive Board.

12. Conclusions

- 12.1 This report has shown that the current financial position continues to be very challenging. The council is committed to providing the best service possible for the citizens of Leeds and to achieving the ambition for the city of being the best in the UK with a firm focus on tackling inequalities. In order to achieve both the strategic aims and financial constraints, the council will need to work differently, helping people to look after themselves, others and the places they live and work by considering the respective responsibilities of the 'state' and the 'citizen' (the social contract). This approach underpins the medium-term financial strategy and the refreshed 2017/18 Best Council Plan.
- 12.2 Based on the government multi-year settlement there will be a further reduction in the settlement funding assessment for 2016/17 of £25.2m which means that core funding from government (SFA and other core grants) will have reduced by around £240m by March 2018. The initial budget proposals for 2017/18 set out in this report, subject to the finalisation of the detailed proposals in February 2017, will, if delivered, generate savings and additional income of £62.4m to produce a balanced budget.
- 12.3 Clearly savings of this magnitude will require many difficult decisions to be taken and these will not be without risk. The level of reductions required for 2017/18 will impact on front line services which the council has worked, and continues to work, extremely hard to protect. In this context, it is important that risks are fully understood and the final budget is robust.

13. Recommendations

- 13.1 Executive Board is asked to agree the initial budget proposals and for them to be submitted to scrutiny and also for the proposals to be used as a basis for wider consultation with stakeholders.

14. 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.

Equality, Diversity, Cohesion and Integration Screening



As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions.

Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: Strategy and Resources	Service area: Corporate Financial Management
Lead person: Doug Meeson	Contact number: 74250

1. Title: Initial Budget Proposals 2017/18

Is this a:

☒

Strategy / Policy

☐

Service / Function

☐

Other

If other, please specify

2. Please provide a brief description of what you are screening

The council is required to publish its initial budget proposals two months prior to approval of the budget by full council in February 2017. The initial budget proposals report for 2017/18 sets out the Executive's plans to deliver a balanced budget within the overall funding envelope. It should be noted that the budget represents a financial plan for the forthcoming year and individual decisions to implement these plans will be subject to equality impact assessments where appropriate.

3. Relevance to equality, diversity, cohesion and integration

All of the council's strategies/policies, services/functions affect service users, employees or the wider community – city-wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation. Also those areas that impact on or relate to equality: tackling poverty and improving health and well-being.

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?	X	
Have there been or likely to be any public concerns about the policy or proposal?	X	
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?	X	
Does the proposal involve or will it have an impact on <ul style="list-style-type: none">• Eliminating unlawful discrimination, victimisation and harassment• Advancing equality of opportunity• Fostering good relations	X X X	

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?**
(think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

The initial budget proposals identify a savings requirement of £62.4m due to a reduction in Government funding and unavoidable pressures such as inflation and demand/demography. Savings proposals to bridge this gap will affect all citizens of Leeds to some extent. The council has consulted on its priorities in recent years and has sought to protect the most vulnerable groups. However, the cumulative effect of successive annual government funding reductions, means that protecting vulnerable groups is becoming increasingly difficult. Further consultation regarding the specific proposals contained in this report will be carried out before the final budget for 2017/18 is agreed.

• **Key findings**

(think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

The budget proposals will impact on all communities but those who have been identified as being at the greatest potential risk include:

- Disabled people
- BME communities
- Older and younger people and
- Low socio-economic groups

The initial budget proposals have identified the need for significant staffing savings in all areas of the council which may impact on the workforce profile in terms of the at-risk groups. There will be some impact on our partners through commissioning and/or grant support which may have a knock on effect for our most vulnerable groups.

• **Actions**

(think about how you will promote positive impact and remove/ reduce negative impact)

A strategic equality impact assessment of the budget will be undertaken prior to its approval in February 2017.

There will also be further equality impact assessments on all key decisions as they go through the decision making process in 2017/18.

