



Agenda item:

Originator: A T Gay

Tel: 74226

---

## Report of the Director of Resources

### Executive Board

Date: 8th February 2008

Subject: Revenue Budget and Council Tax 2008/09

---

**Electoral wards affected:**

**Specific implications for:**

Ethnic minorities

Women

Disabled people

Narrowing the gap

Eligible for call In

Not eligible for call in  
(details contained in the report)

---

### Executive Summary

1. This report seeks the approval of the Executive Board in recommending to Council a budget and Council Tax for 2008/09. The report sets out the framework for compiling the 2008/09 budget including the implications of the Local Government Finance settlement, as well as the factors that have had to be taken into consideration.
2. The report asks Executive Board to recommend to Council a budget totalling £540.509m, which would result in the Leeds element of the Council Tax increasing by 4.7%. This excludes Police and Fire precepts which will be incorporated into the report to be submitted to Council on the 20th February 2008.

# 1 INTRODUCTION

- 1.1. This report sets out the Council's budget for 2008/09 following detailed consideration of service requirements and taking account of the Local Government Finance settlement.
- 1.2. For 2007/08 the Council's net budget is £505.223m, with a Band D Council Tax of £1,016.16 for the Leeds element.
- 1.3. This report seeks approval from the Executive Board to recommend to Council that the City Council's Revenue Budget for 2008/09 be approved at £540.509m. This results in a Band D Council Tax of £1064.37 which represents an increase of 4.7% for the Leeds element above the Council Tax for 2007/08.
- 1.4. Detailed budget proposals for each service are set out in the directorate budget documents attached to this report. This information will be consolidated into the Annual Financial Plan and the Budget Book;
  - ◆ The Annual Financial Plan - This document brings together the revenue budget, capital programme and performance indicators for 2008/09 providing a clear link between spending plans and performance, at directorate level. The relevant summary information and individual directorate financial plans for the 2008/09 revenue budget are attached to this report.
  - ◆ The Budget Book – This is intended for budgetary control purposes and contains detailed budgets for each directorate at both functional heading (objective) and budget heading level (subjective). Copies of this document are available to members on request and via the intranet.
- 1.5. The budget for 2008/09 reflects the new organisational structure established as part of the Council's change programme. Support service functions are still generally organised around the old departmental structures. Exercises to restructure these functions to reflect the new directorate structures and in accordance with the principles of the Council change programme are underway and, once completed, will necessitate some further adjustments to estimates, but these will not have any bottom line impact.
- 1.6. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget and Council Tax are reserved to Council. As such recommendation 15.1 which proposes a budget to Council, is not eligible for call in.

## 2. 2007/08 LATEST ESTIMATE

2.1 The 2007/08 budget was set as follows:

	£m
Net Service Spending	509.5
Contribution to/(from) Reserves	(4.3)
Net Revenue Expenditure	505.2
<b>Reserves</b>	
- Estimated 31/3/07	17.3
- Budgeted use in 2007/08	(4.3)
- Estimated 31/3/08	13.0

2.2 As reported in the 2006/07 outturn report to Executive Board in June 2007, the net contribution to General Fund reserves was £6.3m in excess of the budget giving a balance carried forward of £23.6m. Taking account of the budgeted use in 2007/08 of £4.3m and the £0.67m approved by Executive Board at their meeting of 4th April 2007 to support a number of one off initiatives, it was considered that the balance was a prudent level of reserves to ensure that potential in-year pressures could be met.

2.3 During 2007/08, quarterly financial health monitoring reports have been presented to Executive Board. The third quarter report is elsewhere on this agenda and gives details of variations in projected spend. The report identifies that a number of council services are continuing to face financial pressures in 2007/08. However additional funding sources have been identified to mitigate against these pressures, and after funding those areas of concern outlined at the half year stage, the balance carried forward to 2008/09 of £17.1m is projected as follows:

<b>GENERAL FUND RESERVES</b>	£m
Estimated reserve at 31/03/07	<b>17.3</b>
Actual balance at 01/04/07	<b>23.6</b>
Budgeted Usage 2007/08	<b>(4.3)</b>
Additional net usage in year	<b>(2.2)</b>
Estimated reserves 31/3/08	<b>17.1</b>

- 2.4 In addition to the General Fund Reserves, school balances of £6.1m were brought forward from 2006/07 relating to the local management of schools. These are specifically earmarked for schools and do not form part of the Council's General Fund Reserves. To this effect, any under or over spending by the schools does not impact on the General Fund. The latest indicative assessment by Education Leeds would suggest that schools' overall reserves at 31st March 2008 for carry forward into the 2008/09 financial year are likely to be in the region of £6m - £7m.
- 2.5 The above level of school reserves does not take account of the budget assumptions in the Education non ISB estimates that an element of school reserves are to be used to fund the cost of Voluntary Early Retirement in accordance with the agreement of Executive Board on 7th March 2001. This is borrowing, not from individual schools but rather from overall net balances. The school reserves will be paid back over 5 years from Council resources other than those available for schools.

### **3. COMPREHENSIVE SPENDING REVIEW**

3.1 The Comprehensive Spending Review 2007 (CSR 07), published in October 2007, announced that current expenditure across the public sector is set to increase by an average 1.9% per year in real terms. However, the rate varied significantly across government departments. In contrast, resources for local government are to rise by 1% per year in real terms over the next three years. In cash terms, the increases nationally are 4.2% in 2008/09, 3.5% in 2009/10 and 3.4% in 2010/11. These figures include amounts for PFI support and, when these are excluded, the cash increases are 3.8%, 2.8% and 2.6%.

3.2 Other headlines for local government were:

- The government expects local authorities to keep average Council Tax increases to below 5% per year throughout the CSR07 period.
- The review assumes a 1% real terms increase (i.e. 1% above inflation). In addition, a 3% per year cashable efficiency programme for local government has been confirmed and Councils will be supported to achieve efficiencies via a £150m fund nationally.
- A total of £5bn of former specific ring-fenced grants are being transferred into either Revenue Support Grant or Area Based Grant over the years to 2010/11, totalling £900m and £4.1bn respectively.
- The government is consulting on the detail of a power to implement a maximum 2p in the pound supplementary business rate with effect from April 2010.
- Funding for LABGI will not continue in 2008/09 but will be £50m nationally in 2009/10 and £100m in 2010/11. This compares with the previous three year total of up to £1bn ending in December 2007.

