Leeds CITY COUNCIL

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Report of the Deputy Chief Executive
Report to Executive Board
Date: 16th December 2015

Subject: Initial Budget Proposals for 2016/17

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Is the decision eligible for Call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information?	☐ Yes	☒ No

Summary of main issues

1. The purpose of this report is to set out the Initial Budget Proposals for 2016/17. These budget proposals are set within the context of the 2016/17 – 2019/20 Medium Term Financial Strategy which was agreed by the Executive Board in October 2015, updated to recognise the implications following the Spending Review and Autumn Statement in November 2015. The proposals support the Council's Best City/Best Council ambitions, policies and priorities aimed at tackling inequalities (please refer to the 'Emerging 2016/17 Best Council Plan Priorities: Tackling Poverty and Deprivation' report which is on today's agenda).

2. Whilst the combined Spending Review and Autumn Statement provided more information about the likely scale and timing of future changes in government funding beyond 2015/16, the specific implications for Leeds will not be known until the provisional local government finance settlement is announced, which is likely to be mid-December 2015.

3. It is clear that the current and future financial climate for local government represents a significant risk 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 successfully respond to the financial challenge so far, 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. Pending the announcement of the provisional settlement, the headlines from the Initial Budget Proposals are as follows:

    - A forecast reduction of 56% in real-terms by 2019/20 to the Government funding for Local Government.

- The reduction in the government funding provided to the Council for 2016/17 is estimated at £24.1m, or 9%.
- The additional cost of the Council 'standing still' in 2016/17 is £87.2m, taking into account the estimated reduction in government funding together with changes in costs and income.
- The Initial Budget Proposals outlined in this report total some £73.1m and whilst they do cover a range of efficiencies across the Council, they also require the Council to make some difficult choices as to service provision and charging.

  The budget proposals assume an increase in the Council's element of the council tax of 1.99%, plus the social care precept of 2%. The Council's net revenue budget is estimated to reduce by £22.6m from £523.8m down to £501.2m
- In terms of staffing, the proposals would mean forecast net reductions of 259 full-time equivalent posts by March 2017.
- The 2016/17 budget proposals assume an increase in the use of general reserves, some non-recurrent cost reductions and also a significant level of one-off funding income. This will inevitably increase the financial risk across the medium-term and put additional strain on the 2017/18 budget.

5. 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 housing rents will reduce by 1% from April 2016.

Recommendation

6. 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 24th February 2016. This report sets out the initial budget proposals for 2016/17 which are set within the context of the Medium Term Financial Strategy which was approved by Executive Board in October 2015 updated to recognise the implications following the combined Spending Review and Autumn Statement in November 2015.

1.2 Subject to the approval of the Executive 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 10th February 2016. The report will also be made available to other stakeholders as part of a wider and continuing process of engagement and consultation.

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, and this report is in compliance with the Council's constitution as to the publication of initial budget proposals two months prior to adoption.

2. Local Government Funding – the National Context

2.1 July 2015 Budget

2.1.1 As reported in the Council's Medium Term Financial Strategy that was considered by the Executive Board at their meeting in October 2015, the Chancellor on the 8th July 2015, presented a budget that set out Government's plans to tackle the deficit in the public finances and a broad range of policy changes around welfare, housing, tax, a new Living Wage and devolution. The key headlines of the summer budget were;

- The deficit to be cut at the same pace as in the last Parliament which is marginally slower than previously anticipated.
- Planned spending reductions amounting to £37 billion over the course of the Parliament with £12 billion of reductions in welfare, £5 billion from taxation and the remaining £20 billion which will be delivered through a Spending Review as summarised in table 1 below.
- Departmental Expenditure Limits (DELs) totals increased substantially compared to the March 2015 budget and in particular in 2016/17 with an increase of £4 billion seemingly signalling that the planned spending reductions would be managed over a longer time-period than previously anticipated.
- Public Sector pay rises to be capped at 1% a year for four years from 2016/17.

Table 1 – Summer Budget, spending reduction plans over this Parliament (£billion)

	2016-17	2017-18	2018-19	2019-20
Discretionary consolidation	**9**	**20**	**31**	**37**
Of which announced at Summer Budget 2015	**6**	**9**	**13**	**17**
Of which welfare reform	5	7	9	12
Of which tax avoidance and tax planning, evasion and compliance, and imbalances in the tax system	1	2	4	5
Remaining consolidation	**3**	**11**	**18**	**20**

Source: Office for Budget Responsibility. HM Treasury costing and HM Treasury calculations

2.1.2 The Treasury subsequently asked "unprotected" government departments to set out plans for reductions to their resource budgets based on two scenarios: 25% and 40% savings in real terms by 2019/20. With Schools, the NHS, Defence and International Development continuing to be protected, it was clear

that the public sector contribution to tackling the deficit would fall more heavily on 'unprotected' departments, including Communities & Local Government.

2.2 Spending Review and Autumn Statement 2015

2.2.1 On the 25th November 2015, the Chancellor announced the first combined Spending Review and Autumn Statement since 2007. Compared to the Summer Budget 2015, the Office for Budget Responsibility now forecasts higher tax receipts and lower debt interest, with a £27 billion improvement in the public finances over the Spending Review period. The Spending Review sets out firm plans for spending on public services and capital investment by all central government departments through to 2019/20.

Table 2 – Consolidation plans set out in this Spending Review and Autumn Statement

	£ billion			
	2016-17	2017-18	2018-19	2019-20
Discretionary consolidation[1]	**-1**	**7**	**13**	**18**
Welfare	-3	-2	-1	0
RDEL Savings and Apprenticeship Levy[2,3]	1	7	11	15
Other tax and AME	1	2	2	3

[1] *Totals may not sum due to rounding.*

[2] *RDEL savings calculated compared to a counterfactual in which RDEL excluding depreciation grows in line with whole economy inflation from its 2015-16 level (excluding the OBR's Allowance for Shortfall).*

[3] *Apprenticeships spending in England will be ringfenced within DEL budgets.*

2.2.2 Key points to highlight from the Spending Review and Autumn Statement include;

- A target budget surplus of £10.1bn by 2019/20.
- Providing the NHS in England with £10 billion per year more by 2020/21 in real terms compared to 2014/15, with an additional £6bn in 2016/17.
- Spending 2% of GDP on defence for the rest of the decade.
- Spending 0.7% of Gross National Income on overseas aid.
- Protecting overall police spending in real terms.
- Maintaining funding for the arts, national museums and galleries in cash-terms over this Parliament.
- Reductions to working tax credits will no longer be introduced.
- The plans in SR2015 will deliver reductions to government spending as proportion of GDP from 45% in 2010 to 36.5% by the end of SR2015.
- £12bn of savings to government departments.

2.2.3 For local government, as per table 3 below, the forecast is a cash terms rise from the £40.3 billion baseline in 2015/16 to £40.5 billion in 2019/20. This represents an average reduction of 1.7% per year in real terms and a 6.7% fall by 2019/20. It should be noted that within these figures Government have assumed increases to locally financed expenditure, ie. increasing income from Council Tax (including the new Adult Social Care precept) and increasing income from the current Business Rates Retention scheme. Therefore, whilst overall Local Government Spending is forecast to reduce by 6.7% in real-terms by 2019/20, the DCLG Local Government spending is forecast to reduce by 56% in real-terms over the period compared to the Treasury request for reductions of between 25% and 40%.

Table 3 – Spending Review and Autumn Statement- forecast Local Government Spending

	£ billion				
	Baseline	Plans			
	2015-16	2016-17	2017-18	2018-19	2019-20
DCLG Local Government DEL[1]	11.5	9.6	7.4	6.1	5.4
Locally financed expenditure[2]	28.8	29.0	31.5	33.6	35.1
Local government spending[3]	**40.3**	**38.6**	**38.9**	**39.7**	**40.5**

[1] In this table, Resource DEL excludes depreciation.
[2] Treasury/DCLG analysis based on data underlying the OBR's Local Authority Current Expenditure (England) forecast.
[3] Does not include the impact of business rate reforms, which the government will consult on shortly.

2.2.4 The main points specific for local government include;

- Significant reduction to the central government grant to local authorities.
- Savings in local authority public health spending with average annual real-terms savings of 3.9% over the next 5 years which will manifest in reductions to the public health grant to local authorities.
- Government will also consult on options to fully fund local authorities' public health spending from their retained business rates receipts, as part of the move towards 100% business rate retention. In the meantime, Government has confirmed that the ring-fence on public health spending will be maintained in 2016/17 and 2017/18.
- Introduction of a new power for local authorities with social care responsibilities to increase council tax by up to and including 2% per year. The money raised will have to be spent exclusively on adult social care. Nationally, if all local authorities use this to its maximum effect it could raise nearly £2 billion a year by 2019/20 which would be equivalent to over £20m per year for Leeds. Effectively, the introduction of this new precept represents a shift in the burden for funding the increasing costs of Adult Social Care from national to local taxpayers. The redistribution effect should also be noted in that the precept will be most beneficial to the more affluent local authorities with the largest council tax bases.

- The Spending Review continues Government's commitment to join up health and care. Government will continue the Better Care Fund, maintaining the NHS's mandated contribution in real terms over the Parliament. From 2017, Government will make funding available to local government, worth £1.5 billion by 2019/20, to be included in the Better Care Fund.

- The Spending Review 2015 indicated that Government will consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million. The potential impact for Leeds could be in the region of £6m and it is anticipated that further detail will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor so that no authority loses out disproportionately.

- Nationally, 26 extended or new Enterprise Zones

- Confirmation of the previous announcement of the proposal to end national uniform business rates with the introduction of 100% retention of business rates for local government and the phasing out of the Revenue Support Grant as well as introduction of new responsibilities giving councils the power to cut business rates to boost growth, and empowering elected city-wide mayors.

- Allowing local authorities to use 100% of receipts from asset sales on the revenue costs of reform projects. Further detail will be set out by DCLG alongside the Local Government settlement in December.

- Capping the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance.

- Extending the Small Business Rate Relief for another year.

- Reduce the Education Services Grant by £600m, or 73% signalling that "Local authorities running education to become a thing of the past". The remaining grant funding will presumably be used to cover local authority statutory duties which the Department for Education will also look to reduce. The 2015/16 allocation for Leeds is £9.2m and based on the national totals a proportionate grant cut would be in the region of £6.7m per year. More information is needed around the impact and timing of this significant reduction and consultation is expected to start in early 2016 with the potential changes effective from 2017/18.

- Introduce a new national funding formula for schools to begin to be introduced from April 2017.

- Plans to build an additional 400,000 affordable homes.