5. If you are *not* already considering the impact on equality, diversity, cohesion and integration you *will need to carry out an impact assessment*.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

6. Governance, ownership and approval		
Please state here who has approved the actions and outcomes of the screening		
Name	Job title	Date
Doug Meeson	Chief Officer Financial Services	24/11/16
Date screening completed		24/11/16

7. Publishing	
<p>Though all key decisions are required to give due regard to equality the council only publishes those related to Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.</p> <p>A copy of this equality screening should be attached as an appendix to the decision making report:</p> <ul style="list-style-type: none"> • Governance Services will publish those relating to Executive Board and Full Council. • The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions. • A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record. <p>Complete the appropriate section below with the date the report and attached screening was sent:</p>	
For Executive Board or Full Council – sent to Governance Services	Date sent: 5/12/16
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent:

APPENDIX 1
2017/18 Budget Proposals

	Adult Social Care	Children's Services	City Development	Environment & Housing	Strategy & Resources	Citizen's & Communities	Civic Enterprise Leeds	Public Health	Strategic Budget	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net Managed Budget 2016/17 (adjusted)	201.3	119.8	37.7	53.3	37.2	29.6	23.6	0.3	(6.5)	496.4
Inflation	2.5	0.6	1.8	0.8	0.4	0.3	0.6	0.1		7.2
Employer's LGPS contribution	0.2	0.4	0.2	0.3	0.2	0.1	0.2			1.5
Apprentice levy									1.4	1.4
Leeds CC minimum pay rate		0.02	0.04	0.1	0.002	0.01	0.3			0.4
National Living Wage	2.9	0.3								3.2
Demand and Demography	6.7	5.8								12.5
Specific grants		4.3						1.2	4.7	10.2
Partner funding	4.7	5.6								10.3
West Yorkshire Transport Fund									0.2	0.2
Adult Social Care - charging review (full-year effect)	(2.0)									(2.0)
Fall-out of Capitalised Pension costs	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.04)	(0.05)			(0.8)
Other Pressures		0.9		0.6		(0.1)		1.7	0.4	3.6
Debt - external interest									2.5	2.5
General Reserve									6.2	6.2
Earmarked Reserves									2.2	2.2
Total - Cost and funding changes	14.8	17.8	1.8	1.8	0.5	0.3	1.0	2.9	17.6	58.5
Budget Savings Options; Accounting - additional capitalisation Capital Financing - Minimum Revenue Provision									(2.0) (9.3)	(2.0) (9.3)
Appendix 2:-										
Changes to Service	(1.9)	(3.1)	(1.6)	(0.5)		(0.7)	(0.8)	(2.9)		(11.4)
Efficiencies	(6.7)	(1.9)	(1.5)	(5.4)	(4.7)	(2.7)			(2.0)	(24.9)
Income - Fees & Charges	(0.5)		(3.4)	(1.8)		(0.2)				(6.0)
Income - Traded Services, Partner & Other Income		(7.0)	(0.2)	(1.3)	(0.2)		(0.2)			(8.9)
Total - Appendix 2	(9.1)	(12.0)	(6.7)	(9.0)	(4.9)	(3.6)	(1.0)	(2.9)	(2.0)	(51.1)
Total - Budget Savings	(9.1)	(12.0)	(6.7)	(9.0)	(4.9)	(3.6)	(1.0)	(2.9)	(13.2)	(62.4)
Target 2017/18 Net Revenue Budget	206.9	125.6	32.8	46.1	32.8	26.4	23.6	0.4	(2.2)	492.4
Increase/(decrease) from 2016/17	5.7	5.8	(4.8)	(7.3)	(4.4)	(3.3)	0.0	0.0	4.4	(4.0)

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Savings Proposal		Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
			£m	£m	
A) Efficiencies					
Assessment and Care Management	Review of business processes and staff skills mix	(0.5)	0.0	N	
Older People Care Packages	Reduction in the number of customers going into residential care through increased use of reablement, telecare and recovery services	(1.3)	0.0	Y	
Physical Impairment Care Packages	Review of care package costs, increased use of community based services rather than residential care and the promotion of 'ordinary lives'	(0.5)	0.0	Y	
Mental Health Care Packages	Review of care package costs to ensure they are the most cost effective way of meeting people's needs, including in-house services, and promoting 'ordinary lives'	(0.8)	0.0	Y	
Learning Disabilities Care Packages	Review of care package costs to ensure they are the most cost-effective way of meeting people's needs and that services commissioned through block contracts deliver best value outcomes. Promoting 'ordinary lives	(1.5)	0.0	Y	
Aspire / Independent Living Programme	A review of practice re high cost out of area packages and low level need packages (Aspire) and a review of practices at ILP establishments	(1.0)	0.0	Y	
Running Cost savings	Review and reduction of non-essential spend budgets	(0.1)	0.0	N	
Direct Payments	Auditing & targeting additional recovery of unused direct payments	(0.2)	0.0	N	
Legal Fees	Reduction in legal fees (representing trend of expenditure)	(0.3)	0.0	N	
Staffing	Review of current posts being held vacant	(0.6)	0.0	N	
Sub-Total Efficiencies			(6.7)	0.0	