### **4 LOCAL GOVERNMENT FINANCE SETTLEMENT**

4.1 The Final Local Government Finance Settlement 2008/09 to 2010/11 was announced on Thursday 24th January 2008. This is the first three year settlement (following a two-year settlement for 2006/07 and 2007/08) and marks the Government's move to align Local Government' funding announcements with the Comprehensive Spending Review cycle. The increases in Revenue Support grant at the national and local level are summarised below:-

	National	Leeds	
	%	%	£m
2008/09	3.5	2.7	<b>7.6</b>
2009/10	2.8	2.1	6.2
2010/11	2.6	1.8	5.4

- 4.2 Although there are significant variations between authorities, Leeds' percentage increases are substantially below the average of the Core Cities, the West Yorkshire Districts, the metropolitan Districts and England as a whole:

	Increase 2008/09	Increase 2009/10	Increase 2010/11
Leeds	2.7%	2.1%	1.8%
Average Core City	3.5%	2.5%	2.2%
Average West Yorkshire District	4.3%	3.1%	2.7%
Average Metropolitan District	3.9%	2.9%	2.5%
Average England	3.5%	2.8%	2.6%

- 4.3 Specific Government grants continue to provide important sources of funding for many of the council's services, and a number of these have been subject to variation as part of the 2008/09 Local Government Finance settlement. Appendix 1 provides a full list of such grants and highlights the variations over those grants received in 2007/08.
- 4.4 Several specific grants have been transferred into formula grant this year, and many more have been transferred into the new non ring fenced Area Based Grant (ABG). The most significant of these is the successor to the Neighbourhood Renewal Fund (NRF), the new Working Neighbourhoods Fund (WNF). Leeds received £14.9m NRF in 2007/08 but will not qualify for WNF in 2008/09 onwards. However, Leeds will receive transitional funding of 60% which represents £8.96m in 2008/09 and 30%, or £3.59m, in 2009/10, reducing to zero for 2010/11.
- 4.5 The impact of the fall out of £10.5m LABGI which was supporting the 2007/08 base budget, together with the loss of NRF funding has resulted in a cash reduction of £16.4m. The increase in formula grant of £7.6m means a net cash reduction to the Council in 2008/09 of £8.8m.
- 4.6 As part of the settlement, the Government has stated that for 2008/09, it expects the average Council Tax increase to be "substantially below 5%" for 2008/09 and that "we will not hesitate to use our capping powers as necessary to protect Council Tax payers from excessive increases".

## 5. **THE COUNCIL'S FINANCIAL PLAN**

- 5.1 The Financial Plan is produced every three years and provides a financial strategy to underpin the delivery of the Council's priorities. It also sets out a framework for the preparation of the Council's annual revenue budget over the planning period.
- 5.2 The current plan covered the three years 2005-2008 and a new plan is being developed as part of the process of developing the Council Business Plan 2008-2011. It is intended that this new plan will cover the same period as the Council Business

Plan, but with indicative assessments for the following two years. The plans for the first three years will be subject to annual review and rolled forward each year. It is intended that the plan will be submitted for approval in March 2008.

5.3 A detailed report outlining the development of the Financial Plan 2008-2013 was approved by Executive Board on 19th December 2007 and in accordance with the Council Budget and Policy framework the report was used as a basis for consultation with members of Overview and Scrutiny Committee.

5.4 Initial resource allocations to directorates over the life of the plan reflect the following:

- 2% per annum targeted savings in Support Services applying to all central and local provision of administrative and support activities, as part of a target 10% reduction over the life of the new Plan. Efficiencies will be generated through investment in Information Technology to facilitate the modernisation of business processes and also through the rationalisation of office accommodation.
- Funding for significant areas of need which include addressing base budget pressures, and directing resources to key service priorities such as the Integrated Waste Strategy and increasing the number of Direct Payments in Adult Services.
- Efficiency savings have been targeted at areas of the Council's services which appear relatively high compared to other authorities, including reviewing pricing policies and service provision where appropriate.
- In setting the 2007/08 budget it was recognised that there were substantial sources of income that may not have been sustainable in the longer term. The Financial Plan aims to reduce the reliance on these sources of income over the medium term.
- General reserves will be utilised in 2008/09 which will leave forecast reserves at the minimum level in accordance with the approved risk based reserves strategy.
- The ongoing cost of the Council's pay and grading review represents a significant commitment and work is ongoing to identify a sustainable funding solution over the life of the plan.

5.5 Taking account of the above, it is clear that the level of resources available to the Council over the medium term will be severely limited. A new approach to the allocation of revenue resources to services has therefore been developed that has needs, efficiencies and priorities as its building blocks and makes a substantial shift towards placing budget making in a policy-led rather than finance led corporate planning framework.

## **6. CONSULTATION**

6.1 The consultation process for the 2008/09 budget has included:-

- Overview and Scrutiny Committee – scrutiny of the initial budget proposals
- Ratepayers – budget consultation meeting held with the Chamber of Commerce
- Consultation with young people – carried out through the Leeds Youth Council

6.2 The proposals for the development of the Financial Plan 2008-2013 were considered by Overview and Scrutiny Committee on 8th January 2008. Committee welcomed the approach adopted and noted that its recommendations made the previous year had been implemented.

6.3 At the Leeds Youth Council on the 15th December, members were given a presentation about the budget and asked for their views on

- things the Council should spend less on
- things the Council should spend more on

A summary of the meeting and issues raised by the Youth Council is set out in the attached Appendix 2.

6.4 A budget consultation meeting was held with representatives of the Chamber of Commerce on the 10th January 2008. A summary of the meeting and issues raised by the Chamber is attached as Appendix 3.

## **7. PROPOSED BUDGET 2008/09**

7.1 In developing the 2008/09 budget, consideration has been given to the following issues:

- Impact of the Comprehensive Spending Review 2007
- The 2008/09 Local Government Finance settlement
- The Financial Plan principles
- The Council's spending priorities
- Impact of the loss of significant sources of income
- Consultation with a variety of stakeholders
- The Council's Reserves strategy

7.2 The 2008/09 budget reflects the principles set out in the financial plan report which described a medium term strategy which has strong links between service planning and financial planning and allocates resources in accordance with the needs of the services based on the national comparative needs analysis, whilst taking account of local priorities and the efficiency agenda.

7.3 Directorates have drawn up detailed base budget submissions in accordance with guidelines laid down by the Director of Resources. In drawing up these base budgets, account has been taken of the following:-

- Pay Awards have been increased by 2% per annum in line with government targets for public sector pay increases, which equates to £11m for 2008/09 including the increase in the employer's contribution to the West Yorkshire

Pension Fund of 0.8%. The agreed teachers pay award is 2.45% from September 2008.

