

Report of the Director of Resources

Report to Executive Board

Date: 10th February 2012

Subject: Revenue Budget and Council Tax 2012/13

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

Summary of main issues

1. This report seeks the approval of the Executive Board in recommending to Council a budget and Council Tax for 2012/13. The report sets out the framework for compiling the 2012/13 budget taking into account the Local Government Finance settlement, the initial budget proposals that were agreed by the Executive Board in December 2011, the results of budget consultation and other factors that have influenced the budget now being proposed. The report also provides an update to the Equality Impact Assessment that was developed as part of the initial budget proposals.
2. The financial year 2012/13 is the second year of the Comprehensive Spending Review 2010 and the reduction in government funding for 2012/13 again presents a significant financial challenge to the Council. In addition, demand led spending pressures within Adult Social Care and Children's Social Care, together with declining income levels in both City Development and Environment and Neighbourhoods have also had to be met. The budget now being proposed is not just a response to these financial pressures, but also demonstrates how the Council is responding to a new policy agenda which recognises a new role for the authority, based around the developing concept of civic enterprise, but one which, in conjunction with partners and other stakeholders, is still firmly focused on countering disadvantage and inequality within the city.
3. The report asks Executive Board to recommend to Council a budget totalling £563.1m, which would result in the Leeds element of the Council Tax for 2012/13 staying the same as for 2011/12. This excludes Police and Fire precepts which will be incorporated into the report to be submitted to Council on the 22nd February 2012.

4. The report also provides an early assessment of the position in respect to 2013/14 and 2014/15. It is estimated that for these years the Council will need to find further savings of £48.9m in 2013/14 and £48.2m in 2014/15. Although not definitive this does give an indication of the scale of the continuing financial challenge that the Council will be facing.
5. In addition, this report also asks Executive Board to recommend to Council an increase in Council House rents, garage rents and service charges of 6.82%.

1 INTRODUCTION

- 1.1. This report sets out the Council's budget for 2012/13. It has been prepared in the context of the Council's initial budget proposals agreed by Executive Board in December 2011 and the Local Government Finance settlement.
- 1.2. This report seeks approval from the Executive Board to recommend to Council that the City Council's Revenue Budget for 2012/13 be approved at £563.114m. This results in a Band D Council Tax of £1,123.49 for the Leeds element which is the same level as for 2011/12.
- 1.3. Detailed budget proposals for each service are set out in the directorate budget reports attached. 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 2012/13 providing a clear link between spending plans and performance, at directorate level.
 - The Budget Book – this contains detailed budgets for each directorate at both service level and by type of expenditure/income. Further copies of this document are available to members on request and via the intranet.
- 1.4. 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, the recommendation at 13.1 which recommends the budget to Council is not eligible for call in. Except to the extent to which a further decision making process is referred to, agreement of this budget by Council implies the agreement of actions necessary to deliver the budget as described throughout this report and in the accompanying appendices.
- 1.5 The budget proposals contained within this report have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures have been put in place where possible.

2 INITIAL BUDGET PROPOSALS

- 2.1 In accordance with the Council's Budget and Policy Framework, initial budget proposals for 2012/13 were approved by the Executive Board on the 14th December 2011. It was agreed that they should be submitted to Scrutiny for review and consideration, and also that they would be used as the basis for wider consultation. It continues to be necessary for the Council to develop its financial plans within funding envelopes with significant reductions in the level of government grant. The October 2010 Spending Review set out the Government's proposals to reduce public spending by £81bn over a four year period, with a 20% cash reduction in planned local government funding by central government, equivalent to a reduction of 28% taking into account expected inflation, but the reductions are significantly front loaded.

- 2.2 The Council received a two year funding settlement in December 2010 covering 2011/12 and 2012/13, with the second year being subject to confirmation, and this formed the basis of the assumed funding envelope for developing the initial budget proposals. For Leeds this meant a reduction in the Council's Formula Grant of £27m, partly offset by an increase in un-ringfenced Core grants from the Government of £0.6m, meaning a forecast reduction in the Council's funding envelope of £26.4m.
- 2.3 However, the report noted that there was a degree of uncertainty as to the grant assumptions for 2012/13. This was partly due to the fact that the 2012/13 grant settlement was still subject to confirmation, but in addition, the Department for Education (DfE) had issued a consultation as to the amount that should be deducted from local authorities in respect the transfer to academies of Local Authority Central Education functions funded from Local Authority resources. The settlements for both 2011/12 and 2012/13 included deductions in respect to academies, which for Leeds were £1.76m in 2011/12 and a further £1.39m for 2012/13.
- 2.4 The initial budget proposals identified that in addition to the £26.4m reduction in grants from Government, the Council in 2012/13 was also facing significant spending pressures which were estimated at £29m, as summarised below:

| | 2012/13 £000s |
|---|------------------|
| Funding | |
| Formula Grant reduction | 27,000 |
| Core Grants | -600 |
| Sub-Total | 26,400 |
| Inflation | 3,570 |
| Pressures | |
| Adults | 9,200 |
| Children's | 13,850 |
| City Development | 1,500 |
| E&N | 826 |
| Debt | 4,000 |
| Carbon Reduction (GF) | 700 |
| Other base pressures/ongoing efficiencies | -4,642 |
| Sub-Total Other Pressures | 25,434 |
| Total Pressures incl funding reduction | 55,404 |

- 2.5 These pressures were fully explained in the report, but included the continuation of demand pressures within both Children's Services and Adult Social Care. It was also identified that in addition to having to provide for inflation and the additional debt charges associated with the capital programme, it was also necessary to reflect shortfalls in income budgets within City Development and Environment and Neighbourhoods. Provision was also made for the impact of the Government

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. These pressures were to some degree offset as directorates had been required to review their base budgets to identify efficiencies reflecting trends and on-going actions.

- 2.6 The initial budget proposals for 2012/13 therefore had to identify options to bridge a £55.4m gap, and the proposals put forward are summarised below:

| | 2012/13 £000s |
|----------------------------------|------------------|
| Funding: | |
| Recurring | |
| Tax Base growth | -2,000 |
| New Homes Bonus | -5,300 |
| Non Recurring | |
| Council Tax - Council Tax freeze | -6,740 |
| PFI reserve | -9,900 |
| General reserves | -3,000 |
| Sub-Total | -26,940 |
| Summary Proposals | |
| Employees | -9,725 |
| Premises | -200 |
| External placements/providers | -1,463 |
| Procurement | -3,130 |
| Transport | -1,080 |
| Income | -7,826 |
| Alternative funding sources | -5,040 |
| Sub-Total | -28,464 |
| Total | -55,404 |

- 2.7 The initial budget proposed that the level of the Leeds element of the Council Tax is frozen for the second year. In doing this the Council will be able to take advantage of the Government's 2012/13 Council Tax freeze grant. This grant is worth the equivalent of a 2.5% Council Tax increase, which is £6.7m for Leeds. However, unlike the Government's 2011/12 Council Tax freeze grant which is guaranteed for four years, the 2012/13 grant is for one year only, and therefore further savings will need to be identified from 2013/14 onwards to offset this loss of income.
- 2.8 Directorate proposals for savings totalled £28.5m, and these were detailed in an appendix of the report.
- 2.9 The proposals for 2012/13 included the use of significant one off sources of funding, and as such it was recognised that it is imperative that a robust budget is agreed and that appropriate actions are taken to ensure that it is delivered. This is all the more important given that in 2013/14 and 2014/15 the Council will need to make further significant savings which will require the Council to review and transform its services in the light of its new role. As such it was recognised that the challenge facing the Council is not just a financial one, but is also how we respond to a new policy agenda and new expectations and demands.

- 2.10 Subsequent to issuing the report on the initial budget proposals, the Local Government Finance settlement for 2012/13 was confirmed on the 8th December 2011. This confirmed a £27m reduction in the Council's Formula Grant which was in line with the previously announced two year settlement and as assumed within the initial budget proposals. The table below details the Council's 2012/13 Formula Grant and Core Grants, and shows an overall reduction of £25.2m from the previous year.

| | Budget 2011/12 £m | Initial Budget Proposal 2012/13 £m | Budget 2012/13 £m | Variation Budget - IBP 2012/13 £m |
|---|-------------------------|---|-------------------------|--|
| Formula Grant (excl Council Tax Freeze Grant) | 315.061 | 288.087 | 288.087 | 288.087 |
| Cash Reduction | -43.926 | -26.974 | -26.974 | 0.000 |
| Variation in Core Grants | -7.512 | 0.634 | 1.756 | 1.122 |
| Total Cash Reduction | -51.438 | -26.340 | -25.218 | 1.122 |

- 2.11 Also on the 8th December 2011, the DfE issued a further consultation document which has confirmed that they do not intend to reopen either the 2011/12 or the 2012/13 settlements. However, for each Local Authority the DfE will calculate the costs applicable to Local Authority Central Education functions in 2012/13 based on the actual number of pupils in Academies throughout the financial year. If this calculation produces a total below the topslice, a refund will be made to the local authority through a un-ringfenced specific grant, if it produces a total above the topslice, no further funding will be recovered from the local authority. For 2013/14, the DfE intends to explore how funding for these services could be removed from the block grant and paid as a grant to Authorities and Academies proportionate to pupil numbers according to a national rate.

3. CONSULTATION

- 3.1 In preparing the current 3-year financial strategy and the budget for 2011/12, significant consultation was undertaken to determine the budgetary strategy to be adopted for the period 2011/12 to 2013/14 – the consultation was undertaken under the banner of “The Spending Challenge”. This included public consultation, engagement with the third sector and business sector, regular meetings with trade unions as well as inviting all staff to make suggestions on savings and efficiencies. The outcome of this consultation was extensive and informed both the 3-year strategy and the 2011/12 budget. As we move into the second year of the strategy, it was appropriate to use the outcome of this original consultation to inform our proposals, supplemented by further consultation to identify whether the budget strategy adopted 12 months ago continued to be the appropriate strategy to inform budget setting for 2012/13.
- 3.2 Therefore, building on the consultation that was undertaken for the 2011/12 budget, further consultation has been undertaken in preparation of the 2012/13 budget which has included:

- All party budget meeting
- An update in the Council's "About Leeds" newspaper and on the Council's internet in the form of a "you said, we did" presentation and providing an opportunity for people to "have their say" if they felt the headline priorities previously identified did not continue to be the key areas of focus.
- Consultation with the third sector, the business sector and the Youth Council
- Regular meetings with trade unions
- In accordance with the Council's constitution, Scrutiny Boards have been given the opportunity to consider the initial budget proposals

3.3 In the spending challenge consultation Leeds' residents gave their priorities for the Council's budget. These priorities together with the "What if Leeds..." consultation that was undertaken during 2011 in the development of the city's vision, continue to guide the development of the Council's financial plans. Prior to the publication of the initial budget proposals, through the "About Leeds" newspaper the Council took the opportunity to inform the people of Leeds what they said previously and what we have done, as well as providing an opportunity for residents to comment further should they so wish. In the Spending Challenge consultation, residents identified the top spending priorities to be:

- Tackle the worst anti-social behaviour first
- Encourage people to recycle and throw less away
- Help people stay in their own homes for as long as possible
- Bring services together and make better use of building
- Work to get local jobs for local people

3.4 Due to the nature of the extensive consultation undertaken as part of the Spending Challenge on the 3-year strategy, and this year's engagement being more to update on progress and check whether the key priorities remain, the overall response rate was not as high as it was for consultation on the strategy. Approximately 150 residents offered views as part of the engagement process with the overwhelming majority agreeing that the agreed spending challenge priorities remain to be the key ones. On average, 90% of those who responded agreed the priorities agreed previously remained the most important issues to be addressed. It is worthy of note that in the original consultation "work to get local jobs for local people" was ranked fifth in order of importance but in the latest consultation is now ranked as equal top priority along with "tackle the worst anti-social behaviour" first. Details of the consultation are attached at Appendix 1a.

3.5 Following the publication of the Council's initial budget proposals on its internet site, comments on the proposals were received from Third Sector Leeds and this is included at Appendix 1b.

3.6 The initial budget proposals were submitted to scrutiny following their approval by Board on the 14th December 2011. Comments were received from Central and Corporate Functions Scrutiny and from the other portfolio boards. A summary of their views are attached at Appendix 2.

- 3.7 A consultation meeting also took place with the Youth Council on the 14th December 2011, and a summary of their views is attached at Appendix 3.
- 3.8 Directorate budget reports, which are attached, identify the ways in which the budget proposals respond to the consultation.

4. DEVELOPING THE INITIAL BUDGET PROPOSALS

- 4.1 The City of Leeds has an ambition to be the best city in the UK. If it is to achieve this ambition, Leeds City Council will need to be the best city council in the UK, providing strong civic leadership to galvanise the private, public and third sectors. The Council's financial plans for 2012/13 and beyond recognise that local government is facing a very different environment to that which it has operated within in recent times. This is partly due to the Government's priority of eliminating the deficit within the public finances, which is resulting in cuts to our grants from Government but also reflects the Government's new policy agenda. At the same time we need to recognise that society's needs and aspirations have continued to increase and change. Councils cannot deliver services and objectives alone, and the reality is that the best cities and towns will need to combine the best values of all sectors. Councils will need to change, to become much more enterprising, and responsive to their local communities, whilst retaining their role as major employers, service providers and democratically-mandated leaders. This new role will demand a new 'social contract' with local people to help make local places more liveable. It will also require businesses to play a more active role as corporate citizens and the third sector to act as a catalyst for connecting with local people.
- 4.2 These changes will not happen overnight, but the 2012/13 budget proposals now being put forward need to be seen in the context of these changes. The Council's approach to the development of its 2012/13 budget and future financial plans is based around the following actions:
- Resources need to be focused as much as possible on front line services to customers.
 - Innovation will be key to the transformation of services.
 - We are reviewing services and looking at collaboration opportunities across services in order to eliminate over-provision where this makes business sense.
 - Opportunities will be identified and pursued where appropriate, to provide services in collaboration with other local authorities, or other public organisations within the City and if appropriate beyond.
 - We expect to reduce our staffing levels by around 2500 by the end of 2015 compared to 2010 levels; every effort will be made to achieve this without compulsory redundancies.
 - We are reducing our spend on goods and services through better demand management, renegotiating prices with suppliers, centralising some of our ordering arrangements and making system improvements.