Adult Social Care - savings options 2017/18

Savings Proposal		Comments	2017/18 £m	2018/19 fye £m	Is this relevant to Equality & Diversity?
B) Changes to Service					
Community Support Service	Ceasing the Community Support Service		(0.9)	0.0	Y
Residential and Day Support for Older People	Closure of residential homes and day services		(1.0)	0.0	Y
Sub-Total Service Changes			(1.9)	0.00	
C) Additional Income - Fees and Charges					
Income	Leeds income levels lower than comparators, particularly regarding residential service user contributions.		(0.5)	0.00	Y
Sub-Total Additional Income (Fees & Charges)			(0.5)	0.0	
D) Additional Income - Traded Services, Partner and Other Income					
Sub-Total Additional Income (Traded Services, Partner and Other Income)			0.0	0.0	
Total Savings Options - Adult Social Care			(9.1)	0.0	

Children's Services - savings options 2017/18

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Savings Proposal	Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
Social Work Services	Remodelling of the service to reduce agency spend by £0.6m and non front line staffing by £0.3m	(0.9)	0.0	Y
Other staff savings	Review and reshape of services provided by Children's Services, other than those specifically identified on this document. Includes vacancy management across the directorate and specific savings in Employment and Skills and Workforce Development.	(0.4)	0.0	Y
Running Cost savings	On-going review of running cost budgets.	(0.1)	0.0	N
Targeted Services	Review of staffing in Targeted Services including Family Intervention Service and Signpost, vacancy management and review of secondment arrangements.	(0.2)	0.0	Y
Integrated Safeguarding Unit - staff savings	Review the Education Safeguarding Team and reduced staffing through vacancy management within the team.	(0.3)	0.0	Y
Sub-Total Efficiencies		(1.9)	0.0	
B) Changes to Service				
Remodelling of Children's Centre Family Services	Reshape of the provision of family services, to include a review of the core offer and additional services currently funded by partners where the funding will either reduce or cease.	(0.6)	0.0	Y
Commissioned Services	Review all current contracts with the aim to reduce spend on commissioned services. Includes specific saving proposals in Employment and Skills, Targeted Services and Complex Needs (short breaks contract)	(1.3)	0.0	Y
Education Services Grant funded activities	Reduced spend and additional income to help offset the reduction in grant funding. Includes staff savings in administration and Learning Improvement, running cost savings in IMT, Learning Improvement, Learning Management and Learning Systems.	(1.0)	0.0	Y
Complex Needs Service	Review of Complex needs and Targeted Services staffing	(0.2)	0.0	Y
Sub-Total Service Changes		(3.1)	0.0	

Children's Services - savings options 2017/18

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Savings Proposal	Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
		£m	£m	
C) Additional Income - Traded Services, Partner and Other Income				
Adel Beck Secure Children's Home	Additional income from increase in demand for placements from the Youth Justice Board.	(0.2)	0.0	N
Traded Services	Specific proposals in Workforce Development, Youth Services (Activity Centres), Learning Systems and Complex Needs with other proposals being developed as part of a Trading Review across the directorate.	(1.3)	0.0	N
Innovations bid	Additional funding from a new Innovations Bid, subject to final approval.	(2.5)	0.0	N
Anti Social Behavioural Services	Additional funding from the Housing Revenue Account	(0.3)	0.0	N
Family Services Best Start.	Additional 3 year funding agreed.	(0.2)	0.0	N
Children's Centres	Increase in nursery fees and Free Early Education Entitlement hourly rates.	(0.3)	0.0	Y
Free Early Education Entitlement nursery payments	New ability to top slice 5% from the Free Early Education Entitlement payments to nursery providers.	(1.0)	0.0	N
Other income	General increases and additional non-traded income.	(0.8)	0.0	N
Families First	Reflects current income position although assumes that the programme will continue.	(0.5)	0.0	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(7.0)	0.0	
Total Savings Options - Children's Services		(12.0)	0.0	