- Homelessness - devolving an increased level of funding to local authorities while ending the current management fee for temporary accommodation, giving them greater flexibility to invest in preventing homelessness.

- Redistribution - Government will also shortly consult on changes to the local government finance system to rebalance support including to those authorities with social care responsibilities by taking into account the main resources available to councils, including council tax and business rates.

2.2.5 In terms of the Settlement Funding Assessment for Leeds, the medium-term financial strategy reported to the Executive Board in October 2015 assumed a reduction of £13m by March 2017.

Table 4 – Estimated 2016/17 Settlement Funding Assessment – MTFS October 2015

	2015/16 £m	**2016/17 £m**
Settlement Funding Assessment	268.1	255.1
Reduction (£m)		(13.0)
Reduction (%)		4.8%

2.2.6 Following the Spending Review and Autumn Statement announcement in November, the forecast reduction in the Settlement Funding Assessment in 2016/17 for Leeds has been increased to £24.1m, or 9.0%. This increase recognises that based on the information released in the Spending Review the phasing of the reductions in local government funding has been brought forward when compared to the national spending figures included in the summer budget. It should be stressed that there is still a level of uncertainty and the actual position for individual local authorities will not be known with any degree of certainty until the Local Government settlement is announced, which is anticipated in mid-December 2015.

Table 5 – Forecast Settlement Funding Assessment – Spending Review 2015

	2015/16 £m	**2016/17 £m**
Settlement Funding Assessment	268.1	244.0
Reduction (£m)		(24.1)
Reduction (%)		9.0%

2.2.7 Based on the revised estimated Settlement Funding Assessment and taking into account an inflationary factor of 0.8% in the Business Rates Baseline, the anticipated split between the Revenue Support Grant and the Business Rates Baseline is shown in table 6 below. This shows an estimated reduction of £25.3m or 20.35% in the Council's Revenue Support Grant from 2015/16 to 2016/17.

Table 6 – Forecast Revenue Support Grant and Business Rates Baseline (Spending Review 2015)

	2015/16 £m	2016/17 £m	Change £m	Change %
Revenue Support Grant	124.3	99.0	(25.3)	20.35
Business Rates Baseline	143.8	145.0	1.2	0.8
Settlement Funding Assessment	**268.1**	**244.0**	**(24.1)**	**9.0**

2.2.8 On the 5th October 2015, the Chancellor set out major plans to devolve new powers from Whitehall to local areas to promote growth and prosperity. The Chancellor confirmed in the Spending Review and Autumn statement announcements that by the end of the current Parliament, local government will be able to retain 100% of local taxes – including all of the £26 billion of revenue from business rates. It is worth noting that whilst local government as a whole will retain 100% of the business rates, some degree of re-distribution across the country will still be necessary within the system to take account of the significant differences between rate yields and needs in some areas. The Chancellor also confirmed an intention to abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost enterprise and economic activity in their areas. Local areas which successfully promote growth and attract businesses will therefore keep all of the benefit from increased business rate revenues. At the same time, the Revenue Support Grant will be phased out by 2020, and local government will take on new responsibilities. These proposals are not expected to have any impact upon the Council in 2016/17.

3. Developing the Medium Term Financial Strategy

3.1 Since 2010, local government has dealt with a 40% real terms reduction to its core government grant. In adult social care alone, funding reductions and demographic pressures have meant dealing with a £5 billion funding gap. Even in this challenging context, local government has continued to deliver. Public polling nationally has shown that roughly 80% of those surveyed are satisfied with local services and that more than 70% of respondents trust councils more than central government to make decisions about services provided in the local area – a trend that has been sustained during the last five years.

3.2 Between the 2010/11 and 2015/16 budgets, the Council's core funding from Government has reduced by around £180m 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 some £330m by March 2016. 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 and creatively managing demand for services alongside a significant programme of more traditional efficiencies. However, there is no doubt that it will become increasingly difficult over the coming years to identify further financial savings unless the Council works differently.

3.3 Much will depend on redefining the social contract in Leeds: the relationship between public services and citizens where there is a balance between rights

and responsibilities; a balance between reducing public sector costs and managing demand, and improving outcomes. This builds on the concept of civic enterprise, born out of the Leeds-led 'Commission on the Future of Local Government (2012)', whereby the future of the Council lies in moving away from a heavily paternalistic role in which we largely provide services, towards a greater civic leadership role underpinned by an approach of restorative practice: working with people, not doing things to or for them, so that communities become less reliant on the state and more resilient. If more people are able to do more themselves, the Council and its partners can more effectively concentrate and prioritise service provision towards those areas and communities most at need.

3.4 This approach will help to tackle the range of inequalities that persist across the city as highlighted by this year's Joint Strategic Needs Assessment (JSNA) work and the latest socio-economic analysis on poverty and deprivation provided in the 'Emerging 2016/17 Best Council Plan priorities, tackling poverty and deprivation' report on today's agenda. The report draws on the latest analysis on poverty and deprivation based on the 2015 Poverty Fact Book and recently updated Index of Multiple Deprivation.

3.5 **Poverty Fact Book** - the Poverty Fact Book uses national and local data to help define and analyse different poverty themes and informs the council's and city's response to tackling poverty. It is based on definitions and analysis around the two national measures of poverty: Relative and Absolute Poverty. Relative Poverty measures the number of individuals who have household incomes below 60% of the median average in that year. Absolute Poverty measures individuals who have household incomes 60% below the median average in 2010/11, adjusted for inflation. Key findings are:

- Almost a quarter of the Leeds population – around 175,000 people across the city - is classified as being in 'absolute poverty'.
- Approximately 20,000 people in Leeds have needed assistance with food via a food bank between April 2014-2015.
- Over 28,000 (19.5%) Leeds children are in poverty, 64% of whom are estimated to be from working families (2013/14).
- As of October 2015, around 73,000 Leeds households were in receipt of Council Tax Support. Of this figure over 25,000 (35%) of these households in Leeds now have to pay 25% of their council tax due to changes to Council Tax Support.
- During 2014/15 in-work poverty was estimated to affect 15,000 households in Leeds. Just over 24,000 Leeds residents in full-time work earn less than the Living Wage and almost 8,000 Leeds workers are on Zero Hour contracts.
- Almost 38,000 Leeds households are in fuel poverty and over 8,000 of these households are paying their fuel bills via prepayment meters (2015).
- Access to credit and interest rates for those on low incomes or with poor credit histories also remains high. Around 121,000 payday loans were estimated to be accessed by Leeds residents in 2013.

3.6 **Index of Multiple Deprivation (IMD) 2015** - the recent update of the IMD published by DCLG in September 2015 measures relative levels of deprivation in 32,844 small areas called Lower-layer Super Output Areas (LSOAs) in England. The 2015 indices are based on broadly the same methodology as the previous 2010 Indices. Although it is not possible to use the IMD to measure changes in the level of deprivation in places over time, it is possible to explore changes in relative deprivation, or changes in the pattern of deprivation, between this and previous updates of the IMD. It is also important to note that these statistics are a measure of relative deprivation, not affluence, and to recognise that not every person in a highly deprived area will themselves be deprived. Likewise, there will be some deprived people living in the least deprived areas. Based on the latest IMD, early analysis has been carried out at local ward level and examining Leeds' relative position nationally. Key findings are:

- Leeds is ranked 31 out of 326 local authorities, with 105 neighbourhoods in the most deprived 10% nationally (22% of all Leeds neighbourhoods). Leeds fares relatively well in comparison to other Core City local authority areas.

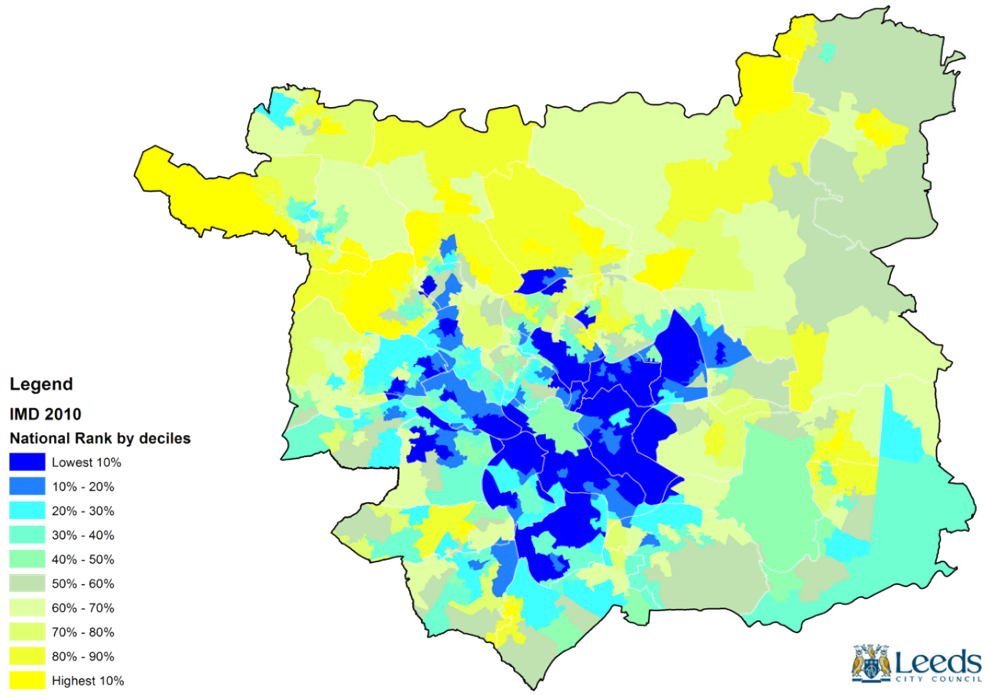
- There are 164,000 people in Leeds who live in areas that are ranked amongst the most deprived 10% nationally. The corresponding figure in the 2010 Index was 150,000 people, but clearly not everyone living in these areas is deprived.

- The IMD shows the geographic concentration of deprivation in the communities of Inner East and Inner South, confirming the wider analysis of poverty and deprivation undertaken in the recent Joint Strategic Needs Assessment.

- Analysis of relative change in the city since the last Index suggests that there has been some intensification of the concentration of our most deprived and least deprived neighbourhoods.

- The age profile of our most deprived neighbourhoods confirms that our most deprived communities are also our youngest (and fastest growing).