- We are reducing the number of buildings we occupy and making more efficient use of office space in the buildings remaining. We are also reducing our energy usage in our buildings.
- We are reviewing our income from fees and charges, and introducing new charges where appropriate.

4.3 The initial budget proposals for 2012/13 as approved by Executive Board at its meeting on the 14th December 2011 continue to form the basis of the budget proposals now been put forward for adoption by Council. However, there are a number of areas where changes have been made reflecting the consultation that has been undertaken and also the on-going review and scrutiny of the budget proposals. The 2012/13 budget now being proposed is detailed in section 5 of this report, with the directorate budgets explained further in Appendix 6, but the key changes from the initial budget proposals which have now been incorporated are as follows:

- The second year of the 2011/12 Council Tax freeze grant will now be paid as part of Formula Grant which has the effect of increasing the Council's reported net revenue budget but has no impact on the amount available to spend.
- Changes to the Local Government Pension Scheme will not impact in 2012/13 as previously assumed.
- No specific provision for pay awards has been made in directorates; any pay awards which might be agreed nationally will be funded from the general contingency provision. Additional provision has been included for debt charges reflecting the proposed capital programme.
- Additional provision has had to be made meet the forecast 2011/12 year end deficit on the Council Tax collection fund. Although collection rates have been maintained, the value of the debit to be collected is lower than originally forecast, arising from appeals, exemptions, etc.
- Additional provision is proposed to support work around homelessness and welfare reform.
- Additional funding from the health service has been assumed to support transitional costs within both Children's Services and Adult Social Care.
- Provision was set aside in the current year to fund costs associated with early leavers. The latest estimate is that not all of this will be required, and it is proposed that the unused balance is applied in 2012/13, as an additional contribution from General Fund Reserves.
- The West Yorkshire Integrated Transport Authority (WYITA) levy was initially to be reduced by 2.7%. It has now been agreed at a cash standstill, and the equivalent of a 2.7% saving on the levy (£2.6m across West Yorkshire) will now be used to establish a West Yorkshire Transport Fund earmarked reserve within the WYITA.
- All directorates have undertaken a review of their base budgets in order to identify further savings in back office overheads and running costs.

4.4 These changes to the initial budget proposals are included in the budget now being proposed for 2012/13 which is discussed in section 5 below.

5. MAIN FEATURES OF THE PROPOSED BUDGET

5.1 Directorates have prepared their budgets in accordance with guidelines laid down by the Director of Resources, taking account of the following:-

- No specific provision has been included in directorate estimates for a pay award in 2012/13, although there is some provision included within the central contingency for unforeseen costs. Provision of £0.4m has been made for 0.2% increase in the superannuation rate which reflects the latest actuarial review.
- 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, which represents an increase of £1m. An additional £1m has been provided for an increase in energy costs, and a further £0.7m for the government's Carbon Reduction Commitment Energy Efficiency Scheme.
- Discretionary fees and charges have been reviewed and there is no general increase, although there are a number of specific increases where it is felt that the market will bear them. These are detailed in the directorate reports, however, it is worth noting that in the context of the consultation and comments from Scrutiny there are no proposed increases in car parking charges.

5.2 As referred to in section 2 above, the financial year 2012/13 is the second year of the CSR and the Council's funding from government reduces by £25.2m. The budget strategy was set out in the Initial Budget Proposals report approved by Executive Board on 14th December 2011, which is summarised in section 2 above. Throughout the preparation of the budget the aim as far as possible has been to protect the delivery of front line services. This has been achieved through the identification of significant efficiency savings and the use of a number of reserves and short term funding sources.

5.3 Within the budget, additional funding has been found to maintain and in some instances delivery improvements in key priorities, these include:

- Additional funding of £7.7m within Adult Social Care for demand pressures. This provides funding towards the cost of the continuing impact of an ageing population and the needs of people with learning disabilities. This also reflects the current year pressure on the community care budgets for residential nursing and domiciliary care. Additional provision is also included for the Council's contribution towards the learning disability pooled budget, which as well as reflecting increasing numbers, also reflects the increasing complexity of people's needs. It is recognised that these demographic pressures will continue to grow in the long term, and will present the Council with significant financial challenges.

- Additional funding of £10.9m in Children's Social care for demand pressures. Over the last few years, the Council has seen significant increases in the level of demand for children's social care. It is proposed that the Council prioritises improvements in social care services to young people and the safeguarding of vulnerable children in the city. This includes £10.9m which will be used to fund additional external placements and the rise in the cost of fostering care reflecting the trends experienced in the current year. The directorate are developing plans with partners which in the medium and longer term are aimed at halting and indeed reversing the level of demand for high cost social care provision. To support this approach, £2.1m is provided for early intervention and prevention. In addition, £0.9m is provided for the expansion of childcare for vulnerable 2 year olds in accordance with Government policy.
 - Jobs and the economy are clearly significant issues, and this is also reflected in the consultation responses. Recognising this, it is proposed that provision of £1.75m to support economic initiatives in Leeds is included in the 2012/13 budget.
 - Full details of the government's welfare reforms are still emerging and a welfare reform strategy which is currently being determined will inform how the Council can support those affected by the changes. Additional expenditure of £0.2m has been provided for which is funded by government grant.
- 5.4 Reflecting current trends, provision has also been made for declining income, particularly in respect of planning and building fees, markets and car parking.
- 5.5 It is currently estimated that capital financing costs will increase by around £4.6m in 2012/13 in order to deal with existing capital commitments. This is £0.6m more than included in the Initial Budget Proposals, reflecting the current capital programme. This still assumes we continue with our strategy of keeping new borrowing on short term to take advantage of low rates and includes a target reduction that will need to be achieved through a combination of:
- A rigorous review of the capital programme beyond the extent of the current review and restricting further capital commitments;
 - Funding new commitments through selling assets; and/or,
 - Using asset sales to repay debt.
- 5.6 The budget includes provision for a £3.5m central contingency for items not foreseen and for items where there is a risk of variation during the year, including £0.25m Hardship fund for third sector .
- 5.7 Details of the efficiency savings are contained in the directorate budget reports. The budget is supported by a number of short term funding sources as a means to smooth the impact of the government grant reductions over two years. These are as follows:-

- Additional New Homes Bonus – £5.3m
This is the third year of a six year scheme which rises by £2.6m per annum over the life of the scheme
- Use of PFI reserve - £9.9m
The schools' PFI schemes uses a sinking fund to equalise payments with PFI grant over the life of the schemes. The schools PFI costs will now be met in the year they are incurred, facilitating the one off use of the reserve.
- Use of ELI reserve - £1.5m
Provision was set aside in the current year to fund the one off costs of the early leavers scheme . The estimated unused balance is to be applied as an additional contribution from general reserves
- General reserves - £4.92m
The budget is supported by the additional use of general reserves, further explained in Section 7

5.8 However, even taking account of the above additional sources of funding, it was recognised in the Initial Budget Proposals report that further savings would need to be made within service budgets. The savings within directorate budgets can now be summarised as follows:

5.8.1 The initial budget proposals detailed reductions in staffing levels over the period of the Spending Review. Staffing savings of around £9.7m were anticipated in 2012/13, although after accounting for staffing increases in priority areas, the net saving was forecast to be £7.2m. This included a general savings target of £2.5m which is now not considered achievable. After taking into account the impact of fully funded posts and non recurrent staffing savings in the current year, the overall staffing budget has reduced by £3.2m.

5.8.2 The Council's expectation following the Spending Review was that there would be a reduction of around 2,500 ftes over the 4 year period 2011/12 - 2014/15, and to achieve this, further reductions will be required in 2013/14 and 2014/15.

These reductions are expected to be achieved through a combination of:

- continuing the Council's current recruitment freeze
- assuming a normal level of staff turnover with replacements being restricted to essential posts only
- the launch of further Early Leaver Initiative schemes as appropriate

Our approach will mean that staff will leave the authority from across the whole range of services and it will be necessary therefore to manage this very carefully and make arrangements to retrain and redeploy staff where appropriate.

A review of the Council's trade union facilities agreements reflecting the reduction in the Council's workforce is proposed, and in the light of this a £40k saving is included in these proposals.

5.8.3 The Council values its partnership with the Third Sector and the sector provides many important services which are complementary to the Council's objectives. Moreover, the Council sees the third sector as having an increasing role in the delivery of services with the developing concept of civic enterprise. Directorate will continue to work closely with the third sector to identify opportunities and deliver efficiencies in order to protect services. A review of the Community Centres portfolio will identify opportunities for local community organisations to make better use of the range of community facilities that exist which could involve realising LCC assets. A vibrant voluntary and faith community will also be key the work of Adult Social Care to develop the Leeds care market in line with the priority of building better lives through enterprise.

5.8.4 The approach of individual directorates to the third sector will vary to some degree depending upon priorities and available opportunities. In general the budget proposals do not require further efficiencies on the same scale in 2012/13, but there are a number of specific proposals which are detailed within the directorate report. There are specific proposals for reducing the Supporting People which reflects an incremental approach to the £10.6m cut in the Government's funding for Supporting People made in the 2011/12 settlement. Although it is proposed that support to major arts organisations is reduced in 2012/13, these organisations have been working with the Council this year to improve the grants process to better support planning and sustainability. The Council has also been working closely with smaller organisations and individuals responding to their needs. A new approach has been introduced which will see the arts@leeds funding stream developed on a more sustainable basis with more focused criteria. In addition, the Leeds Inspired funding stream has been introduced which will support activity in each year which engages local people in participatory activity. It is proposed that the £0.3m that the Council puts into the West Yorkshire Grants Scheme will be allocated to this funding stream along with some of the old arts@leeds funding.

5.8.5 In 2011/12, through the Leeds Community Foundation, the Council provided funding for the establishment of Transition Fund to assist Third Sector groups to adjust to funding changes. The 2012/13 budget proposes to provide £250k to support the work of the Leeds Community Foundation in this area.

5.8.6 In addition to cash limiting most running cost budgets, which is estimated to save around £10m, the budget includes specific proposals to save a further £4.9m from procurement activity including:-

- £0.5m general fund savings on the new grass cutting contract from January 2012
- £0.3m on waste management contracts
- Closer working and collaboration between Parks and Countryside and Environmental action teams, £0.15m and a further £0.15m on CCTV and security functions across the Council
- £0.5m across the Council on the contract for recruiting agency staff
- £0.33m from procurement savings and operational changes within Highway maintenance

- £0.4m on IT contracts
- Within Adults, savings of £1m have been included from reduced placement fee levels; £0.6m for a review of transport policy, current practices, further route rationalisation and greater use of the in-house fleet.
- £1m forecast savings across the whole placement procurement programme within Children's

5.8.7 Income of £8.7m has been provided from Health to support Adult and Children's Social Care issues, which represents an increase of £4m from the Initial Budget Proposals. Additional income of £0.8m has been included within Resources Directorate for income generated from the provision of support services, including services to the growing number of academy schools.

5.9 Attached to this report are detailed budget reports for each directorate which set out the changes within the budget of each directorate. It is recognised that some actions may impact on particular communities and where deemed appropriate consultation and the consideration of mitigating actions will continue. Where directorate reports make reference to further decision making processes, then this will be in accordance with the Council's constitution.

6. PROPOSED BUDGET 2012/13 – SUMMARY

6.1 It is recommended that the Leeds element of the Council Tax will not increase although a forecast increase in the taxbase offset by a current year deficit on the collection fund will generate a net cash increase of £1.2m. Together with the reduction in Formula Grant of £27.0m, the overall cash decrease in the net revenue budget is £25.8m, which represents a 4.4% decrease as detailed in the following table. This is a decrease of 11.0% over the two years 2011/12 and 2012/13.