- During 2007/08, a detailed review of pay and grading up to and including scale 6 has been undertaken. Although the details are still being finalised, the estimated cost in 2008/09 is around £8m, of which around £6.9m falls on the General Fund.
- All other general running costs have been reviewed and cash limited where possible taking account of specific contractual commitments. Specific provision has been made for the £8 per tonne increase in Landfill Tax from 2008/09 onwards, which represents an increase of £1.8m per annum.
- The announcement that Leeds will not qualify for the new Working Neighbourhoods Fund (WNF) but instead will receive 60% transitional funding of £8.96m in 2008/09 represents a £6m loss of income to the Council when compared with the amount received from NRF in 2007/08. This has required a reassessment of schemes previously supported by NRF and a re-allocation of funds towards those areas of priority. The proposed allocation of funds to schemes for 2008/09 is attached at Appendix 4. The allocation has been topped up by £407k of Leeds City Council resources.
- All charges for services are under review using comparisons with Core Cities and other like authorities to identify where the Council is significantly out of step in terms of its level of charges. The review will identify what action, if any, needs to be taken by the Council to ensure it takes account of local circumstances and protects the interests of the Council Tax payers as a whole.
- A Council wide review of discretionary fees and charges which has recently been undertaken. The findings from the review, benchmarking information and national best practice guidance have been used to develop the attached Draft Fees and Charges Policy, which is presented for approval. This can be found at Appendix 5. The Policy is supported by Best Practice Guidance which aims to ensure that there is a consistent approach in setting, monitoring and reviewing fees and charges across the authority, with key principles underpinning the decisions made. The documents are in line with the latest guidance issued from the Audit Commission.
- In accordance with the principles of the new Financial Plan, efficiency savings have been targeted at areas of the Council's services which appear relatively high compared to other authorities.
- Savings in Support Services of 2% per annum have been targeted over the next 5 years, applying to all central and local provision of administrative and support activities. Efficiencies will be generated through investment in Information Technology and through the rationalisation of office accommodation.

7.4 The detailed preparation of service estimates resulted in the identification of significant cost pressures for 2008/09. Much work has been undertaken to review pressures and a number of efficiencies and proposals for policy review have been developed by directorates to contain overall spending. These are fully explained in the individual directorate reports which are attached to this report.



7.5 In addition to specific savings and efficiencies built into budget submissions, a number of short term funding sources have been identified corporately. These are shown in the table below:

**Short Term Sources of Income**

	07/08 £000s	08/09 £000s	Variation £000s
LABGI	10,500	-	(10,500)
Section 278	4,500	6,000	1,500
Capitalisation	3,500	3,500	-
Use of Street Lighting PFI Reserves		3,000	3,000
Use of Education Leeds reserves	1,090	1,090	0
Use of general reserves	4,335	5,130	795
<b>Total</b>	<b>23,925</b>	<b>18,720</b>	<b>(5,205)</b>

7.6 The government's decision to discontinue the LABGI scheme in 2008/09 has had a significant impact on the level of resources available for 2008/09 and beyond, with £10.5m available in 2007/08 reducing to zero for 2008/09. However, alternative sources of income have been identified to help mitigate the impact of this, as follows:

- Income derived from Section 278 schemes continues to support the revenue budget, increasing from £4.5m in 2007/08 to £6m in 2008/09.
- The 2007/08 budget provided for costs which could be appropriately charged to capital of £3.5m. This is also considered to be achievable in 2008/09 and therefore remains at the same level in the budget.
- As with all the Council's PFI schemes, the Street Lighting PFI scheme uses a sinking fund to equalise payments with PFI grant over the life of the scheme. Due to the nature of the scheme, PFI credits exceed costs in the early years of the scheme. In 2008/09, it is therefore proposed to utilise £3m to support the budget, although this will create a budget pressure in future years which will have to be resourced.
- The 2007/08 budget is underpinned by the use of £4.3m of general reserves. As outlined in paragraph 2.3, the level of reserves at 31st March 2008 is forecast to be £17.1m, which when taking account of the minimum level required by the Councils Risk Based Reserves Policy, leaves £5.1m available for use in 2008/09. This represents a £0.8m increase in use of general reserves over 2007/08.

7.7 Whilst the reliance on such sources of income may not be sustainable in the longer term, the Council has been able to reduce its reliance on these short term funding sources by £5.2m in 2008/09 compared with 2007/08.

7.8 Although borrowing has increased to fund the general fund capital programme, it has still been possible to reduce the revenue impact of the Council's debt financing by £4.5m from 2007/08. This reflects the full year effect of debt rescheduling, the effect of the revised accounting treatment of premiums and discounts and additional interest earned by investing monies borrowed in advance of future capital programme requirements. In addition the estimate assumes the adoption of proposed legislation

which will allow great flexibility in the setting of a prudent Minimum Revenue Provision.

- 7.9 In 2007/08 the budget provided for a contribution to earmarked reserves, which mainly reflected the contribution to the Street Lighting PFI sinking fund. The level of appropriation to earmarked reserves has fallen by £5.2m in 2008/09, primarily because there will be no contribution to the sinking fund in 2008/09.
- 7.10 Contingency provisions have been included in the General Fund and within the DSG funded services. These provisions are for items not foreseen and for items where there is a risk of variation during the year. In the case of the schools contingency, this would include adjustments required in the application of formula funding, significant increases in pupil numbers, and additional statements of Special Education Needs or exceptional in year cost increases.
- 7.11 The table below sets out a summary of the changes from the 2007/08 budget to 2008/09.

	<b>£m</b>
<b>Budget 2007/08</b>	<b>505.2</b>
Adjustments for changes in funding of specific functions	13.2
<b>Revised Base Budget 2007/08</b>	<b>518.4</b>
Change in Pay and Prices	17.2
Service Budget Changes:	
Other factors not affecting level of service	8.7
Changes in service levels	14.9
Efficiency savings	-12.5
Pay and Grading review	3.9
Change in contribution to general reserves	-0.8
Change in contribution to earmarked reserves	-5.2
Change capital financing costs	-4.5
Increase in contingency fund	0.4
<b>Base Budget 2008/09</b>	<b>540.5</b>
<b>Increase from Revised Base 2007/08</b>	<b>22.1</b>
	4.3%

- 7.12 Table 1 appended to this report provides an analysis of the budget by directorate; Table 2 shows a subjective summary of the City Budget; and Table 3 shows the projected staffing levels at 31st March 2009.