City Development - savings options 2017/18

Savings Proposal		Comments	2017/18 £m	2018/19 fye £m	Is this relevant to Equality & Diversity?
A) Efficiencies					
Asset Management		Reduced borrowing costs at the Leeds Arena	(0.5)	0.0	N
Economic Development		Review and reduce non staffing budgets to deliver efficiencies and expenditure savings	(0.1)	0.0	N
Highways		Capitalisation of maintenance costs and extension of street lighting switch off	(0.7)	0.0	N
Sport and Active Lifestyles		Further efficiencies within the rotas and operating methods within leisure centres and review of the work of the Sport and Active Lifestyles Development function.	(0.1)	0.0	N
Events Review		Review of Leeds lights budgets to reflect increased external commercial work and review other city centre events	(0.1)	0.0	Y
Culture		Reduction of non staffing budgets to deliver efficiencies and expenditure savings	(0.1)	0.0	N
Sub-Total Efficiencies			(1.5)	0.0	
B) Changes to Service					
Highways		Recruit more engineers to retain more work in-house and reduce external spend on contractors.	(0.7)	0.0	N
Sport and Active Lifestyles		Review of the future of the Sailing and Activity Centre and review and reduction of operating hours in some Leisure Centres	(0.3)	0.0	Y
Museums		Review of operations at Thwaite Mills to reduce opening hours and develop new income streams.	(0.2)	0.0	Y
Tour de Yorkshire		Leeds not hosting a stage in 2017	(0.3)	0.0	N
International Young Peoples Festival		Cease holding the festival realising staffing and operational cost savings	(0.1)	0.0	Y
Sub-Total Service Changes			(1.6)	0.0	

City Development - savings options 2017/18

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Savings Proposal	Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
		£m	£m	
C) Additional Income - Fees and Charges				
Asset Management	New rental income from the purchase of commercial assets and additional fee income from asset sales	(2.3)	0.0	N
Economic Development	Additional income from events and licences, street trading and speciality markets, and from marketing and advertising	(0.3)	0.0	N
Highways	Additional income from developers, utility companies, and park and ride sites.	(0.1)	0.0	N
Planning Services	Additional fee income from planning application fee increases and the provision of premium services. Introduction of new charges for Street Naming and Numbering. Income from charging fees for Environment and Design work to capital schemes and external clients.	(0.4)	0.0	N
Sport and Active Lifestyles	Increased income across all leisure centres through improvements to commercial marketing, retention and sales processes.	(0.3)	0.0	N
Culture	Additional income across functions including increased rental income, increased income from ticket sales via a new box office system, increased income from cultural events.	(0.2)	0.0	N
Sub-Total Additional Income (Fees & Charges)		(3.4)	0.0	
D) Additional Income - Traded Services, Partner and Other Income				
Building Control	Increased income through increased demand for building control services	(0.2)	0.0	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(0.2)	0.0	
Total Savings Options - City Development		(6.7)	0.0	

Environment & Housing - savings options 2017/18

Savings Proposal

Comments

Saving

2017/18

2018/19
fye

Is this
relevant to
Equality &
Diversity?

£m

£m

A) Efficiencies

Leeds Building Services - consolidation of Construction/Property Maintenance	Cost savings will be realised though both a reduction in the number of managers and supervisors and a targeted reduction in running costs. In addition the roll out of the Total Mobile software combined with improved job scheduling will deliver efficiencies which will result in a reduction in the use of sub-contractors.	(1.8)	0.0	Y
Refuse Collection - review of routes	Increased productivity will facilitate a revision to the current number of collection routes and the anticipated reduction in the number of rounds and management costs will result in cost savings.	(1.6)	0.0	Y
Strategic Housing - integration of functions	Closer working arrangements for the different functions within Strategic Housing will facilitate a reduction in the number of budgeted posts.	(0.1)	0.0	N
Environmental Action - revision to the level of resources	Street cleansing and enforcement expenditure and posts will be reduced, with resources reviewed & deployed differently across the city in line with the Council-wide review of Locality Working.	(0.4)	0.0	Y
Environmental Action - locality working	Managerial posts will be reduced as operational teams are reconfigured in line with the Council-wide review of Locality Working.	(0.4)	0.0	Y
Community Safety - reduction in area coordinator posts	Following a review of the delivery of the Community Safety function it is proposed to reduce the number of area co-ordinator posts.	(0.2)	0.0	Y
Housing Related Support - reduction in contract payments	Savings to be realised through the ongoing review and retendering of contracts	(0.4)	(0.2)	Y
Parks & Countryside - reduce grants to the Third Sector	Grants to support 3rd sector organisations will reduce at the same level as the reduction in resources to the Council.	(0.02)	0.0	Y
Parks & Countryside - revised security at the new nursery	The relocation of the nursery from Redhall to Whinmoor will result in revised security arrangements.	(0.1)	0.0	N
All services - review of running costs	Review of running cost budgets across the directorate	(0.5)	0.0	N
Sub-Total Efficiencies		(5.4)	(0.2)	