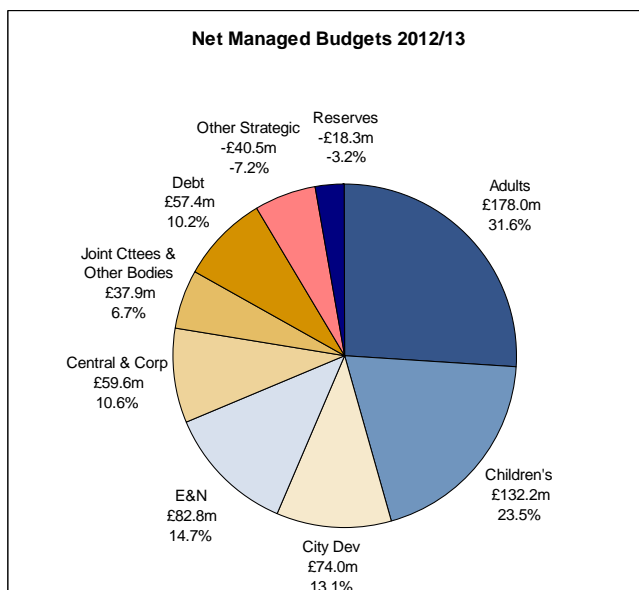
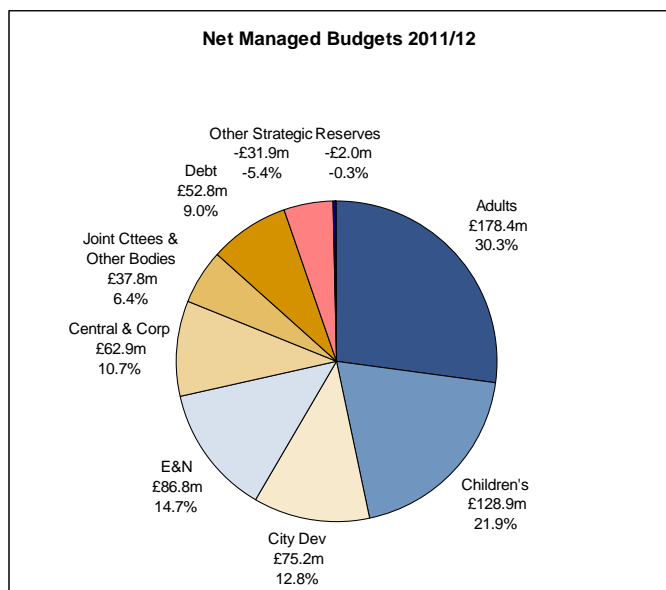
| | Adjusted Budget 2011/12 | Change | Budget 2012/13 |
|---------------------------|-------------------------------|--------------|-------------------|
| | £m | £m | £m |
| Formula Grant | 321.7 | -27.0 | 294.7 |
| Council Tax | 267.2 | 1.2 | 268.4 |
| Net Revenue Budget | 588.9 | -25.8 | 563.1 |

| | £m |
|---|--------------|
| Budget 2011/12 | 582.2 |
| Adjustments for specific grants transferring to formula grant | 6.7 |
| Adjusted Budget 2011/12 | 588.9 |
| Change in Prices | |
| Pay | 0.6 |
| Price | 5.3 |
| Income | -2.3 |
| Service Budget Changes: | |
| Changes in service levels | 22.4 |
| Other factors not affecting level of service | -22.7 |
| Efficiency savings | -18.9 |
| Change in contingency fund | 1.5 |
| Change in contribution from earmarked reserves | -11.4 |
| Change in contribution from general reserves | -4.9 |
| Change in capital financing costs | 4.6 |
| | <u>-25.8</u> |
| Base Budget 2012/13 | 563.1 |
| Percentage decrease from adjusted budget | -4.4% |

- 6.2 The following table provides a summary of the budget by directorate. Table 1 appended to this report provides a detailed analysis at directorate level; Table 2 shows a subjective summary of the City Budget; and Table 3 shows the budgeted staffing levels for the end of 2012/13.

| Directorate | 2011/12 | | | 2012/13 | | |
|--|-----------------------------|---|---------------------|-----------------------------|---|---------------------|
| | Net managed budget £000s | Net budget managed outside service £000s | Net budget £000s | Net managed budget £000s | Net budget managed outside service £000s | Net budget £000s |
| Adult Social Care | 178,463 | 19,240 | 197,703 | 177,988 | 18,702 | 196,690 |
| Children's Services | 129,481 | 51,040 | 180,521 | 132,205 | 45,669 | 177,874 |
| City Development | 75,146 | 37,577 | 112,723 | 74,074 | 40,479 | 114,553 |
| Environment and Neighbourhoods | 87,443 | 12,994 | 100,437 | 82,781 | 18,602 | 101,383 |
| Central and Corporate | 61,228 | (51,160) | 10,068 | 59,586 | (48,631) | 10,955 |
| Debt | 52,839 | | 52,839 | 57,439 | | 57,439 |
| Joint Cttees & Other Bodies | 38,185 | (417) | 37,768 | 37,857 | (415) | 37,442 |
| Strategic Accounts | (38,557) | (69,274) | (107,831) | (40,497) | (74,406) | (114,903) |
| NET COST OF DEPARTMENTAL SPENDING | 584,228 | 0 | 584,228 | 581,433 | 0 | 581,433 |
| Transfers to / (from) reserves: | | | | | | |
| Other | 0 | | 0 | (11,400) | | (11,400) |
| NET COST OF CITY COUNCIL SERVICES | 584,228 | 0 | 584,228 | 570,033 | 0 | 570,033 |
| Contribution to/(from) General Fund Reserves | (2,000) | | (2,000) | (6,919) | 0 | (6,919) |
| NET REVENUE CHARGE | 582,228 | 0 | 582,228 | 563,114 | 0 | 563,114 |

6.3 The following pie charts show the share of the Council's net managed expenditure between directorates over the two years both in cash and percentage terms. Net managed expenditure represents the budgets under the control of individual directorates, excluding items such as capital charges and FRS17 pensions adjustments. It can be seen that the proportion of the Council's spend on Children's Services and Adult Social Care has increased from 52.2% to 55.1% reflecting the Council's need to prioritise spending in these areas.



6.4 The Schools Budget 2012/13

The Schools Budget is funded by the Dedicated Schools Grant (DSG), Young Persons Learning Agency (YPLA) Post 16 Grant, and the Pupil Premium.

6.4.1 Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is a ring-fenced grant and may only be applied to meet costs that fall within the Local Authority Schools Budget. Any under or over spend of grant from one year must be carried forward and applied to the Schools Budget in future years. The Schools Budget comprises of Individual School Budgets delegated to schools, the 15hrs of free early years education for 3 and 4 year olds attending private, voluntary and independent settings and a number of prescribed services and costs in support of education in schools.

The DSG for 2012/13 will be calculated by multiplying pupil numbers in Leeds (including those attending Academies) as at January 2012 by a fixed rate of funding, £4,945.95. Total pupil numbers are estimated to increase by 1,176 from January 2011. This is through a combination of increasing numbers in Nursery and Primary Schools and falling numbers in Secondary Schools and should provide a year on year increase in the DSG of £5.82m.

However, the gross DSG is then reduced by an amount equivalent to the delegated budget that would be paid to each Academy, and is also reduced based on an assumption that many of the centrally retained budgets also support Academies. The DSG for 2012/13 is estimated as £437.6m, a year on year reduction of £33.8m

6.4.2 YPLA Post 16 Grant

The YPLA Post 16 Grant fund is paid in three elements. The majority of the funding is to support provision made to pupils in Leeds Sixth Forms and is paid as a ring-fenced grant with pre-determined allocations for each School. The grant also includes an allocation to fund Special Educational Needs and a further allocation to support the payment of teacher pensions.

There is no information available on funding rates for 2012/13, although it is likely that funding per sixth form pupil will reduce as the YPLA seeks to equalise funding rates between sixth forms and FE Colleges and Sixth Form Colleges.

6.4.3 Pupil Premium

The Pupil Premium was introduced from April 2011 and was paid at a rate of £488 per deprived pupil eligible for free school meals at January 2011, and for pupils who had been continuously in care for over 6 months. A further service child allocation of £200 is paid for children whose parents are in the armed services. In 2012/13 the allocation for pupils eligible for free school meals or in care has been increased to £600, and the service child premium has been increased to £250.

The eligibility criteria have also been extended so that the pupil premium is paid based on pupils on the January 2012 School Census who have been eligible for free school meals on any termly census over the past six years. It is estimated that the Pupil Premium paid to Leeds Schools (including Academies) will increase from £10.3m in 2011/12 to £17.9m in 2012/13.

6.5 Housing Revenue Account

Details of the Housing Revenue Account budget proposals are contained in the attached Environment and Neighbourhoods budget report. In summary:

- From 1st April 2012 the HRA subsidy system is dismantled and replaced with a devolved system of funding and responsibility subject to a one off allocation of debt. Under self financing Local Authorities retain all of their rental income in order to maintain and improve their housing stock. In the determination of the allocation of debt, the Government assumes that Councils will follow their Rent Restructuring Policy and in the case of Leeds this equates to a rent increase of almost 9% in 2012/13. Recognising that this represents a significant increase to tenants, the Council has adopted a strategy which smoothes the Government's assumed increases in rent over a five year period but ensures that sufficient resources are available to maintain the housing stock and undertake essential investment. It is therefore proposed that the Council implements an average rent increase of 6.82% in 2012/13. It is proposed to increase service charges and garage rents by a similar percentage.
- Overall ALMO fees will increase by £929k although contained within this is a 6% (£2.8m) increase in resources for maintenance and a 5% reduction (£1.5m) in the amount allocated for the management of the housing stock.
- The 2012/13 budget reflects an increase of £16.3m (44.2%) in the level of resources available to contribute to the capital programme in order to maintain and improve the housing stock as well as contribute towards other housing priorities.

6.6 Council Tax

The proposed budget of £563.114m for 2012/13 is consistent with the Leeds element of the Council Tax for 2012/13 being exactly the same as in 2011/12, which will give council tax figures for the Leeds City Council element only for each band as follows:

| | 2012/13 |
|--------|----------------|
| | £ |
| Band A | 748.99 |
| Band B | 873.82 |
| Band C | 998.66 |
| Band D | 1,123.49 |
| Band E | 1,373.15 |
| Band F | 1,622.82 |
| Band G | 1,872.48 |
| Band H | 2,246.98 |

To these sums will be added amounts for Police, Fire and, where appropriate, parishes. These additional amounts will be reported to Council on 22nd February 2012 following the formal decisions about their respective precepts.

7. RESERVES POLICY

7.1 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, it is good practice for 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.

7.2 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.

7.3 As set out in the 2011/12 financial health report elsewhere on this agenda, the Council's reserves at the end of March 2012 are estimated to be at around £24m. This budget assumes the use of £6.92m to support invest to save activities and other one-off expenditure. The budget therefore assumes that reserves at the end of March 2013 will stand at £17.1m which represents 3.0% of net expenditure and is above the minimum level required by the reserves policy.

7.4 The policy also requires directorates to prepare budget action plans to deal with spending variations on budgets controlled by directorates during the year.

7.5 The table below provides a summary of General Fund and Housing Revenue Account reserves.

| General Fund | 2011/12 £m | 2012/13 £m |
|--------------------------------|---------------|---------------|
| Balance brought forward | 29.6 | 24.0 |
| Less: budgeted use in year | -2.0 | -6.92 |
| transfer to earmarked reserves | -3.6 | |
| Balance Carried Forward | 24.0 | 17.1 |

| Housing Revenue Account | 2011/12 £m | 2012/13 £m |
|--------------------------|---------------|---------------|
| Balance brought forward | 4.0 | 5.8 |
| Add surplus for the year | 1.8 | 0.0 |
| Balance Carried Forward | 5.8 | 5.8 |

8.0 ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES

8.1 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.

8.2 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 un-earmarked reserves to meet unforeseen cost pressures.
- the strength of the financial management and reporting arrangements.

8.3 In coming to a view as to the robustness of the 2012/13 budget, the Director of Resources has taken account of the following issues:-

- 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 2011/12 have, where appropriate, been recognised in preparing the 2012/13 budget.
- 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.
- 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, many of which are significant. All directorate budgets contain efficiencies, service reviews and savings which will require actions to deliver, and any delay in taking decisions may have significant financial implications. The overall level of risk within the 2012/13 budget is considered to remain relatively high, but less than in the 2011/12. Whilst this level of risk can be considered manageable, it must be on an understanding that key decisions are taken or that alternative actions can deliver similar levels of savings without increasing the overall risk level within the budget. Some of the key risks within the budget are as follows:-
 - The level of demand and activity, within the children's social care and looked after children budgets. Whilst the directorate have continued to develop their plans to manage the continuing increase in demand and referrals, the 2012/13 budget does require the level of demand in these areas to "turn the curve".
 - Assumptions around additional income from the trading of certain functions with schools are not realised.
 - Volatility of demand led budgets within Adults Social Care.
 - Inflation and pay awards greater than anticipated
 - Interest rate changes greater or sooner than anticipated
 - Failure to restrict capital spending results in additional debt costs
 - Uncertainty over the economic climate which may have a continuing impact on income budgets and the cost of borrowing
 - Challenging efficiency targets across the Council including reducing staffing numbers and generating significant procurement savings
 - Risk to Council buildings if essential maintenance work cannot be contained within the reduced budget.

- 8.4 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. 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. Given the scale of the financial challenge facing the Council it is proposed that Financial Health reports continue to be submitted to each meeting of the Executive Board in accordance with the following timetable.

| Reporting Period | Executive Board |
|------------------|-----------------|
| 1&2 | 20/06/2012 |
| 3 | 18/07/2012 |
| 4 | 05/09/2012 |
| 5 | 17/10/2012 |
| 6 | 07/11/2012 |
| 7 | 12/12/2012 |
| 8 | 09/01/2013 |
| 9 | 15/02/2013 |
| 10 | 13/03/2013 |
| 11 | 24/04/2013 |
| 12 | 15/05/2013 |

- 8.5 Once submitted to Executive Board, it is proposed that the Financial Health reports are submitted to Scrutiny.
- 8.6 The Council's Reserves policy, as set out in Section 7, requires directorates to prepare budget action plans to deal with spending variations on budgets controlled by directorates during the year.
- 8.7 The scale of the grant reductions which the Council has had to respond to during 2011/12 and 2012/13 are without precedent, These together with exceptional demand pressures impacting in a number of directorates have meant that the Council has had to identify a scale and pace of reduction which has meant that budgets do contain a higher level of risk than would normally be expected. Nevertheless, the Council during 2011/12 has been successful in managing budget which reflected £90m of savings, and at the same time it has been able to strengthen its revenue reserves in order to provide more resilience at a time of greater financial risk. Whilst the delivery of the 2012/13 budget will undoubtedly represent a challenge, nevertheless with the use of one off sources of funding, the scale of reductions required of services is significantly less than in the previous year. It does however, remain imperative that a robust budget is agreed and that appropriate actions are taken to ensure that it is delivered. As such it is important that it is recognised that if during the year, should identified savings not be delivered, alternative savings options will be needed. This is all the more important given that in 2013/14 and 2014/15 the Council will face further financial

challenges, which will require the Council to further review and transform its services in the light of its new and developing role.

