

Leeds Health & Wellbeing Board

Report of: The Deputy Chief Executive, Leeds City Council

Report to: The Leeds Health and Wellbeing Board

Date: 20th January 2016

Subject: Appendix 1 - Initial Budget Proposals for 2016/17

Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report provides an outline of the Council's Initial Budget Proposals for 2016/17 and identifies the potential impact on Health and Wellbeing services. 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.
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.

Recommendations

The Health and Wellbeing Board is asked to note the Council's Initial Budget Proposals for 2016/17 and to consider the potential impact on Health and Wellbeing services

1. Purpose of report

- 1.1 This report provides an outline of the Council's Initial Budget Proposals for 2016/17 and identifies the potential impact on Health and Wellbeing services. 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.

2. Local Government Funding – the National Context

- 2.1 The Chancellor on the 8th July 2015, presented a budget that set out Government's plans to tackle the deficit and a broad range of policy changes around welfare, housing, tax, a new Living Wage and devolution. This 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 to be delivered through a Spending Review. The Treasury 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 On the 21st July 2015 Treasury launched the Spending Review: 'A country that lives within its means' which asked government departments to draw-up plans to help to deliver the further £20 billion of spending reductions overall, over the next 4 years (2016/17 through to 2019/20).
- 2.3. 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.
- 2.4 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 in real terms by 2020/21 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 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.
- 2.5 For local government, there will be a cash terms rise from the £40.3 billion baseline in 2015/16 to £40.5 billion in 2019/20. This represents a 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%.
- 2.6 The main points specific for health and wellbeing 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.
- Capping the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance.

2.7 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.

2.8 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.

3. Developing the Medium Term Financial Strategy

3.1 Since 2010, local government has dealt with a 40% real terms reduction to their 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 Though much work has already been done and is underway¹, 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**,

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.

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.

4. Estimating the Net Revenue budget for 2016/17

4.1 Settlement Funding Assessment – Reduction of £24.1m

- 4.1.1 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 – Reduction of £14.6m

- 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.
- 4.2.3 Although BRR allows local authorities to benefit from business rates growth, it also exposes them to risk from reductions in rateable values. 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.

- 4.2.4 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.

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. The 2016/17 Initial Budget Proposals assume an increase of £14.1m. 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.
- 4.3.2 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.

5 The Net Revenue Budget and Initial Budget Proposals 2016/17

- 5.1 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.
- 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.
- 5.3 The table below provides a summary of key cost pressures and savings areas:

	£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)

- 5.4 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.
- 5.5 Changes in Costs
- 5.5.1 **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.
- 5.5.2 **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.

5.5.3 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.

5.5.4 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.

5.5.5 Demand and Demography

5.5.5.1 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.

5.5.5.2 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.

- 5.5.6 **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.
- 5.5.7 **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.
- 5.5.8 **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

- 5.5.9 **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.

- 5.5.10 **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.
- 5.5.11 **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.
- 5.5.12 Other Pressures - £15.8m
- 5.5.12.1 **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.
- 5.5.12.2 **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.
- 5.5.12.3 **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.

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

5.5.12.5 **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.

5.5.13 **The Budget Gap – Savings Options – £73.1m**

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 savings options for Adult Social Care, Children's Services and Public Health are detailed 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.

5.5.14 **New Homes Bonus – savings of £0.6m**

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 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.

5.5.15 **Efficiencies – savings of £14m**

5.5.15.1 A range of efficiency savings are proposed 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.

5.5.16 Fees & Charges – additional income of £2.8m

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.

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

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.

5.5.18 Service Changes – savings of £14.9m

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.

5.5.19 Minimum Revenue Provision – savings of £21m

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

5.5.20 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.

5.5.21 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.

5.5.22 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.

5.5.23 Impact of proposals on employees

5.5.23.1 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.

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

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 General Reserve

6.1 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. The assumed general reserve balance of £20.9m at March 2016 is predicated

on the delivery of a balanced budget in 2015/16. 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 level of the general reserves to £18.4m by March 2017.

- 6.2 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.

7. Corporate Considerations

7.1 Consultation and Engagement

- 7.1.1 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.

- 7.1.2 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.

7.2 Equality and Diversity / Cohesion and Integration

- 7.2.1 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. 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.
- 7.2.3 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.

7.3 Council Policies and Best Council Plan

- 7.3.1 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.

7.4 Resources and Value for Money

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

7.5 Legal Implications, Access to Information and Call In

- 7.5.1 This report is more information and comment and there are no legal, access to information or call in implications.

7.6 Risk Management

- 7.6.1 The Council's current and future financial position is subject to a number of risk management processes. 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.
- 7.6.2 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.

8. Conclusions

- 8.1 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.
- 8.2 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.
- 8.3 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.

9. Recommendations

- 9.1 Health and Wellbeing Board is asked to note the Council's Initial Budget Proposals for 2016/17 and to consider the potential impact on Health and Wellbeing services.

10. Background documents²

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.

APPENDIX 1

2016/17 Budget Strategy										
	Adult Social Care £m	Children's Services £m	City Development £m	Environment & Housing £m	Strategy & Resources £m	Citizen's & Communities £m	Civic Enterprise Leeds £m	Public Health £m	Strategic Budget £m	Total £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	0.2
Elections - reinstate budget									2.1	2.1
Business Rates - Retail rate relief - fall out of s31 grant	(0.6)	(0.6)	(0.3)	(0.3)	(0.2)	(0.1)	(0.2)			(2.3)
Fall-out of Capitalised Pension costs	14.5	3.8	3.2	1.9	1.4	1.4	3.0	4.1	1.3	34.7
Sub-total - Strategy Increases - row to hide									(0.5)	
Other Pressures	6.0	6.0	0.7	2.3	0.0	0.0	0.0	1.4		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 Efficiencies	(6.0)	(1.6)	(1.7)			(0.3)		(5.3)		(14.9)
Income - Fees & Charges	(1.3)	(2.8)	(2.0)	(3.6)	(2.9)	(0.5)	(0.9)			(14.0)
Income - Traded Services, Partner & Other Income	(1.0)	(0.7)	(0.7)	(1.1)	(0.2)	(0.6)	(0.4)			(2.8)
Total - Appendix 2	(5.7)	(5.3)	(0.2)	(0.1)	(0.2)	(0.6)	(0.4)			(12.5)
	(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
Increase/(decrease) from 2015/16	6.2	0.0	(0.9)	(4.6)	(2.2)	(0.0)	1.8	0.2	(23.1)	(22.6)

Appendix 2

Adult Social Care - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving		Is this relevant to Equality & Diversity?
				2016/17	2017/18	
	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		Is this relevant to Equality & Diversity?
				2016/17	2017/18 fye	
	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)	

Public Health - Savings Options 2016/17

Savings Proposal	Customer Impact	Ease of Deliverability	Comments	Saving 2016/17 £m	2017/18 fye £m	Is this relevant to Equality & Diversity?
A) Changes to Service	H/M/L	R/A/G				
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