## **8. RESERVES POLICY**

- 8.1 Under the 2003 Local Government Act, the Council's Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves. In addition, the Comprehensive Performance Assessment framework requires the authority to have a policy on the level and nature of its reserves and ensure these are monitored and maintained within the range determined by its agreed policy. The purpose of a reserves policy is:
- to maintain reserves at a level appropriate to help ensure longer term financial stability and
  - to identify any future events or developments which may cause financial difficulty, allowing time to mitigate for these.
- 8.2 The established policy encompasses an assessment of financial risks included in the budget based on directorate budget risk registers. The risk registers identify areas of the budget which may be uncertain and the at risk element of each budget area has been quantified. This represents the scale of any likely overspend/shortfall in income and does not necessarily represent the whole of a particular budget heading. Each risk area has been scored in terms of the probability and impact on the budget.
- 8.3 The results of this exercise for 2008/09 indicate a minimum level of reserves of around £12m is required. Reserves at this level would represent 2.2% of net expenditure, excluding expenditure in the Dedicated Schools Budget. The balance carried forward at 31st March 2008 on the general reserve is forecast at £17.1m (see paragraph 2.3 above) and after the required support to the 2008/09 budget as outlined above, the balance carried forward into 2009/10 is estimated at £12.0m.
- 8.4 The policy also requires directorates to prepare budget action plans to deal with spending variations on budgets controlled by directorates during the year up to a limit of 2% of net expenditure. Any budget variations above this amount would be dealt with corporately, using, where necessary, the General Fund reserve.

## **9.0 CONTRIBUTIONS TO JOINT COMMITTEES AND OTHER BODIES**

- 9.1 Total contributions to joint committees are £2.819m in the Original Estimate 2008/09, and are analysed below. The lead authorities for the joint committees are also shown:-

	Lead Authority	Leeds' Contribution			
		07/08 £m	08/09 £m	Increase £m	%
Pension Fund	Bradford	0.438	0.439	0.001	0.2
Joint Services	Wakefield	2.320 *	2.380	0.060	2.6

\* The budget 2007/08 has been adjusted to reflect the transfer of a specific grant into revenue support grant in the sum of £62k.

In approving these contributions, Members will note that they are not approving the individual budget of the joint committees, but the estimated effect on the City Council's budget.

9.2 Contributions in 2008/09 to other bodies amounts to £31.550m

	Leeds' Contribution			
	07/08 £m	08/09 £m	Increase £m	%
Flood Defence Levy	0.078	0.117	0.039	49.6
Passenger Transport Authority (PTA)	28.715	30.328	1.613	5.6
Coroners	1.008	1.086	0.078	7.7
West Yorkshire Probation Service	0.018	0.019	0.001	5.1

The total PTA levy has increased by 4% in line with the previously agreed three year strategy. However, the levy is allocated in accordance with populations at June 2006, and on this basis the proportion attributable to Leeds has increased from 34.1% to 34.7% adding around £500k to the Leeds contribution for 2008/09.

Coroner's costs are budgeted to increase by 7.7% mainly due to an increase in the Coroner's remuneration and a rent increase in the Coroner's chambers in Leeds.

Whilst the City Council no longer incurs expenditure in relation to the ongoing costs of the West Yorkshire Probation Committee, the Council is required to provide for the cost of loan charges in respect of the Probation Services post 1990 capital debt .

## 10. VALUE FOR MONEY GAINS

- 10.1 Following the announcement of the Comprehensive Spending Review 2007, a number of changes have been made to the efficiency agenda. Since April 2005, Authorities have been required to deliver 2.5% per annum efficiencies of which at least 50% have to be of a cash releasing nature. They have had to report on the delivery of these efficiencies via the submission of an Annual Efficiency Statement to the Department for Communities and Local Government and the achievement and internal capturing of efficiencies also forms a part of the Use of Resources element of the Comprehensive Performance Assessment.
- 10.2 From April 2008, Authorities will be required to report on the value of cash releasing value for money gains and there is an expectation across Local Authorities that they will deliver efficiencies totalling a further £4.9bn over the period of the Spending Review. This equates to 3% per annum and 100% of the value for money gains reported must be of a cash releasing nature and the gains must be of a recurring nature. The key principle is that a value for money gain will be calculated by comparing performance with that in the previous year, determining the value of resources that have been freed up while maintaining the overall effectiveness of service delivery.
- 10.3 In line with the agenda of 'Reducing the Burden', reporting requirements have been reduced from three times per year to twice and will require the reporting of a single figure via the National Indicator Set rather than the production of an Annual Efficiency Statement. In addition, there is no mandatory value for money target for individual Authorities from April 2008, therefore Authorities will not be given an individual monetary target for value for money gains that they must achieve. However, a broad range of information will be used by bodies such as the Audit Commission to identify underperformance. This will include looking for evidence of low achievement of the value for money target coupled with a low VfM or Use of Resources score or a

general deterioration in the National Indicator Set. Therefore the Use of Resources assessment acts as a strong incentive for Authorities to secure efficiency gains.

- 10.4 As part of the 2008/09 budget process, services have been required to identify significant efficiency gains and these are detailed in the attached Budget Reports. In total, cash releasing value for money gains of £17.0m have been identified for 2008/09 which on a comparable basis exceeds 3%.

## **11. ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES**

- 11.1 The Local Government Act (Part II) 2003 placed a requirement upon the Council's statutory finance officer (The Director of Resources) to report to members on the robustness of the budget estimates and the adequacy of the proposed financial reserves.

- 11.2 In considering the robustness of any estimates, the following criteria need to be considered:-

- the reasonableness of the underlying budget assumptions such as:
  - the reasonableness of provisions for inflationary pressures;
  - the extent to which known trends and pressures have been provided for;
  - the achievability of changes built into the budget;
  - the realism of income targets;
  - the alignment of resources with the Council service and organisational priorities.
- a review of the major risks associated with the budget.
- the availability of any contingency or unearmarked reserves to meet unforeseen cost pressures.
- the strength of the financial management and reporting arrangements.