Chart 1 - Index of Multiple Deprivation 2015 – Ward Analysis



3.7 Though much work has already been done and is underway[1], the analysis confirms the need for more concentrated and integrated efforts to tackle the often multiple deprivation encountered by our vulnerable communities. The emphasis on tackling inequalities lies at the heart of the renewed 'Best City' ambition agreed by the Executive Board in September: to be the 'Best City' means Leeds must have a **Strong Economy** and be a **Compassionate City**, with the Council contributing to this by being a more **Efficient & Enterprising** organisation. We want Leeds to be a city that is fair and sustainable, ambitious, fun and creative for all. This ambition underpins the medium-term financial strategy and is informing the development of the Council's 2016/17 Best Council Plan objectives and priorities and the supporting Initial Budget Proposals set out here. The 2016/17 Best Council Plan will be presented to the Board and then Full Council in February 2016 alongside the final budget proposals.

[1] Please see the June 2015 Executive Board report, 'Supporting communities and tackling poverty' for progress made to date and the further actions to be taken under the 'Citizens@Leeds' banner; the September 2015 Executive Board report, 'Best Council Plan – Strong Economy and Compassionate City' summarising a range of successes so far and continued challenges against these two themes; and the October 2015 Executive Board report, 'Strong economy, Compassionate city' that detailed some of the key themes and practical steps the council and its partners can take to further the renewed 'best city' ambition by better integrating the approach to supporting growth and tackling poverty.

4. Estimating the Net Revenue budget for 2016/17

4.1 Settlement Funding Assessment – Reduction of £24.1m

As outlined in Table 5 above, based on the announcement of the Spending Review in November, the indicative Settlement Funding Assessment for Leeds represents a reduction of £24.1m (9%) for 2016/17 when compared to 2015/16. However, these are still estimates based on national figures and the actual Settlement Funding Assessment for individual local authorities will not be known until the provisional Local Government Finance settlement which is expected in December 2015.

4.2 Business Rates Retention – Net pressure of £12.6m

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 month by month since the start of the 2015/16 financial year 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. 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 to the Valuation Office 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 end of September 2015 there were approximately 6,500 appeals outstanding in Leeds and the total rateable value of the assessments with at least one appeal outstanding totals some £485m, which equates to more than half of the total rateable value of the city. It is worth noting that the Council does not set rateable values and nor does it have any role in the appeals process, but has to deal with the financial impact of appeals.

4.2.3 The budget proposals include a net general fund cost of £12.6m in 2016/17 which recognises the worsening position on business rates and the contribution required from the general fund to the collection fund. This £12.6m net pressure includes a £22.2m estimated contribution from the General Fund to the Collection Fund which in the main recognises the on-going impact of the

backdating of appeals. It should be noted that this £22.2m contribution in 2016/17 is in addition to the £6.4m contribution to the Collection Fund in 2015/16. This contribution assumes £13.4m of business rates growth which recognises the continuing improvement of the economic climate across the city.

Table 7 – Business Rates Retention scheme

	2015/16 £m	2016/17 £m
Business Rates Baseline	**143.8**	**145.0**
Projected growth above the baseline to March 2016		5.1
Estimated growth in 2016/17		4.8
Additional income from ending of Retail Relief		2.1
Growth due to increase in multiplier		1.4
Total estimated growth	**10.2**	**13.4**
Estimated provision for appeals		(20.1)
Additional estimated cost of transitional arrangements and provision for bad debts		(2.1)
Estimated year-end Collection Fund deficit (Leeds Share)	**(6.4)**	**(22.2)**
Estimated Business Rates Funding	**147.6**	**136.2**
Increase/(reduction) against the Business Rates baseline	**3.8**	**(8.8)**
Business Rates Retention - Net General Fund Pressure		**(12.6)**

4.2.4 The Spending Review and Autumn Statement further supports small businesses by extending the doubling of small business rate relief (SBRR) in England for 12 months to April 2017. However, the Retail Relief Scheme, which was a two-year local discount awarded at the Council's discretion which was fully funded by section 31 grant, has not been extended and will end at the end of March 2016 as previously announced. The impact will be to increase the income from business rates by £2.1m which is directly offset by a £2.1m reduction in the section 31 grant.

4.2.5 The new Enterprise Bill was introduced to the House of Lords on 16th September 2015. It contains provisions dealing with two aspects in respect of the non-domestic rating system: a) disclosure of information by HMRC and b) regulations covering appeals against rateable value that could affect local authorities. Whilst these proposals will help a little, they are unlikely to resolve the central problems for local authorities with the system of Business Rates Retention and specifically the risks associated with the appeals process.

4.3 Council Tax

4.3.1 The 2015/16 budget was supported by a 1.99% increase in the level of Council Tax which remains the 2nd lowest of the Core Cities and mid-point of the West Yorkshire districts.

Table 8 – 2015/16 Council Tax levels (Figures exclude Police and Fire precepts)

Core Cities	Band D	West Yorkshire Districts	Band D
	£		£
Nottingham	1,459.67	Kirklees	1,267.15
Bristol	1,419.01	Calderdale	1,251.43
Liverpool	1,384.53	Leeds	**1,168.80**
Newcastle	1,380.82	Wakefield	1,161.43
Sheffield	1,308.28	Bradford	1,152.11
Manchester	1,172.27		
Leeds	**1,168.80**		
Birmingham	1,158.43		

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 2016/17 Initial Budget Proposals recognise an additional £4.7m of income from increases to the Council Tax base (4,015 band D equivalent properties) together with a reduction in the contribution from the Collection Fund of £0.8m (a budgeted £2.03m surplus on the Collection Fund in 2015/16 reducing to an estimated surplus on the Collection Fund of £1.2m in 2016/17).

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 2016/17 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%. In addition it is proposed that the Leeds element of Council tax is also increased by the 2% Adult Social Care precept.

4.3.5 Table 9 below sets out the estimated total income from Council Tax in 2016/17. This recognises the estimated increase in the Council Tax base, a £1.2m surplus on the Collection Fund together with £10.2m 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 2016/17

	£m
2015/16 Council Tax Funding	**251.9**
Less: Change in Collection Fund - Increase /(reduction)	(0.8)
Add: Increase in tax base	4.7
Add: 1.99% increase in Council Tax level	5.1
Add: 2% Adult Social Care Precept	5.1
2016/17 Council Tax Funding	**266.0**

4.3.6 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 9% for 2016/17 from £92k to £84k.

4.4 The Net Revenue Budget 2016/17

4.4.1 After taking into account the anticipated changes to the Settlement Funding Assessment, Business Rates and Council Tax, the overall Net Revenue Budget for the Council is anticipated to reduce by £22.6m from £523.8m down to £501.2m, as detailed in table 10 below;

Table 10 – Estimated Net Revenue Budget 2016/17 compared to 2015/16 Net Revenue Budget

	2015/16 £m	2016/17 £m	Change £m
Revenue Support Grant	124.3	99.0	(25.3)
Business Rates Baseline	143.8	145.0	1.2
Settlement Funding Assessment	**268.1**	**244.0**	**(24.1)**
Business Rates Growth	10.2	13.4	3.2
Business Rates Deficit	(6.4)	(22.2)	(15.8)
Council Tax	249.9	264.8	14.9
Council Tax surplus/(deficit)	2.0	1.2	(0.8)
Net Revenue Budget	**523.8**	**501.2**	**(22.6)**

4.4.2 Table 11 below analyses the £22.6m 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	**2016/17 £m**
Government Funding	
Settlement Funding Assessment	(24.1)
Sub-total Government Funding	(24.1)
Locally Determined Funding	
Council Tax	**14.1**
Business Rates	**(12.6)**
Sub-total Locally Determined Funding	**1.5**
Reduction in Net Revenue Budget	**(22.6)**

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 which have been shaped through past consultations and stakeholder engagement. Public perception evidence that services and localities already hold about people's priorities has been brought together and a summary of the findings produced to support the preparation of the initial budget proposals for 2016/17.

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 2016/17

6.1 This section provides an overview of the spending pressures which the Council is facing in 2016/17 and the initial budget proposals to balance to the available resources. Table 12 below provides a summary of key cost pressures and savings areas:

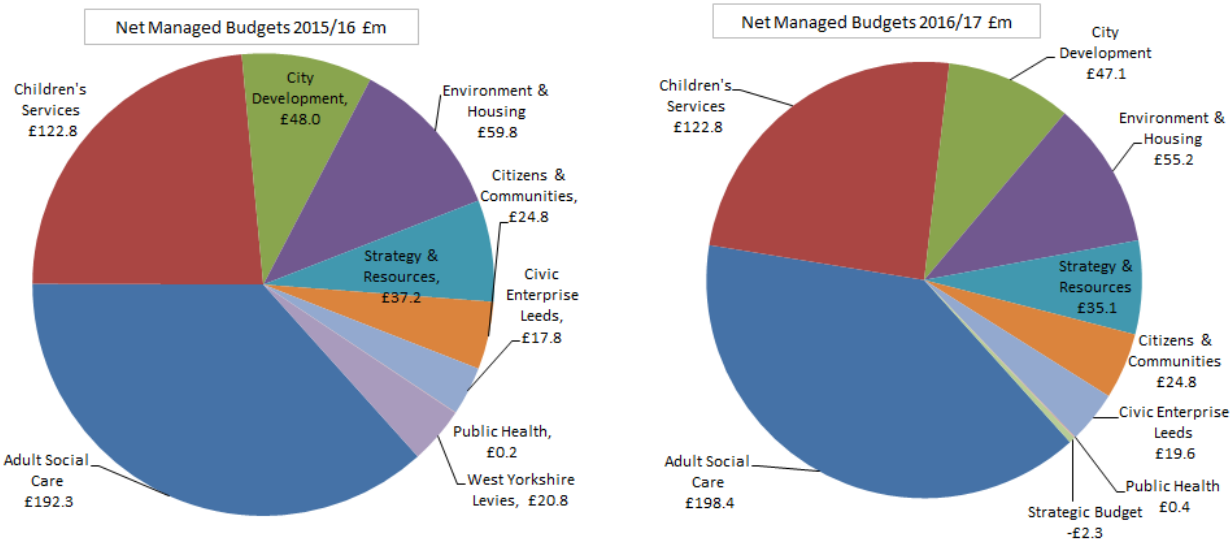
Table 12 Initial Budget Proposals 2016/17

	£m
Reduction in Settlement Funding Assessment	24.1
Business Rates - potential growth offset by impact of backdated appeals	12.6
Inflation	8.4
National Insurance Changes	7.3
Real Living Wage	3.3
National Living Wage - Commissioned Services	5.2
Demand & Demography - Adult Social Care and Children's Services	6.5
Fall-out of Capitalised Pension costs	(2.3)
Debt and review of future capital funding	(1.3)
Tour de Yorkshire & World Triathlon	0.6
Council Tax Invest to Save - Customer Services Officers & review of Single Person Discounts	0.4
Income Generation & Inward Investment	0.3
Elections - reinstate budget	0.2
West Yorkshire Transport Fund	0.2
Business Rates - Retail rate relief - fall out of section 31 grant	2.1
Reduction in ring-fenced Public Health Grant	3.9
Other Corporate and Directorate Budget Pressures	15.8
Cost & Funding Changes	**87.2**
Waste Strategy - full year effect of RERF	(4.0)
New Homes Bonus	(0.6)
Asset Management savings	(1.1)
Changes to Minimum Revenue Provision	(21.0)
Reserves/One-off income	(2.3)
Directorate Savings - see appendix 2	(44.1)
Total Savings and Efficiencies	**(73.1)**
Potential increase in Council Tax base, rate and Social Care precept	(14.1)
Total - Savings, Efficiencies and Council Tax	**(87.2)**

6.1.1 The pie charts below show the share of the Council's net managed expenditure between directorates for 2015/16 and the proposed allocations for 2016/17 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 It can be seen that the proportion of the Council's spend on Children's Services and Adult Social Care has increased from 60.2% in 2015/16 to 64.1% in 2016/17 which reflects the Council's priorities around supporting the most vulnerable across the city and to prioritise spending in these areas.