B) Changes to Service

Parks & Countryside - reduction in front line horticultural staff	In discussion with Community Committees, this will mean a reduction in the area of maintained flower beds, shrub beds and hedges along with some increased relaxed mowing as appropriate in parks/green spaces and at graveyards/closed churchyards	(0.4)	0.0	Y
Parks & Countryside - reduction in grass/hedge cuts on highways assets	Reduce grass verge maintenance on high speed roads and reduce hedge cuts from 3 times each year to 2 on highway assets	(0.1)	0.0	N
Sub-Total Service Changes		(0.5)	0.0	

C) Additional Income - Fees and Charges

Car Parking - Woodhouse Lane car park price increase	The 50p increase implemented at Woodhouse Lane car park in June 2016 will generate an additional £120k in a full year	(0.1)	0.0	N
Car Parking - price increases	Additional income from a £1 increase on Sunday/evening tariffs, the introduction of charging on bank holidays (excl xmas day), and increase of 10p on all on street tariffs. It is also assumed that activity levels experienced in 2016/17 will continue and generate an additional £200k in 17/18	(0.6)	0.0	N
Car Parking - mobile enforcement/increase in permit charges	Mobile CCTV monitoring to enforce offences at schools/bus stops/bus lanes. Increase cost of business and trade permits.	(0.1)	0.0	N

Environment & Housing - savings options 2017/18

Savings Proposal

Comments

Saving

2017/18

2018/19
fye

Is this
relevant to
Equality &
Diversity?

£m

£m

Parks & Countryside - review of charges at Lotherton Bird Garden	In recognition of the enhancements to the Bird Garden admission prices will increase from £5.50 to £6 from April 1st. It is also anticipated that the improved attraction will experience an increase in visitor numbers.	(0.1)	(0.0)	Y
Parks & Countryside - review of charges at Tropical World	Following further development of the attraction prices will increase from £5 to £6 per visit for adults with other charges to increase in the same proportion. There will be significant discounts for Leeds card and Leeds card Extra holders and under 5s will continue to gain free entry.	(0.3)	(0.1)	Y
Parks & Countryside - review of charges at Temple Newsam Home Farm	Review of charging following significant investment in indoor play facility with integral café/retail space. Price would increase from £3.60 to £5 from 2018/19.	0.1	(0.1)	Y
Parks & Countryside - introduce parking charges at visitor attractions	Introduction of car parking charges at Roundhay Park, Golden Acre Park and Temple Newsam	(0.2)	(0.1)	Y
Bereavement Services - review of charges to eliminate subsidy	Removal of subsidy would require a 5% increase in prices	(0.1)	0.0	Y
Waste Management - introduce charges for replacement wheeled bins	Implement charging for replacement wheeled bins that have been stolen or destroyed.	(0.2)	(0.1)	Y
Waste management - introduce charges for inert waste/plasterboard waste	The introduction of charges for disposal of inert (soil/rubble) and plasterboard waste at Household Waste sites would eliminate the current level of subsidy for disposal of these types of waste	(0.1)	0.0	Y
Environmental Action - introduce charges for bulky waste collections	Introduction of a charge to households choosing to use the bulky waste collection service over other disposal options which will remain free of charge.	(0.1)	0.0	Y
Environmental Health - introduce new pest control fees	Implement charges to eliminate the subsidy in pest control services. This would include introducing a charge for treating rats in domestic properties.	(0.1)	0.0	Y
Sub-Total Additional Income (Fees & Charges)		(1.8)	(0.4)	