8.8 In the context of the above, the Director of Resources considers the proposed budget for 2012/13 as robust and that the level of reserves are adequate given a clear understanding of the following:-

- 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, and reporting arrangements to members will be enhanced
- 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 considered reasonable and achievable.
- enhanced budget reporting to members will continue
- 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%.
- there is a clear understanding of the duties of the Council's statutory Financial Officer and that the service implications of them being exercised are fully understood by members and senior management alike.

9 EQUALITY IMPACT ASSESSMENT OF THE BUDGET

9.1 The Equality Act 2010 requires the Council to have 'due regard' to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay 'due regard' be demonstrated in the decision-making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.

9.2 The Council is fully committed to assessing and understanding the impact of its decisions on equality and diversity issues. In order to achieve this the Council has an agreed process in place have particularly promoted the importance of the process when taking forward key policy or budgetary changes.

9.3 A specific equality impact assessment of the budget at a strategic level has been carried out and this is attached as Appendix 4 along with a note outlining our

overall approach to equality impact assessments. Separate equality impact assessments have been undertaken in respect to specific actions included in the budget where appropriate and a summary of the position is attached at Appendix 4a.

- 9.4 A view from colleagues in Legal Services has been sought on the process adopted for equality impact assessing the budget and associated decisions. Their considered view is that from the work undertaken to date, the process developed is robust and evidences that 'due regard' is being given to equality related issues.

10 INITIAL PROJECTION FOR 2013/14 and 2014/15

- 10.1 In line with the Government's Spending review, it is to be expected that the Council will need to make further significant savings in 2013/14 and 2014/15. Our current best estimate of the reduction in our Government grants for these years are:

- £12.4m in 2013/14
- £28.4m in 2014/15

- 10.2 This takes into account the government's intention to adjust Formula Grant to reflect the recently announced 1% public sector pay cap for a further two years.

- 10.3 An initial projection of the likely funding gap in these two years has been undertaken and takes account of the following assumptions

- Reductions in Government Grant as detailed in 10.1 above
- Fall out of the Council Tax Freeze Grant in 2013/14
- Fall out of one off use of the schools PFI Reserve
- Continuing use of General fund Reserves of just £2m
- Increase in the Council Tax base and a reasonable increase in the Council Tax
- Inflation and pay awards
- Full year effect of 2012/13 pressures and savings
- Continuing demand pressures in Adults Social Care and Children's Services

- 10.4 Based upon the above, and as summarised in the table below, it is estimated that further savings of £48.9m will be required in 2013/14 and £48.2m in 2014/15.

| | 2013/14 £m | 2014/15 £m |
|---|---------------|---------------|
| Funding | | |
| Formula Grant | 10.6 | 23.7 |
| Core Grants | 1.8 | 4.7 |
| | 12.4 | 28.4 |
| Council Tax/Tax Base | -7.8 | -8.0 |
| 2012/13 Council Tax Freeze Grant | 6.7 | |
| New Homes Bonus | -2.6 | -2.6 |
| Use of PFI reserve | 9.9 | |
| Use of Reserves | 6.4 | |
| Total Funding | 25.0 | 17.8 |
| Spending | | |
| Inflation and Pay Awards | 15.3 | 15.8 |
| Debt | 6.0 | 8.0 |
| Demand Pressures | | |
| Adults | 5.1 | 5.1 |
| Children's | -2.4 | 0 |
| Income pressures | 1.4 | 0.4 |
| Other base pressures/ongoing efficiencies | 1.1 | 1.1 |
| Savings proposals/options | -2.6 | |
| Total spending pressures | 23.9 | 30.4 |
| | | |
| Savings to be identified | 48.9 | 48.2 |

11.0 CORPORATE CONSIDERATIONS

11.1 Consultation and Engagement

11.1.1 As explained at section 3 above the initial budget proposals were subject extensive consultation with key stakeholders prior to finalisation of the 2012/13 budget.

11.2. Equality and Diversity / Cohesion and Integration

11.2.1 This issue is fully explained in section 9 above.

11.3 Council Policies and City Priorities

11.3.1 This budget seeks to ensure that the policies and priorities of the Council are supported by directing financial resources towards the Council's policies and priorities.

11.4 Resources and Value for Money

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

11.5 Legal Implications, Access to Information and Call In

- 11.5.1 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, the recommendation at 13.1 which recommends the budget to Council, is not eligible for call in. Except to the extent to which a further decision making process is referred to, agreement of this budget by Council implies the agreement of actions necessary to deliver the budget as described throughout this report and in the accompanying appendices.
- 11.5.2 The budget will have significant implications for Council policy and governance and these are explained within the report. The budget is a key element of the Council's Budget and Policy framework, but many of the proposals will also be subject to separate consultation and decision making processes, which will operate within their own defined timetables and managed by individual directorates.

11.6 Risks

- 11.6.1 A full assessment of budget risks both at directorate level and corporately has been made and is explained at paragraph 8.3.
- 11.6.2 A full risk register of all budget risks in accordance with current practice will be maintained and will be subject to quarterly review. Any significant and new risks are contained in the budget monitoring reports submitted to each meeting of the Executive Board, together with any slippage on savings.

12.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE

- 12.1 In accordance with the Budget and Policy Framework Rules, the Executive Board are required to make proposals to Council regarding virement limits and the degree of in-year changes which may be undertaken by the Executive. These are set out in Financial Procedure Rules.
- 12.2 These rules have been reviewed during the year and it is not proposed to change the limits which are set out in Appendix 5.

13. RECOMMENDATIONS

- 13.1 The Executive Board is asked to recommend to the Council the adoption of the resolutions below:
- (i) That the Revenue Budget for 2012/13 totalling £563.114m, as detailed and explained in this report and accompanying papers be approved, with no increase in the Leeds' element of the Council Tax for 2012/13.
 - (ii) In respect of the Housing Revenue Account: -
 - (a) that the budget be approved at the average rent increase figure of 6.82%;

- (b) that the charges for garage rents be increased to £6.93 per week;
- (c) that service charges are increased in line with rents (6.82%).

Background Documents

Initial Budget proposals Executive Board report 14th December 2011
Local Government Finance Settlement 8th December 2011
Council Tax Base – Council report 18th January 2012
Risk based Reserves Strategy
LCC Constitution – Part 2 article 4
– Part 4 rules and procedures

Statement of 2011/12 net budget and 2012/13 budgets

Table 1

| Service | 2011/12 | | | 2012/13 | | |
|--|--------------------------|--|------------------|--------------------------|--|------------------|
| | Net managed budget £000s | Net budget managed outside service £000s | Net budget £000s | Net managed budget £000s | Net budget managed outside service £000s | Net budget £000s |
| Adult Social Care | | | | | | |
| Access and Inclusion | 80,803 | 10,822 | 91,625 | 75,684 | 9,922 | 85,606 |
| Strategic Commissioning | 18,203 | 163 | 18,366 | 17,998 | (2,276) | 15,722 |
| Resources | 5,720 | (4,339) | 1,381 | 5,866 | (4,122) | 1,744 |
| Operational Services | 73,737 | 16,318 | 90,055 | 78,440 | 16,394 | 94,834 |
| Pensions adjustment | 0 | (3,724) | (3,724) | 0 | (1,216) | (1,216) |
| | 178,463 | 19,240 | 197,703 | 177,988 | 18,702 | 196,690 |
| Children's Services | | | | | | |
| Partnership Development and Business Support | 13,036 | 14,448 | 27,484 | 11,652 | 8,101 | 19,753 |
| Learning, Skills and Universal Services | 13,956 | 3,738 | 17,694 | 12,918 | 3,161 | 16,079 |
| Safeguarding, Targeted and Specialist Services | 88,095 | 4,040 | 92,135 | 90,072 | 2,858 | 92,930 |
| Strategy, Commissioning and Performance | 14,394 | 35,896 | 50,290 | 17,563 | 30,707 | 48,270 |
| Pensions adjustment | 0 | (7,082) | (7,082) | 0 | 842 | 842 |
| | 129,481 | 51,040 | 180,521 | 132,205 | 45,669 | 177,874 |
| City Development | | | | | | |
| Planning and Sustainable Development | 4,230 | 2,803 | 7,033 | 4,171 | 2,376 | 6,547 |
| Economic Development | 425 | 1,424 | 1,849 | 390 | 1,125 | 1,515 |
| Asset Management | 8,190 | (8,456) | (266) | 8,646 | 2,806 | 11,452 |
| Highways and Transportation | 22,656 | 24,738 | 47,394 | 22,306 | 26,653 | 48,959 |
| Libraries, Arts and Heritage | 19,463 | 7,964 | 27,427 | 19,236 | 7,437 | 26,673 |
| Recreation | 16,877 | 14,671 | 31,548 | 16,153 | 15,794 | 31,947 |
| Resources and Strategy | 3,305 | (3,222) | 83 | 3,172 | (15,272) | (12,100) |
| Pensions adjustment | 0 | (2,345) | (2,345) | 0 | (440) | (440) |
| | 75,146 | 37,577 | 112,723 | 74,074 | 40,479 | 114,553 |
| Environment and Neighbourhoods | | | | | | |
| Car Parking Services | (7,130) | 1,599 | (5,531) | (7,170) | 1,484 | (5,686) |
| Community Safety | 3,366 | 1,124 | 4,490 | 3,316 | 1,119 | 4,435 |
| Regeneration | 1,071 | 1,038 | 2,109 | 1,043 | 165 | 1,208 |
| Employment and Skills | 3,360 | 409 | 3,769 | 3,052 | 75 | 3,127 |
| Strategy and Commissioning | 32,254 | 2,052 | 34,306 | 27,080 | 2,140 | 29,220 |
| Statutory Housing | 2,166 | 536 | 2,702 | 1,288 | 6,824 | 8,112 |
| General Fund Support Services | (1,715) | 548 | (1,167) | (1,179) | 645 | (534) |
| Waste Management | 37,995 | 2,805 | 40,800 | 41,071 | 2,547 | 43,618 |
| Environmental Action - West | 0 | 0 | 0 | 2,685 | 240 | 2,925 |
| Environmental Action - East | 0 | 0 | 0 | 2,209 | 180 | 2,389 |
| Environmental Action - South | 209 | 25 | 234 | 2,357 | 285 | 2,642 |
| Environmental Action - City Wide | 1,888 | 500 | 2,388 | 1,898 | 238 | 2,136 |
| Environmental Action - City Centre | 62 | 15 | 77 | 1,029 | 135 | 1,164 |
| Non Delegated Street Cleansing | 0 | 0 | 0 | 853 | 2,017 | 2,870 |
| Former Environmental Services | 10,874 | 1,209 | 12,083 | 0 | 0 | 0 |
| Environmental Health | 3,171 | 489 | 3,660 | 3,307 | 687 | 3,994 |
| Safer Leeds Drugs Team | (128) | 163 | 35 | (58) | 76 | 18 |
| Pensions adjustment | 0 | 482 | 482 | 0 | (255) | (255) |
| | 87,443 | 12,994 | 100,437 | 82,781 | 18,602 | 101,383 |
| Resources | | | | | | |
| Financial Management | 9,590 | (9,590) | 0 | 8,565 | (8,565) | 0 |
| Business Support Centre | 3,348 | (3,348) | 0 | 3,296 | (3,296) | 0 |
| Financial Development | 992 | (992) | 0 | 909 | (909) | 0 |
| Revenues and Benefits | (650) | 6,542 | 5,892 | (1,370) | 5,936 | 4,566 |
| Information Technology | 13,863 | (9,876) | 3,987 | 14,141 | (10,431) | 3,710 |
| Human Resources | 8,352 | (8,352) | 0 | 7,505 | (7,505) | 0 |
| Audit and Risk | 2,686 | (2,253) | 433 | 2,492 | (2,026) | 466 |
| CORs and Directorate | 955 | (955) | 0 | 992 | (992) | 0 |
| Public Private Partnership Unit | (842) | 641 | (201) | (866) | 545 | (321) |
| Procurement | 1,631 | (1,631) | 0 | 1,945 | (1,945) | 0 |
| Democratic and Central Services | 14,109 | (12,042) | 2,067 | 14,619 | (12,251) | 2,368 |
| Commercial Services | (8,202) | 3,467 | (4,735) | (8,588) | 4,171 | (4,417) |
| Pensions adjustment | 0 | (1,854) | (1,854) | 0 | (1,125) | (1,125) |
| | 45,832 | (40,243) | 5,589 | 43,640 | (38,393) | 5,247 |
| Corporate Governance | | | | | | |
| Legal Services | (1,709) | 1,346 | (363) | (1,889) | 1,265 | (624) |
| Pensions adjustment | 0 | (904) | (904) | 0 | (199) | (199) |
| | (1,709) | 442 | (1,267) | (1,889) | 1,066 | (823) |
| Customer Access and Performance | | | | | | |
| Customer Access | 7,320 | (5,746) | 1,574 | 7,148 | (6,051) | 1,097 |
| Localities and Partnerships | 1,598 | (740) | 858 | 1,777 | (803) | 974 |
| Intelligence and Improvement | 2,110 | (2,110) | 0 | 2,207 | (2,207) | 0 |
| Corporate Support | 2,547 | (1,887) | 660 | 3,213 | (1,839) | 1,374 |
| Area Management | 3,530 | 81 | 3,611 | 3,490 | (69) | 3,421 |
| Pensions adjustment | 0 | (957) | (957) | 0 | (335) | (335) |
| | 17,105 | (11,359) | 5,746 | 17,835 | (11,304) | 6,531 |
| Strategic and Central accounts | 52,467 | (19,436) | 33,031 | 43,399 | (35,781) | 7,618 |
| Pensions adjustment | 0 | (50,255) | (50,255) | 0 | (39,040) | (39,040) |
| Strategic and Central Accounts | 52,467 | (69,691) | (17,224) | 43,399 | (74,821) | (31,422) |
| NET COST OF CITY COUNCIL SERVICES | 584,228 | 0 | 584,228 | 570,033 | 0 | 570,033 |
| Contribution to/(from) General Fund Reserves | (2,000) | 0 | (2,000) | (6,919) | 0 | (6,919) |
| NET REVENUE CHARGE | 582,228 | 0 | 582,228 | 563,114 | 0 | 563,114 |

Summary of 2012/13 budget by type of spending or income

Table 2

| | General Fund excluding Schools | Schools | HRA | Total Budget | % of total | Per Band D Property |
|---|--------------------------------------|-----------|-----------|-----------------|------------------|---------------------------|
| | £000 | £000 | £000 | £000 | | £ |
| Expenditure | | | | | | |
| Employees | 471,753 | 338,597 | 2,410 | 812,760 | 41 | 3,411 |
| Premises | 73,766 | 29,084 | 534 | 103,384 | 5 | 434 |
| Supplies and services | 29,692 | 74,851 | 175,823 | 280,366 | 14 | 1,177 |
| Transport | 39,489 | 1,270 | 38 | 40,797 | 2 | 171 |
| Capital costs | 58,650 | 4,902 | 34,148 | 97,700 | 5 | 410 |
| Transfer payments | 341,173 | 0 | 0 | 341,173 | 17 | 1,432 |
| Payments to external service providers | 302,628 | 0 | 130 | 302,758 | 15 | 1,271 |
| | 1,317,151 | 448,704 | 213,083 | 1,978,938 | 100 | 8,306 |
| Income | | | | | | |
| Grants | (496,723) | (429,683) | (21,216) | (947,622) | 69 | (3,977) |
| Rents | (9,138) | 0 | (192,557) | (201,695) | 15 | (847) |
| Fees & charges | (191,187) | (19,021) | (10,704) | (220,912) | 16 | (927) |
| | (697,048) | (448,704) | (224,477) | (1,370,229) | 100 | (5,751) |
| Net budget | 620,103 | 0 | (11,394) | 608,709 | 100 | 2,555 |
| Contribution to/(from) IAS19 Pensions reserve | (41,769) | | 463 | (41,306) | | (173) |
| Contribution to/(from) other earmarked reserves | (8,301) | | 10,931 | 2,630 | | 11 |
| Contribution to/(from) General reserves | (6,919) | | 0 | (6,919) | | (29) |
| | (56,989) | 0 | 11,394 | (45,595) | | (191) |
| Net revenue charge | 563,114 | 0 | 0 | 563,114 | | 2,364 |

Notes: The number of Band D equivalent properties is 240,051

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 and income patterns but will be subject to final determination by individual schools.

Table 3**Staffing Requirements (full time equivalents)**

| Directorate | Estimate as at 31st March 2012 | Estimate as at 31st March 2013 |
|---|--------------------------------------|--------------------------------------|
| Adult Social Care | 2,586 | 2,607 |
| Children's Services | 2,966 | 2,938 |
| City Development | 2,338 | 2,303 |
| Environment and Neighbourhoods, including HRA | 1,669 | 1,557 |
| Central and Corporate | 3,996 | 3,967 |
| Sub Total | 13,555 | 13,372 |
| Schools* | 10,204 | 9,725 |
| Total | 23,759 | 23,097 |

It should be noted that the numbers of FTEs employed at any given time may vary due the use of agency staff and overtime to meet peaks in demand

*The reduction in fte's between 31.3.12 and 31.3.13 assumes that schools for which an academy order has been received will convert to academy status on 1.4.12. The figures have not been adjusted for schools that have expressed an interest in applying for academy status but have not yet received an academy order.

Report on findings from the 2011/12 Spending Challenge – One Year On consultation

January 2012

1 Background

In autumn 2010, Leeds' residents gave their priorities for the Council's budget in the "Spending Challenge" consultation. A robust process was used to engage as widely as possible and encourage participation. The intention was that this would provide sound information to inform spending over the 2011-2015 period. In total there were over 2,000 responses, and at that time the top spending priorities were:

- Tackle the worst anti-social behaviour first
- Encourage people to recycle and throw less away
- Help people stay in their own homes for as long as possible
- Bring services together and make better use of buildings
- Work to get local jobs for local people

People also gave their own ideas on ways the council can save money, including:

- The council should put on fewer free events and entertainment
- Reduce staffing levels to save money

These priorities together with the "What if Leeds...." consultation that was undertaken during 2011 to develop the city's vision, continue to guide the development of the council's financial plans.

It is however important to continue the dialogue with the citizens of Leeds and not see this as a one off consultation. The council has, therefore, taken the opportunity to ask the people of Leeds again whether the priorities they identified in autumn 2010 continue to be their main priorities for the next financial year.

In the autumn edition of "About Leeds" 2011 residents were asked to confirm whether they considered the council's spending challenge priorities are still the right ones. They were also asked to suggest alternative priorities if appropriate, and to give suggestions on how the council could save money.

The consultation form was accompanied by information on progress made against each of these priorities since the Spending Challenge in 2010.

The deadline for responses to the survey was 7 December 2011.

1.2 Access to the consultation

The consultation was available to Leeds residents as follows:

- Information and survey sent to around 338,000 households across Leeds, as part of the winter 2011 edition of About Leeds (the civic newspaper).
- Online survey, which was promoted on the main council home page.

1.3 Response to the consultation

The following table sets out the volume of response to each consultation method. In total 150 residents gave their views.

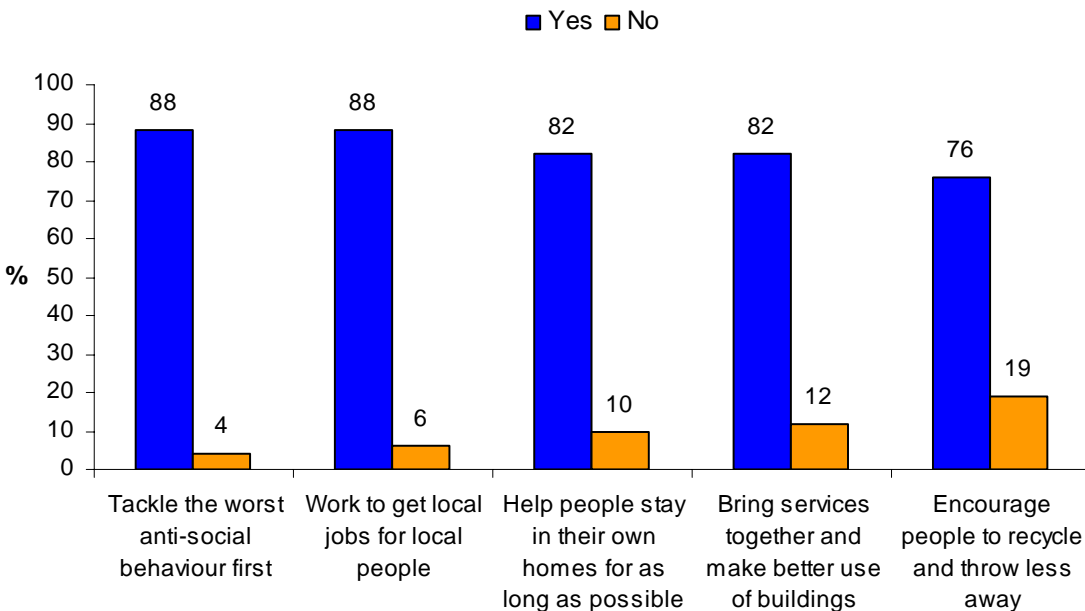
| Method | Valid responses |
|---------------------------|-----------------|
| Online | 67 |
| About Leeds response form | 83 |

2 Summary of findings

This section presents a summary of the key findings:

2.1 The following chart shows the percentage of respondents that felt that each Spending Challenge priority remains key¹:

Figure 1: Overall levels of agreement that Spending Challenge priorities remain key.



¹ 'Don't know' responses not shown.

Clearly, most respondents see all the priorities as still key, tackling ASB and employment issues are the most commonly chosen as 'still key'. Fewer saw 'encouraging people to recycle and throw away less' as a key priority.

Although caution should be taken given the relatively low number of responses, it is on note that 'work to get local jobs for local people' is now equal top priority, while in the 2010 Spending Challenge it ranked fifth.

Due to the relatively low level of response it has not been practical to analyse the results to explore differences of opinion by age, gender and other characteristics.

2.2 Residents' own suggestions

Respondents were asked to give their own suggestions against a number of questions:

- Is there a different priority you think is key for the 2012/13 budget?
- Any other suggestions to help the council save money

A very wide range of responses were gathered, with a proportion being very specific issues relating to local transport or litter issues. The following tables show the main thematic groups of responses given for each question. They are shown in rank order by number of mentions.

Figure 2: Is there a different priority you think is key for the 2012/13 budget?

| Theme of comments | Number of mentions |
|---|---------------------------|
| Protect the most vulnerable in society | 19 |
| Leeds City Council to make sure it is as efficient as possible | 14 |
| General comments about economic situation, including Youth Unemployment | 12 |
| Housing shortages and related issues | 8 |
| Support local businesses | 6 |
| Address perceived inequitable treatment of certain parts of the community | 5 |
| Other comments (disparate, but including bus/litter issues locally) | 32 |

Figure 3: Any other suggestions to help the council save money

| Theme of comments | Number of mentions |
|---|--------------------|
| (Senior) staff pay/Member expenses to be capped/lowered | 26 |
| Stop generally wasting money | 21 |
| Reduce 'red tape' | 7 |
| No or fewer free events | 7 |
| Go to fortnightly refuse collection | 5 |
| Work better with partners / joint functions | 4 |
| Other comments (very varied) | 24 |

3 Conclusions

- The Spending Challenge priorities are still seen as important by a majority of respondents
- There may be an increased emphasis on job-creation as a priority since the 2010 spending Challenge
- The council may still need to better promote the efficiencies and savings it is making to Leeds residents.
- The relatively low response to this consultation means the results should be taken as indicative rather than representative of the views of the wider population.

Third Sector (TSL) Submission on 2012/13 Council Budget

1. TSL recognises that third sector organisations in Leeds share the same political and economic situation as public services, the private sector and individual citizens. The overarching challenge is the need to adapt and change to respond to the changing context and changing needs. These circumstances should motivate us to work better together – but there is a risk they can drive us apart. We need an open and honest dialogue and the sector can both support the Council and offer constructive challenge when necessary.
2. TSL welcomes the open approach that the Council has taken to discussions with the sector, and in particular the special meeting of the Third Sector Partnership arranged for 15 November. This builds on the work done to analyse the impact of the Council's 2011/12 budget, which resulted in agreement that the reductions were of the order of 10 – 15%, depending on exactly how they were calculated.
3. TSL welcomes the Transition or Hardship Fund proposed and hopes that the lessons learned last time can be of benefit, to ensure that the funds help develop and support the sector to deliver change.
4. TSL feels that the sector was hit very hard by this year's cuts. The impact of next year's budget needs to be judged in this context. It is suffering the effects of multiple cuts from many sources – national government programmes; a much more fiercely competitive climate for funds such as those provided by the Big Lottery; and greater difficulty in raising money from private sources, both individual citizens and companies, due to the economic downturn. The sector is changing in response – making efficiency savings through mergers and closer collaboration, and in many other ways. Unless great care is taken, the thriving and vibrant sector that we have all worked so hard to create is at risk.
5. Overall, given this context, TSL feels that our starting point should be that there should be no further or minimal cuts in the sector in 2012/13, as appears to have been recognised already by one Directorate; failing that, they should be as small as possible and certainly no more than the 5 – 6% cut projected across the Council as a whole.
6. TSL has some concerns about the process of equality impact assessment to be used for the budget proposals. Confidence in this process is very important to avoid misunderstandings.
7. TSL feels that there is further potential for Council services to be delivered by, or in closer partnership with, the third sector. It can provide some services of higher quality, that are more responsive to communities and offer better value for money

than the public sector. Whilst parts of the Council have clearly recognised this, others continue to make the assumption that the current pattern of delivery should continue unchallenged. These comments should be read alongside the TSL Commissioning Statement presented to the Corporate Commissioning Group on 21 October 2011. The Council's response is expected soon.

8. TSL feels that there is considerable scope for savings to be made from better integration of services across the public sector, and in particular with the NHS. It would like more information about the savings achieved this year, the opportunity to be involved in planning and delivering more integrated services, and for consideration to be given to setting a target in next year's budget for savings of this kind.
9. TSL reaffirms its support for the Vision and City Priority Plan, and believes that when unavoidable cuts are made to public services they should be made in a way that as far as possible reflects those partnership agreed priorities. The new partnership structures have an important role to play in ensuring there is a joined up approach to resource allocation.

Scrutiny Board Comments on the Budget.
The following Statement has been agreed by Members of the Scrutiny Board
(Resources and Council Services)

Scrutiny Board (Resources and Council Services) formally considered the Executive's initial budget proposals at its January meeting. However throughout the year the Board has been receiving monthly budget updates as have the Executive Board. Scrutiny Board Members have found this to be extremely useful as a way of having early dialogue with officers and Executive Board Members on the financial pressures faced by the Council and the remedial action proposed. This has meant that those difficult decisions required have been discussed in an all party forum and better ultimately better understood. We would recommend that these monthly updates continue in 2012/13.

Attached to this report are also comments from Scrutiny Board Safer and Stronger Communities. Some recommendations are similar in their intent.

Recommendation 1

That monthly budget updates are provided to Scrutiny in 2012/13.

The monthly budget update has also been used to inform pieces of Scrutiny work.

Children's Services Placements

The chair of the Children and Families Scrutiny Board, Cllr Chapman, attended the Resources and Council Services Scrutiny Board in November 2011 to contribute to the Board's discussion on the Children's Services budget.

In particular, she discussed the inquiry that the Children and Families Scrutiny Board has been undertaking on external placements, looking to identify

- Opportunities to safely reduce reliance on external placements; and
- Scope to reduce the costs of external placements that continue to be needed.

Cllr Chapman explained that the Board had come to understand that this is a very complex issue that cannot be solved overnight. The message coming through has been that the key to long-term change must be to reduce the number of children and young people that need to be in care, through increased early intervention and support to children and families. The Board's inquiry has sought to balance this with the need to manage the current budget challenges that the council and children's services is facing.

The proposals in the budget to provide additional funding to meet the existing demand pressures in relation to placements, and to fund further early intervention work as part of the strategy to 'turn the curve' on this obsession, are in line with the evidence presented to the Board.

Recommendation 2

That the budget proposals to provide additional funding to meet the existing demand pressures in relation to placements, and to fund further early intervention work as part of the strategy to 'turn the curve' are supported

Throughout the year Scrutiny have been identifying issues which require consideration at budget setting.

Customer Access Strategy

Scrutiny Board believe that the current systems/processes currently in place within waste management for dealing with missed bins are doing the service a disservice.

Observations reveal, Waste Management are operating an antiquated, paper driven system which includes a number of systems and operating processes (a 20 year old system called Superbase and numerous excel spreadsheets). Processes are labour intensive; paper based and could be prone to human error.

The lack of a single contact point for reporting missed bins exacerbates the problem and has resulted in an inequity of service. The speed in which a matter is dealt with will be determined by how the issue was reported, i.e. through the complaints system, via a councillor, through the contact centre or directly to a depot manager. This lack of a single and managed entry has resulted in managers being swamped by admin work, diverting already limited resources away from operational management.

The lack of a single contact point also results in unrecorded complaints thus distorting operating statistics making the situation look better than it probably is.

Initial solutions

The working group believes there is an urgency to put some order into the current, overloaded and creaking system. There is a real need for the rationalisation of existing systems and technologies, streamlining current processes, providing customers with clearer information and improving communication between Waste Management and Customer Services.

The working group supports the proposed work to be carried out under the Customer Access Programme, whereby Siebel will replace elements of the current process within the Waste Management Service and dovetail with Superbase.

We recommend that a single contact point is established to be used by all (*Including elected Members*).

In providing a single contact point we support the introduction of multiple contact channels, e.g. on line self services access identified by the Customer Access Programme.

Long Term solutions

A long terms solution must be the introduction of 'in cab' technology. Whilst perhaps ground breaking for Leeds, 'in cab' technology is not new. A number of other authorities have introduced it and have presumably resolved those issues sometimes cited as obstacles to its introduction, i.e. resistance from driver and unions, public fears over the use of bin micro chips.

The service must be in a position sooner rather than later where the back office can see in real time bins being collected and to be able to send messages back to the cab, in real time, when bins are being missed.

An in cab technology pilot has now ended and the findings from that are now forming the basis of a proposal.

Recommendation 3

That sufficient capital is provided to support the medium and long term objectives of the customer access strategy and particularly the waste management project.

Welfare Reform

We recommend that the 2012/13 budget provides funding for additional welfare/benefit advice throughout the City in anticipation of increased activity as a result of welfare changes. A lot of support will be needed to manage these changes for customers which may mean an increased staff resource is required and training will be required to re-skill staff regarding new legislation and processes.

Recommendation 4

That funding for additional welfare/benefit advice throughout the City is provided in anticipation of increased activity as a result of welfare changes.

Contact Centre

Our work looking at the operation of the Contact Centre is on going and we will be making a number of recommendations in terms of its operation, however for immediate consideration is our recommendation that a contingency budget is provided to respond to any seen or unforeseen service failures which result in a 'spike' of activity at the Contact Centre.

Recommendation 5

That a contingency budget is provided to respond to any seen or unforeseen service failures which result in a 'spike' of activity at the Contact Centre.

Reducing duplication, increasing collaboration and pooling of budgets

We wish to send out a strong message around joined up working and our wish to see every opportunity for collaborative working and the reduction of duplication explored. We

would also recommend that where appropriate, for example in instances where a number of service departments undertake similar functions, budgets are pooled.

In terms of duplication we would wish to see further work around reducing duplication of services provided within Environmental Services, ALMOs and Parks and Countryside.

We would also support rationalisation of fleets between commercial services and horticultural services.

Recommendation 6

That further work be undertaken to increase collaboration and reduce duplication

Procurement

Earlier this year we recommended the development of a 'Forward Plan' of 'end of contracts' so that we improve the management of contracts in terms of knowing when contracts are coming to an end. This was to allow time for consideration to be given to their renewal, renegotiation or termination, potentially increasing savings in procurement.

Recommendation 7

That a system be put in place to better manage the end of contracts

Asset Management

Greater efforts need to be made to reduce the Council's property portfolio, whether those are existing void properties or by capitalising on a reducing and changing workforce to rationalise premises.

Recommendation 8

That the council reduces its property portfolio.

Income generation opportunities

We recommend that the council works to maximise its income generation opportunities, whether that is through trading, for example Commercial Services increasing its MOT facility or through charging, for example Car Parking.

Recommendation 9

That the council works to maximise its income generation opportunities.

Scrutiny Board (Safer and Stronger Communities)

2012/13 initial Budget Proposals of the Environment and Neighbourhoods Directorate

Observations and recommendations of the Scrutiny Board

Introduction

The Safer and Stronger Communities Scrutiny Board agreed to consider the initial 2012/13 budget proposals for the Environment and Neighbourhoods Directorate that are relevant to the Scrutiny Board. In view of the need to report its findings in January, it was agreed that this work would be conducted via a working group meeting to which all Board Members would be invited to attend.

This working group meeting took place on 4th January 2012. Board Members received an extract from the Budget report to Executive Board on 14th December which sets out the initial 2012/13 budget proposals of the Environment and Neighbourhoods directorate. The Director of Environment and Neighbourhoods and the directorate's Head of Finance attended this working group meeting.

This report presents the agreed view of the Safer and Stronger Communities Scrutiny Board. The Board has requested that these comments are incorporated into the report to go before Executive Board on 10th February 2012 in relation to the 2012/13 budget proposals.

Observations and Recommendations

It was reported that the 2011/12 net managed budget for the Environment and Neighbourhoods Directorate is £87.5m and that the initial budget proposals will reduce this by £3.1m .

In delivering this budget, consideration was given to the individual budget pressures and savings of the Environment and Neighbourhoods Directorate, as outlined within the Executive Board report on 14th December 2011. Further clarification was sought on a number of areas. In conclusion, the Board made the following observations and recommendations:

Closer working and collaboration between service areas and other directorates

Work undertaken by Scrutiny has often reinforced the need to adopt a 'one council' approach in terms of pooling resources and sharing information. Against a backdrop of a reduction in resources, closer working relationships and collaboration between service areas and across directorates will be paramount in delivering service improvements and efficiencies.

Within the context of seeking to improve the quality of the environment, the Scrutiny Board is pleased to note that particular action will be progressed during 2012/13 to develop closer working and collaboration between Parks and Countryside and Environmental

Action Teams as well as proposals to consolidate CCTV and security activity across the Council within Community Safety.

At this early stage of development, it is anticipated that such approaches will generate £0.3m efficiency savings during the 2012/13 financial year. The Scrutiny Board is keen to work with the directorate to ensure that this level of efficiency saving is achieved as a minimum during 2012/13, although the primary focus will be around improving service delivery and avoiding duplication of resources.

Welfare Reform

This year, the Scrutiny Board has undertaken a separate inquiry into Private Rented Sector Housing. Within the programme of Welfare Reform there are significant changes to the Housing Benefit scheme that will inevitably have an impact on the private rented sector. Whilst acknowledging the difficulty of measuring the full impact of the reforms at this stage, the Scrutiny Board recognises the important role of the Council in providing effective support and advisory services to both tenants and landlords, particularly around debt advice and financial management.

Whilst the Scrutiny Board will be reporting separately on its inquiry findings and recommendations in April 2012, it would like to emphasise the importance of ensuring that sufficient resources are allocated within the Council's 2012/13 budget to ensure that frontline housing and benefits staff in particular are equipped to provide such support and advice.

Recommendation 1

That in view of the changes set out within the Welfare Reform programme, sufficient resources are allocated within the Council's 2012/13 budget to ensure that frontline housing and benefits staff in particular are equipped to provide support and advice to tenants and landlords, particularly around debt advice and financial management.

Review of Supporting People payments

The Supporting People grant to the Council was cut by £10.6m (33%) in 2011/12. Whilst the Council has not reduced its payments to providers by a similar amount, the Scrutiny Board acknowledges that work will be undertaken during 2012/13 to reduce expenditure but still achieve the same outcomes through a combination of agreed provider efficiencies, sector reviews and extending housing benefits funding to other housing management related functions. It was reported that such reviews will include the homelessness service and the provision of hostel accommodation in particular. Whilst welcoming the review of hostel accommodation, the Scrutiny Board emphasised the importance of ensuring that such a review is considered within the context of whether there will remain sufficient capacity within the private rented sector to provide alternative temporary accommodation, particularly in view of the forthcoming Welfare Reforms. The Scrutiny Board would like the findings of this review to be reported back to Scrutiny for consideration.

Recommendation 2

- (i) That the Director of Environment and Neighbourhoods ensures that the review of the Council's provision of hostel accommodation is considered within the context of whether there will remain sufficient capacity within the private rented sector to provide alternative temporary accommodation, particularly in view of the forthcoming Welfare Reforms.**
- (ii) That the findings of this review is reported back to Scrutiny for consideration.**

Support to external providers

The Scrutiny Board was given assurances that the directorate's support to the third sector will remain key to protecting and improving services. Whilst support to external providers will remain at 2011/12 levels, the Scrutiny Board acknowledges that there will be variations in payments to external partners. The Scrutiny Board has requested that details of such variations are reported back to Scrutiny for consideration. In the meantime, the Scrutiny Board will continue to support and feed into the wider review of the Third Sector undertaken by the Strategic Planning and Policy Board. This review aims to address issues around infrastructure, procurement and commissioning, as well as engagement and capacity building with the third sector.

Recommendation 3

That the Director of Environment and Neighbourhoods reports back to Scrutiny with details of the proposed variations in payments to external partners.

Review of the Community Centres portfolio

Linked to the directorate's commitment to support and utilise third sector organisations, the Scrutiny Board is pleased to note that a review of the Community Centres portfolio will be undertaken during 2012/13 to review the geographical location and usage of community centres and identify opportunities for local community organisations to make better use of the range of community facilities that exist.

Vehicle repairs budget in refuse collection

The Scrutiny Board acknowledged the additional budgetary provision of £0.2m in respect of the vehicle repairs budget in refuse collection to deal with cost pressures associated with landfill damage to vehicles and an ageing fleet. However, to address the ongoing budget pressures, the Board recognises the need to undertake an immediate cost-benefit analysis of replacing ageing vehicles against the ongoing vehicle repair costs.

Recommendation 4

To address the ongoing pressures within the refuse collection vehicle repairs budget, the Director of Environment and Neighbourhoods should undertake an immediate cost-benefit analysis of replacing ageing vehicles within the refuse collection service against the ongoing vehicle repair costs.

Car parking

This year the Scrutiny Board has continued to monitor the existing budget of the directorate and has acknowledged the significant decline in car parking income. In view of this, the Scrutiny Board believes that the budget for 2012/13 needs to reflect this trend accordingly as well as taking into account the proposed closures of car parks at Quarry Hill and around Kirkgate Market for development purposes as this will also reduce the amount of car parking fee income receivable (this has been reported as an anticipated budget pressure of £0.8m). To gain a better understanding of the broader contributing factors surrounding the decline in car parking income, further work is currently being undertaken by the Scrutiny Board.

Recommendation 5

That following the significant decline in car parking income during 2011/12, that the budgeted car parking income for 2012/13 more accurately reflects the current economic climate.

Recycling Strategy

The Scrutiny Board is committed to continue tracking progress in delivering the Council's Recycling Strategy. Further to the agreement made by Executive Board in December 2011 to progress with a pilot in respect of fortnightly residual and recycling collections, the Scrutiny Board is keen to work with the directorate to identify an appropriate pilot area(s) to help achieve the anticipated cost saving of £0.2m during 2012/13. In driving forward the recycling agenda, the Scrutiny Board would also like to see such cost savings reinvested back into delivering the Council's Recycling Strategy.

Housing Revenue Account

Separate to these budget proposals, the Scrutiny Board acknowledges that the Leeds Housing Revenue Account (HRA) Business Plan is intended to be a starting point in setting a clear strategy for Council housing in the City and how resources will be utilised and managed over a 30 year period to support the delivery of the Council's Strategic Housing plans for the City and its communities.

The Safer and Stronger Communities Scrutiny Board was given the opportunity to consider and comment on the draft Plan to ensure that it reflects the Council's priorities in terms of housing investment needs. The Scrutiny Board reported on its findings in November 2011. The success of the Leeds HRA Business Plan will be very much dependant on informed consultation and decisions being made to build an Asset Management Plan and supporting Financial Plan that will deliver the required aims and objectives. In anticipation of the HRA Business Plan being considered and approved by Executive Board in February 2012, the Scrutiny Board remains committed to work with the directorate and the ALMOs in delivering a robust HRA Business Plan for Leeds.

**Scrutiny Board ((Sustainable Economy and Culture)
2012/13 initial Budget Proposals of the
City Development Directorate**

Observations and recommendations of the Scrutiny Board

The only comment arising from this mornings meeting of Scrutiny Board related to Cemeteries and Crematoria price increases.

“Members acknowledged that price increases occurred in November 2011. In reviewing prices in 2012/13, the Directorate should be sensitive to the fact that this service had been subject to price increases in the past and be sensitive to how much more increase the service could take at this current time. Members made reference to the fact that Leeds already had relatively high prices when compared to the Core Cities.”

BUDGET CONSULTATION 2012/13

Youth Council Meeting Wednesday, 14th December 2011

As part of the 2012/13 budget consultation process Doug Meeson and Mike Woods from the Resources Directorate gave a short presentation to the Youth Council on 14th December 2011.

Leeds Youth Council (LYC) is a representative body of young people aged 11-19, drawn from high schools and colleges across Leeds. LYC meets twice a month throughout the academic year. Their priorities this year are drawn from the “Child Friendly City” agenda, focusing particularly on two themes: rights and responsibility and the urban environment and sustainability. LYC are also actively campaigning for a young carers’ card scheme.

Around 20 members of the Council were present at the meeting. At the end of the presentation the Council members were asked to split into groups to discuss the following questions:

For 2012/13:

- What services should Leeds City Council try to protect/spend more on?
- What should Leeds City Council spend less on?

The groups were then invited to feed back with their suggestions in each category. The comments made by the groups are summarised below.

Services that the Youth Council would like to see protected included:

- Schools and education services
- Support for young people to find good jobs with good prospects
- Council housing
- Children’s and youth services including activities specifically for young children
- Public transport
- Reducing crime and anti-social behaviour
- Refuse collection and recycling
- Cultural activities
- Clean neighbourhoods, schools and public buildings
- Safe and well maintained parks and open spaces

Some specific suggestions included:

- More on-going training for teachers particularly to help them deal with discipline issues
- Provision of counsellors in schools to take the burden of dealing with disruptive pupils away from teachers and the classroom. This, it was felt, would also lead to reductions in anti-social behaviour and vandalism
- Making charges for cultural events and increasing charges for leisure activities

- Doing more to encourage community volunteers
- Having donation boxes in libraries so that those borrowing books could be encouraged to make donations
- Being more selective in school refurbishment programmes. Only refurbishing/replacing the parts of buildings where it is strictly necessary
- Having fewer but better stocked libraries

Areas that were mentioned for spending less or making savings included:

- Unnecessary new/replacement equipment in schools
- Reducing street lighting
- Reducing opening hours for public buildings
- Reducing the provision of computers in public libraries
- Cutting back on road and pavement repairs
- Withdrawing doorstep collection of items for recycling
- Cutting back on floral displays and on the frequency of grass cutting

**Equality Impact Assessment
Budget
2012-2013**

Introduction

This paper outlines the equality analysis and impact assessment of the Budget and Council Tax 2012/ 13 (as detailed in Executive Board Report dated 10th February 2012). The lead person for this equality impact assessment was Alan Gay, Director of Resources. Members of the Assessment Team were :

| | |
|----------------|--------------------------------------|
| Doug Meeson | Chief Officer (Financial Management) |
| Helen Mylan | Head of Finance – Resources |
| Lelir Yeung | Head of Equality |
| Anne McMaster | Partnership Manager |
| Emma Challenor | HR Manager |

Overview

The Government's emergency Budget in June 2010 and the Comprehensive Spending Review 2010 set out the Government's deficit reduction plan in order to reduce the nation's budget deficit.

The Council's 2011/12 budget was produced in the face of an unprecedented challenge and, as reported last year, it will be difficult, if not impossible, for the council to maintain services at their 2010 level in the context of the reductions proposed in the period 2011 – 2015.

As a consequence of this, local government is facing a very different environment to that which it has operated within in recent times. This is partly due to the Government's priority of reducing the deficit within public finances, but also reflects the Government's new policy agenda. At the same time we need to recognise that society's needs and aspirations continue to increase and change.

How local government overall as a sector, as well as individual authorities, respond to these new challenges will be key to the future. It is clear that councils cannot deliver any of their services and objectives alone, and the reality is that the best cities and towns will need to combine the best values of all sectors: the accountability, fairness and public service ethos of local government, the connection with local people of the Third Sector, and the efficiency and dynamism of the private sector.

Councils will need to change to become much more enterprising, entrepreneurial and responsive to their local communities, whilst retaining their role as major employers, service providers and democratically-mandated leaders. This new role will demand a new 'social contract' with local people to help make local places more liveable. It will also require businesses to play a more active role as corporate citizens and the Third Sector to act as a catalyst for connecting with local people.

The financial year 2012/13 is the second year of the current Comprehensive Spending Review and once again the council's funding from government will reduce by approximately £26m. With inflation running at 5 per cent and growing demands for services in both Children's and Adult Social Care, cost pressures of £29m have been identified which means that savings in the order of and/or efficiencies of £55m will have to be made in 2012/13.

Scope

The Equality Act 2010 requires public bodies to give due regard to equality. The council is committed to ending unlawful discrimination, harassment and victimisation and to advancing equal opportunities and fostering good relations.

In order to achieve this we need to ensure that equality and diversity are given proper consideration when we develop policies and make decisions. The council has an agreed process in place to do this through the use of equality impact assessments.

This equality impact assessment the approach and improvements made to ensure that due regard is given to equality and seeks to analyse the impact of the 2012/13 budget against all protected characteristics, at a strategic level.

The 2012/13 budget identifies a number of financial pressures which include:

- Inflation
- Demand Led Budgets
- Declining Income
- Increase in Capital Charges
- Costs associated with the Carbon Reduction Commitment
- Other Base Budget Pressures

In addition, the 2012/13 budget identifies some areas of increased income and a number of savings which can be grouped/summarised as follows:

- Staffing savings
- Procurement savings
- Reduced costs of External Placements/Providers
- Transport savings

The scope of this equality impact assessment is set within the context of savings in the above areas and seeks to understand the impact on equality and diversity issues at a strategic level.

The Council will continue to adopt a comprehensive and consistent approach to the application of equality impact assessments to all specific proposals in the budget 2012/13, as detailed in Appendix 1 Directorate Updates, Initial Budget Proposals 2012/13.

Fact Finding – what do we already know

Demographics

Over the last ten years Leeds has been one of the most successful cities in the country. In recent research by the Centre for Cities, Leeds was identified as one of the cities that was showing early signs of recovering from the economic recession.

Despite this, even prior to the recession, there were still many people who did not benefit as they might from the success of the city. The impact of the current recession is still being felt across all our communities and we know that people in our city still experience inequality in terms of health, education and employment.

We know that average educational outcomes, attendance, health outcomes and access to health services at all ages is significantly worse for those with learning difficulties or disabilities, and for those from BME groups. In addition those with poor educational and health outcomes at an early age are likely to have poor outcomes throughout their learning and beyond.

The population of Leeds has grown and changed over the last 20 years due to more people coming to live and work in our city, more children being born and people living longer. Estimates show that Leeds' population has increased to 798,800, an increase of 11.6% since the last census in 2001. The black and minority ethnic (BME) population is estimated to have increased from 77,900 in 2001 to 137,200 in 2009. It is estimated that BME communities now account for 17.4% of the resident population (from 10.8% in 2001) and the largest BME groups in the city are the Pakistani and Indian communities with an estimated 22,500 and 20,700 people respectively.

In 2009/10, 6,010 non-UK nationals registered for National Insurance numbers from addresses in Leeds as people came here to work. The overall number of new migrant workers arriving in Leeds continues to fall reflecting the recent reduction in people from Europe coming to work in the United Kingdom.

The arrival of asylum seekers and refugees in Leeds has also made our communities more diverse. In April 2010 there were 1,390 asylum seekers known to be living in Leeds.

The proportion of pupils in Leeds schools that are of BME heritage has increased since 2005 to 22.5% of pupils and there are now over 170 different first languages spoken by pupils in Leeds' schools. Overall the number of pupils of Gypsy/Roma heritage in our schools has doubled since 2005 (147 pupils in 2005, 312 in 2010) and there has also been a significant increase in the number of pupils of White Eastern European heritage.

Across the country more children are being born. Between 2000/01 and 2009/10 the number of births in Leeds has increased by 35%, with 10,202 children born in 2009/10. Leeds has more young people aged between 15–29 year olds when compared to both the regional and national figures and our older population has steadily increased with the numbers of very elderly (aged 85 and over) increasing by 15% (since 2001).

In terms of religion or belief, the 2001 Census is still the most reliable source of information. In 2001, 68.9% of the population identified as Christian, 3% were Muslim, 1.2% were Jewish and 1.1% were Sikh. Almost 25% declared no religion or did not state their religion.

In terms of disability, the 2001 census provided an indication of the number of disabled people in the city. In 2001, 18% of people in Leeds felt that they had a long-term illness, health problem or disability which limited their daily activities or work. In March 2010, there were 13,671 people aged 18 or over who were receiving community based services provided through the adult social care process. Analysis shows that 70% were aged over 65. Of the total users, 66% were classified as having physical disabilities or impairment as their primary need, 17% had mental health problems (including dementia), and 11% had learning disabilities.

The 2001 census showed that nearly 10% of the population provided unpaid care. There are more women than men carers under the age of 75 years, but there are more men than women carers over the age of 75. It is estimated that there are 2,000 young carers in Leeds and over a third care for someone with a mental illness.

Leeds has a well established Lesbian, Gay and Bisexual (LGB) community. There are no measures of this community nationally or locally, however, Stonewall, a national LGB charity estimates that for a large city like Leeds with an established gay social scene, businesses and support network, at least 10% of the population would be likely to identify as LGB.

The council's Equality and Diversity Position Statement 2011 gives an overview of outcomes for different equality groups and provides information on some of the issues facing them

Consultation

It is crucial that the Council's spending plans respond to the priorities of the people of Leeds. In autumn 2010, Leeds' residents gave their priorities for the Council's budget in the "Spending Challenge" consultation. A robust process was used to engage as widely as possible and encourage participation. The intention was that this would provide sound information to inform spending over the 2011-2015 period. In total there were over 2,000 responses, and at that time the top spending priorities were:

- Tackle the worst anti-social behaviour first
- Encourage people to recycle and throw less away
- Help people stay in their own homes for as long as possible
- Bring services together and make better use of buildings
- Work to get local jobs for local people

People also gave their own ideas on ways the council can save money, including:

- The council should put on fewer free events and entertainment
- Reduce staffing levels to save money

These priorities together with the "What if Leeds...." consultation that was undertaken during 2011 in the development of the city's vision, continue to guide the development of the council's financial plans. It is however important to continue the dialogue with the

citizens of Leeds and not see this as a one off consultation. The council has, therefore, taken the opportunity to ask the people of Leeds again whether the priorities they identified in autumn 2010 continue to be their main priorities for the next financial year.

In the autumn edition of "About Leeds" 2011 residents were asked to confirm whether they considered the council's spending challenge priorities are still the right ones. Early analysis of the responses indicate that, as far as possible, with the resources available the top service priorities remain as indicated above. Further analysis is currently being provided and this will continue to inform the budgetary decisions.

The initial budget proposals for 2012/13 were approved by Executive Board in December 2011 and it was agreed that the initial budget proposal document would be available for further comment from the citizens of Leeds in January 2012. The initial budget proposals include lots of positive ideas of how the council can meet this challenge, including ways in which services can work more closely with each other and with the city's businesses and the Third Sector to make the most of available resources. Consultation is an ongoing process and residents are also consulted on many issues during the year. Consultation is on-going with representatives from the Third Sector, and plans are in place to consult with the Youth Council and the Business sector prior to finalising the budget.

It was recognised that the budget for 2011/12 contained significant savings to be made within the Third Sector which in some instances reflected a desire to achieve a 3 year medium term financial plan target of 15% in year one rather than seeking year on year incremental reductions.

The savings have been achieved through close working with the sector and, in some instances the adoption of different models of service. The Council values its partnership with the Third Sector and the sector provides many important services which are complementary to the Council's objectives, and these partnerships will continue to be essential into the future.

The approach of individual directorates to the Third Sector will vary to some degree depending upon priorities and available opportunities. However, the close work with the Third sector that was developed during 2011/12 will continue.

There will also be the following consultation in preparation of the 2012/13 budget with:

- All party budget meetings
- Regular meetings with trade unions
- In accordance with the Council's constitution, Scrutiny Boards have been given the opportunity to consider the initial budget proposals

Workforce Profile

At December 2010 there were 16,952 (14,064 full time equivalent - fte) employed in the Council and Education Leeds (excluding schools and casuals). In December 2011 this figure was 15,428 (12,801 fte). The make up of staff is:

| Gender | Number | %age |
|---------------|---------------|-------------|
| Male | 5648 | 36.61% |
| Female | 9780 | 63.39% |
| Total | 15428 | 100.00% |
| | | |

| Disability | Number | %age |
|-------------------|---------------|-------------|
| Not disabled | 13293 | 86.16% |
| Disabled | 927 | 6.01% |
| Not specified | 1208 | 7.83% |
| Total | 15428 | 100.00% |

| Ethnic Origin | Number | %age |
|----------------------|---------------|-------------|
| White British | 12920 | 83.74% |
| BME | 2055 | 13.32% |
| Not specified | 453 | 2.94% |
| Total | 15428 | 100.00% |

| Sexual Orientation | Number | %age |
|---------------------------|---------------|-------------|
| Heterosexual | 6898 | 44.71% |
| Lesbian, gay or bisexual | 208 | 1.35% |
| Not specified | 8322 | 53.94% |
| Total | 15428 | 100.00% |

| Religion or belief | Number | %age |
|---------------------------|---------------|-------------|
| Christian | 5153 | 33.40% |
| Other religion | 840 | 5.44% |
| No religion | 2634 | 17.07% |
| Not specified | 6801 | 44.08% |
| Total | 15428 | 100.00% |

| Age | Number | %age |
|------------|---------------|-------------|
| 16 – 30 | 2013 | 13.05% |
| 31 - 50 | 8666 | 56.17% |
| 51 + | 4749 | 30.78% |
| | | |
| Total | 15428 | 100.00% |

In response to the Spending Review 2010, the Council recognised that it would be necessary to significantly reduce its workforce. The Council launched a voluntary retirement and severance scheme in 2010/11 which resulted in a reduction in the workforce of 1,159 (full time equivalents) through this and natural turnover at the 31st March 2011. This scheme has continued during 2011/12 and the deadline for expressions of interest has now passed. The current year's budget assumed that the equivalent of around 400 ftes would leave the Council, and whilst precise figures are not yet available, it is anticipated that the reduction by the end of the year will exceed this number, and staffing savings of around £9.7m are included in the 2012/13 budget

The reduction in full time equivalents accounts for those employees who left under the Early Leaver Scheme and through natural turnover. Whilst there is a robust vacancy control system in place some posts have been replaced where there is a clear business need and filled, wherever possible, through redeployment of employees or internal recruitment. External recruitment has been minimal and been to more specialist positions based on business need.

An Equality impact Assessment was carried out on the Early Leavers Initiative and due regard given at all stages of the process. Whilst there has been no significant impact on the workforce profile for most equality strands, due to the nature of the Early Leaver initiative Scheme there has been most impact on the age profile. Due regard continues to be given to all key and major decisions which may impact on the workforce profile as the council's workforce reduces.

The council promotes equality and diversity and wants a workforce which reflects the people of Leeds. Just as the census helps us to understand the Leeds community it serves, the council needs to understand the diversity of the workforce. This information helps the council to spot trends; remove barriers to employment and ensure our policies better reflect all employees.

In the summer of 2011 an exercise was undertaken for employees to update or correct their equality information which is reflected in the above figures. This enabled the Council to reduce some of the unknown equality information of the workforce and saw a notable increase in the number of employees who disclosed they had a disability, and around sexual orientation. Work is on going to reduce the gaps on unknown information held on the workforce on some equality data.

Overview of Fact Finding

This is a high level overarching equality impact assessment and, whilst recognising the need to improve staffing data collection and analysis, it has not identified any specific gaps in the equality and diversity information used to carry it out. When undertaking Equality Impact Assessments on specific budget proposals the evidence used and any gaps in information highlighted will be included in the assessment.

Equality Considerations

The tables below highlights the range of impacts on equality characteristics, stakeholders and other potential barriers.

| | | |
|--|--|--|
| Protected characteristics | | |
| <input checked="" type="checkbox"/> Age | <input checked="" type="checkbox"/> Carers | <input checked="" type="checkbox"/> Disability |
| <input checked="" type="checkbox"/> Gender reassignment | <input checked="" type="checkbox"/> Race | <input checked="" type="checkbox"/> Religion or Belief |
| <input checked="" type="checkbox"/> Sex (male or female) | <input checked="" type="checkbox"/> Sexual orientation | <input checked="" type="checkbox"/> Other |
| Stakeholders | | |
| <input checked="" type="checkbox"/> Services users | <input checked="" type="checkbox"/> Employees | <input checked="" type="checkbox"/> Trade Unions |
| <input checked="" type="checkbox"/> Partners | <input checked="" type="checkbox"/> Members | <input checked="" type="checkbox"/> Suppliers |
| <input checked="" type="checkbox"/> Other please specify | | |

Potential barriers



Built environment



Location of premises and services



Information and communication



Customer care



Timing



Stereotypes and assumptions



Cost



Consultation and involvement

Equality Impacts Identified

Tackling inequalities is an integral part of the budget setting and decision making process.

The initial budget proposals for 2012/13 have, where appropriate, been subject to the council's equality impact assessment process, and consideration given to mitigating any specific impact on equality communities.

This does not negate the fact that there are likely to be negative impacts on all protected characteristics and it is recognised that there is likely to be a particular impact on:

- Disabled people
- BME communities
- Older and younger people
- Low socio-economic groups (there is over representation within this group by disabled people and BME communities)

The budget proposals for 2012/13 recognise this and as a result there is provision for prioritising demand led spending which should help mitigate against this. Additional provision has been made in the budget for adult social care and children's services. For adult social care this is to provide funding towards the cost of the continuing impact of an ageing population and the needs of people with learning disabilities. This also reflects the current year pressure on the community care budgets for residential nursing and domiciliary care. Additional provision is also included for the Council's contribution towards the learning disability pooled budget, which as well as reflecting increasing numbers, also reflects the increasing complexity of people's needs. It is recognised that these demographic pressures will continue to grow in the long term, and will present the Council with significant financial challenges.

For children's services additional funding is being provided to prioritise improvements in social care services to young people and the safeguarding of vulnerable children in the city.

Equality Impact Improvement Progress 2011/12

This section provides an update on work that took place during 2011/12 to progress the actions identified in the 2010/11 budget equality impact assessment.

During 2011/12 a number of changes to the city's planning and partnership framework were implemented. In particular, a whole system approach has been sought which ensures the partnership structures, strategic plans and performance management arrangements all dovetail into an effective system for delivering real change across the city.

The key plans are the new Vision for Leeds 2011 to 2030, the City Priority Plan 2011 to 2015 and the Council Business Plan 2011 to 2015

The Vision sets out the ambition to be 'the best city in the UK' and we recognise that we will only achieve this ambition by working to reduce disadvantage, discrimination and inequalities.

The City Priority and Council Business Plans have been developed to reflect the current financial context by providing a smaller more focused set of "must do" priorities for the city and the Council. These priorities are measured through a number of indicators which identify the issues where we really want to make a difference. But importantly, they have also been chosen as their achievement will drive improvement across a broader range of indicators. The priorities will be supported by action plans that include much more detail on how they will be delivered including targeted actions for key equality groups and/or certain geographical areas.

These documents are supported by the State of the City Report which provides an overview of what is happening in Leeds in 2011. The council's Equality and Diversity Position Statement has also been used to underpin the Plans and relates specifically to what is happening for equality communities in Leeds.

The council has continued to further develop its approach to giving due regard to equality. It has revised and improved report writing guidance to include specific reference to providing evidence on how equality is considered/or was not considered to be relevant in the decision making process.

The Council Business Plan 2011 – 2015 outlines what we want to change and improve over the next four years. The plan is underpinned by a clear set of values and priorities for action. In addition to the Directorate priorities a set of cross council priorities has been introduced. One of these cross council priorities is that there is evidence that equality is given due regard in Council policy and decision making. The indicator builds on the commitment made last year to understanding the impact of the budget and the decisions made by the council on equality and diversity issues.

This cross council priority has a target that every year we will be able to evidence that equality issues have been considered in 100 per cent of major decisions. This indicator will assist in focusing attention in this area to ensure both legal compliance and also to ensure that the council takes account of the needs of all communities.

In addition to this quantitative indicator work is ongoing with directorates ensure that the evidence is obvious and robust. A 25% sample of the evidence provided to show that due regard is given to all major decisions is quality assessed by the Equality Team and appropriate feedback given. In this way there is continuous learning and development in our approach and it can be shown that our value of treating people fairly underpins our decision making. In addition we continue to deliver the due regard to equality briefings/workshops to all Members and within services

The new legislative framework outlined in the Equality Act 2010 has introduced specific duties that public bodies, such as the Council, has to identify, set and publish its equality objectives.

To achieve this, the council has produced its first annual Equality and Diversity position statement. It provides an overview of national and local information on some of the issues facing the different communities who live in Leeds. It supports the Vision for Leeds, the City Priority Plan and the Council Business Plan by providing an evidence base that will ensure appropriate consideration takes place across the council and the strategic partnerships to address issues of inequality and poverty. In addition it also helps the council to meet its specific legal obligations outlined within the Equality Act.

This position statement has been used to help the council to identify and publish its Equality Improvement Priorities 2011 – 2015

Closer alignment with the Vision for Leeds, the City Priority Plan and the Council Business Plan has been built into the development of the new approach. This has resulted in a more integrated approach to equality in the council's strategic planning. The council's equality outcomes have been developed alongside the key priorities for the city as outlined in the City Priority Plan and action plans, and are based on an analysis of the equality perspective.

Equality Impact Assessment Action Plan

| Action | Responsibility |
|--|--|
| Completion of all equality impact assessments in the Budget | Directors |
| Continue quality assurance and review of equality impact assessment and actions | Equality Team |
| Continue to understand and report the overall impacts on different communities of the budget with a particular emphasis on the city as a whole, locality, wards. | Equality Team and Information Knowledge Management |

FINANCIAL PROCEDURE RULE 3.6

SUPPLEMENTARY VOTES

Supplementary Votes will only be considered in exceptional circumstances. The following approvals are required:

| | |
|-------------------|-----------------------|
| Up to £100,000 | Director of Resources |
| Up to £1m | Executive Board |
| No specific limit | Council |

DELEGATED VIREMENTS

- 1 Virement between budget book service heads, within the appropriate budget document approved annually by council, will only be permitted in accordance with the following rules and value limits, summarised in Table 1. The virement limits and rules are set annually by Council as part of the budget approval process.

The value limits apply to individual virements and are not cumulative.

- 2 Proposals to vary budgets arising as a result of the need to address a potential overspend (including shortfalls in income), recycling of efficiency gains and changed spending plans will all be required to satisfy the following criteria prior to approval by the decision taker as outlined within the attached table.

In considering proposals to vary budgets, the decision taker will take account of:

- The reason for the request for virement
- The impact on the council as a whole, including employment, legal and financial implications
- The impact on the efficiency of the service as a whole
- The sustainability of the proposals i.e. long term effects
- Whether the proposals are consistent with the council's priorities outlined within the Corporate Plan
- Whether the proposals are consistent with the Budget & Policy Framework
- The cumulative impact of previous virements

In addition, where a virement request exceeds £125k in value the decision taker must seek the advice of the Director of Resources as to the council's overall financial position prior to approval of the request.

- 3 Where *fortuitous savings* have arisen in any budget head, these should be notified to the Director of Resources immediately they are known. Fortuitous savings are defined as those savings where their achievement has not been actively managed and may include, for example, savings in NNDR or lower than anticipated pay

awards. Any fortuitous saving in excess of £100k will not be available for use as a source of virement without the prior approval of the Director of Resources.

- 4 The decision to vire between budget book headings is a Significant Operational Decision, and all virements must comply with the constitutional requirements for this type of decision.

The delegated limits outlined in the attached table do not operate independently from the requirements within the council's Constitution in respect of 'Key & Major' Decisions (as from time to time updated). All 'Key & Major' Decisions which result in the need to operate these delegated limits must first comply with the constitutional requirements, in respect of such decisions, prior to being put forward for virement.

- 5 Where wholly self-financing virements are sought to inject both income and expenditure in respect of approved external funding bids, there is no specific limit to the amount which can be approved by Directors where it is clear that this would not represent a change to existing council Policy, or form a new policy where one does not already exist. In all other cases, approval must be sought from council in accordance with the requirements of the council's Constitution
- 6 All virements requiring approval shall be submitted in a standard format. Sufficient details shall be given to allow the decision to be made and recorded within the Council's Financial records.
- 7 All virement and other budget adjustment schedules should be submitted to the Director of Resources for information.
- 8 The Director of Resources reserves the right to defer any virement to members where there may be policy issues.

OTHER BUDGET ADJUSTMENTS

- 1 There is a de minimus level for virements of £10k, below which any variations to net managed budgets will be deemed other budget adjustments. Budget movements that are not between budget headings within the net managed budget will also be other budget adjustments.
- 2 The Director of Resources may also approve budget adjustments of unlimited value where these are purely technical in nature. Technical adjustments to budgets are defined as those which have no impact upon the service provided or on income generated.

Table 1**MAXIMUM DELEGATED LIMITS FOR REVENUE VIREMENT**

| Approval Type | Full Council | Executive Board | Director of Resources* | Directors** |
|--|--------------------------|--------------------------|-------------------------------|--------------------------|
| | £ | £ | £ | £ |
| A) Supplementary Votes (i.e. Release of General Fund Reserves) | No specific limit | 1,000,000 | 100,000 | None |
| B) Virements of the net managed budget into or out of budget book service headings: | | | | |
| 1. Within a Directorate | No specific limit | £1,250,000 | £750,000 | £125,000 |
| 2. Between Directorates | No specific limit | £1,250,000 | £750,000 | None |
| C) Self - Financing virements of the net managed budget (from External Funding) | | | | |
| - policy change | No specific limit | None | None | None |
| - within current policy | No specific limit | No specific limit | No specific limit | No specific limit |

* With the support of Directors

** Any reference to a Director within the constitution shall be deemed to include reference to all officers listed, except where the context requires otherwise: the assistant chief executives and the chief officers for early years & youth service, children & families, environmental services, housing services, regeneration, highways, libraries arts and heritage, recreation, planning and customer services.