- 11.3 In coming to a view as to the robustness of the 2008/09 budget, the Director of Resources has taken account of the following issues:-

- The Council has developed the principles of a new financial plan which will provide an overall financial framework designed to underpin the Council's service and organisational priorities for the next 5 years.
- Detailed estimates are prepared by directorates in accordance with principles laid down by the Director of Resources based upon the current agreed level of service. Service changes are separately identified and plans are in place for them to be managed.
- Estimate submissions have been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council.
- Significant financial pressures experienced in 2007/08 have, where appropriate, been recognised in preparing the 2008/09 budget.
- As part of the budget process, directorates have undertaken a risk assessment of their key budgets, documented this assessment in the form of a formal Risk

Register, and provided a summary of major risks within the directorate budget documents. All directorate budgets contain efficiencies, service reviews and savings which will require actions to deliver but in overall terms the identified risks are regarded as manageable at this time. Some of the key ones are as follows:-

- Council wide staffing efficiencies
- Demand led expenditure especially within Community Care and Children's Services
- Outside placements in Children's Social Care
- Waste Strategy
- Potential decline in external funding sources
- Potential equal pay liabilities

11.4 The Council's financial controls are set out in the Council's Financial Procedure Rules. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. These governance arrangements have been enhanced through the ongoing development of procedures to support the Corporate Governance Statement, published annually. The Council has a well established framework for financial reporting at directorate and corporate levels. Each month the Director of Resources receives a report from each directorate setting out spending to date and projected to the year-end. Action plans are utilised to manage and minimise any significant variations to approved budgets. Financial Health reports are submitted to the Executive Board and Overview and Scrutiny Committee on a quarterly basis.

11.5 A comprehensive financial training package has been devised and introduced for all budget holders in 2007/08 which aims to improve financial competencies across the organisation. A separate package has been developed specifically for members which is available through a new Virtual Learning Environment.

11.6 The proposed budget provides for the net use of reserves of £5.1m, which will result in estimated reserves being at £12.0m at 31st March 2009. Section 8 sets out the Council's Reserves policy which requires directorates to have in place action plans to deal with variations in directorate spending up to 2% with the potential for variations up to this level being carried forward. This policy continues to provide a sound basis for the Council to manage unexpected budget pressures in the future.

11.7 Although the 2008/09 budget is supported by substantial short term funding sources, the Council has been able to reduce its reliance on these by £5.2m compared to 2007/08.

11.8 In summary, the Director of Resources considers that the proposed budget for 2008/09 is robust and that the level of reserves are adequate because:-

- the level of reserves is in line with the risk based reserves strategy.
- budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action.
- cost pressures have been identified and resourced.
- whilst the budget contains a number of challenging targets and other actions, these are clearly identified, and will be subject to specific monitoring by the

Council's Corporate Leadership Team, and as such are at this time overall are considered reasonable and achievable.

- risks are identified, recorded in the budget risk register and will be subject to control and management.
- as part of the Council's reserves policy directorates are required to have in place a budget action plan which sets out how they will deal with variations during the year up to 2%.
- the Council is developing a new financial plan which will set the overall financial framework for the next five years.

## 12. **SUMMARY OF THE PROPOSED BUDGET**

12.1 Taking account of all the above, the proposed budget for 2008/09 can be summarised as follows:-

	<b>Original Budget 2007/08 £m</b>	<b>Latest Estimate 2007/08 £m</b>	<b>Proposed Budget 2008/09 £m</b>
REVENUE EXPENDITURE	509.5	511.7	545.6
Less: contribution to(from) General Fund Reserve	(4.3)	(6.5)	(5.1)
<b>Net Expenditure</b>	<b>505.2</b>	<b>505.2</b>	<b>540.5</b>

### 12.2. **Impact on Council Tax**

The effect of a budget of £540.509m for 2008/09 will be a council tax increase of 4.7% which will give council tax figures for the Leeds City Council element only for each band as follows:

	<b>2007/08 £</b>	<b>2008/09 £</b>
Band A	677.44	709.58
Band B	790.35	827.84
Band C	903.25	946.11
Band D	1,016.16	1,064.37
Band E	1,241.97	1,300.90
Band F	1,467.79	1,537.42
Band G	1,693.60	1,773.95
Band H	2,032.32	2,128.74

To these will be added amounts for Police, Fire and, where appropriate, parishes. For Fire and Parishes these additional amounts will be reported to Council on 20th February 2008 following the formal decisions about their respective precepts.

As the Police Authority budget meeting is currently scheduled for 22nd February 2008, Council will be asked to set up a committee of the Council specifically to set the final Council Tax following this meeting.

### **13. FINANCIAL PERFORMANCE INDICATORS**

13.1 The Director of Resources proposes the following local key indicators for 2008/09:

- Council tax collection 96.65%
- Business rates collection 98.60%
- Sundry Debtors 97% of debts collected within 30 days of invoice issued
- Payment of Creditors 92% of undisputed invoices paid within 30 days of receipt of invoice

### **14. IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

14.1 In accordance with the Budget and Policy Framework rules, it is proposed to Council that the extent of virements and the degree of in year changes which may be undertaken by the Executive remain unchanged, with limits as set out in Financial Procedure Rules.

### **15. RECOMMENDATIONS**

15.1 The Executive Board is asked to recommend to the Council the adoption of the resolution below:

- (i) That the Revenue Estimates for 2008/09 totalling £540.509m, as detailed and explained in this report and accompanying papers be approved, including a 4.7% increase in the Leeds' element of the Council Tax.
- (ii) As the Police Authority budget meeting is currently scheduled for 22nd February 2008, Council is asked to set up a committee of the Council specifically to set the final Council Tax.

15.2 The Executive Board is also asked to approve the fees and charges policy as detailed in Appendix 5.

15.3 The Executive Board is also asked to approve the proposal to change the childcare fee structure as detailed in the Children's Services budget briefing report.

15.4 The Executive Board is also asked to approve the proposed local performance indicators as detailed in paragraph 13 above