D) Additional Income - Traded Services, Partner and Other Income

Community Safety - review partner funding arrangements of community safety activities	Working with West Yorkshire Police and Crime Commissioner to review the funding arrangements of community safety activities	(0.8)	0.0	N
Strategic Housing - review of charging arrangements	In respect of adaptations review charges to both the capital programme and Housing Leeds.	(0.2)	0.0	N
Parks & Countryside - review of the allocation of costs relating to mowing amenity grass	Increase the level of charges to Housing Leeds to reflect the fact that housing assets are typically smaller with more access restrictions (e.g. gates/fences) resulting in smaller machines and more operators.	(0.2)	0.0	N
Parks & Countryside - income from partnership with Askham Bryan college	Contribution from Askham Bryan college in respect of the use of buildings and facilities at Parks and Countryside sites for student learning	(0.1)	0.0	N
Parks & Countryside - additional retail income from nursery	Increase in plant and other retail sales following move to new nursery facility at Whinmoor	(0.1)	0.0	N
Parks & Countryside - additional landscaping income	Review the appropriateness of the allocation of costs associated with landscaping work.	(0.1)	0.0	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(1.3)	0.0	
Total Savings Options - Environment & Housing		(9.0)	(0.6)	

Strategy & Resources - savings options 2017/18

Savings Proposal	Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
Business Administration, transactional and operational activities	Following the first phase of Better Business Management where all 'core' business admin staff were transferred into the central service, the main initiative in progress is to achieve further efficiencies by consolidating 'specialist' admin staff under one professional lead.	(1.0)	(1.1)	Y
ICT, Information Management and Technology (IM&T), Information Governance(IG) and Intelligence	Introduce a new operating model for coordinated, shared cross Council digital and intelligence services. Establish 2 Hubs for IM&T and IG complemented by Business Partners who will work with Council services. The new Intelligence function will be brought alongside the corporate policy and insight function to form a single lead through the Chief Officer, Strategy and Improvement.	(1.1)	(0.5)	Y
Programme, Project and Portfolio Management	The review has sought to identify savings through the development of a portfolio approach which includes the development of a prioritisation tool. This will lead to greater efficiency with more of the right projects / programmes being delivered to time, cost and quality.	(0.6)	(0.3)	Y
Workforce Development	April 2017 move to a single professional line of leadership model. Consolidation of training budgets into one single pot combined with a comprehensive review of all Organisational/Workforce Development activity.	(0.3)	(0.2)	Y
Compliments and Complaints	Bring existing staff performing this function together into 2 teams. Implement de-escalation of complaints at the first point of contact and realise efficiencies through reduction in the duplication of process and IT system changes.	(0.1)	(0.1)	Y
Financial Services	Implement new operating model from September 2017 based on a centralised approach in one physical location. Finance Business Partner teams would continue to be aligned to specific directorates and organisational priorities and focus on supporting transformational change across the organisation.	(0.9)	(0.5)	Y
Human Resources	Continuation of implementation of new ways of working within the service.	(0.3)	(0.1)	Y

Strategy & Resources - savings options 2017/18

Savings Proposal	Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
		£m	£m	
Strategy and Improvement	Further staffing savings and efficiencies within Communications, Marketing and Emergency Planning. (Strategy and Policy and Business Improvement are included in scope of the Intelligence review).	(0.1)	(0.1)	Y
Legal and Democratic Services	Staffing efficiencies to fund cost of pay award	(0.1)	(0.2)	Y
Corporate Leadership Team	Changes to Corporate Leadership Team	(0.2)	0.0	N
Sub-Total Efficiencies		(4.7)	(3.0)	
B) Additional Income - Traded Services, Partner and Other Income				
Financial Services	Additional traded income	(0.2)	0.0	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(0.2)	0.0	
Total Savings Options - Strategy & Resources		(4.9)	(3.0)	

Citizens & Communities - savings options 2017/18

Savings Proposal	Comments	2017/18 £m	2018/19 fye £m	Is this relevant to Equality & Diversity?
A) Efficiencies				
Communities	Communities teams and associated activity: review management & leadership; review grants & contributions to 3rd sector	(0.2)	(0.1)	Y
Corporate Contact Centre	Fewer calls due to channel shift (dependent on technology) and general improvement in productivity	(0.3)	0.0	Y
Corporate Contact Centre	Council Tax/Benefits/Contact Centre Integration (savings within Customer Access and Welfare and Benefits)	(0.2)	0.0	Y
Corporate Contact Centre	Reduce service failure: target to reduce by 25%	(0.1)	(0.04)	N
Corporate Contact Centre	Review the Out of Hours Service allow contact to be directed straight to the relevant service	(0.1)	0.0	Y
Customer Access	Reduce Helpdesk function through development of professional Tier 2 (rather than C1 Helpdesk Customer Services Officer) support	(0.1)	0.0	Y
Customer Access	Merge support and development functions	(0.2)	0.0	Y
Elections	No local elections in 2017/18	(0.7)	0.7	N
Welfare and Benefits	Reduction in off-site processing and overtime	(0.2)	0.0	Y
Advice Consortium	Deliver greater efficiencies; to be addressed as part of re-tendering on contract in 2017/18	(0.1)	(0.1)	Y
Libraries	Staffing review, running cost savings, and increased income	(0.4)	0.0	Y
All services	Review of running cost budgets across the directorate	(0.3)	0.0	N
Sub-total Efficiencies		(2.7)	0.5	