Chart 2 – Net Managed budgets 2015/16 and 2016/17



6.2 Changes in Costs

6.2.1 **Inflation** - the budget proposals include allowance for £8.4m of net inflation in 2016/17. This includes provision of £4.1m 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.

6.2.2 **Employer's National Insurance** - employer's national insurance costs are due to increase in 2016/17 as announced in the Chancellor's Autumn Statement in 2013. The estimated cost of this in 2016/17 is £7.6m of which £7.3m relates to general fund services and £0.3m to the Housing Revenue Account. In addition, the impact on schools will be in the region of £4.9m in 2016/17.

6.2.3 **National Living Wage** – as part of the budget in July 2015, Government announced the introduction of a new National Living Wage of £7.20 per hour, rising to an estimated £9 per hour by 2020. Implemented from April 2016, this National Living Wage would be paid to all employees aged over 25. In addition to the additional cost of implementing the Real Living Wage for all directly-employed staff, the budget proposals also make allowance for implementing the cost of the National Living Wage for commissioned services, primarily those within Adult Social Care. The immediate impact in 2016/17 is estimated at an additional cost of £5.2m.

6.2.4 **Real Living Wage** – at its September 2015 meeting, the Executive Board agreed that Council would move towards becoming a real Living Wage employer.

In November 2015, the Campaign for Living Wage Foundation announced a living wage of £8.25 per hour (outside London). It is proposed to move to

becoming a real living wage employer during 2016/17 by implementing a minimum rate of £8.01 per hour from April 2016 and consider the impact of a further increase with a view to implementing during the year. A provision of £3.3m for 2016/17 has been included in the general fund with a further cost to the Housing Revenue Account of £0.1m and an impact for schools-based staff of £2.7m.

6.2.5 **Demand and Demography**

6.2.5.1 In Adult Social Care, the budget proposals recognise the increasing demographic pressures with provision of £5.8m in 2016/17. 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 of 1.8% for the later years of the strategy, resulting in additional costs for domiciliary care and care home placements. In addition, the budget proposals reflect the anticipated increase in the number of customers opting for cash personal budgets. 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) through to 2020; 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.

6.2.5.2 In addition, there are increasing demographic and demand pressures in Children's Services. Across the city, the birth rate is increasing with a projected 3.3% increase in the number of children and young people rising from 183,000 in 2012 to 189,000 by 2017. This rising birth rate is further compounded by the impact of net migration into the city and typically, an increase of 6,000 children and young people would generate pressure of £2m across the Children's Services budget, particularly the budget supporting children in care.

This increasing demographic also brings with it an increasing number of children with special & very complex needs. In budgetary terms, this impacts in particular on the externally provided residential placement budget and also in the budgets that support children and young people with special educational needs, specifically the educational placement budget (funded through the dedicated schools grant), and the home to school/college transport budget which is funded through the general fund. In respect of the latter, the 2016/17 budget proposals include additional funding of £0.7m reflecting this increasing demand.

Additionally, it is worth noting that changes in government legislation have also increased the costs to local authorities, an example of this being the 'Staying Put' arrangements, which enables young people to remain with their carers up to the age of 21. These arrangements are resulting in additional costs of approximately £1m over and above the £0.2m grant allocation.

6.2.6 **Debt** – the proposed budget recognises a reduction in the cost of debt and capital financing costs of £1.3m in 2016/17 which reflects the on-going capital

programme commitments together with anticipated changes in interest rates. The gross total capital programme is £1.1bn and seeks to deliver investment in line with the Council's plans and objectives. The level of the capital programme will continue to be reviewed to ensure that it is deliverable and that it continues to be supportive of the Council's priorities. The forecast debt budget reflects the costs of financing both present and future borrowing in line with assumed borrowing costs. These assumed borrowing costs will be kept under review and adjusted for the latest market estimates.

6.2.7 **Council Tax Support Scheme & Single Person Discount** – the initial budget proposals recognise that the Council Tax Support Scheme will continue unchanged. An additional investment of £0.32m has been included in the budget proposals to fund additional customer services officers who will support implementation of the Personal Work Packages as part of the Council Tax Support Scheme which commenced in October 2015. This additional cost will be funded through additional income from estimated increases to the Council tax base. In addition, the proposed budget includes funding to extend the invest to save work on single person discount where again the commensurate savings are recognised in the council tax base

6.2.8 **Public Health** - on the 4th November, 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.

In the Spending Review and Autumn Statement, Government indicated it will make savings in local authority public health spending with average annual real-terms savings of 3.9% over the next 5 years which will manifest in reductions to the public health grant to local authorities. It has become apparent that these further reductions are in addition to the 6.2% 2015/16 reductions which will now recur in 2016/17 and beyond. This will mean an estimated reduction to the Council's public health grant of £3.9m in 2016/17 with a total estimated reduction to the Council's grant allocation of £7.3m 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. The Department of Health will announce the specific allocation for Leeds only in January 2016.

In addition, the fall-out of £1.4m of non-recurrent funding from 2015/16 will mean the total savings needed from the public health budget in 2016/17 is £5.3m

Table 13 – Public Health – estimated grant allocation and reduction.

	National £'000	Leeds £'000
Original 2015/16 grant	**2,801,471**	**40,540**
Add: 0-5 transfer from health	859,526	9,986
	3,660,997	**50,526**
Less: 2015/16 recurring grant reduction (6.2%)	(200,000)	(2,823)
Less: estimated 2016/17 grant reduction (2.2%)	(76,142)	(1,049)
Estimated 2016/17 grant	**3,384,855**	**46,654**
Total estimated grant reduction in 2016/17	(276,142)	(3,872)
Percentage reduction in cash-terms	7.54%	7.66%

6.2.9 **Tour de Yorkshire & World Triathlon** – in 2016 Leeds is scheduled to host the World Triathlon and again host a stage of the Tour de Yorkshire. The budget proposals include £0.6m of invest to save funding which recognises the significant economic boost that these events will bring to the City and wider region.

6.2.10 **Income Generation and Inward Investment** – in support of the continuing drive to become a more enterprising and efficient organisation, the budget proposals include proposals to invest in additional capacity to support the Council's income generation strategy including how we capitalise on the opportunities from trading services. In addition, the proposals include additional investment to support inward investment including working with partners to market our city.

6.2.11 **West Yorkshire Transport Fund** – the budget proposals recognise a potential increase in the contribution to the West Yorkshire Transport Fund from £5.4m in 2014/15 to £11.4m over 10 years, an increase of £0.6m each year. The Leeds share based on population figures is around £0.2m and provision has been built into the proposed budget to reflect this which would be a decision by the West Yorkshire Combined Authority as part of their levy proposals.

6.2.12 Other Pressures - £15.8m

6.2.12.1 **Waste Management and Disposal Costs** – a pressure of £0.96m is reflected in the 2016/17 budget proposals which reflects changes to the costs of waste disposal/recycling income, maintenance costs and household waste.

6.2.12.2 **Grant & other funding** – the 2016/17 budget proposals also take into account anticipated grant reductions across a number of services. These include;

- the fall-out of the Children's Social Care Innovations funding of £1.6m.
- non-recurrent funding of £1m for capacity building for free early education entitlement.
- a £0.3m pressure from the fall-out of the SEND reform grant.
- a reduction to the Housing Benefit Administration grant of £0.3m.

- an anticipated continuation of the in-year cut in the Youth Offending Service grant of £0.3m
- an estimated reduction of £0.3m to the Education Services Grant recognising schools becoming academies.
- Non-recurrent health income of £1m for Community Intermediate Care beds.
- Non-recurrent funding of £1.9m from health around Health & Social Care initiatives.
- One-off income in 2015/16 in City Development which was supporting economic regeneration activities.

6.2.12.3 **Demand** – the budget proposals also recognise continuation of the 2015/16 demand pressures in Adult Social Care with a provision of £1.9m included in the budget proposals. In addition, there is a pressure of £0.2m reflecting additional commissioning costs for South Leeds Independence Centre.

6.2.12.4 **Income trends** – a £0.4m pressure in City Development reflecting income trends in respect of advertising, venues income and fee recovery in asset management.

6.2.12.5 **Police and Community Support Officers (PCSOs)** – from April 2016 the Police and Crime Commissioner is seeking to change the funding formula PCSOs so that local authorities will be required to make a contribution of 50% to their cost. Currently Leeds City Council spends £1.06m per annum on PCSOs which represents a 20% contribution to the cost of providing 165 PCSOs city wide. Therefore unless the Council increases its contribution, implementation of this revised funding agreement will have implications for the total number of PCSOs that the Council can support.

6.3 The Budget Gap – Savings Options – £73.1m

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 £73.1m in 2016/17, in addition to an estimated £14.1m additional Council Tax income. 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, particularly around the level of future core funding from Government, which for individual local authorities will not be confirmed until the provisional local government finance settlement is announced in mid-December 2015.

6.3.2 New Homes Bonus – savings of £0.6m

6.3.2.1 The government introduced 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 and is received annually for six years. An additional 2,800 band D equivalent properties per annum has been assumed for 2016/17 which includes both new builds and properties brought back into use. The Council not only benefits from

the additional Council Tax raised from these properties, estimated to be £3.3m in 2016/17, but also through the through New Homes Bonus which is estimated at an additional £4.1m per annum. However, taking account of the shortfall in the net increase in properties in 2015/16 together with the fall-out of the £2.7m income from 2010/11 means that the cash increase is reduced to £0.6m.