## STATEMENT OF 2007/08 ESTIMATES AND ORIGINAL ESTIMATE 2008/09

TABLE 1

DEPARTMENT	2007/08		2008/09
	Original Estimate £000s	Latest Estimate £000s	Original Estimate £000s
<b>City Development</b>			
Strategy & Policy	7,244	7,304	7,233
Planning & Development	3,018	3,040	1,902
Economic Services	3,915	4,150	4,051
Support Services	766	546	480
Libraries, Arts & Heritage	31,835	31,899	29,024
Recreation	29,052	30,145	31,747
Highways	37,396	37,579	39,667
Design Services	105	105	121
Asset Management	(923)	(753)	(802)
	<b>112,408</b>	<b>114,015</b>	<b>113,423</b>
<b>Environment &amp; Neighbourhoods</b>			
Community Safety	4,468	4,615	4,427
Regeneration	9,745	10,203	10,391
Housing Services	5,932	6,294	6,462
Environmental Health	9,405	9,878	9,416
General Fund Support Services	0	189	0
Fixed Payments to HRA	1,556	1,087	969
Roseville Doors	318	875	674
Jobs & Skills	7,522	7,522	6,752
Housing Benefit	2,828	2,549	2,379
Community Centres	3,296	3,423	3,040
Safer Leeds Drugs Team	34	34	42
Streetscene Environmental	43,004	44,081	46,629
Streetscene Enforcement	1,300	1,300	1,413
Car Parking Services	(5,718)	(5,558)	(5,946)
	<b>83,690</b>	<b>86,492</b>	<b>86,648</b>
<b>Children's Services</b>			
Education	61,053	60,445	65,159
Early Years	12,296	12,299	12,319
Youth Services	9,915	9,856	10,333
Inclusive Learning	197	197	272
Director of Children's Services Unit	1,733	2,248	1,878
Children Commissioning	18,904	19,702	23,654
Children Looked After	29,820	30,227	32,882
Family Support Services	5,613	5,749	5,631
Youth Justice	3,245	3,245	4,040
Other Childrens & Families	4,066	4,725	5,368
	<b>146,842</b>	<b>148,693</b>	<b>161,536</b>
<b>Adult's Social Services</b>			
Adults Social Care	166,856	169,212	184,270
Asylum Seekers	33	33	93
Support Services	(26)	651	0
Roseville Laundry & Linen	(227)	(284)	635
	<b>166,636</b>	<b>169,612</b>	<b>184,998</b>
<b>Central and Corporate Functions</b>			
Customer Services	2,232	2,232	2,305
Legal, Licensing & Registration	1,889	1,617	1,805
Cost of Collection	4,405	4,334	5,048
Information Technology	(225)	(225)	(310)
Audit & Risk	622	622	665
Business Support Centre	70	70	0
Student Support	796	796	665
Civic & Community Buildings	(403)	(65)	0
Leeds Initiative	626	626	604
Connexions West Yorkshire	104	104	12
Public Private Partnership Unit	0	0	(300)
Commercial Services General Fund	287	294	(74)
Commercial Services Trading	(1,361)	(1,061)	(1,824)
	<b>9,042</b>	<b>9,344</b>	<b>8,596</b>
<b>Central Accounts</b>	<b>29,763</b>	<b>21,682</b>	<b>36,590</b>
NET COST OF DEPARTMENTAL SPENDING	548,381	549,838	591,791
<b>Earmarked Reserves:</b>			
FRS17	(43,232)	(43,232)	(45,326)
Other	4,409	3,622	(826)
NET COST OF CITY COUNCIL SERVICES	509,558	510,228	545,639
Contribution to/(from) General Fund Reserves	(4,335)	(5,005)	(5,130)
NET REVENUE CHARGE	505,223	505,223	540,509

**SUMMARY OF CITY BUDGET**

**TABLE 2**

	Original Estimate 2007/08  £000s	% of Total	£ per Band D Property  £
<b>EXPENDITURE</b>			
Employee expenses	848,834	36	3,640
Premises-related expenditure	107,364	5	460
Other supplies and services	859,301	36	3,685
Transport	36,060	2	155
Transfer payments	239,946	10	1,029
Capital charges	86,604	4	371
Third Party Payments	201,600	8	864
<b>TOTAL GROSS EXPENDITURE</b>	<b>2,379,709</b>	<b>100</b>	<b>10,204</b>
<b>INCOME</b>			
Grants	(897,381)	50	(3,848)
Internal income	(487,055)	27	(2,089)
Other income		0	0
Rents	(167,643)	9	(719)
Fees and charges	(231,478)	13	(993)
Interest	(4,867)	0	(21)
<b>TOTAL GROSS INCOME</b>	<b>(1,788,424)</b>	<b>100</b>	<b>(7,669)</b>
<b>COST OF CITY COUNCIL SERVICES</b>	<b>591,285</b>		<b>2,535</b>
Contribution to/(from) FRS 17 reserves	(45,326)		(194)
Contribution to/(from) other earmarked reserves	(320)		(1)
<b>NET COST OF CITY COUNCIL SERVICES</b>	<b>545,639</b>		<b>2,340</b>
Contribution to/(from) General Fund reserves	(5,130)		(22)
<b>NET REVENUE CHARGE</b>	<b>540,509</b>		<b>2,318</b>

Notes: The number of Band D equivalent properties is 233,204

The total Individual Schools Budget (ISB) has been analysed at a subjective level in the above table. This provisional spend is based on previous expenditure patterns but will be subject to final determination by individual schools.

The subjective analysis above includes the Housing Revenue Account (HRA). Therefore contributions to / (from) earmarked reserves includes HRA working balances.

## Staffing Requirements (Full Time Equivalents)

Table 3

Department	Total staff as at 31st March 2009
City Development	3,110
Central & Corporate Functions	4,222
Environments & Housing	2,100
Adult Social Care	3,414
Children's Services	12,958
<b>Total</b>	<b>25,804</b>

*These figures include teachers –*

Children's Services	5,613
---------------------	-------

## Specific and Special Grants: 2007/08 to 2008/09

	Leeds 2007/08 £m	Leeds 2008/09 £m	variation £m
<b>Area Based Grants</b>			
School Development Grant	5.161	5.161	0.000
School Improvement Partners	0.261	0.279	0.018
Secondary: Behaviour and Attendance	0.126	0.126	0.000
Secondary: Local Authority Coordination	0.332	0.332	0.000
Teenage Pregnancy Support	0.448	0.448	0.000
Primary Strategy: Local Authority Coordination	0.312	0.389	0.077
Extended Schools Start Up Costs	0.886	1.145	0.259
Extended Rights to Free Transport	0.011	0.074	0.063
14-19 Flexible Funding Pot	0.203	0.203	0.000
School Intervention Grant	0.187	0.187	0.000
CAMHS	1.232	1.162	-0.070
Connexions	6.983	6.985	0.002
Children's Fund - formerly through Barnardos	2.093	2.093	0.000
Road Safety grant	1.171	1.184	0.013
Detrunking	0.845	0.866	0.021
School Travel Advisers	0.084	0.084	0.000
Sustainable Travel	0.051	0.051	0.000
Respect	0.230	0.230	0.000
Neighbourhood Renewal Fund/ Working Neighbourhoods Fund	14.939	8.963	-5.976
Supporting People Administration Grant	0.524	0.497	-0.027
Stronger Safer Communities Fund	1.893	1.239	-0.654
Crime reduction drug strategy anti social behaviour	0.937	0.937	0.000
Carers	2.566	3.118	0.552
Positive Activities for Young People & N'hoods support fund	0.989	0.989	0.000
Positive Activities for Young People additional investment		0.372	0.372
Education Health Partnerships	0.162	0.162	0.000
Mental Capacity Grant	0.212	0.344	0.132
Mental Health	2.052	2.079	0.027
Preserved Rights	3.155	3.016	-0.139
Adult Social Care Workforce	2.025	1.892	-0.133
LEGI (Rev Only)	2.626	3.615	0.989
Care Matters	0.037	0.633	0.596
Children's Social Care workforce		0.228	0.228
Choice Advisors	0.065	0.072	0.007
Learning disability development fund		0.652	0.652
Local Involvement Networks		0.308	0.308
Child Death Review Process		0.09	0.090
Preventing Extremism		?	
<b>Sub-Total</b>	<b>52.797</b>	<b>50.205</b>	<b>-2.592</b>
<b>Ring Fenced Grants</b>			
<b>Education and Children's Personal Social Services</b>			
Dedicated Schools Grant	381.058	392.769	11.711
Ethnic Minority Achievement	1.866	2.039	0.173
Music Services	0.862	0.859	-0.003
Playing For Success	0.205	0.000	-0.205
Contact Point		0.245	0.245
School Lunch Grant		1.140	1.140
Targeted support for primary & secondary strategy		5.408	5.408
Youth Opportunity Fund	0.496	0.496	0.000
General Sure Start Grant (now called Sure Start, Early Years, Child Care?)	14.972	17.544	2.572
Early Years - increasing flexibility for 3-4 yr olds		4.395	4.395
National Training Strategy	1.384	?	
Human Resources Development Strategy	0.641	?	
Preventative Technology	0.710	0.00	-0.710
Partnerships for Older People Projects	2.131	0.00	-2.131
CSCI Reimbursement Grant	0.010	0.00	-0.010
Sharing IS Index	0.266	?	
Improving Information Management Grant	0.299	?	
Parenting Practitioners grant		0.050	0.050
<b>Adults Personal Social Services</b>			
Social Care Reform Grant		1.175	1.175
<b>EPCS</b>			
Housing and Council Tax Benefit Admin Subsidy	6.416	6.308	-0.108
PFI		0.024	0.024
Supporting People	32.987	32.987	0.000
Homelessness	0.432	0.440	0.008
<b>GRAND TOTAL</b>	<b>497.532</b>	<b>516.084</b>	<b>21.142</b>

### BUDGET CONSULTATION 2008/09

#### Youth Council Meeting Saturday, 15<sup>th</sup> December 2007

Leeds Youth Council (LYC) is a representative body of young people aged 11-19, elected from high schools and colleges across Leeds. Elections are held annually and the members of LYC in turn elect an Executive Board and five Working Groups based on the themes of "Every Child Matters". LYC meets regularly as a full Council around every six weeks throughout the academic year to discuss matters of interest.

46 members of the Council were present at the meeting. At the end of the presentation the Council members were asked to split into small groups to discuss the following questions:

Next year:

- What should Leeds City Council spend more on?
- What should Leeds City Council spend less on?

The groups were then invited to feed back with their top three suggestions in each category. Although the suggestions were varied, the key spending themes emerging were:

- Education - including out of school activities and career advice
- The Environment – including reducing pollution, improving the streetscene, and more trees
- Sport and Leisure – including provision of suitable facilities, tackling obesity and encouraging exercise.
- Help for disabled people – including adapting Council homes and providing supplies and equipment.
- Encouraging businesses

There were fewer suggestions for less spending. Roads emerged as a common theme although the emphasis here is probably on fewer new roads rather than less road maintenance. They did not consider social services and council housing to be a top priority.

### Budget Consultation 2008/09

#### Meeting with Leeds Chamber of Commerce 10<sup>th</sup> January 2008

1. Alan Gay, the Director of Resources gave a presentation to members of Leeds Chamber of Commerce on 10<sup>th</sup> January, 2008.
2. The presentation covered:
  - Progress made by the Council in addressing the concerns raised by the Chamber at last year's meeting
  - The Comprehensive Spending Review 2007 and the Local Government Finance Settlement
  - Leeds' 2008/09 Budget – prospects and pressures
  - The Council's Capital Programme
  - Funding infrastructure projects
3. The presentation generated a lively debate on local government financing and the particular concerns of the business community. The main points raised included:
  - Concern as to why Leeds' council taxes have historically been below those of the Core Cities, and the effect that has had upon the resources available for the city.
  - A feeling that Leeds' future council tax rises should be as high as possible (within the constraints of the capping regime) to reduce over time the differential in council tax between Leeds and its competitors.
  - Concern about the level of formula grant received by Leeds compared to other regional centres.
  - The importance of continuing to engage with local MPs on financial issues.
  - Recognition of the need for large scale investment in infrastructure within the city and the difficulty of funding investment on the required scale.
  - The need to do more to explore and access European sources of funding for infrastructure development
  - In the context of the efficiency agenda, the importance of seeking the best service outcomes, regardless of whether they are provided by the public or private sector.
  - The willingness of the private sector to work with the council to develop innovative solutions to service delivery.
  - Deep concerns about the implications of supplementary business rates and a feeling that the businesses already contribute their fair share to taxation nationally. Belief that any new burdens should be shared equally between domestic and business taxpayers