Citizens & Communities - savings options 2017/18

Savings Proposal		Comments	2017/18	2018/19 fye	Is this relevant to Equality & Diversity?
			£m	£m	
B) Changes to services					
Communities		Well Being grants - further reductions	(0.2)	(0.1)	Y
Library Service		Reprovision delivery of mobile library service	(0.1)	0.0	Y
Local Welfare Support Scheme		Reduction in existing £1.1m budget provision by £300k	(0.3)	0.0	Y
Leeds City Credit Union		Working with Credit Union to agree options to save £50k	(0.1)	0.0	N
Sub-total Changes to Services			(0.6)	(0.1)	
C) Additional income - Fees and Charges					
Community Centres		Restrict free lets to 75% of present level	(0.1)	0.0	Y
Community Hubs		Charge for events (currently free)	(0.1)	0.0	Y
Registrars service		Charging/income proposals (Passport checking service; additional appointments; Saturday appointments; general fee increase)	(0.1)	(0.0)	N
Sub-total Fees and Charges			(0.2)	(0.0)	
Total Savings Options - Citizens and Communities			(3.6)	0.4	

Civic Enterprise Leeds - savings options 2017/18

Savings Proposal	Comments	2017/18 £m	2018/19 fye £m	Is this relevant to Equality & Diversity?
A) Efficiencies				
Cleaning Civic Hall	Changes to the times and frequency at which cleaning is provided resulting in a reduced staffing requirement and expanding the mobile operation for cleaning.	(0.1)	0.0	N
Cleaning - other office accommodation	As with changes at the Civic Hall, these are changes to the times and frequency at which cleaning is provided resulting in a reduction in the number of staff required to deliver the service combined with expanding the mobile cleaning operation.	(0.4)	0.0	N
Management/staff reductions	Reduction in level of JNC management support, delivered through reconfiguration of roles and responsibilities within the service.	(0.2)	0.0	Y
Facilities Management savings	Planned realignment of the service to be delivered through a restructure resulting from a review of roles and responsibilities.	(0.1)	0.0	N
Sub-Total Efficiencies		(0.8)	0.0	
B) Additional Income - Traded Services, Partner and Other Income				
Fleet	Combination of attempting to maximise existing income streams whilst developing new ones together with the aim of reducing costs.	(0.1)		N
Commercial Catering	Based on internalising commercial catering for some of the services within the Civic quarter and expanding retail offer.	(0.1)		N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(0.2)	0.0	
Total Savings Options - Civic Enterprise Leeds		(1.0)	0.0	

Public Health - savings options 2017/18

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Savings Proposal	Comments	2017/18	2018/19	Is this relevant to Equality & Diversity?
		£m	fye £m	
A) Changes to Service				
Third sector commissioned service	Recommissioning new services with a 5% reduction for contracts in scope. Integrated Healthy Living Service (October 2017), Community Health Development & Improvement (April 2017) and Cancer Screening (April 2017).	(0.1)	0.0	Y
Third sector/statutory drugs and alcohol services	8% reduction in drug and alcohol treatment contract, work is underway with provider to develop options to achieve the saving	(0.7)	0.0	Y
NHS Healthy Lifestyle services	Recommissioning new Integrated Healthy Living Service due to start October 2017, 5% reduction in contracts in scope.	(0.3)	0.0	Y
Family Nursing Partnership	Family Nurse Partnership contract will not be extended beyond March 2017	(0.8)	0.0	Y
School Nursing and Health Visiting	Reduction in contract values for 0-19 services - School Nursing and Health visiting	(0.4)	0.0	Y
Children's Centres	Reduction in funding contribution to Children's Centres	(0.5)	0.0	Y
Joint commissioning with other directorates	Reduction in funding to other Council directorates for joint commissioning including HIV social care, Neighbourhood Networks, Advice Services, Luncheon Clubs and Home adaptations	(0.1)	0.0	Y
Sub-Total Service Changes		(2.9)	0.0	0.0
Total Savings Options - Public Health		(2.9)	0.0	0.0