6.3.2.2 It should be noted that whilst the New Homes Bonus is intended as an incentive for housing growth, 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.

6.3.3 Efficiencies – savings of £14m

6.3.3.1 Appendix 2 provides the detail of a range of proposed efficiency savings across all directorates which total some £14m in 2016/17. 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 support service functions.
- Ongoing recruitment and retention management.
- Reviewing leadership and management.
- Realising savings by cash-limiting and reducing non-essential budgets.
- Estimated savings on energy and fuel through price and volume.
- Ongoing procurement and purchasing savings.

6.3.4 Fees & Charges – additional income of £2.8m

6.3.4.1 The initial budget proposals assume a general increase in fees and charges of 3%. In addition, appendix 2 sets out detailed proposals around a number of fees and charges where further increases are proposed which in total would generate an additional £2.8m of income by March 2017.

6.3.5 Traded Services, partner income & other income – additional income of £12.5m

6.3.5.1 Appendix 2 provides detail across directorates of a range of proposals that together would generate additional income of £12.5m. This includes;

- Adult Social Care – further health funding, including the Better Care Fund and transformation funding.
- Improvement partner income in Children's Services.
- Continued funding from schools and health to support the Children's Services strategy recognising the range of mutual benefits of the investment in preventative and early intervention.
- A range of additional trading with schools, academies and other external organisations.

6.3.6 Service Changes – savings of £14.9m

6.3.6.1 By necessity, managing a reduction of £24.1m 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.

6.3.6.2 Appendix 2 sets out these detailed service change proposals which together total savings of £14.9m by March 2017.

6.3.7 Minimum Revenue Provision – savings of £21m

6.3.7.1 When capital investment is funded from borrowing, there is a cost to the revenue budget both in terms of interest and minimum revenue provision. The annual minimum revenue provision is effectively the means by which capital expenditure which has been funded by borrowing is paid for by the council tax payer.

6.3.7.2 By statute, local authorities need to make a prudent level of provision for the repayment of debt, and the government has issued statutory guidance, which local authorities are required to 'have regard to' when setting a prudent level of MRP. The 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. The guidance 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.

6.3.7.3 The Capital Finance and Audit Regulations require councils to produce an annual statement of policy on making MRP which the Council last did as part of the 2015/16 Capital Programme report to full Council in February 2015.

6.3.7.4 The Council has undertaken a review of the application of its existing MRP policies and identified opportunities for additional savings which will reduce the pressure on its revenue budget but still ensure that a prudent level of provision is set aside.

6.3.7.5 The main features of the Council's 2015/16 MRP policy include;

- If capital receipts have been used to repay borrowing for the year then the value of the MRP which would otherwise have been set aside to repay borrowing will be reduced by the amounts which have instead been repaid from capital receipts.

- MRP for borrowing for 2014/15's capital expenditure will be calculated on an annuity basis over the expected useful life of the assets. For expenditure capitalised under statute where there is no identifiable asset, the lifetimes used for calculating the MRP will be as recommended in the statutory guidance.

- MRP for borrowing on capital expenditure incurred between 2007/08 and 2013/14 for which an annuity asset life basis is already being used will continue on the same basis.

- For borrowing arising from earlier years, MRP will be charged on an asset life annuity basis. As data is not available to identify the individual assets which this borrowing relates to, an average asset life for categories of assets in the authority's current asset register will be used.

- For PFI and finance lease liabilities, a MRP charge will be made to match the value of any liabilities written down during the year which have not been otherwise funded by capital receipts.

The proposed MRP policy for 2016/17 will state that borrowing for 2015/16 capital expenditure will be calculated on an annuity basis over the expected life of the assets. It will also propose that the MRP liability on PFI schemes (to be met from capital receipts) is calculated over the life of the assets rather than the duration of the contract.

These changes have enabled the revenue budget strategy to include £21m of savings for 2016/17.

6.3.8 **Fall-out of Capitalised Pension Costs** – savings of £2.3m are included in the budget proposals which result from the fall-out of the pension costs from 2011/12 which were capitalised and spread across the 5-year period.

6.3.9 **Assets** – to date, the Council has successfully implemented a strategy which has seen a reduction in its asset portfolio and specifically a reduction in Council office accommodation by 250,000 square feet. The 2016/17 budget proposals include estimated revenue budget savings of £1.1m from the implementation of the asset management strategy and the reduction of the Council's asset portfolio.

6.3.10 **Recovery and Energy from Waste Facility** – the management of the long-term contract with Veolia for the construction and operation of the residual waste treatment facility in Leeds is estimated to realise savings of £4m in 2016/17.

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 contributed to a forecast reduction in the workforce of 2,500 ftes to March 2016, generating savings of £55m per year.

6.4.2 The initial budget proposals provide for an estimated net reduction in anticipated staff numbers of 259 ftes by 31st March 2017, as shown in table 14 below:

Table 14 – Estimated staffing implications

Full-time Equivalents	Increases	Decreases	**Net Movement**
Adult Social Care	5	(161)	**(156)**
Children's Services	21	(59)	**(38)**
City Development	0	(27)	**(27)**
Environment & Housing	1	(35)	**(34)**
Strategy & Resources	0	(62)	**(62)**
Civic Enterprise Leeds	0	(5)	**(5)**
Citizens & Communities	10	(14)	**(4)**
Public Health	0	(5)	**(5)**
Total - General Fund	**37**	**(368)**	**(331)**
Housing Revenue Account	83	(11)	**72**
Total - General Fund & HRA	**120**	**(379)**	**(259)**

6.5 Staffing Impact

6.5.1 The proposals outlined above are reflected in table 15 below which gives a subjective breakdown of the Council's initial budget in 2016/17, compared to 2015/16.

Table 15 Subjective Analysis- General Fund

	Budget 2015/16 £m	Budget 2016/17 £m	Variation £m
Employees	437.1	438.9	1.9
Other running expenses	142.1	140.0	(2.1)
Capital Charges	47.1	24.8	(22.3)
Payments to external service providers	341.5	349.7	8.3
Fees & Charges/Other Income	(223.2)	(234.5)	(11.3)
Specific Grants	(219.2)	(215.3)	3.9
Use of General Fund reserves	(1.5)	(2.5)	(1.0)
Net Revenue Budget	**523.8**	**501.2**	**(22.6)**
Funded by:			
SFA/Business Rates	278.3	257.4	(20.9)
Collection Fund surplus/(deficit) - Business Rates	(6.4)	(22.2)	(15.8)
Council Tax	249.9	264.8	14.9
Collection fund surplus/(deficit) - Council Tax	2.0	1.2	(0.8)
Total Funding	**523.8**	**501.2**	**(22.6)**

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 £22.3m at April 2015 with further budgeted use of £1.5m in 2015/16.

7.2 The assumed general reserve balance of £20.9m at March 2016 is predicated on the delivery of a balanced budget in 2015/16. Executive Board will be aware of the pressures in the 2015/16 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 budget into balance by March 2016.

7.3 The 2016/17 budget proposals assume a £1m increase in the use of general reserves in 2016/17 up to £2.45m. This will reduce the estimated level of the general reserves to £18.4m by March 2017 as set out in the table below;

Table 16 – General reserve level

General Reserves	**2015/16 £m**	**2016/17 £m**
Opening Balance 1st April	22.3	20.9
Budgeted usage	(1.5)	(2.5)
Closing Balance 31st March	**20.9**	**18.4**

7.4 Given the uncertainty about the future government funding, the financial challenges ahead and the inherent risks in future budgets, there is a strong argument that the level of general reserves should be increased over the next few years in order to increase the Council's resilience. To this end, and as envisaged in the medium-term financial strategy report, proposals will be brought to the February Executive Board around the potential to ring-fence specific capital receipts from asset sales to reduce the Council's minimum revenue provision requirement and to then use these savings to increase the level of General Reserves.

8. The Schools Budget

8.1 The Dedicated Schools Grant (DSG) for 2016/17 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 2015 and will continue to be based on participation. From September 2017, Government will double 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 2015/16 academic year will be rolled forward as the base for 2016/17 allocations and adjusted in accordance with the Education Funding Agency's (EFA) place change request process. The overall high needs block allocation will not be known until December 2015.

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 2016-17 will be based on pupil numbers in Leeds (including those in academies and free schools) as at October 2015, multiplied by the schools block unit of funding which for 2016/17 is £4,545.94. This rate incorporates the former non-recoupment academies. It is estimated that pupil numbers will increase by over 2,000 year on year, mainly in primary.

8.5 Following agreement with Leeds Schools Forum, the Council applied to continue to retain £5.2m of the schools block centrally in 2016/17 in order to support Clusters and this application has been approved by the Secretary of State. The EFA has stipulated that from April 2017, the local authority will have to put a plan in place so that schools may opt to purchase the service through individual agreement.

8.6 Funding for post-16 provision is allocated by the EFA through a national formula. No changes to the formula are expected for 2016/17. From 2017/18, sixth-form colleges will be able to become academies. The current national base rate per student for 16-19 year olds will be protected in cash terms over the parliament.

8.7 Pupil Premium grant is paid to schools and academies based on the number of eligible Reception – year 11 pupils on roll in January each year. The rates for 2015/16 are: 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 2015/16 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 2015-16 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 2016-17 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 From 2017/18, the government has announced that funding for schools, early years and high needs will be delivered through a national funding formula and there will be a transitional phase to smooth its introduction. Funding for the pupil premium and universal infant free school meals grants will continue. There will be a reduction in the education support grant (ESG) 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 a number of statutory duties. Government will launch a detailed consultation on policy and funding proposals in 2016.

8.11 **Schools funding summary**

Estimated figures for the 2015/16 and 2016/17 financial years are shown below:

	2015/16 £m	**2016/17 £m**	**Change £m**
DSG - schools block	456.98	466.24	9.26
DSG - early years block	39.20	41.24	2.04
DSG - high needs block	58.35	58.35	-
EFA Post 16 funding	33.23	33.23	-
Pupil premium grant	41.36	42.26	0.90
Early years pupil premium grant	0.60	0.60	-
PE & sport grant	2.07	2.09	0.02
Summer schools grant	0.75	0.75	-
Yr 7 catch-up grant	0.84	0.87	0.03
Universal infant free school meals grant	9.23	9.43	0.20
Total Schools Budget	**642.61**	**655.06**	**12.45**

(Note: figures include estimated allocations for academies and free schools)

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 In July 2015 the Chancellor announced that for the 4 years 2016/17 to 2019/20 housing rents would need to reduce by 1% each year. The Council's current HRA Financial Plan is based on the assumption that dwelling rents would increase in line with CPI +1% each year for 10 years which is in line with previous Government policy introduced in April 2015. Based on the Government's CPI target of 2% the Council anticipated rent increases of 3% each year for the next 10 years.