## Allocation of residual Neighbourhoods Renewal Fund

Project	Lead Organisation	2008/09 allocation £	
CYP02	Forest Schools	Groundwork Leeds	0
CYP03	Year 8/9 Inclusion Project aka LINK	St Lukes CARES	0
CYP04	Body & Soul	Womens Health Matters (WHM)	34,093
CYP05	Young Men and Mental Health at Futures	Barnardo's Futures	0
CYP06	XI Programme	The Prince's Trust	0
CYP07	Re Engage with the Rhinos	Leeds Rugby Foundation	50,064
CYP08	Transition project	Getaway Girls	29,757
CYP09	Looked after children	Inner Armley Extended Schools Cluster	33,771
CYP11	Open House Education Project	Moor Allerton Community Association	0
CYP12	Beeston and Holbeck Community Radio	Vera Media	0
CYP13	Film Academy	LCC Leeds Film	0
CYP14	Connexions Youth Project	LCC Youth Service	141,880
CYP15	Four out of Ten	Learning Partnerships	120,000
CYP16	Motiv8	Groundwork Leeds	0
CYP17	Developing Cohesive Communities	Education Leeds	0
CYP18	Developing Learning Communities	Education Leeds	383,400
CYP19	Sport Academy	LCC Youth Service	29,988
CYP20	Youth Service - Sexual Health Link Project	LCC Youth Service	66,580
CYP21	Developing Healthy Communities	Education Leeds	0
	Interim VCSF Support for Alternative Curriculum (prior to strategic commissioning)	VCFS	62,882
		<b>Total</b>	<b>952,415</b>
EDE01	Aire Valley Leeds – Employment Access Team	Aire Valley Leeds	57,000
EDE02	The Job Zone	Learning Partnerships	390,000
EDE03	Leeds Incapacity Employment Project – Area Ambassadors	LCC Jobs & Skills	93,000
EDE11	Leeds Ahead	Leeds Ahead	0
EDE12	Learning in the Community	South Leeds Health for All	52,298
EDE13	Archway Resources Centre	Archway	105,121
EDE14	Jobstart	LCC Jobs & Skills	600,000
EDE15	Leeds Welcome Project	RETAS	65,374
EDE16	Local People Into Construction	Leeds re'Build	52,694
EDE17	Chapelton JobShop	LCC Jobs & Skills	0
		<b>Total</b>	<b>1,415,487</b>
GAP01	Community Empowerment Network	Leeds VOICE	150,000
GAP11	Area Regeneration Teams - East	LCC Regeneration	0
GAP12	Area Regeneration Teams - South	LCC Regeneration	0
GAP13	Area Regeneration Teams - West	LCC Regeneration	0
GAP134a	Strategic Co-ordination and Implementation (SCIP) Project	LCC Regeneration	268,894
GAP14b	Strategic Co-ordination and Implementation (SCIP) Project	Leeds Initiative	40,000
		<b>Total</b>	<b>458,894</b>
HCOP01	Groundwork Green Doctor & CASAC Safer Living	Groundwork / CASAC-Leeds	60,000
HCOP02	Visual Food Aid & Mental Health for Transient Communities	East Leeds Health for All / Shantona	0
HCOP03	Being Active Feeling Good	Healthy Living	43,133
HCOP04	Leeds Health Trainers	Leeds PCT	0
HCOP05	Healthy Activities in Inner East Leeds	St Vincent's Support Centre	28,781
HCOP06	Community Health Educators (East and North East Leeds)	Feel Good Factor	42,410
HCOP07	More Than A School	West Leeds Healthy Living Network	38,777
HCOP08	Healthy Lifestyles and Exercise Project (HELP)	South Leeds Health for All	52,800
HCOP11	Support to Employment Project (STEP)	Leeds Mental Health Employment Consortium	47,990
HCOP12	LIEP - MSK programme	LCC Jobs & Skills	100,000
HCOP13	Tackling Health Inequalities	Hamara	46,199
HCOP14	The Leeds 5 A Day Project	Leeds PCT	0
HCOP15	Little London Intensive Neighbourhood Management - Health Services and Family Support	LCC Regeneration	85,364
HCOP16	The ShaCa (Sexual Health and Community Action) Schools Project	Black Health Initiative	0
HCOP17	Active Health Programme	Belle Isle Family Centre (taking over delivery from South PCT)	57,234
HCOP18	All Being Well Market Stall Project	LCC Environmental Health	0
HCOP19	Engaging Inactive Children and Communities in South Leeds	Leeds PCT	0
		<b>Total</b>	<b>602,689</b>
SSC01	Community Safety Commissioning	Leeds Community Safety Partnership	500,000
SSC02	Youth Crime Prevention	Leeds Youth Offending Service	0
SSC03	Drugs Intervention Project Referral Support	Leeds Community Safety Partnership	0
SSC11	Arson Task Force	West Yorkshire Fire Service	100,000
SSC12	Signpost Project	LCC N&H	160,160
SSC13	Intensive Neighbourhood Operations	Leeds Community Safety	500,000
SSC14	Leeds Anti Social Behaviour Unit	Leeds Community Safety	1,159,780
SSC15	Police Community Support Officers	Leeds Community Safety	151,350
SSC16	CCTV - Leedswatch Local and Mobile CCTV Vans	Leeds Community Safety	253,000
SSC17	Acquisitive Crime Reduction	Leeds Community Safety	210,000
SSC18	Leeds Neighbourhood Wardens	LCC Regeneration	593,956
SSC19	Tackling Anti-Social Noise Incidents in Leeds	LCC Environmental Health	200,000
SSC20	Empty Property Team	LCC Environmental Health	109,495
SSC21a	Cleaner Cities - Enhancing the Streetscene	Leeds City Council Streetscene Services	1,800,000
SSC21b	Cleaner Cities - Parks	Leeds City Council Parks & Countryside	150,000
		<b>Total</b>	<b>5,887,741</b>
		<b>Grand Total</b>	<b>9,317,225</b>
		<b>Amount Available</b>	<b>9,369,876</b>
		<b>Balance</b>	<b>52,651</b>

### **FEES AND CHARGES POLICY**

#### **Introduction**

This policy has been produced following a corporate review of fees and charges across the Council. The policy is supported by the Best Practice Guidance and is referenced within Financial Procedure Rules. The policy and Best Practice Guidance set out the approach to be taken to fees and charges where the Council has discretion over the amounts charged for services provided and for trading activities.

#### **Aim of the Policy**

The purpose of this policy is to provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support Council objectives and are set at a level that maximises income generation where appropriate. The policy is incorporated within the following Charging Principles:

#### **Charging Principles**

##### **1. Council Priorities**

A Directory of Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for trading activities. All decisions on charges for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

##### **2. Charge Setting**

In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given to the costs of administration and the opportunities for improving efficiency and reducing bureaucracy.

##### **3. Subsidy**

In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director or Chief Officer in consultation with the Director of Resources. A business case should be created for all services that require a subsidy from the Council. Approval for the level of subsidy should be obtained from the relevant Director or Chief Officer, in consultation with the Director of Resources.

##### **4. Charging Levels**

A number of factors should be considered when determining the charge and these are documented in the accompanying Best Practice Guidance.

##### **5. Charging Exemptions**

All trading activities and services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt by the relevant Director or Chief Officer, in consultation with the Director of Resources.



## **6. Concessions**

Concessions to priority and target groups will be considered where this is appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

## **7. Review of Charges**

All charges and the scope for charging will be reviewed at least annually within the service area. The review will include those services which could be charged for but which are currently provided free of charge. The annual review will be undertaken in accordance with the Best Practice Guidance.

## **8. Waivers**

Waivers of individual charges shall only be given in exceptional circumstances and in accordance with the Best Practice Guidance.

(This page has intentionally been left blank)