Scrutiny Inquiry: Fees and Charges December 2015

Desired Outcomes

Desired Outcome – To have in place a fees and charges policy that will help disadvantaged groups access services that they might otherwise be unable to use. To have a policy which encourages services to look at how their pricing structures and subsidies might be targeted at priority groups in order to help achieve specific council objectives

Recommendation 1 – That Executive Board agree the proposed changes to The Fees and Charges Policy and Best Practice Guidance

Desired Outcome – To ensure fees to do not fall behind market expectations

Recommendation 2 – That all fees are reviewed annually and the normal expectation is that they would increase by at least the rate of inflation and be implemented on 1st January.

Desired Outcome – To ensure that the Council does not behind market expectations

Recommendation 3 – That Directorates review and look at refreshing policies or charging frameworks on an annual basis.

Desired Outcome – To ensure a consistent and robust accounting structure for calculating the true cost of services.

Recommendation 4 – That Directorates ensure that all possible costs in line with CIPFA's Service Reporting Code of Practice for Local Authorities are accounted for in relation to those services where legislation states that fees can only recover costs.

Desired Outcome – To encourage a robust debate on the services provided, the subsidies they attract and the level of fees charged

Recommendation 5 – That the Executive Board actively consider the list of potential new fee areas drawn up by this Scrutiny Board and where appropriate request that officers undertaken a full cost benefit analysis.

Desired Outcome – To maintain a sustainable Care Service

Recommendation 6 – That in relation to Non-Residential Adult Social Care Services, the Executive Board considers either increasing of removing the current cap on the amount anyone pays for their services per week.

Desired Outcome – To provide a central support on marketing, communications and business acumen to fully maximise income potential

Recommendation 7 – That Executive Board look at providing a budget to fund work/resources to generate income.

Report of the Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 19 December 2016

Subject: Work Schedule (December 2016)

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Purpose of this report

- 1.1 The purpose of this report is to consider the progress and development of the Scrutiny Board's work schedule for the current municipal year (2016/17).

2 Summary of main issues

- 2.1 The Board's outline work schedule is attached at Appendix 1.
- 2.2 It is important to remain sufficient flexibility in the Board's work programme in order to react to any specific matters that may arise during the course of the year, therefore the work schedule may be subject to change and should be considered to be indicative rather than definitive.
- 2.3 In order to deliver the work schedule, the Board may need to take a flexible approach and undertake some activities outside the formal schedule of meetings. Adopting a flexible approach may also require additional formal meetings of the Scrutiny Board.
- 2.4 In considering the work schedule, the Scrutiny Board should be mindful and take account of the resources available to support its work.

3. Recommendations

- 3.1 The Scrutiny Board (Strategy and Resources) is asked to:
- a) Note the content of this report and its attachments;

- b) Identify any specific matters to be incorporated into the work schedule for the remainder of the current municipal year; and,
- c) Where necessary, prioritise any competing demands and agree the work schedule for the remainder of the current municipal year.

4. Background papers¹

4.1 None used.

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)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Type of Item	June	July	Dec.	Jan.
Commissioning	Inquiry		Progress report	Progress report	TBC
Smart Cities	Inquiry				
Budget	Performance reviews		Financial Health Monitoring 2016/17		
				Initial budget proposals	Formal response to Exec. Budget proposals
Recommendation Tracking	Performance monitoring		ICT Resources: Formal response		ICT Resources

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Type of Item	June	July	Dec.	Jan.
					Non contract spend
				Fees and Charges	
Performance Reports	Performance monitoring				
Briefings					
Other matters identified					Best Council Plan Proposals

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Feb.	March	April	Unscheduled/ Carry Forward
Commissioning	TBC	TBC	TBC	
Smart Cities				Scope to be determined
Budget	Financial Health Monitoring 2016/17			
Recommendation Tracking				

**SCRUTINY BOARD
(STRATEGY RESOURCES)**

APPENDIX 1

2016/17 WORK SCHEDULE

Title	Feb.	March	April	Unscheduled/ Carry Forward
	Use of Agency Staff		Fees and Charges	
Performance Reports				
Briefings				
Other matters identified				