9.3 The change in Government Policy announced in July 2015 is effectively a 4% pa reduction from that assumed within the Council's HRA Financial Plan for each of the next 4 years. In cash terms this is a reduction of £20.5m in rental income over the four year period, of which £5.9m falls within the next two years (£1.9m in 2016/17, £4m in 2017/18). 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).

9.4 The reduction in rental income will need to be managed in addition to other pay, price and service pressures. A combination of staffing efficiencies, improved targeting of resources which are used to improve environmental aspects of estates along with the use of reserves will all contribute towards offsetting these pressures. In addition, consideration will be given each year 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.

9.5 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 to increase service charges by £1 per week in 2016/17.

9.6 Currently tenants in sheltered accommodation receiving a warden service are charged £12 per week for this service. This charge is eligible for Housing Benefit. Consideration will be given to increasing the charge to £13 per week to reflect the costs associated with the service. For those tenants who benefit from the service but do not currently pay it is proposed from 2016/17 to introduce a nominal charge of £2 per week.

9.7 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 71.1% of tenants will pay 79p per week less in overall terms in 2016/17 than in 2015/16. Of those paying more, 22% will pay up to 34p more per week, 5% will pay £1.30 more with 2% paying an additional £2.30 per week. These increases will be funded through Housing Benefit for eligible tenants. It should be noted that had rents been increased by 3% in line with previous Government Policy and in line with assumptions in the Council's HRA Financial Plan - based on the average rent for 2015/16 tenants would have received an average rent increase of £2.23 per week in 2016/17.

9.8 The rollout of Universal Credit in Leeds commences 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. This will have implications for the level of rental income receivable.

9.9 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 and the subsequent reduction in the amount of rent receivable.

9.10 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.

9.11 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.

9.12 The Council remains committed to delivering the investment strategy agreed by Executive Board in March 2015 and to replacing homes lost through Right to Buy by the planned £99.4m investment in new homes and the buying up of empty homes.

10. Capital Programme

10.1 Over the period 2015/16 to 2018/19 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 are included within the revenue budget. Our asset portfolio is valued in the Council's published accounts at £3.96bn, and the Council's net debt, including PFI liabilities stands at £1.98bn.

10.2 The financial strategy assumes a £1.3m reduction in the cost of debt and capital financing. This assumes that all borrowing is taken short term at 0.5% interest for the remainder of 2015/16 and 0.75% for 2016/17.

10.3 The strategy allows for capital investment in key annual programmes, major schemes that contribute to the Councils best 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 separate Capital Programme update report will be presented to the Executive Board in February 2016.

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 10th February 2016.

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 2016/17 which will be considered by Executive Board in February 2016. 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 2016/17.

11.3 Council Policies and Best Council Plan

11.3.1 Work is underway to develop the 2016/17 Best Council Plan in line with the renewed 'Best City' ambition and draft outcomes agreed by the Executive Board in September and as detailed in the separate report on today's agenda, 'Emerging 2016/17 Best Council Plan priorities, tackling poverty and deprivation'. This ambition and draft set of outcomes underpin the Initial Budget Proposals and have been used to ensure that the Council's financial resources are directed towards its policies and priorities and, conversely, that these policies and priorities themselves are affordable.

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 2016 meeting of this Board at which proposals for the 2016/17 budget will be considered prior to submission to full Council on the 24th February 2016.

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 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 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 2016/17 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
- 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 emerging 2016/17 Best Council Plan.

12.2 Based on the information available through the November 2015 Spending Review there will be a further reduction in the Settlement Funding Assessment for 2016/17 of £24.1m which means that core funding from government (SFA and other grants) will have reduced by around £204m by March 2017. The initial budget proposals for 2016/17 set out in this report, subject to the finalisation of the detailed proposals in February 2016, will, if delivered, generate savings and additional income of £87.2m 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 2016/17 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 documents[2]

None

[2] 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.

2016/17 Budget Strategy

	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 2015/16 (adjusted)	**192.3**	**122.8**	**48.0**	**59.8**	**37.2**	**24.8**	**17.8**	**0.2**	**20.8**	**523.8**
Inflation	2.9	1.9	1.7	0.7	0.7	0.5	(0.1)	0.1		**8.4**
National Insurance Changes	1.1	1.7	1.0	1.1	0.9	0.5	0.8	0.1		**7.3**
National Living Wage	5.2									**5.2**
Campaign for a Real Living Wage	0.1	0.1	0.2	0.4	0.0	0.1	2.5			**3.3**
Demography	5.8	0.7								**6.5**
Debt & Capital Financing									(1.3)	**(1.3)**
Council Tax base & Support						0.4				**0.4**
Public Health grant reduction								3.9		**3.9**
Tour de Yorkshire & World Triathlon			0.6							**0.6**
Income Generation & Inward Investment									0.3	**0.3**
West Yorkshire Transport Fund									0.2	**0.2**
Elections - reinstate budget						0.2				**0.2**
Business Rates - Retail rate relief - fall out of s31 grant									2.1	**2.1**
Fall-out of Capitalised Pension costs	(0.6)	(0.6)	(0.3)	(0.3)	(0.2)	(0.1)	(0.2)			**(2.3)**
Sub-total - Strategy Increases - row to hide	14.5	3.8	3.2	1.9	1.4	1.4	3.0	4.1	1.3	34.7
Other Pressures	6.0	6.0	0.7	2.3	0.0	0.0	0.0	1.4	(0.5)	**15.8**
Total - Cost Changes	**20.5**	**9.8**	**3.8**	**4.2**	**1.4**	**1.4**	**3.0**	**5.5**	**0.8**	**50.5**
Budget Savings Options;										
Waste Strategy				(4.0)						**(4.0)**
New Homes Bonus									(0.6)	**(0.6)**
Asset Management	(0.3)	(0.1)	(0.1)	(0.03)	(0.5)					**(1.1)**
Review of Minimum Revenue Provision									(21.0)	**(21.0)**
Reserves/Other Income									(2.3)	**(2.3)**
Appendix 2:-										
Changes to Service	(6.0)	(1.6)	(1.7)			(0.3)		(5.3)		**(14.9)**
Efficiencies	(1.3)	(2.8)	(2.0)	(3.6)	(2.9)	(0.5)	(0.9)			**(14.0)**
Income - Fees & Charges	(1.0)		(0.7)	(1.1)						**(2.8)**
Income - Traded Services, Partner & Other Income	(5.7)	(5.3)	(0.2)	(0.1)	(0.2)	(0.6)	(0.4)			**(12.5)**
Total - Appendix 2	**(14.0)**	**(9.7)**	**(4.6)**	**(4.8)**	**(3.1)**	**(1.5)**	**(1.2)**	**(5.3)**	**0.0**	**(44.1)**
Total - Budget Savings	**(14.3)**	**(9.8)**	**(4.7)**	**(8.8)**	**(3.6)**	**(1.5)**	**(1.2)**	**(5.3)**	**(23.9)**	**(73.1)**
Target 2016/17 Net Revenue Budget	**198.4**	**122.8**	**47.1**	**55.2**	**35.1**	**24.8**	**19.6**	**0.4**	**(2.3)**	**501.2**

APPENDIX 1

Appendix 2

Adult Social Care - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	Saving 2017/18	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Assessment & Care Management - Efficiency & Effectiveness	L	A	End to end review including revisiting skills mix, staff turnover rates and activities undertaken. Minimal customer impact	(0.5)	(1.5)	N
Vacancy Management	L	G	Holding vacant posts - almost all relates to back-office functions	(0.8)		N
Sub-Total Efficiency				**(1.3)**	**(1.5)**	
B) Changes to Service						
Adults - Assessment & Care Management - Practice	M	A	This will focus on new clients. Review of approval mechanisms, team performance, commissioning decisions, access to residential care and approach to Continuing Health Care, increased use of telecare and reablement. To include looking at community and universal alternatives and developing and supporting community action. Main impact likely to be on costs/processes, but there will be some impact on service provision, with more customers signposted to community based services and a reduction in the average spend per customer.	(1.0)	(3.0)	Y
Physical Impairment Services	M	A	This will focus on existing customers. Review high cost care packages and review customers against Care Act eligibility, meeting eligible needs in a cost-effective way. Promotion of 'Ordinary Lives', expand the personalised offer through Shared Lives and review the resource allocations system for personal budgets. 2017/18 may involve a review of day service provision. The impact likely to be mainly for older people with physical impairments. Any customers not meeting Care Act eligibility will be signposted to alternative services in the community and reduced average spend per care package.	(0.5)	(0.5)	Y
Mental Health Services	M	A	This will focus on existing customers. Review high cost care packages and review customers against Care Act eligibility, meeting eligible needs in a cost-effective way. Promotion of 'Ordinary Lives' and review of the resource allocation system for personal budgets'. 2017/18 may involve a review of day service provision. Impact will include reduced average spend per care package. Any customers not meeting Care Act eligibility will be signposted to alternative services in the community.	(1.0)	(1.0)	Y

Learning Disability Services	H	A	This will focus on existing customers. Service will manage with standstill budget rather than the £3m growth in previous years. Review high cost care packages and review supported living and home care services. Review customers against Care Act eligibility, meeting eligible needs in a cost-effective way. Promotion of 'Ordinary Lives' and review of the resource allocation system for personal budgets'. Review the transitions pathway and work closely with Children's Services to manage expectations and deliver cost-effective services for those aged 18+. Impact will include reduced average spend per care package. Any customers not meeting Care Act eligibility will be signposted to alternative services in the community. May need to review the service offer, including Aspire services.	(3.0)	(3.0)	Y
Closure of residential homes and day centres for older people	M	A	Includes the full-year effect of the closure of Primrose Hill home in 2015/16. Requires Executive Board approval for further residential and day care closures scheduled for Summer 2016 to deliver the 2017/18 closures and part of the 2016/17 savings.	(0.5)	(1.8)	Y
Older People's Services	M	A	Further phase of Better Lives programme in Provider Services. Closure of all remaining directly provided homes except those used for short stays/ intermediate care. Will require consultation and Executive Board approval.		(1.1)	Y
Sub-Total Service Changes				**(6.0)**	**(10.4)**	

C) Additional Income - Fees and Charges

Charging review for Non-Residential Services	H	A	Consultation on proposals underway closing December 2015, with Executive Board approval required in early 2016. Around one third of customers likely to pay more (2,600 people) but financial assessment ensures affordability.	(1.0)	(2.0)	Y
Sub-Total Additional Income (Fees & Charges)				**(1.0)**	**(2.0)**	

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

Better Care Fund	L	A	Requires agreement with health to convert capital funding provided by LCC for the BCF to be released back as revenue funding	(1.8)		N
Further health funding/use of the Health & Social Care earmarked reserve	L	R	Exploring whether further health funding can be secured and/or exploring the potential use of the Health & Social Care earmarked reserve. These will require further discussion/agreement with CCGs.	(3.9)		N
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(5.7)**	**0.0**	**0.0**

Total Savings Options - Adult Social Care	**(14.0)**	**(13.9)**

Children's Services - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	Saving 2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Children in Care	L	R	The 2016/17 budget proposal is a real-terms stand-still for the budgets that support children in care. This proposal recognises the 2015/16 budget pressure on placements for Children looked After (CLA) of approximately £4m (as at November 2015). The challenge is to continue to safely and appropriately reduce the need for statutory intervention against a back-drop of increasing demographic/demand for services arising from inward migration to the city, increasing birth rates and greater awareness around child protection.	0.0	0.0	N
Children's Homes (Mainstream & Disability)	L	A	Further efficiencies in running costs (primarily staffing/Agency/Overtime) as a result of reconfiguration of Children's Homes and the closure of Bodmin & Pinfolds children's homes earlier in the financial year.	(0.4)	0.0	N
Youth Offending Service	M	A	Restructure Youth Offending Service (YOS) to deal with £0.3M reduction in government grant and contribute £0.1M to savings required in 16/17. 3 posts currently identified for Early Leavers Initiative and several posts being held vacant. Savings will also be required from services rendered by other organisations working for the YOS.	(0.4)	0.0	Y
Special Educational Needs & Disability (SEND) Reform	M	A	Reduce staffing spend to mitigate against a £0.4m fall-out of SEND Reform Grant. Reduction equivalent to approximately 5 FTE's.	(0.3)	0.0	Y
Family Placement	L	A	Transfer Family Placement Team to the Complex Needs service to reduce management costs	(0.1)	0.0	Y
Multi Systemic Therapy and Families First Programme	L	G	Reduction in supervision / management through cross team working	(0.1)	(0.0)	N
Children's Centres	L	A	Reduce the net cost of Learning for Life managed Children's Centres childcare by reducing supernumerary management posts e.g. assistant managers or Childrens Centre managers, ensuring correct number of term time only and all year round staff, and catering cost savings.	(0.5)	(0.5)	N
Family Support Services - Recharge to the Housing Revenue Account	L	A	Optimise Housing Revenue Account (HRA) funding for services to Families to reflect the work that our Multi-systemic Therapy (MST) Teams do with families within Council Tenancies	(0.3)	0.0	N
Targeted Services Leaders	M	A	Reduction in Targeted Services Leaders posts and associated costs. Linked to cluster/locality working and re-focusing of resources in high need clusters	(0.2)	(0.2)	Y
Partnership Development & Business Support	L	A	Further rationalisation of staffing across IMT, Workforce Development, Voice & Influence & Commissioning	(0.5)	0.0	Y
Supplies and Services			Cash-limit budgets and limit spend to essential items	(0.2)	0.0	N
Sub-Total Efficiency				**(2.8)**	**(0.7)**	

B) Changes to Service

Services for Young People	H	R	Proposal to fundamentally change the way in which Children's Services respond to the needs of young people including further savings on the 'Youth Offer' , Youth inclusion Project (YIP) and services to young people at risk of becoming NEET (not in education, employment or training)	(1.2)	0.00	
Externally Commissioned Family Intervention Service	L	A	Cessation of Domestic Violence contract (wef 1/10/2015) - £250k saving. Propose to reduce the Family Intervention Service contract in South Leeds by approximately 10% (£70k saving) and reduce the budget for the in house service by £80k by not recruiting to vacancies.	(0.4)	0.0	Y
Transport	H	R	Range of options for Post 16 Transport which would deliver savings of between £0.25m and £1m by 2017/18. Decision around consultation will be needed	0.0	(1.0)	Y
Sub-Total Service Changes				**(1.6)**	**(1.0)**	

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

Income -Health Clinical Commissioning Groups	L	R	£1.6m of funding from Clinical Commissioning Groups (CCG's) agreed for 2015/16 - further work to be done to agree funding in 16/17 and beyond	(1.6)	0.00	N
Income (Schools Forum)	L	R	Schools Forum funding of £3.4m per academic year provisionally agreed subject to delivery of activity/outcomes. £1m of funding for SEMH already assumed within base budget	(2.4)	0.00	N
Income (Improvement Partner)	L	R	Aim to maximise potential income from work commissioned by DfE in relation to other local authorities. Initial work is being undertaken in 2 local authorities with interest shown by 2 other authorities	(0.5)	(0.3)	N
Income (Adel Beck)	L	A	Aim to maximise potential income from Welfare Beds following reduction in block beds purchased by Youth Justice Board. Contribution for Welfare beds daily rate higher than for YJB.	(0.4)	0.0	N
Early Years Improvement	L	A	Reduce the net cost of the non-statutory element of the service either by additional traded income or reducing service provision.	(0.2)	(0.2)	Y
School to Work Transition (14-19) Team	L	G	Trade with schools, academies and colleges	(0.1)	0.0	N
Educational Psychology Service	L	R	Increase traded income target - challenge will be increasing income and meeting statutory duty with rising demography/demand pressures	(0.1)	(0.1)	N
Income (trading with Schools)	L	A	Aim to achieve full cost recovery of primary and secondary school improvement service	0.0	(0.4)	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(5.3)**	**(1.0)**	
Total Savings Options - Children's Services				**(9.7)**	**(2.6)**	

City Development - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	Saving 2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Cash limit on most expenditure with only essential inflation provided for	L	G	Only provide for essential inflation on contracts e.g. PFI and areas of spend facing inflationary pressures.	(0.8)		N
Elland Road Park & Ride Scheme	L	G	Removal of the budgeted subsidy. The park and ride scheme is successfully operating and no longer requires a budgeted subsidy.	(0.1)		N
Highways Insurance	L	G	Saving on the highways insurance charge reflecting the reduction in claims.	(0.3)		N
Building Control	L	G	Reduce net cost to zero subsidy over 2 years - review staff and income	(0.1)	(0.1)	N
Energy Savings	L	G	Additional savings on energy costs in Sport, Highways and Culture reflecting the reduction in prices.	(0.1)	0.0	N
Highways Maintenance budget	L	G	Additional capitalisation of Highways Maintenance Budget	(0.5)		Y
Cultural Services	L	G	Maintain current vacancies in Libraries and other savings that have been achieved this financial year.	(0.1)	0.0	N
Sub-Total Efficiency				**(2.0)**	**(0.1)**	
B) Changes to Service						
Arts Grants budget	M	G	Reduction to the Arts Grants budget in 2016/17 previously approved by Executive Board.	(0.1)		Completed
City Development - Staffing	L	A	Staffing savings across Asset Management and Regeneration/Economic Development/Resources and Strategy/Highways and Transportation. Reduced staffing levels and cost across the services to be achieved through staff leaving through the Early Leaver Initiative in March 2016, not filling vacant posts and restructures. Reduction in staffing levels will lead to a reduction in some service levels.	(0.6)		N
Street Lighting - Energy savings	H	R	Potential to increase cost savings if a more extensive switch off is considered. This would entail changing the selection criteria regarding road layout features and the incidence of crime in the locality of the lighting column. Discussions are presently taking place on this matter although additional savings would be more likely in 17/18 due to lead in times for implementation.	0.0	tbd	Y

Reduction to the net cost of Planning Services, Planning Policy, Urban Design and Conservation	L	A	Over half of the savings will be achieved through staffing reductions with a number of staff leaving through ELI at the end of March 2016 together with a planned management restructure. A redesign of the service will be undertaken including a review of current services.	(0.4)		Y
Economic Development	L	A	Reduced expenditure on some aspects of the service. This will include reductions in supplies and service budgets.	(0.1)		Y
Cultural Services.	H	R	To be achieved through a combination of staffing reductions and expenditure savings. Whilst the service is considering some invest to save options if these are not forth coming in 16/17 then the £300k of savings will need to be achieved through service reductions. These include £100k saving from the book fund with reduced spend on talking books and foreign language books although the option to capitalise additional book fund expenditure should reduce the impact of this. The service is also proposing a reduction in the overall budget for events of £170k. Savings will be achieved by consolidating event budgets across Sport and Culture, through reducing the net cost of some events and also by considering ending support for some events.	(0.3)	0.0	Y
Sport	L	G	A review of running costs and the potential for increased income as a result of the anticipated Marketing Partnership.	(0.1)	0.0	Y
Sport Development Unit	M	A	Further savings anticpated from the the changes to the Sport Development Unit which have moved the service to a more community basis.	(0.1)	0.0	Y
Sub-Total Service Changes				**(1.7)**	**0.0**	

C) Additional Income - Fees and Charges

City Development - Fees & Charges	L	A	Consider opportunities to increase some prices above the assumptions in the budget strategy or proposals to increase income volumes across services e.g. Highways licences and permits, surveyor fees and other professional services.	(0.7)	0.0	Y
Sub-Total Additional Income (Fees & Charges)				**(0.7)**	**0.0**	

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

Kirkgate Market	L	A	Once the re-development of Kirkgate Market is complete there will be an increase in income as more units are available to be let. This will be subject to a revision of the business plan and the success in letting the stalls.	0.0	(0.1)	N

Culture	L	A	Opportunities to increase income from trading across Cultural Services. Includes increased income in venues and heritage services from bookings and shows.	(0.1)	0.0	N
Highways & Transportation Service - Alternative Delivery Model	L	A	Potential to increase the trading of services including to the West Yorkshire combined services and other potential trading opportunities with other authorities in the Leeds City Region. There is a potential for this to increase but there will be a need for additional staff in order to generate the additional net income. Discussions currently being held could deliver the £100k with potential for this to be increased.	(0.1)	tbd	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(0.2)**	**(0.1)**	
Total Savings Options - City Development				**(4.6)**	**(0.2)**	

Environment & Housing - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Leeds Building Services	M	A	Realisation of reductions in running cost expenditure	(0.19)		N
Energy Costs - Directorate wide	L	G	Reduction in energy (gas, electricity & water) costs	(0.10)		
Waste Management / Env Action / Parks - Fuel savings	L	G	Assumption that the reduction in fuel prices continues into 2016/17	(0.49)		N
Waste Management - Refuse Collection	L	G	Refuse Collection Staffing - Savings delivered through a combination of the removal of support for Alternate Week Collection 4, a review of staffing across routes including back up and the full year effect of the 2015/16 restructure.	(0.24)		N
Waste Management - Recycling	M	A	Target a 2% improvement in recycling from greater participation in existing recycling services. This will require a step change in some residents habits with emphasis upon the "Social contract." In addition a review of total waste volumes, the mix of waste and the price of recycled materials will realise savings.	(0.56)		Y
Waste Management - PFI advisor savings	L	G	Reduce PFI advisor budget following the opening of the RERF plant	(0.05)		N
Waste Management - Refuse Collection	L	G	Reduce annual capital spend on replacement bins and no further roll out of kerbside collection of garden waste will realise savings in capital financing costs.	(0.06)	(0.01)	N
Waste Management - Procurement saving - Closed Landfill contract	L	G	Minor levels of income generated at Gamblethopre Closed landfill site from electricity generation	(0.02)		N
Staffing (Directorate wide) - including vacancy management	M	G	Realisation of staff savings through the management of vacant posts across the Directorate.	(0.85)		Y
Waste Management - Review Household Waste Sort Site provision	M	A	Implement the review of provision of HWSS across the city.	(0.13)		Y
Environment & Housing - line by line budget review	L	G	Review of Directorate line by line expenditure budgets to target reductions in non essential spend.	(0.61)		N
Housing Related Support - contract savings	M	G	Full Year Effect of 2015/16 contract negotiations and targeting further cost reductions in contracts	(0.32)		N
Sub-Total Efficiency				**(3.60)**	**(0.01)**	
B) Changes to Service						
Sub-Total Service Changes				**0.00**	**0.00**	

C) Additional Income - Fees and Charges

Bereavement Services - price increases	M	A	Implement a 1% price rise above inflation for cremation in 2016/17.	(0.04)		Y
Lotherton Hall	M	A	Implement an above inflation rise for entry in 2016/17	(0.01)		Y
Car Parking	M	G	Additional income realised through both an increase of price tariffs for On and Off street parking. It is also assumed that activity levels that have resulted in additional parking income in 2015/16 continues.	(0.53)		Y
Environmental Action Service	L	G	Reduced 33% discount on early payment of fines - down to 20% this only relates to Environmental FPN and not car parking (covered by specific legislation) Discounted value £60	(0.03)		Y
Environmental Action - Pest Control	L	G	Review charges and give consideration to introducing charges for services that currently aren't charged for e.g charging for dealing with rats in domestic properties.	(0.04)		N
Parks & Countryside - Tropical World/ Café / Retail	L	G	Assumed continuation of the increased income trend from 2015/16	(0.40)	(0.09)	Y
Sub-Total Additional Income (Fees & Charges)				**(1.05)**	**(0.09)**	

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

Community Safety - CCTV	L	G	Generation of additional income through providing the CCTV to other public bodies such as Local Authorities and Passenger Transport Authorities.	(0.10)		Y
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(0.10)**	**0.00**	

Total Savings Options - Environment & Housing	**(4.8)**	**(0.1)**

Strategy & Resources - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	Saving 2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Financial Services	M	A	Further changes to the way financial services are provided focussing on key budgets, possible self service for low risk budgets, more centralised service/ hub approach where appropriate and a reduction in the Internal Audit service	(0.6)	(0.6)	Y
Human Resources	M	A	Further review of various elements of the service including a move to more on-line and telephone guidance service, a reduction in HR input into lower profile casework and restrictions on some face to face occupational health appointments. Savings to be realised through early leavers, and although the service do want to make some appointments, a normal level of staff turnover would mean that a saving of £200k is achievable	(0.3)	(0.2)	Y
ICT Further Print Smart savings	L	G	New contract now in place and printer estate has reduced and is expected to reduce further	(0.1)	(0.1)	N
ICT Telephony: procurement savings from switching from BT to Virgin	L	G	Transition to Virgin under PSN, contract now in place	(0.2)		N
ICT Telephony modernisation	L	A	Wide review of telephony within the council, including assessing options to make more use of VOIP, Skype and reduced use of landlines. 18 month project. Some of the potential options would mean change to the way we work, eg phones connected to laptops.	(0.1)	(0.1)	N
ICT Essential Services Programme	M	G	Reduce capital spend by £500k from £4.1m to £3.6m. Impact on revenue (corporate account) is -£110k per annum	(0.1)		
Projects Programmes & Procurement Unit	L	G	Challenge the need to support all projects - cease or downscale lower priority projects	(0.5)	(0.5)	Y
Projects Programmes & Procurement Unit	L	A	Identify efficiencies the service could deliver, eg a less resource intensive service (identifying associated risks), possibilities to reduce internal support costs			Y
Projects Programmes & Procurement Unit	L	A	Further opportunities for external income			N
Corporate Communications and Intelligence	L	G	Savings will be delivered in this area by continuing to reduce and refocus the Communications and Intelligence capacity. It will rely on requirements for these services being clearer and better prioritised by using insight from evaluation activity. Non staffing budgets will be reviewed again for further savings	(0.3)	(0.3)	Y

Democratic Services	L	R	Reconfiguration of Scrutiny and Governance support to deliver staffing savings plus other savings in running costs across the whole service	(0.1)		Y
Better Business Management	L	A	Business Admin - further savings following transfer of core staff and budget into the Business Support Centre. In addition, implementation of manager/employee self-service	(0.4)	(0.4)	Y
Further savings			Additional savings of £250k still to be identified	(0.3)		
Sub-Total Efficiency				**(2.9)**	**(2.2)**	

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

Yorkshire Purchasing Organisation - Corporate Rebate	L	G	Actual rebate (based on Council wide spend) has been consistently higher than budget in recent years	(0.1)		N
ICT	L	G	Provide full managed service for West Yorkshire Joint Services, estimated 200 devices - 5 year contract at fixed price per device	(0.2)		N
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(0.2)**	**0.0**	
Total Savings Options - Strategy & Resources				**(3.1)**	**(2.2)**	

Citizens & Communities - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	Saving 2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Community Hubs	M	A	Further efficiencies from bringing services together into the Community Hubs	(0.1)	(0.1)	Y
Review of Communities pay and running costs	L	A		(0.2)		Y
Transactional web	L	A	Savings per business case approved by Executive Board	(0.2)	(0.2)	Y
Registrars Service	L	A	Review of costs and income	(0.1)	(0.1)	Y
Sub-Total Efficiency				**(0.5)**	**(0.4)**	
B) Changes to Service						
Third sector infrastructure grant	H	R	10% potential reduction	(0.1)		Y
Reduction in Well Being and Youth Activities	H	A	10% potential reduction	(0.2)		Y
Innovation Fund	M	A	Reduce by £50k in 2016/17, a further £50k in 2017/18 and cease in 2018/19	(0.1)	(0.1)	Y
Sub-Total Service Changes				**(0.3)**	**(0.1)**	
C) Additional Income - Traded Services, Partner and Other Income						
Housing Benefit Overpayments	L	G	Increase resource on identification of Housing Benefit overpayments - will cease in 2017/18 as Universal Credit is implemented	(0.4)		Y
Council Tax - Single Person Discount	L	A	Extend review - saving of £200k net of £80k fee to Capita. Additional income added to the Council Tax base in 2016/17			Y
Advice Consortium and Welfare Rights	L	A	Proposed HRA contribution to support Council housing tenants relating to under occupancy and rent arrears	(0.2)		N
Local Welfare Support Scheme	L	A	Proposed HRA contribution re Council housing tenants in financial difficulty paying their rent or through the impact of under occupancy changes	(0.1)		N
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(0.6)**	**0.0**	
Total Savings Options - Citizens & Communities				**(1.5)**	**(0.4)**	

Civic Enterprise Leeds - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Efficiencies						
Maintenance of Council Buildings	M	A	Marginal reduction in spend on responsive maintenance of Council buildings. Current budget £4.9m	(0.6)	(0.2)	Y
Catering - savings on agency staff budget	L	A		(0.1)		
Vehicle Fleet	L	G	Extend vehicle lives - light commercials only	(0.2)	(0.2)	Y
Energy	L	A	Impact of energy efficiency measures	(0.1)	(0.1)	Y
Sub-Total Efficiency				**(0.9)**	**(0.5)**	
B) Additional Income - Traded Services, Partner and Other Income						
Civic Enterprise Trading	M	A	Recover the additional costs from the Living wage via income in respect of schools and HRA	(0.2)	(0.2)	Y
Civic Enterprise - Additional income	L	A	Develop further opportunities for additional external income	(0.2)	(0.1)	Y
Sub-Total Additional Income (Traded Services, Partner and Other Income)				**(0.4)**	**(0.3)**	
Total Savings Options - Civic Enterprise Leeds				**(1.2)**	**(0.7)**	

Public Health - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17	2017/18 fye	Is this relevant to Equality & Diversity?
	H/M/L	R/A/G		£m	£m	
A) Changes to Service						
General Fund - Review of commissioning contracts	H	A	Drug Intervention Programme & Integrated Offender Management cessation of service if PCC funding falls out.	(0.6)		Y
Public Health - Review of commissioning contracts	H	G	Continuation of savings agreed in 2015/16	(0.5)		Y
Public Health - reduction in remaining eligible contracts	H	A	Reduction in most other commissioned services, including services carried out by other directorates	(2.5)		Y
Staffing budgets, overheads and general running costs	L	A	Reduction in general running costs and staffing pay budget.	(0.4)		Y
Savings still to be identified	H	R	Follows letter from Chief Executive of PH England 30/11/15 clarifying that the in-year grant reductions in 2015/16 will recur and are in addition to the reductions in 2016/17.	(1.3)		Y
Sub-Total Service Changes				**(5.3)**	**0.0**	**0.0**
Total Savings Options - Public Health				**(5.3)**	**0.0**	**0.0**

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 2016/17					
Is this a:					
[x]	**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 2016. The Initial Budget Proposals report for 2016/17 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 • 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 funding gap of £87m 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 2016/17 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 2016.

There will also be further equality impact assessments on all key decisions as they go through the decision making process in 2016/17.

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	26/11/15
Date screening completed		26/11/15

7. Publishing	
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.** A copy of this equality screening should be attached as an appendix to the decision making report: • 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. Complete the appropriate section below with the date the report and attached screening was sent:	
For Executive Board or Full Council – sent to **Governance Services**	Date sent: 7/12/15
For Delegated Decisions or Significant Operational Decisions – sent to appropriate **Directorate**	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent: