

Report of the Director of Resources

Report to Executive Board

Date: 15th February 2013

Subject: Revenue Budget and Council Tax 2013/14

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 2013/14. The report sets out the framework for compiling the 2013/14 budget taking into account the Local Government Finance settlement, the initial budget proposals that were agreed by the Executive Board in December 2012, 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 2013/14 is the third year of the Comprehensive Spending Review 2010 and the reduction in government funding for 2013/14 again presents a significant financial challenge to the Council. The Council to date has managed to achieve considerable savings over the past 2 years. The 2013/14 settlement is undoubtedly one of the most complex of modern times. Not only does it involve the switching of a number of government funding streams between specific grants and Revenue Support Grant, it also sees the introduction of a local scheme of council tax discounts replacing the national scheme of Council Tax benefit. Perhaps most significantly it sees the introduction of the Business Rates Retention Scheme which represents a fundamental change in the funding of local government. The proposed budget for 2013/14 will require the Council to deliver further significant savings, but it is also clear that further savings will be required beyond the current spending review period as part of the Government's deficit reduction plans.
3. The 2013/14 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.

4. The provisional Local Government Finance settlement issued on 19th December 2012 provided provisional levels of government funding for 2013/14 and indicative figures for 2014/15. The final settlement received on 4th February 2013 confirmed only minor adjustments to this provisional settlement. The settlement is the first under the new funding regime that incorporates the business rates retention scheme and Council Tax.
5. The report asks the Executive Board to recommend to Council a budget totalling £583.925m, which would result in the Leeds element of the Council Tax for 2013/14 staying the same as for 2012/13. This excludes Police and Fire precepts which will be incorporated into the report to be submitted to Council on the 27th February 2013.
6. In addition, this report also asks the Executive Board to recommend to Council an increase in Council House rents, garage rents and service charges of 5.9%.

1 INTRODUCTION

- 1.1. This report sets out the Council's budget for 2013/14. It has been prepared in the context of the Council's initial budget proposals agreed by the Executive Board in December 2012 and the Local Government Finance settlement. In accordance with the Council's Budget and Policy Framework, initial budget proposals (IBP) for 2013/14 were approved by the Executive Board on the 12th December 2012. 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.
- 1.2. This report seeks approval from the Executive Board to recommend to Council that the City Council's Revenue Budget for 2013/14 be approved at £583.925m. This results in a Band D Council Tax of £1,123.49 for the Leeds element which is the same level as for 2012/13.
- 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 2013/14 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.
- 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 NATIONAL CONTEXT

- 2.1 The Council is being required to set its annual budget within the context of the Government's deficit reduction plans. These plans were initially set out in the emergency Budget of June 2010 and in their October 2010 Comprehensive Spending Review. This set out to reduce public spending by £81bn between 2011/12 and 2014/15, with local government funding from central government falling by 20% in cash terms over that four year period, equivalent to a reduction of 28% taking into account their forecast of inflation. In addition, it was clear from the Spending Review that the cuts for local government funding would be front loaded over the four years.
- 2.2 To date the Council has been able to respond successfully to the reduction in government grants as detailed in the initial budget proposals report.

- 2.3 As reported in detail to the Executive Board on the 17th October 2012, 2013/14 sees the introduction of the Business Rates Retention scheme – a complex funding mechanism under which local authorities will be able to retain some of the benefit of growth in local business rates. 2013/14 is the third year of the spending review period and as part of a detailed technical consultation on the business rates retention scheme, new local government spending control totals were published for 2013/14 and 2014/15. These new spending totals mean that local government is now facing further significant reductions of £1.2 billion for 2013/14 and £1.7 billion for 2014/15, over and above those implied by the 2010 Spending Review, although an element of the New Homes Bonus will be received by the Council in accordance with the scheme.
- 2.4 The latest forecast from the Office for Budget Responsibility (OBR) suggests that the deficit in the public finances will not now be eliminated by the end of the current Parliament, and most commentators are now of the view that there will be further real term reductions in public sector spending for both 2015/16 and 2016/17, if not beyond.

3.0 LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

- 3.1 The Council received details of the final Local Government Finance settlement on 4th February 2013. This confirmed only minor adjustments to the provisional settlement which was the subject of a detailed report to the Executive Board on the 9th January 2013. The settlement sets out levels of government funding for each local authority for 2013/14 and indicative figures for 2014/15. The settlement is the first under the new funding regime that incorporates the introduction of a local scheme of council tax discounts replacing the national scheme of council tax benefit and the business rates retention scheme.
- 3.2 Under the new system each local authority has been allocated a Start-up Funding Assessment (SUFA) which is the equivalent of formula grant under the previous funding regime.
- 3.3 Table 1 below shows how the SUFA for Leeds has been calculated:

Table 1

	2012/13 £m	CLG Adjusted Figure £m	2013/14 £m	2014/15 £m
Formula Grant	288.087	291.433	263.067	} 273.873
LACSEG Adjustment	-11.394	-14.740		
Council Tax Benefit/ Support Grant	46.930	42.192	42.125	
Council Tax Freeze Grant 2011/12	6.692	6.692	6.692	6.692
Early Intervention Grant	31.024	26.157	23.022	21.555
Preventing Homelessness	1.040	0.875	0.875	0.875
Lead Local Flood Authority Grant	0.146	0.146	0.146	0.146
Learning Disability Grant	10.227	10.272	10.522	10.785
Start-Up Funding	372.752	363.027	346.449	313.926
Year on Year Reduction - To unadjusted figure (£m)			26.303	32.523
Year on Year Reduction - To unadjusted figure (%)			7.1%	9.4%
Year on Year Reduction - To Adjusted figure (£m)			16.578	32.523
Year on Year Reduction - To Adjusted figure (%)			4.6%	9.4%

3.4 Comparative figures produced by DCLG indicate a reduction in the Leeds SUFA of £16.58m, or 4.6%, but as shown in the table above this is against an adjusted 2012/13 position. It is also apparent that the cuts to Council Tax Support and the Early Intervention Grant have been built in by Government into the adjusted figures for 2012/13, against which the reductions in spend for 2013/14 are compared. Against the unadjusted figures the reduction for 2013/14 is in excess of £26m, or 7.1%. The reduction for 2014/15 in the Council's SUFA is £32.52m, or 9.4%.

3.5 The SUFA takes account of the following:

- The new national totals for Local Government funding for 2013/14 and 2014/15.
- Specific grants transferring into the SUFA, as follows:
 - Council Tax Support Grant - in accordance with the Government's scheme for the localisation of Council Tax benefit in which benefits will be replaced by discounts, from 2013/14 the current subsidy is replaced by a government funding through the SUFA which is based upon just 90% of the level of Council Tax benefits in 2011/12.
 - Early Intervention Grant - (except for funds to provide free education to 2 year-olds). For 2013/14, the Early Intervention Grant is abolished with £23.022m being transferred into SUFA – a reduction of £9.7m, although an element of it is transferred to the Dedicated Schools Grant.

- The following grants are effectively a straight transfer from specific grants with minor variations
 - § Homelessness Prevention
 - § Lead Local Flood Authorities
 - § Learning Disability & Public Health Reform Funding
- There is also a transfer out of SUFA of £14.7m in respect to LACSEG¹, to form a new specific grant to be called the Education Services Grant (ESG). This grant will be the basis for determining deductions in respect to schools becoming Academies.

3.6 Start Up Funding Allocation (SUFA) is essentially the aggregate of government grant and business rate income for an authority. For Leeds the SUFA figure for 2013/14 is **£346.449m**.

3.7 How the SUFA is then funded is a complex process. The first stage is to determine how much business rates will be collected nationally and calculate the 50% which will be retained by local authorities. The government have calculated that the 50% figure for 2013/14 nationally will be £21,797,108,887, and Leeds share of the national amount is 0.01592139443998, or £173,520,184. Of this £3,470,404 is in respect of the Fire Authority, and therefore the Council's baseline business rate amount is **£170.050m**.

3.8 The government has determined that the funding of the SUFA will be split between Revenue Support Grant (RSG) and locally retained business rates in the proportions 60% and 40% respectively. Therefore the RSG figure for Leeds is **£208.043m**. However, when an authority's RSG and baseline business rates are added together, if this exceeds their SUFA, a "Tariff" is payable back to the government. Conversely, if this figure is less than an authority's SUFA then that authority receives a "Top-up".

3.9 For Leeds City Council the total of RSG and Business rates for 2013/14 amounts to **£378.093m** which exceeds the SUFA figure by **£31.644m**, and this represents the "Tariff" which Leeds has to pay back to government, as detailed in table 2 below:

Table 2

	2013/14 £m	2014/15 £m
Revenue Support Grant	208.043	171.275
Business Rates Baseline	170.050	175.266
Total	378.093	346.541
Less Tariff	-31.644	-32.615
Leeds' Start Up Funding Assessment	346.449	313.926

¹ The Local Authority Central Spend Equivalent Grant

- 3.10 As a tariff authority any growth in our local share above £170.050m, is subject to an additional levy equivalent of 18.61%. Normally the levy would be paid back to Government, but Leeds has agreed to form a Business Rates Pool with the other West Yorkshire Districts plus Harrogate and York, with proceeds being used to support economic growth in the city region. The pooling arrangements will provide a mechanism to allow levy payments, along with any levies in respect of other members of the pool, to be retained and used to support the City Region.
- 3.11 It is anticipated that the amount of business rates to be retained by Leeds in 2013/14 will be £175.3m which after taking account of the levy will result in additional income of £4.270m and a payment of £0.976m which will go to the City region.
- 3.12 The new funding arrangements also affect the way the council tax base is calculated. The new council tax support scheme will operate as a discount on the same basis as other discounts currently in place with protected groups receiving a 100% discount. The local scheme requires non-protected recipients of council tax benefit to pay 19% of their council tax bills. The localisation of council tax support will have the effect of reducing the overall tax base for Leeds. In addition there have been a number of technical changes to the classes of exemptions considered for council tax purposes which increase the council tax base.² The taxbase takes account of additional properties, and the final estimate of council tax income is adjusted for an assessment of the likely collection rate. For 2013/14 this rate is 99.0%, a reduction of 0.2% from 2012/13.
- 3.13 As previously reported, for 2013/14 the Government has offered a freeze grant equivalent to a 1.0% increase in council tax. Authorities that choose not to take the freeze grant will be subject to a 2.0% referendum limit (i.e. if they choose to put their council tax up by more than 2.0% they will have to hold a binding referendum on the issue). Reaching a view as to whether to recommend an increase in Council Tax, or not is not straightforward, and within the Initial Budget Proposals, it was proposed that the Council accept the Council Tax Freeze Grant, but that this decision be reviewed as part of the final budget proposals. Table 3 below sets out the calculations.

The Council Tax Freeze Grant for Leeds is £2.7m for 2013/14 with the same level of grant also being payable for 2014/15. Clearly regard has to be given to the impact of any increase on local tax payers, but also upon the financial position of the Council given the significant scale of reductions it is facing. Under the Government's current referendum rules, levies are excluded from an authority's Council Tax ceiling for referendum purposes, i.e. the impact of levies upon an authority's Council Tax are discounted for purposes of determining whether an authority would be required to go to a referendum for increases in Council Tax in excess of 2%. Given that due to population changes the levy upon the Council from the Integrated Transport Authority has significantly fallen, there is a financial

² Full details of the scheme were approved by Council on the 15th January 2013

advantage of £425k to the Council in accepting the Council Tax Freeze Grant. In recommending that the Council accepts the Council Tax freeze grant, in exchange for freezing Council Tax in 2013/14, it does need to be appreciated there is no guarantee that this funding will continue beyond 2014/15, and accepting the Council Tax freeze grant in 2013/14 does mean that the Council would be giving up this increase which would in all likelihood mean a loss of resources beyond 2014/15. This loss would be in addition to the loss of funding as a result of accepting the freeze grant in the previous 2 years.

Table 3

Without Council Tax Freeze Grant

			£
a	Relevant basic amount of council tax of billing authority for the purposes of council tax referendums		953.61
b	Uplifted relevant basic amount - max 2%	a + 2%	972.68
c	Council Tax requirement net of levies	b x tax base	202,832,446
d	Add levies: Flood Defence Levy WYITA Levy		303,333 33,434,000
e	Council Tax requirement	c + d	236,569,779
f	Basic Amount of Council Tax 2013/14	e / tax base	1,134.47
g	Basic Amount of Council Tax 2012/13		1,123.49
h	Increase from 2012/13	(f - g) / g	0.977%

With Freeze Grant

			£
	Basic Amount of Council Tax 2013/14 - no increase		1,123.49
i	Council Tax requirement	g x tax base	234,280,246
j	Council Tax Freeze Grant		2,714,926
k	Total Council Tax income	i + j	236,995,172
	Gain from accepting Freeze Grant	k - e	425,393

Taxbase 2013/14

No.s
208,529

3.14 Table 4 below shows the net income from council tax available to support the council's 2013/14 budget.

Table 4

	Budget £m
Council Tax 2012/13	268.30
Council Tax Base - additional properties	1.85
Council Tax Support scheme	-42.72
Discounts etc	5.78
Council Tax 2013/14	233.21

3.15 Taking into account the above funding streams the Council's Net Revenue budget for 2013/14 will be as shown in table 5 below:

Table 5

	£m
Revenue Support Grant	208.043
NNDR	142.676
Council Tax	233.206
Net revenue budget	583.925

3.16 In determining the Council's 2013/14 budget, and in addition to those now included in the SUFA, there are also a number of changes to specific grants to be taken account of. These include:

- The withdrawal of the Government's 2012/13 Council Tax freeze grant, which for Leeds was £6.7m and was, unlike the 2011/12 freeze grant, awarded for one year only.
- As noted at 3.5 above, an amount equivalent to £14.7m has been transferred out of the Council's SUFA to establish the new Education Services Grant which will form the basis of reductions in respect to academies. Local authorities will receive £116 per pupil for pupils in the schools they maintain, plus £15 per pupil for all pupils in the local authority area for their retained statutory duties. The £14.7m transferred out of the Council's SUFA is in fact the start-up figure for this grant, and whilst ESG allocations have not yet been issued, on the basis of current pupil numbers our forecast of this grant in 2013/14 is £12.4m. However, as the grant is linked to the actual number of pupils in schools that transfer to academy

status the position can only be estimated and will change during the year, and indeed may change before the 31st March 2013. It is proposed that should there be any further reductions in this grant, then relevant services funded by the grant are required to either generate additional income from delivering services to academies or be required to identify in-year savings.

- In 2013/14 the funding transfer from the Department of Health to the Council to support adult social care services has increased by £2.897m to £11.850m. This is intended for measures that support social care, which also benefit health, delivering better quality and more efficient service across the health and social care system. It also includes funding to deliver the requirements set out in the “Caring for our Future” White Paper. The £2.897m increase will partly offset the fall-out of 2012/13 non-recurring Health funding, but the 2013/14 budget still places a heavy reliance on funding from Health partners.
- The budget for the New Homes Bonus for 2013/14 includes an additional £3m, which is based on an assumption of an additional 2,000 properties for 2013/14, either being new or brought back into use. In addition, nationally, £89m of funding for the new homes bonus in the current year is not required, and the Government have said that this sum will be returned to local authorities in 2013/14. It is forecast that £1.1m will be received by the Council, but this figure has yet to be confirmed.
- From 1st April 2013 the Council takes responsibility for Public Health which has transferred from the PCT. Grant funding is ring fenced to the service and amounts to £36.855m in 2013/14 and £40.540m in 2014/15. The proposed 2013/14 budget includes equivalent spending on Public Health.
- Whilst the government is reducing the administration grant for housing benefits in 2013/14 by a further £670k, a specific new burden grant of £610k is provided in respect of the administration costs associated with the new social fund. From April 2013, the discretionary aspects of the Social Fund, namely Crisis Loans for general living expenses and Community Care Grants, are to be moved and the budgets devolved to Local Authorities to administer. The budget will not be ring-fenced but Councils are expected to use the funds to ‘give flexible help to those in genuine need’. Leeds will receive £2.886m per annum scheme funding for 13/14 and 14/15 and will also receive administration funding of £610k in 2013/14 and £559k in 2014/15. These funding levels are less than is currently spent by DWP and funding is only guaranteed for 2013/14 and 2014/15.
- In early 2012 the Arts Council England (ACE) announced that the Leeds Museums and Galleries bid for funding from the ACE Renaissance fund had been successful. The Service was awarded £1.7m grant per annum for 3 years. The 2013/14 budget includes the grant and additional expenditure.

- On the 24th January 2013, the Government announced that the £150 million Early Intervention Grant topslice, which had been held back within 2013/14 Settlement, will be returned in full to local authorities in the form of the Adoption Reform Grant. This funding will help to secure reform of the adoption system. The Adoption Reform Grant will be in two parts. £100m of the £150m will not be ring-fenced and will be available to local authorities to support adoption reform. The remaining £50m will be ring-fenced and will support local authorities to address structural problems with adopter recruitment. The allocation for individual authorities has not been announced, but the Children's Services budget includes £2.0m as an assessment of this allocation.

- Local Reform and Community Voices grant of £580k - This new burden grant is comprised of five funding streams:
 - Additional funding for Deprivation of Liberty Safeguards (DOLS) in Hospitals;
 - Additional local Healthwatch funding;
 - funding for the transfer of Independent Complaints Advocacy Service (ICAS) to local authorities;
 - funding for the transfer of Independent Mental Health Advocacy (IMHA) to local authorities; and
 - funding for the veterans Guaranteed Income Payments (GIPs) social care charges exemption.

4. **CONSULTATION**

- 4.1 In preparation for the 2013/14 budget a number of consultations have been carried out including a “You Choose” campaign to get people engaged in the budget challenges.
- 4.1.1 The public consultation on spending priorities for the council’s 2013/14 Budget ran from 12 October 2012 to 24 January 2013. In that period 2,747 formal responses were received by the council and a number of parallel discussions took place on independent social media sites. This is the highest level of participation in a budget consultation in Leeds.
- 4.1.2 The consultation was supported by partners, local media and in particular the third sector, and used a mix of online and traditional methods to allow different communities to get involved, the most commonly used being the online YouChoose budget simulator. YouChoose is a free online tool supported by the LGA, and set residents the challenge of balancing a council budget reduced by £40m and allowed those taking part to learn about key council services, the implications of different levels of budget reduction on each service and to decide which services received greater or lesser reductions to balance the overall budget.
- 4.1.3 The results gathered from the various consultation methods, and over 1000 written suggestions on ways the council can save money, have been analysed and form the detailed Key Findings section of the supporting consultation report. This report also highlights key differences of opinion between different communities in Leeds.

In summary:

- Cultural services such as Libraries, Arts and Heritage and Parks and Countryside, and economic and planning-related services were commonly seen as low spending priorities
- Support for child-related services, especially those supporting the most vulnerable, were high priorities across respondent groups.
- Adult Social Care services were a top priority in the 2010 budget consultation, however in 2012/13 they are neither the services most or least ‘protected’ by respondents to this consultation.
- Community safety services and refuse services are high priorities for respondents that took part as groups and on paper, but less so for those taking part in the online YouChoose exercise.
- Third sector respondents emphasised support for employment and skills services and housing services, more so than other respondents.
- There was strong support for all the potential measures to save money put forward by the council
- There was majority support for introducing charges for collecting bulky household waste, while nearly half of respondents supported increasing income from sports centres.
- There is a degree of confusion among respondents as to what services the council does and does not provide, and the level of influence the council has over national issues such as benefits reform and immigration

- Analysis of comments and suggestions highlighted both positive suggestions and concerns on a number of issues:
- Reducing the frequency of bin collections to save money
- Charging (more) for popular events e.g. Party in the Park, bonfires
- Increasing recycling/the revenue potential of recycle
- Reducing the number of/cost of running council buildings
- Merging services with other West Yorkshire councils
- Paying less to /using fewer external contractors
- Investing in regeneration and infrastructure e.g. transport
- Turning street lights off at certain times
- Concern at perceived cost of council workforce ('senior managers' in particular) and elected members, and associated expenses, pension costs etc.

4.1.4 A full report on the findings is attached at Appendix 1.

4.1.5 These results build on the early results of the survey that were reported as part of the Initial Budget Proposals approved by the Executive Board at its meeting in December 2012. They provide a useful barometer of public opinion as to Council spending priorities, and are important in not just informing the 2013/14 budget, but also in helping the Council shape its future budgets.

4.2 The initial budget proposals were submitted to Scrutiny following their approval by Board on the 12th December 2012. 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.

4.3 Directorate budget reports, which are attached, identify the ways in which the budget proposals respond to the consultation.

5. DEVELOPING THE BUDGET PROPOSALS

5.1 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 2013/14 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.

5.2 In order to deliver the Council's services within the expected funding envelope, there are a number of workstreams which the Council needs to prioritise over the next 12-18 months and approach as a coherent programme delivered at pace. This includes:

- reducing and making better use of the Council's assets
- maximising the potential for income generation through charging and trading
- looking at the way the Council is organised including consideration of alternative delivery models
- implementing a business improvement programme
- improving the approach to locality working
- reducing the cost of looked after children through improved early intervention and prevention
- progressing the better lives programme in Adult Social Care
- implementing significant changes to the management of waste
- working with others to drive economic growth in the city and deliver increases in business rates and new homes bonus
- continuing to focus on the values and staff and member development

6. PROPOSED BUDGET FOR 2013/14

- 6.1 The following table analyses the change in the Council's proposed budget for 2013/14. Together with the reduction in SUFA, and provision for business rates growth, the overall cash decrease in the net revenue budget is £10.2m which represents a 1.7% decrease.

Table 6

	£m
Budget 2012/13	563.1
Adjustments for specific grants transferring to formula grant	31.0
Adjusted Budget 2012/13	594.1
Change in Prices	
Pay	4.4
Price	5.3
Income	-2.4
Service Budget Changes:	
Changes in service levels	-4.2
Other factors not affecting level of service	-9.3
New charges	-1.4
Efficiency savings	
Procurement	-5.2
Other	-13.6
Change in Council Tax freeze grant	4.0
Change in Levies	-0.6
Change in contingency fund	-1.5
Change in contribution from earmarked reserves	10.2
Change in contribution from general reserves	4.4
Change in capital financing costs	-0.4
Total Reduction	<u>-10.2</u>
Base Budget 2013/14	583.9
Percentage decrease from adjusted budget	-1.7%

- 6.2 Attached to this report are detailed budget reports for each directorate. It is recognised that some actions may impact on particular communities and where relevant, 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. The following paragraphs discuss some of the main features of the proposed 2013/14 budget.

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

- Provision has been made for a 1% pay award and a 0.2% increase in the superannuation rate which reflects the latest actuarial review. The pay award reflects an assumption that following two years of a general pay freeze, there will be a need to provide for an increase in staff pay in line with the government's funding assumptions.
- Despite cost inflation currently running at 2.7%, no provision has been made for inflation on running cost budgets, other than where there are specific contractual commitments and in the cost of utilities.
- An inflationary allowance has been applied to the level of fees and charges and this is estimated to generate an additional £1m. There are a number of specific proposals where it is felt that the market will bear an above inflationary increase. These are detailed in the directorate reports and overall they are forecast to generate additional income of £1.4m.

6.3.1 Adult Social Care – Demographic factors form a key element of the strategic context for Adult Social Care. People are living longer and consequently an increasing number have higher levels of need. The budget proposals include additional provision of £2.0m for community care packages. It is recognised that these demographic pressures will continue to grow in the long term, and will present the Council with significant financial challenges. In the context of these challenges and the continued drive to better meet people's needs in the future, Adult Social Care is continuing with its "Better Lives" programme of service reconfiguration.

The Executive Board is required to review the line of eligibility for adult community care services annually. The recent White Paper "Caring for our Future" includes provision for eligibility to be set nationally rather than locally in future. Currently in Leeds the line of eligibility is set between moderate and substantial, so those with a substantial or critical risk to their independence have a statutory right to receive a service. The Executive Board is asked to agree that the line of eligibility remains unchanged for 2013/14. The implications arising from such a decision have been assumed within the 2013/14 budget proposals to be put to Council.

6.3.2 Children's Services – provision of £3.1m has been made for continued investment in SEN support, temporary social work capacity and in-house fostering and adoption capacity. In 2012/13, the core Early Intervention Grant for Leeds is £32.7m and is used to fund key priority services such as Sure Start Children's Centres, short-breaks and respite provision for disabled children, targeted/specialist information, advice and guidance as well as support for teenage parents and specialist family intervention services. This Early Intervention Grant will cease from April 2013, with £1.7bn nationally (£23.0m for Leeds) being built into SUFA. This change will mean a net reduction of £8m in the funding available to support the range of priority early intervention and preventative services that work with the most vulnerable children, young people

and families. On a positive note, following the significant progress made in 2012/13, the demand-led pressures within the looked after children placement budgets are forecast to reduce further into 2013/14 and the budget strategy includes potential savings of £8.1m around reducing placement numbers, procurement efficiencies and changing the funding mix across the externally provided residential and fostering placement budgets.

- 6.3.3 Health Funding – health funding of £6m was budgeted for in 2012/13 to support Adult and Children’s Social Care. There is no certainty that funding will continue in 2013/14, and a prudent estimate of £3m is included in the budget proposals.
- 6.3.4 Public Health – the public health function will transfer from the Primary Care Trust to the Council from 1st April 2013. The grant funding for public health is ringfenced and the allocation covers both mandated services through regulation, but also services that each Council wish to provide at a local level. A two year allocation has been received from the Department of Health and this budget includes £36.9m for 2013/14.
- 6.3.5 Capital Charges – the budget provides for an increase in capital financing costs of £2m, although this is reduced by £1.5m of income from the Arena Development to offset the cost of borrowing for the scheme in accordance within its business plan. In addition a further £0.9m of capital receipts has been used to support the revenue budget.
- 6.3.6 New Homes Bonus – as detailed in paragraph 3.16, the budget for the New Homes Bonus for 2013/14 has increased by £4.1m. To help achieve Leeds’ ambitions of growth and prosperity, it is proposed to invest an amount of New Homes Bonus in the housing market. Executive Board approved in September 2012 the development of an investment programme which will use £1.5m of New Homes Bonus to bring empty properties back into use and provide an equity loan scheme targeted at new build properties. This will generate additional New Homes Bonus for the Council, giving a financial return over the life of the scheme. This budget provides for £0.1m in 2013/14 to fund the borrowing cost of the £1.5m investment.
- 6.3.7 New Charges – the budget includes a number of new charging areas as follows:
- Within Adult Social Care, the budget includes £800k for the part year effect of a review of charges for non-residential services, including the introduction of charges for services currently free of charge.
 - Within the City Development budget, additional income of £400k has been provided for the introduction of residents parking permits.
 - Within Environment and Neighbourhoods, £200k has been provided for additional car parking income following a review of car parking policy.
- 6.3.8 Efficiency Savings - in addition to cash limiting most running cost budgets, which is estimated to save around £7m, further efficiencies have been identified in staffing and procurement budgets:

- Staffing - in response to the Spending Review 2010, the Council recognised that it would be necessary to significantly reduce its workforce. The Council has operated a voluntary retirement and severance scheme in both 2010/11 and 2011/12 and saw a reduction in its workforce of 1,795 ftes over these two years, excluding school based staff. The current year's budget assumed that the equivalent of around 180 ftes would leave the Council and a new Early Leavers scheme has recently been launched covering the period up to the end March 2016. Excluding the inflationary impact, and taking account of the transfer of Public Health, staffing reductions of around £4.5m are included in the 2013/14 budget.

The Council's expectation following the Spending Review was that there would be a reduction of around 2,500 – 3,000 ftes over the 4 year period 2011/12 - 2014/15. As in previous years, this will mean that staff will leave the authority from across the whole range of services and it will be necessary therefore to continue to manage this very carefully and make arrangements to retrain and redeploy staff where appropriate.

- Procurement – the budget includes proposals to save a further £5.2m from procurement activity including:
 - £1.1m from savings from regional framework contracts for independent fostering agency and external residential placements
 - £0.5m for retendering of recycling contracts and the city wide weed spraying contract
 - £1m from a cross-council review of procurement arrangements

6.3.9 The 2013/14 budget continues to be supported by a number of short term funding sources. These are as follows:-

- Use of PFI reserve – The schools PFI schemes use a sinking fund to equalise payments with PFI grant over the life of the schemes. In accordance with previous budget decisions, the schools PFI costs are now met in the year they are incurred, facilitating the use of the reserve. In 2012/13 the budget provided for the usage of £9.9m from the schools' PFI reserve and the 2013/14 budget is supported by £1.2m from this reserve.
- Schools balances – in order to mitigate the immediate impact of the changes in the Early Intervention Grant funding, the budget provides for one-off borrowing of up to £4m from school balances to be repaid by March 2017 through savings on the looked after children's budget within Children's Services.
- General reserves - the budget is supported by the use of £2.5m general reserves, further explained in Section 7 below.

6.3.10 The budget includes provision for a £2.0m central contingency for items not foreseen and for items where there is a risk of variation during the year.

6.3.11 The following table provides a summary of the budget by directorate. Annex 1 appended to this report provides a detailed analysis at directorate level; Annex 2

shows a subjective summary of the City Budget; and Annex 3 shows the budgeted staffing levels for the end of 2013/14.

Table 7

Directorate	2012/13			2013/14			2013/14
	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	Net managed Budget as % of Net Cost of Deptl Spending %
Adult Social Care	177,988	18,702	196,690	197,935	21,344	219,279	32.3%
Children's Services	132,205	45,661	177,866	135,171	46,171	181,342	22.1%
City Development	67,930	35,518	103,448	68,099	40,048	108,147	11.1%
Environment and Neighbourhoods	88,993	23,559	112,552	77,997	21,999	99,996	12.7%
Central and Corporate	59,518	(48,619)	10,899	57,854	(49,399)	8,455	9.4%
Debt	57,507	0	57,507	58,577	0	58,577	9.6%
Joint Cttees & Other Bodies	37,857	(415)	37,442	37,270	(415)	36,855	6.1%
Strategic Accounts	(15,441)	(74,406)	(89,847)	(20,121)	(79,748)	(99,869)	-3.3%
NET COST OF DEPARTMENTAL SPENDING	606,557	0	606,557	612,782	0	612,782	100.0%
Funding Sources:							
Transfers to / (from) reserves:	(18,319)		(18,319)	(3,700)		(3,700)	
New Homes Bonus	(8,200)		(8,200)	(12,260)		(12,260)	
Council Tax Freeze Grant	(6,742)		(6,742)	(2,715)		(2,715)	
Section 278 income	(5,200)		(5,200)	(5,200)		(5,200)	
General Capitalisation	(4,982)		(4,982)	(4,982)		(4,982)	
NET REVENUE CHARGE	563,114	0	563,114	583,925	0	583,925	

6.4 The Schools Budget 2013/14

The Schools Budget is funded by the Dedicated Schools Grant (DSG), Education Funding Agency (EFA) Post 16 Grant, and the Pupil Premium.

6.4.1 Dedicated Schools Grant

The DSG is a ring-fenced grant and may only be applied to meet costs that fall within the Local Authority Schools Budget. Any under spend of grant from one year must be carried forward and applied to the Schools Budget in future years. Any overspend may be carried forward and applied to the Schools budget in future years with the approval of the Schools Forum. The Schools Budget comprises of Individual School Budgets delegated to schools, the 15hrs of free early years education for 2, 3 and 4 year olds attending private, voluntary and independent settings, the cost of supporting pupils with high needs and a number of prescribed services and costs in support of education in schools. From August 2013 the Local Authority will be responsible for funding the special educational needs costs of supporting all young people from 0 to 25. The Pupil Premium and EFA Post 16 Grant are also ring fenced grants that must be passed on to Schools and post 16 providers.

The DSG for 2013/14 will be paid in three blocks:

- The Early Years Block will be calculated 5/12 on January 2013 3 and 4 yr old numbers and 7/12 on January 2014 numbers multiplied by a unit of resource of £3,883, with a fixed grant allocation of £8.43m for a new responsibility, the roll out of free early education to 2 yr olds;
- The High Needs Block is based on 2012/13 budgeted expenditure adjusted for a transfer of responsibility for Special Educational Needs up to the age of 25.
- The Schools Block for 2013/14 is paid on the October 2012 pupil numbers multiplied by a unit of resource of £4,538. The gross DSG is estimated to be £524.6m.

However, the gross DSG is then reduced by an amount equivalent to the delegated budget that would be paid to each Academy, and only the net figure is received by Leeds. The DSG to be received for 2013/14 is estimated as £426.4m, a year on year reduction of £13.4m. This figure will further reduce in year if any further schools convert to Academies

6.4.2 Education Funding Agency Post 16 Grant

The EFA Post 16 Grant fund is paid in two 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 of pupils aged from 16 to 25 attending Sixth Forms, SILCs, Academies, Colleges and other Specialist providers.

Funding rates for 2013/14 have not been finalised, although funding per sixth form pupil will reduce as the EFA seeks to equalise funding rates between sixth forms and FE Colleges and Sixth Form Colleges. It is estimated that a grant of £20.0m will be received. This figure will be confirmed at the end of March 2013.

6.4.3 Pupil Premium

The Pupil Premium will be paid at a rate of £900 for pupils who had been continuously in care for over 6 months and for pupils who have been eligible for free school meals during the past 6 years. A further service child allocation of £300 is paid for children whose parents are in the armed services. These rates have been increased from £623 and £250 in 2012/13.

The Pupil Premium estimated to be received by Leeds Schools (excluding Academies) in 2013/14 is estimated to be £22.4m. This grant will only be confirmed by the DfE in June or July 2013.

6.4.4 Summary of Year on Year Change

The funding to be received by the City Council under the Dedicated Schools Grant, Pupil Premium and EFA Post 16 Grant is estimated to be £467.4m. This is a cash

reduction of £10.6m against the total received through these three grants in 2012/13.

However, this includes growth of £8.4m for new responsibilities for 2yr old early education and growth of £3.3m for new responsibilities to fund Post 16 SEN from August 2013 and £0.1m for NQT assessment monitoring, meaning that on a like for like basis funding has reduced by £22.4m.

Within this reduction the funding available to Schools and academies is to increase by £14.9m. However, due to the increased number of pupils attending Academies the estimated recoupment for Academy funding will increase by £37.4m

The following table summarises the year on year changes in the Schools Budget. However, it should be noted that any further Schools converting to Academies will increase the recoupment reduction.

	£m
2012/13 DSG, Pupil Premium and EFA Post 16 Grants	478.1
Education of vulnerable 2yr olds	8.4
Post 16 SEN funding	3.3
NQT assessment monitoring	0.1
Increase in DSG, Pupil Premium and EFA Post 16 Grants	14.9
Reduction for Academy recoupment on DSG, Pupil Premium and EFA Post 16 Grants	-37.4
2012/13 DSG, Pupil Premium and EFA Post 16 grants	467.4

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:

The 2013/14 HRA budget is influenced by the Council's rent strategy which was agreed by the Executive Board as part of the HRA Business Plan in February 2012. This strategy smoothes the incidence of the rent increases that were assumed by Government in their debt settlement with the Council as part of the move to HRA self-financing in April 2012. For 2013/14 it is proposed to increase rents by an average of 5.9% in accordance with this agreed strategy.

It is also proposed to increase service charges and garage rents by the same percentage.

Fees paid to the ALMOs and BITMO in 2013/14 for the management and maintenance of the housing stock will continue to be based on the principles of driving efficiencies and redirecting resources to maintaining the housing stock as outlined in the HRA Business Plan. It is therefore proposed to restrict the increase in the amount allocated for the management of the housing stock to 1%, with the amount allocated for maintenance increasing by 3%.

6.6 Council Tax

The proposed budget of £583.925m for 2013/14 is consistent with the Leeds element of the Council Tax for 2013/14 being exactly the same as in 2011/12, and 2012/13 which will give council tax figures for the Leeds City Council element only for each band as follows:

	2013/14
	£
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 27th February 2013 following the formal decisions by their respective bodies.

6.7 Parishes

One of the effects of the new council tax support scheme is that the tax base for the Council will reduce as the benefit payments have been converted into discounts therefore reducing the amount raised for a given level of tax. This means that for parishes, their tax bases have reduced so that even if they spend the same as last year, all other things being equal, their precepts would increase.

Part of the council tax support grant received by the Council relates to parishes and the Government has made it clear that billing authorities should work with parish and town councils to pass down funding so that their precepts can be reduced reflecting, to a greater or lesser extent depending on local factors, reductions in their council tax base. They stated that this may not be the full amount as the funding being provided relates to 90% of the estimated cost of subsidised council tax benefit in 2013/14.

Following consultation, it is proposed to pay a grant to each parish to compensate them for the loss of tax base due to these changes, based upon current benefit expenditure in each parish, so that parishes that have more benefit claimants will receive more than those with less. The total cost of the proposed grants is £123k, as detailed at Appendix 4. It is proposed that these grants be paid at the same time as the parish precept payments.

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 The Council's reserves at the end of March 2013 are estimated to be at around £20.5m. This budget assumes the use of £2.5m to support invest to save activities and other one-off expenditure. The budget therefore assumes that reserves at the end of March 2014 will stand at £18.0m which represents 3.1% 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.

Table 8

General Fund	2012/13 £m	2013/14 £m
Balance brought forward	25.4	20.5
<i>Less:</i> net usage in year	-4.9	-2.5
Balance Carried Forward	20.5	18.0

Housing Revenue Account	2012/13 £m	2013/14 £m
Balance brought forward	5.9	6.2
<i>Add</i> surplus for the year	0.3	0.0
Balance Carried Forward	6.2	6.2

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 2013/14 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 2012/13 have, where appropriate, been recognised in preparing the 2013/14 budget, or are subject to further actions to enable them to be delivered.
- 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 2013/14 budgets of directorates is considered to remain relatively high. Whilst this level of risk can be considered manageable, it must be on the understanding that key decisions are taken and that where identified savings are not delivered alternative savings options will be needed. This is all the more important given that the Council will face further financial challenges over the years beyond 2013/14.
- In addition to specific directorate risks, there are two new risks which need to be understood and closely monitored.
 - The introduction from April 2013 of a scheme of Council Tax discounts does raise additional risks as to collection. Overall, the assumed collection rate for Council Tax has been reduced from 99.2% to 99% to reflect this additional risk, but there is still the potential for further losses. However, it should be noted that should there be a higher level of loss than assumed, that this would materialise with the collection fund, and as such would not impact upon the current year's budget.
 - Under the new business rates retention scheme, the Council's local share of business rates is exposed to risks from both collection and reductions in rateable values. The scheme does provide for a safety net, whereby any losses in excess of 7.5% against an authority's business rates baseline would be met centrally. However, this would still mean the Council bearing losses, against our baseline, in excess of £10m. This risk is further heightened, as under the scheme, the Council shares its proportion of any losses in respect to rating appeals which may be backdated to prior to the 1st April 2013. Although in setting the 2013/14 budget, an assumption has been included as to potential scale of losses due to backdated appeals, this is still considered to be a significant risk. However, as in the case of Council Tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the current year.

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. There are no proposed changes to the level of financial reporting to either the Executive Board or to Scrutiny.

8.5 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.

8.6 In the context of the above, the Director of Resources considers the proposed budget for 2013/14 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%.
- risks associated with Council tax and business rates, although new and significant, will not impact on the current year's budget.
- 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 and has 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 3 along with a note outlining our overall approach to equality impact assessments.
- 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.

10.0 CORPORATE CONSIDERATIONS

10.1 Consultation and Engagement

- 10.1.1 As explained at section 4 above the initial budget proposals were subject extensive consultation with key stakeholders prior to finalisation of the 2013/14 budget.

10.2. Equality and Diversity / Cohesion and Integration

- 10.2.1 This issue is fully explained in section 9 above.

10.3 Council Policies and City Priorities

- 10.3.1 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.

10.4 Resources and Value for Money

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

10.5 Legal Implications, Access to Information and Call In

- 10.5.1 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 12.1 which recommends the budget to Council is not eligible for call in.
- 10.5.2 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.

10.6 Risks

10.6.1 A full assessment of budget risks both at directorate level and corporately has been made and is explained at paragraph 8.3.

10.6.2 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.

11.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE

11.1 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.

11.2 These rules have been reviewed during the year and it is not proposed to change the limits which are set out in Appendix 5.

12. RECOMMENDATIONS

12.1 The Executive Board is asked to recommend to the Council the adoption of the resolutions below:

- (i) That the Revenue Budget for 2013/14 totalling £583.925m, as detailed and explained in this report and accompanying papers be approved, with no increase in the Leeds' element of the Council Tax for 2013/14.
- (ii) Grants totalling £123k be allocated to Parishes as detailed in paragraph 6.7
- (iii) In respect of the Housing Revenue Account: -
 - (a) that the budget be approved with an average rent increase figure of 5.9%
 - (b) that the charge for garage rents be increased to £6.78 per week (based on 52 rent weeks)
 - (c) that service charges are increased in line with rents (5.9%).

12.2 That the Executive Board agree:

- (i) That the line of eligibility for adult community care services remains unchanged for 2013/14.

BACKGROUND DOCUMENTS

There are no Background Documents associated with this report.

The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Statement of 2012/13 net budget and 2013/14 budgets

Annex 1

Service	2012/13			2013/14		
	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	91,837	9,922	101,759	91,025	9,138	100,163
Strategic Commissioning	1,804	(1,610)	194	1,835	574	2,409
Resources	5,866	(4,747)	1,119	5,643	(4,536)	1,107
Operational Services	78,481	16,353	94,834	99,432	18,228	117,660
Pensions adjustment	0	(1,216)	(1,216)	0	(2,060)	(2,060)
	177,988	18,702	196,690	197,935	21,344	219,279
Children's Services						
Partnership Development and Business Support	11,292	8,087	19,379	(175)	5,676	5,501
Learning, Skills and Universal Services	12,980	3,162	16,142	23,493	3,099	26,592
Safeguarding, Targeted and Specialist Services	90,320	2,863	93,183	96,537	3,429	99,966
Strategy, Performance and Commissioning	17,613	30,707	48,320	15,316	30,158	45,474
Pensions adjustment	0	842	842	0	3,809	3,809
	132,205	45,661	177,866	135,171	46,171	181,342
City Development						
Planning and Sustainable Development	3,888	2,374	6,262	3,732	1,455	5,187
Economic Development	389	1,114	1,503	1,633	941	2,574
Asset Management	8,646	2,806	11,452	9,368	4,378	13,746
Employment and Skills	3,051	85	3,136	2,920	335	3,255
Highways and Transportation	22,306	26,653	48,959	21,922	29,612	51,534
Libraries, Arts and Heritage	19,215	7,436	26,651	19,429	7,352	26,781
Sport and Active Recreation	6,220	10,597	16,817	6,202	11,071	17,273
Resources and Strategy	3,172	(15,272)	(12,100)	2,218	(14,575)	(12,357)
Regeneration Programmes	1,043	165	1,208	675	284	959
Pensions adjustment	0	(440)	(440)	0	(805)	(805)
	67,930	35,518	103,448	68,099	40,048	108,147
Environment and Neighbourhoods						
Car Parking Services	(7,170)	1,483	(5,687)	(6,998)	1,630	(5,368)
Community Safety	3,316	1,119	4,435	3,400	1,176	4,576
Strategy and Commissioning	27,720	2,214	29,934	14,458	2,337	16,795
Statutory Housing	1,356	6,813	8,169	2,672	6,635	9,307
General Fund Support Services	(1,179)	645	(534)	(1,081)	1,085	4
Waste Management	41,007	2,545	43,552	41,252	3,984	45,236
Parks & Countryside	9,933	5,197	15,130	9,781	4,469	14,250
Environmental Action - West	2,685	241	2,926	2,808	440	3,248
Environmental Action - East	2,209	180	2,389	2,204	382	2,586
Environmental Action - South	2,357	285	2,642	2,409	556	2,965
Environmental Action - City Wide	1,898	238	2,136	1,799	232	2,031
Environmental Action - City Centre	1,029	135	1,164	1,260	244	1,504
Non Delegated Street Cleansing	853	2,017	2,870	452	2,059	2,511
Environmental Health	3,037	626	3,663	3,648	(1,345)	2,303
Safer Leeds Drugs Team	(58)	76	18	(68)	65	(3)
Pensions adjustment	0	(255)	(255)	0	(1,951)	(1,951)
	88,993	23,559	112,552	77,996	21,998	99,994
Resources						
Financial Management	8,571	(8,571)	0	8,380	(8,380)	0
Business Support Centre	3,296	(3,296)	0	2,857	(2,857)	0
Financial Development	909	(909)	0	895	(895)	0
Revenues and Benefits	(1,370)	5,936	4,566	(585)	6,449	5,864
Information Technology	14,141	(10,431)	3,710	15,412	(12,179)	3,233
Human Resources	7,505	(7,505)	0	6,710	(6,710)	0
Audit and Risk	2,492	(2,026)	466	2,124	(1,735)	389
CORs and Directorate	992	(992)	0	928	(928)	0
Public Private Partnership Unit	(866)	545	(321)	(1,132)	542	(590)
Procurement	1,945	(1,945)	0	1,720	(1,720)	0
Democratic and Central Services	14,619	(12,250)	2,369	13,663	(12,307)	1,356
Commercial Services	(8,588)	4,171	(4,417)	(9,151)	4,200	(4,951)
Pensions adjustment	0	(1,125)	(1,125)	0	(2,298)	(2,298)
	43,646	(38,398)	5,248	41,821	(38,818)	3,003
Legal Services						
Legal Services	(1,889)	1,265	(624)	(1,667)	1,081	(586)
Pensions adjustment	0	(199)	(199)	0	(252)	(252)
	(1,889)	1,066	(823)	(1,667)	829	(838)
Customer Access and Performance						
Customer Access	7,142	(6,045)	1,097	7,377	(4,796)	2,581
Localities and Partnerships	1,710	(793)	917	1,233	(63)	1,170
Intelligence and Improvement	2,207	(2,207)	0	1,974	(1,974)	0
Corporate Support	3,213	(1,839)	1,374	3,649	(3,581)	68
Area Management	3,489	(68)	3,421	3,467	(239)	3,228
Pensions adjustment	0	(335)	(335)	0	(757)	(757)
	17,761	(11,287)	6,474	17,700	(11,410)	6,290
Public Health						
Public Health	0	0	0	0	219	219
Pensions adjustment	0	0	0	0	(219)	(219)
	0	0	0	0	0	0
Strategic and Central accounts	43,399	(35,781)	7,618	49,370	(72,222)	(22,852)
Pensions adjustment	0	(39,040)	(39,040)	0	(7,940)	(7,940)
Strategic and Central Accounts	43,399	(74,821)	(31,422)	49,370	(80,162)	(30,792)
NET COST OF CITY COUNCIL SERVICES	570,033	0	570,033	586,425	0	586,425
Contribution to/(from) General Fund Reserves	(6,919)	0	(6,919)	(2,500)	0	(2,500)
NET REVENUE CHARGE	563,114	0	563,114	583,925	0	583,925

Summary of 2013/14 budget by type of spending or income

Annex 2

	General Fund excluding Schools £000	Per Band D Property £	Schools £000	HRA £000	Total Budget £000	% of total
Expenditure						
Employees	446,373	2,141	334,752	2,165	783,290	40
Premises	73,159	351	32,975	1,559	107,693	6
Supplies and services	24,277	116	68,257	159,285	251,819	13
Transport	39,887	191	1,366	33	41,286	2
Capital costs	59,507	285	1,111	70,783	131,401	7
Transfer payments	291,182	1,396	0	0	291,182	15
Payments to external service providers	334,257	1,603	0	86	334,343	17
	1,268,642	6,084	438,461	233,911	1,941,014	100
Income						
Grants	(463,005)	(2,220)	(419,182)	(19,884)	(902,071)	67
Rents	(8,055)	(39)	0	(204,659)	(212,714)	16
Fees & charges	(196,035)	(940)	(19,279)	(10,042)	(225,356)	17
	(667,095)	(3,199)	(438,461)	(234,585)	(1,340,141)	100
Net budget	601,547	2,885	0	(674)	600,873	100
Contribution to/(from) IAS19 Pensions reserve	(12,473)	(60)		416	(12,057)	
Contribution to/(from) other earmarked reserves	(2,649)	(13)		258	(2,391)	
Contribution to/(from) General reserves	(2,500)	(12)		0	(2,500)	
	(17,622)	(85)	0	674	(16,948)	
Net revenue charge	583,925	2,800	0	0	583,925	

Notes:

The number of Band D equivalent properties is

208,529

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.

Estimated Staffing Requirements (full time equivalents)**Annex 3**

Directorate	Total projected posts as at 31st March 2013	Total Budgeted Posts as at 31st March 2014
Adult Social Care	2,607	2,393
Children's Services	2,923	2,838
City Development	1,831	1,821
Environment and Neighbourhoods, including HRA	2,031	2,022
Central and Corporate	3,965	3,877
Public Health		80
Sub Total	13,356	13,030

Report on findings from the “You Choose” budget consultation

1 Background

This report contains the overall findings from the public consultation on priorities for the 2013/14 Leeds City Council budget.

1.1 Approach to the consultation

The council provided a range of ways for residents and organisations in Leeds to have their say on the spending priorities as follows:

- Online, as the YouChoose budget simulator which provided information on services, budgets and the likely impact of different levels of budget reduction, to give residents the opportunity to ‘balance the budget’ themselves to achieve a £40M overall reduction
- Paper-based survey versions of YouChoose
- Online suggestions in-box
- Online and paper response forms for third sector groups and businesses to respond to collectively.

The consultation ran from 12 October 2012 to 24 January 2013. There was widespread promotion of the consultation at a number of points through autumn and winter 2012/13 including:

- Advertisements and news items on the main council website and a range of partners’ websites (e.g. VAL, NHS bodies, University sector)
- Items in the Winter 2012 About Leeds newspaper
- Local media coverage including newspapers, local radio including community stations
- Social media promotion (Facebook, Twitter)
- Direct email contact to residents on council databases e.g. LeedsCard, BodyLine, Council Tax email database
- The Leeds Citizens’ Panel
- Breeze
- Community events

Respondents to the consultation were able to have their say on a number of issues:

- If they feel individual service budgets should go up or down in order to balance an overall budget facing a £40M reduction
- If they felt individual services were a low, medium or high spending priority
- Reading about 'how we can bring money in' and 'how we can save money' and ticking preferred options
- Giving comments and suggestions on ways the council can save money
-

1.2 Profile of respondents

In total 2747 responses were received, including 479 responses captured independently by Leeds University Union using the council’s consultation forms:

Source	Number of responses
YouChoose online simulator	1887
YouChoose paper forms	319
Collective group responses	62
Leeds University Union response*	479
TOTAL	2747

This total exceeds the previous highest number of responses to a budget consultation by Leeds City Council (2220 in 2010). In addition discussions on the independent 'LOL! Leeds Online' Facebook page (www.facebook.com/weareleeds) generated c200 posts which are summarised in the Key findings section of this report.

The following table sets out the profile of the respondents by age, gender, ethnicity, disability status and location (aggregated by postcode prefix e.g. LS10 into five 'areas'). Note that these are not Area Committees). Please note that YouChoose is a free-to-use consultation tool managed by YouGov for the LGA, and does not use the council's preferred equality monitoring categories.

Age group (not including 479 student responses collected by LUU)	% of respondents
Under 18	1
18-24	6
25-34	21
35-44	25
45-54	21
55-64	18
Over 65	9
Gender	% of respondents
Female	42
Male	58
Ethnicity	% of respondents
White British	87
BME / White Irish / Other	13
Disabled/long term limiting illness (self-declared)	% of respondents
Yes	15
No	85
Location	% of respondents
East	18
North East	21
North West	27
West	15
South	20

2.0 Key findings

2.1 Service prioritisation results from the YouChoose online budget simulator

This table shows the rank order of the 'services' respondents could increase or decrease budgets for in the YouChoose budget simulator. The fourth column shows the % difference between the starting budget and the average budget allocated by respondents as they try to balance the budget by losing c£40m overall. The services selected for the greatest % budget reduction are at the top.

Rank	Budget grouping tier 1	Budget grouping tier 2	Change %
1	Culture and leisure	Libraries, Arts and Heritage	-14.2
2	Culture and leisure	Sports and leisure facilities	-13.5
3	Culture and leisure	Parks and countryside	-12.5
4	Highways, Planning and Inward Investment	Asset management	-11.3
5	Highways, Planning and Inward Investment	Economic services	-10.6
6	Highways, Planning and Inward Investment	Planning and Sustainable Development	-10.3
7	Waste Management and Environmental Action	Collecting and disposing of waste	-9.7
8	Waste Management and Environmental Action	Environmental Action	-9.4
9	Housing and Community safety	Employment and skills	-9.4
10	Adult social care	Adults with other social care needs	-9.2
11	Housing and Community safety	Housing	-8.9
12	Highways, Planning and Inward Investment	Highways and Transport	-8.7
13	Housing and Community safety	Regeneration	-8.7
14	Adult social care	Services for adults aged under 65 with a learning disability	-8.5
15	Adult social care	Services for adults aged under 65 with a physical disability	-8.3
16	Adult social care	Services for adults aged under 65 with mental health needs	-7.8
17	Housing and Community safety	Community safety	-7.8
18	Adult social care	Services for older people (aged 65 or over)	-7.6
19	Children's services and education	Support for children in schools	-6.4
20	Children's services and education	Services for young people and skills for life	-5.9
21	Children's services and education	Children's Centres and family support	-5.8
22	Children's services and education	Children's social care services	-4.5
23	Children's services and education	Special Education Needs and Disability	-4.3

Overall, respondents made proportionately the largest 'budget reductions' in YouChoose to all Culture and Leisure services, and economic and planning-related services.

Respondents gave child-related services proportionately the lowest 'budget reductions' when trying to balance the reduced budget in the YouChoose online simulator.

In the 2010 'Spending Challenge' consultation, residents made 'supporting older and disabled residents' a top priority. In 2012, related service areas are neither the most nor the least 'protected' by residents using the YouChoose simulator.

2.2 Service prioritisation results from the paper version of YouChoose

Residents taking part through the paper form were asked to state, for the same list of service areas as online, if each was a low (1 point), medium (2 points) or high (3 points) spending priority.

The online simulator allowed respondents to trade off services against each other to balance the reduced budget, while the paper version lacked this aspect. Also, online respondents could change budgets for whole blocks of services, e.g. all Adult Social Care, as one. For technical reasons this was not possible on the paper form.

The following table sets out the rank order of the 'services' based on the mean average of all 'points' given to each service: the lower the average, the lower the priority given, overall, by respondents.

Rank	Budget grouping tier 1	Budget grouping tier 2	Ave. score (max=3.0)
1	Adult social care	Adults with other social care needs	1.63
2	Highways, Planning and Inward Investment	Asset management	1.83
3	Culture and leisure	Sports and leisure facilities	1.84
4	Culture and leisure	Libraries, Arts and Heritage	1.87
5	Highways, Planning and Inward Investment	Planning and Sustainable Development	1.89
6	Highways, Planning and Inward Investment	Economic services	1.91
7	Culture and leisure	Parks and countryside	2.02
8	Housing and Community safety	Regeneration	2.07
9	Children's services and education	Support for children in schools	2.18
10	Waste Management and Environmental Action	Environmental Action	2.18
11	Housing and Community safety	Employment and skills	2.27
12	Adult social care	Services for older people (aged 65 or over)	2.27
13	Housing and Community safety	Housing	2.28
14	Adult social care	Services for adults aged under 65 with a learning disability	2.29
15	Children's services and education	Services for young people and skills for life	2.31
16	Adult social care	Services for adults aged under 65 with a physical disability	2.35
17	Children's services and education	Children's Centres and family support	2.37
18	Highways, Planning and Inward Investment	Highways and Transport	2.42
19	Adult social care	Services for adults aged under 65 with mental health needs	2.43
20	Children's services and education	Special Education Needs and Disability	2.51
21	Housing and Community safety	Community safety	2.53
22	Waste Management and Environmental Action	Collecting and disposing of waste	2.54
23	Children's services and education	Children's social care services	2.54

There are less obvious trends in the way respondents prioritise on paper than online. However, in the paper-based responses child-related services generally remain a higher priority on average and cultural and leisure services remain a lower priority.

Adult social care services for 'other adults' was the lowest priority on average. Further work would be needed to understand if this is in part due to the description and explanation given to it in the consultation.

'Collecting and disposing of waste' was seen as relatively high priority in the paper exercise, compared to online results.

2.3 Service prioritisation results from responses by groups and businesses

Sixty-two responses were from third sector organisations or public sector bodies responding as groups rather than individuals. These groups deliver services, support and advice for a range of communities, particularly vulnerable young people, elderly people, tenants and people with a range of disabilities.

Not all groups responded to every question in the form.

Groups were asked to state if each service area was a low (1 point), medium (2 points) or high (3 points) spending priority. The following table sets out the rank order of the 'services' based on the mean average of all 'points' given to each service: the lower the average, the lower the priority given, overall, by 'group' respondents.

Rank	Budget grouping tier 1	Budget grouping tier 2	Ave. score (max=3.0)
1	Highways, Planning and Inward Investment	Asset management	1.69
2	Highways, Planning and Inward Investment	Economic services	1.85
3	Culture and leisure	Libraries, Arts and Heritage	1.89
4	Culture and leisure	Parks and countryside	2.03
5	Highways, Planning and Inward Investment	Planning and Sustainable Development	2.04
6	Adult social care	Adults with other social care needs	2.04
7	Highways, Planning and Inward Investment	Highways and Transport	2.04
8	Waste Management and Environmental Action	Environmental Action	2.15
9	Housing and Community safety	Regeneration	2.22
10	Children's services and education	Support for children in schools	2.22
11	Culture and leisure	Sports and leisure facilities	2.32
12	Adult social care	Services for older people (aged 65 or over)	2.39
13	Children's services and education	Services for young people and skills for life	2.43
14	Children's services and education	Children's Centres and family support	2.48
15	Housing and Community safety	Community safety	2.52
16	Adult social care	Services for adults aged under 65 with a learning disability	2.54
17	Waste Management and Environmental Action	Collecting and disposing of waste	2.56
18	Housing and Community safety	Employment and skills	2.59
19	Children's services and education	Special Education Needs and Disability	2.59
20	Adult social care	Services for adults aged under 65 with mental health needs	2.62

21	Adult social care	Services for adults aged under 65 with a physical disability	2.64
22	Housing and Community safety	Housing	2.74
23	Children's services and education	Children's social care services	2.85

The higher average priorities were for services supporting the elderly and vulnerable young people, which may reflect the respondents' areas of professional interest. Housing was a particularly well-supported service within this set of respondents, compared to responses by individual residents. .

2.4 Average rank order of Service prioritisation

Different sets of respondents gave different levels of priority to some service areas, as can be seen in the three tables above. The following table compares the rank order of services by online, postal and group responses, and provides an overall average rank order (lowest spending priority first):

Budget grouping tier 2	Rank – online YouChoose	Rank – Paper YouChoose	Rank – Group responses	Averaged rank
Libraries, Arts and Heritage	1	4	3	2
Sports and leisure facilities	2	3	11	5=
Parks and countryside	3	7	4	4
Asset management	4	2	1	1
Economic services	5	6	2	3
Planning and Sustainable Development	6	5	5	5=
Collecting and disposing of waste	7	22	17	15=
Environmental Action	8	10	8	8
Employment and skills	9	11	18	9
Adults with other social care needs	10	1	6	7
Housing	11	13	22	15=
Highways and Transport	12	18	7	11
Regeneration	13	8	9	10
Services for adults aged under 65 with a learning disability	14	14	16	14
Services for adults aged under 65 with a physical disability	15	16	21	18=
Services for adults aged under 65 with mental health needs	16	19	20	21
Community safety	17	21	15	20
Services for older people (aged 65 or over)	18	12	12	13
Support for children in schools	19	9	10	12
Services for young people and skills for life	20	15	13	17
Children's Centres and family support	21	17	14	18=
Children's social care services	22	23	23	23
Special Education Needs and Disability	23	20	19	22

Care needs to be taken when using these average rank-order results, as there are not equal numbers of respondents in each respondent-group. However, this table does show where there are differences between groups of respondents, in particular:

- 'Collecting and disposing of waste' is less likely to be a spending priority for online respondents than for others
- Third sector group responses typically gave higher priority to 'sport and leisure facilities', 'employment and skills' and to 'housing' than other respondents did
- Online respondents gave greater priority to 'support for children in schools' than other respondents did.

There were also similarities:

- Cultural services, and economic and planning-related services in general were seen as low priorities across the respondent groups
- Support for child-related services, especially those supporting vulnerable people, were high priorities across all groups.

2.5 Service prioritisation results – differences between respondent groups

2.5.1 Age

- Respondents aged under 45 were more likely than others to choose to increase the budget for:
 - Children's' social care services
 - Support for children in schools
 - Skills for life services
- Those aged 25-34 were more likely than older respondents to choose to increase the budget for:
 - Children's Centres and family support
 - Children's SEN and disability services
 - Community safety
 - Housing services

2.5.2 Disability

- Respondents with a disability were more likely than others to choose to increase the budget for:
 - Services for adults under 65 with mental health needs
 - Social care for adults aged over 65

2.5.3 Ethnicity

- Respondents with non-White British backgrounds were more likely than others to choose to increase the budget for:
- Services for employment and skills

2.5.4 Gender

- Women were more likely than men to choose to increase the budget for:
 - All adult social care services
 - Children's Centres and family support
 - Children's social care services
- Men were more likely than women to choose to increase the budget for:
 - Parks and countryside services
 - All economic and infrastructure-related services
 - All waste and environmental services

2.5.5 Location

- Respondents in NE Leeds were more likely than others to increase the budget for:
 - All child-related services
- Equally, those in West Leeds were least likely to increase the same set of services

2.6 The collective student response via Leeds University Union (LUU)

LUU consulted with 479 students and members of staff about the council's budget priorities, with the headline question "which of these areas should the council prioritise". Overall results were:

- 41% chose Children's Services and Education
- 15 % chose Housing and Community Safety
- 14% chose Adult Social Care
- 14% chose Waste Management and Environmental Action
- 13% chose Culture and Leisure
- 4% chose Highways, Planning and Inward Investment

Common themes raised by this group of respondents were:

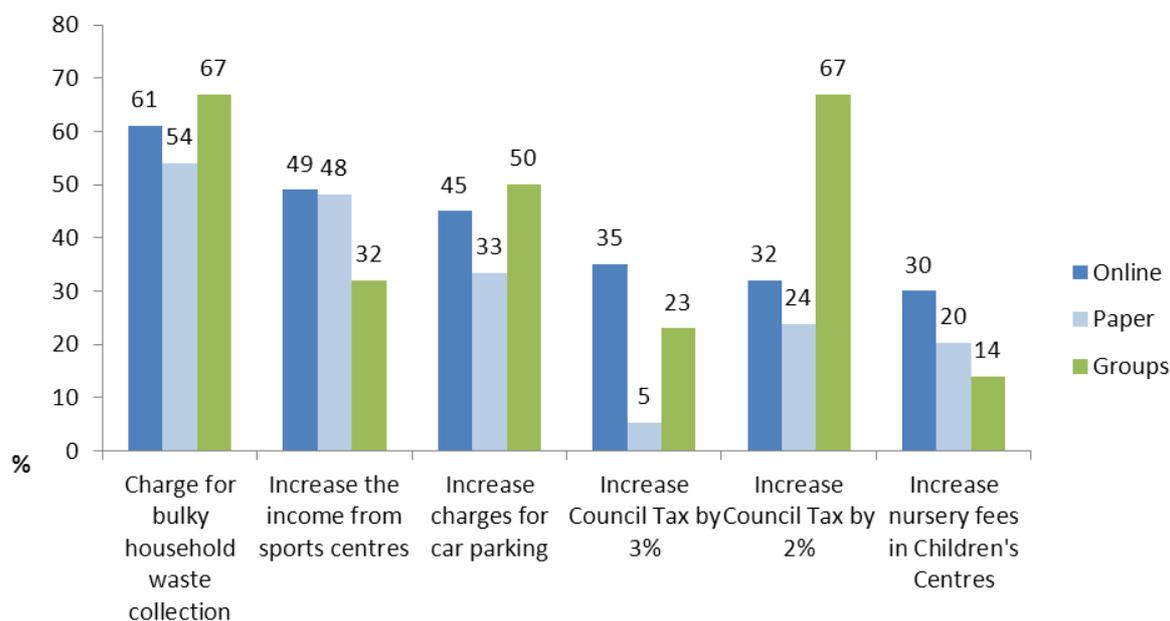
- Safety – the prospect of fewer PCSOs or the reduction in Domestic Violence support were seen as particularly worrying, with many students also raising a potential rise in burglary as a concern.
- Adult Social Care – very specific concerns came from students who were studying to become nurses and social workers, but also more general concerns for support for older people were raised. Support for people with Mental Health needs was highlighted as something already suffering cuts, and whilst Children's Services was prioritised overall, many students felt it was equally weighted with Adult Social Care.
- Transport – the impact of cuts to highways was highlighted in relation to both cycle lanes and the effect it might have on public transport services in the city.
- Culture and Leisure – Although seen by some students as the least important, many highlighted how essential funding for arts and leisure is. Sports Centres were one very specific service that were identified, but also several arts students talked about grants and funding for local artists and projects that give real cultural benefit to the city.
- Waste Management – recycling was the most common issue raised, with many students living in the LS6 area feeling their service is already sub-standard, and that further cuts that jeopardise even this level of service are not welcome.
- Children's Services and Education – there was a strong feeling that as beneficiaries of higher education, cuts to services that encourage children to achieve and excel at school (and therefore come to university) were not acceptable. There was also concern about the financial impact of cuts on families, who may already be struggling with rising costs elsewhere.

2.7 Ways to generate income

The chart below shows the % of respondents using both the online and paper versions of YouChoose (including group responses) that chose each of the following potential ways the council might generate income in future:

- Increase charges for car parking
- Increase nursery fees in Children's Centres
- Charge for bulky household collection waste
- Increase the income from sports centres

- Increase Council Tax by 2%: If adopted, this would be for the Leeds City Council element of the Council Tax. Your bill would include charges from the Police and Fire service.
- Increase Council Tax by 3%



Bulky waste charges were supported by more than half the respondents while increasing income from sports centres was supported by nearly half of all respondents (although group responses were less supportive).

The rank order was similar between online and paper respondents, except for support for a 3% Council Tax rise, which was far lower among paper respondents.

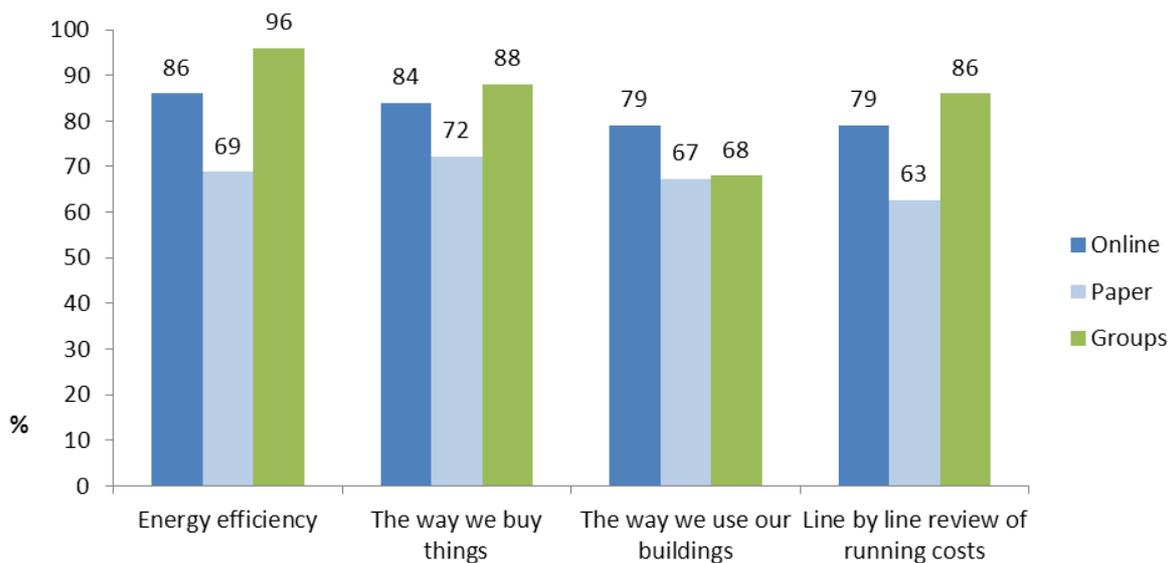
2.7.1 Differences by communities

- Respondents aged under 35 were significantly less likely to support increases to nursery fees in Children's Centres than other respondents.
- Respondents aged 55 or over were more likely to support increased income from sports centres than younger respondents
- Respondents with a disability were more likely than other respondents to be supportive of:
 - § increased car-parking charges
 - § increases to nursery fees in Children's Centres
 - § increased income from sports centres
- White British respondents were more likely to support a 2% Council Tax increase than other groups, but were less likely to support increases to nursery fees in Children's Centres
- Women were more likely than men to support a charge for bulky household waste collection and to support a 2% Council Tax increase
- The collective student response via Leeds University Union stated many students did not feel that they wanted to comment on council tax rises, but did not see the prospect as positive. For the other options it was felt by many that they would have negative impact on current service users that would not be worthwhile in the long term.

2.8 Ways to save money

The chart below shows the % of respondents using both the online and paper versions of YouChoose that chose each of the following potential ways the council might save money in future:

- Line by line review of running costs. Last year we looked at all our purchases of goods and services. There is still more to do to reduce the impact of price increases.
- The way we buy things. Each year we look for new opportunities to make the most of being a big organisation when we buy products and services that help us do our jobs.
- The way we use our buildings. We could save money by closing two one-stop centres, telling people how to find alternative facilities. We could save by moving some community centres into other council buildings, and by closing two underused day centres and providing alternatives.
- Energy efficiency . We can look at reducing costs by using more efficient technology, government incentives to use renewable energy, and helping our staff use energy well.



All options received support from a majority of responses.

2.8.1 Differences by communities

- The older the age of the respondent, the less likely they are to support energy efficiency as a means to reduce costs
- White British respondents are more likely than other groups to support energy efficiency measures
- The collective student response via Leeds University Union identified saving on running costs as an option that is essential to consider. Energy and purchasing were in particular highlighted. There were no specific comments on how the council uses its buildings. Concerns were raised about the impact of these efficiencies (such as a review of running costs) on jobs.

2.9 Suggestions and comments

Residents using YouChoose (online and paper versions) could send comments and suggestions on ways to save money. Over 1000 comments were received, covering a very wide range of issues and ideas. After analysis and grouping of similarly themed comments, a number of issues stood out as the most common:

- Concern at perceived cost of council workforce ('senior managers' in particular) and associated expenses, pension costs etc.
- Concern at perceived cost of having three elected members per ward / perceived levels of remuneration and expenses
- Reducing the number of/cost of running council buildings
- Reducing the frequency of bin collections
- Charging (more) for popular events e.g. Party in the park, bonfires
- Better prioritisation and targeting of council resources

Other relatively common issues raised by respondents included:

- Paying less to /using fewer external contractors
- Considering increasing Council Tax in top bands
- Increasing recycling/the revenue potential of recycle
- Merging services with other West Yorkshire councils
- Investing in regeneration and infrastructure e.g. transport
- Turning street lights off at certain times

2.10 Facebook discussions

The council worked with the independent 'LOL! Leeds Online' Facebook page and 'TheCityTalking' website to start discussions on the YouChoose budget consultation as well as promote the online budget simulator. This generated c200 posts on www.facebook.com/weareleeds, a number of which were responses to earlier posts or on unrelated topics e.g. football. The main discussion themes follow, in rank order of the number of separate posts:

1. Reduce council officer/elected member pay and perks
2. Negative comments on cost of benefit payments / perceived behaviour of claimants
3. Negative comments on role of immigration in society and on the local economy
4. Reduce or stop council entertainment events and Xmas lights
5. Issues relating to services not actually supplied by the council (busses, telephone boxes, NHS, policing)
6. Council should generate inward investment and encourage tourism
7. Council should charge (more) for events

There were also comments from residents that that felt the consultation had helped them better understand the challenges facing public sector budgets, and challenging misunderstanding of the council's role in other posts

INITIAL 2013/14 BUDGET PROPOSALS – COMMENTS FROM SCRUTINY

All Scrutiny Boards considered the Initial 2013/14 budget proposals. This report presents the agreed comments of Scrutiny Boards (Resources and Council Services), (Safer and Stronger Communities), (Children and Families) and (Sustainable Economy and Culture).

Observations and Recommendations

Scrutiny Board (Resources and Council Services)

The Board wishes to examine how the Council could raise additional income and calls on Directorates to actively look at new income, firstly through the power to charge for discretionary services and secondly through implementing and/or improving sponsorship and advertising across the Council.

The Board is very concerned that Welfare Reform Changes might result in reduced rent and council tax collection rates. Any significant reduction would have serious consequences on the Council's HRA and the Council's ability to fund services. It therefore Calls on the Executive Board to adopt robust recovery procedures whilst at the same time acting in a socially responsible manner. The Board acknowledges the dichotomy this presents to elected Members and is therefore working with Officers to help draw up policy options.

The Board continues to monitor the use of Agency staff and overtime and would wish to see the continuing reduction of both.

The Board also believes that further investigation should be made for 'shared services', not necessarily across authorities, where there does not seem to be a will but within the authority and within the city, using the 'total place' approach to public funding.

Scrutiny Board (Safer and Stronger Communities)

The Safer and Stronger Communities Scrutiny Board considered the initial 2013/14 budget proposals of the Environment and Neighbourhoods Directorate relevant to the Scrutiny Board

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 12th December 2012. Further clarification was sought on a number of areas. In conclusion, the Board made the following observations and recommendations:

Proposal to remove the subsidisation of allotment services

The Scrutiny Board identified allotment provision as an area of interest as part of its work this year. In line with the proposal to eliminate the subsidy on this service, the Scrutiny Board notes that income would potentially need to increase threefold.

Increases in allotment rents have previously been kept in line with inflation and this could change significantly depending upon what model is put in place to increase service income. Allotment charges have also previously been agreed via the Allotment Working Group (a consultative group representing allotment holders), with a full years notice given to plot holders of any planned increase. Such consultative practices would therefore need to be considered in terms of the directorate's ability to achieve the savings anticipated for the 2013/14 financial year.

Whilst the Scrutiny Board supports the principle of removing subsidy of this service, it recommends that the Executive Board investigates whether a phased approach in terms of any proposed charging increases would be more appropriate. Linked to this, further effort should also be given to building capacity for more plots to become self-administered in the future.

The Scrutiny Board acknowledges that Leeds City Council is not the allotment authority for the whole of the metropolitan district as responsibility also lies with relevant Parish and Town Councils to develop further land for allotment use. In view of this, the Scrutiny Board has already requested further mapping of all allotment provision across the city with a view to exploring how best to meet existing demand for allotment plots.

Recommendation 1

That the Executive Board investigates whether a phased approach in line with proposals to remove subsidy of allotment services through increased charges would be more appropriate. Linked to this, further effort should also be given to building capacity for more plots to become self-administered in the future.

Proposal to remove the subsidisation of bereavement services

Whilst Leeds is equal highest with Liverpool for cremations, it is third highest for new burials, some £888 lower than the highest core city, Birmingham. However, the Scrutiny Board acknowledges that when these charges are put into context of overall costs of provision, this service is being subsidised by the Council (the net cost of the service in 2011/12 was £576k).

The Scrutiny Board appreciates that difficult and sensitive financial decisions are now required, which includes removing the subsidy on bereavement charges. However, it maintains that this should remain a non-profit service and a balanced approach should be taken across the service when reviewing charging increases. Linked to this, more effort is needed to actively promote the availability of hardship grants for those in financial need.

Recommendation 2

That the Executive Board ensures that the bereavement service remains a non-profit service and that a balanced approach is taken in removing the subsidisation of this service through charging increases. Linked to this, the Council should be actively promoting the availability of hardship grants for those in financial need.

Closure of Middleton and Gotts Park golf courses

Traditionally the Council has played a key role in promoting health and wellbeing through leisure and sporting activities, enabling wider access to sporting facilities through affordable pricing structures.

In acknowledging that the Middleton and Gotts Park golf courses are running at a loss (in 2011/12 the deficit at Gotts Park was £86.3k and the deficit at Middleton was £103.3k), the Scrutiny Board appreciates the need to address these costs and review the sustainability of these courses.

However, linked to the proposal for closure, the Scrutiny Board recommends that more detailed evidence is brought back to the Executive Board to demonstrate that all other viable options, such as charging increases and asset transfer opportunities, aimed at reducing the expenditure for these courses have been thoroughly appraised and consulted upon.

Recommendation 3

Linked to the proposal for closure of Middleton and Gotts Park golf courses, the Scrutiny Board recommends that more detailed evidence is brought back to the Executive Board to demonstrate that all other viable options, such as charging increases and asset transfer opportunities, aimed at reducing the expenditure of these courses have been thoroughly appraised and consulted upon.

Maintenance of Bowling Greens

The Scrutiny Board learned that the Council remains committed to maintain existing Bowling Greens but is exploring opportunities to reduce costs (the cost to the Council equates to a subsidy of £133 per bowler). In line with this, the Scrutiny Board particularly welcomes the proposal to explore opportunities for transferring on-going Bowling Green maintenance to some of the existing bowling clubs that have a high number of active members.

Weedspraying contract

Whilst acknowledging that the retendering of the weedspraying contract has resulted in a saving of £100k, there were some concerns raised by the Scrutiny Board about the performance quality of the new service and the potential for additional costs to be incurred

through remedial works. To mitigate this, the Scrutiny Board reiterated the importance of having robust contract monitoring processes in place.

Reduction of agency staff within the refuse collection service

Whilst acknowledging the additional budget pressures resulting from the recruitment of longstanding agency staff, this move is welcomed by the Scrutiny Board.

The Scrutiny Board acknowledges the uniqueness of this service in terms of its reliance on agency workers to provide immediate holiday and sickness cover for refuse staff. However, the Board also emphasises the importance of balancing this need appropriately and to continue addressing longstanding issues in terms of driving down sickness levels within the service and reducing the number of missed collections. Such issues will continue to be monitored by the Scrutiny Board.

Disposal of commercial waste and the collection of bulky household waste

In acknowledging that the Council has been subsidising businesses by paying for the disposal of their waste via Household Waste Sites, the Scrutiny Board is pleased to note that the existing ban on the acceptance of commercial waste at all Household Waste Sites will now be actively enforced.

The ability to meet demand for bulky household waste collections has also been a longstanding issue for the Council. Whilst this service has traditionally been free to the public, the Scrutiny Board acknowledges the need to now consider an appropriate charging system for the collection of bulky household items. The Board is particularly pleased to note that the Council will also aim to work more closely with Third Sector organisations to recycle and re-use more of the items that are collected in order to divert it from landfill.

However, in line with the above proposals, the Scrutiny Board also emphasised the need for the Director of Environment and Neighbourhoods to ensure that the monitoring and enforcement of fly-tipping remains adequately resourced.

Recommendation 4

In line with the proposals for the disposal of commercial waste and the collection of bulky household waste, the Scrutiny Board recommends that the Director of Environment and Neighbourhoods ensures that the monitoring and enforcement of fly-tipping remains adequately resourced.

Scrutiny Board (Children and Families)

The Scrutiny Board voiced its concern regarding the stipulated budgeted pressures of approx' £11m mainly created by new Government funding arrangements which will lead to the removal of £8.8m in Leeds from key areas of work relating to early intervention.

The focus in the forthcoming financial year is to maintain the services to support the most vulnerable in the City. In order to do this an element of funding from school reserves is required. The Board was disappointed to note that the challenging financial pressures will mean that there is very little potential for investment to be made in preventative services which would have saved significant amounts of money in the future.

It is anticipated that the biggest saving in 2013/14 will be in expenditure for Looked after Children (LAC). It is hoped that the progress made in reducing the number of LAC in 2012 will continue into 2013. The Scrutiny Board welcomed news of this achievement however voiced concern about the potential impact welfare reform could have on this ambition due to the extra financial pressures placed on families in already difficult circumstances.

With regard to the proposed reduction in funding for Home to School transport, concerns were raised about the proposal to cease the provision of discretionary post 16 (mainstream and SEN) home to school/college transport and also transport to faith schools from September 2013. The Scrutiny Board was given the undertaking that full consultation will be conducted before any changes are made to funding arrangements. The Board noted this commitment and expressed a wish to be informed of consultation outcomes and proposals for change going forward.

Scrutiny Board (Sustainable Economy and Culture)

The Board made the following comments in relation to the initial budget proposals for City Development directorate:

The Board strongly supported the proposal to protect the net budget for Employment and Skills throughout the 4 year financial planning period, given the vital importance of work in this key area. Members noted that the net budget did not reflect significant amounts of external funding to support this priority, for example through the City Deal.

Members noted that the continuing pressure of rising prices for energy and water use will be tackled partly through a planned review of and reduction in the council's asset portfolio. The Board also noted the ongoing 'spend to save' programme to improve the energy efficiency of buildings.

**Equality Impact Assessment
Budget
2013-2014**

Introduction

This paper outlines the equality analysis and strategic equality assessment of the Budget and Council Tax 2013/14 (as detailed in the Executive Board Report dated 15th February 2013). 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 – Corporate
Lelir Yeung	Head of Equality - Customer Access and Performance
Pauline Ellis	Senior Policy and Performance Officer - Customer and Performance
Catherine Marchant	Head of HR – Central and Corporate Services

Overview

The Budget Proposals for 2013/14 are set within the context of developing a financial plan for the period 2013/14 to 2016/17 which is designed to deliver the council's 'best council' ambition. It also recognises that there will be further significant reductions in the level of funding available to the authority.

The setting of the council's annual budget has been done within a context of both new policy agendas being set by the Government and unprecedented reductions in public spending as part of the Government's plans to eliminate the nation's budget deficit by the end of the current Parliament. These spending plans were initially set out in the Government's emergency Budget of June 2010 and in their October 2010 Comprehensive Spending Review.

The council has managed to achieve £145m savings over the past 2 years and it is very likely that the next four years will bring further challenges. It is, therefore, important that there is a very clear direction to inform decision making. By the end of 2016/17 compared to 2010/11 it is forecast that the Council will need to make further savings and will be a smaller organisation employing a lot less staff.

This will include making some challenging decisions about what services we will continue to provide and who will deliver them in the future.

The financial challenge going forward is significant. Whilst a pragmatic approach has to date delivered a robust budget, if the council is to deliver the required reductions, and at the same time deliver the ambition of being the "best council" in the UK, it was agreed to develop and refine a more strategic and longer term approach to the council's financial strategy, which will in turn inform annual budget setting.

The Council's four year financial plan has been shaped using the 'best city'

ambition from the Vision for Leeds and the propositions from the Commission on the Future of Local Government which was led by Leeds in 2012. This has fed into the development of the 'best council' blueprint for 2013/14 to 2016/17.

Leeds City Council has an aim to be an 'enterprising council' and the plan is that we are able to:

- Demonstrate strong democratic leadership, both city-wide and local;
- Achieve city priorities through commissioned and directly provided services;
- Have locally responsive, integrated front line services;
- Have an enabling corporate centre; and
- Have a values base, enterprising culture.

This longer term approach is aimed at creating some stability and certainty around the budget direction, thereby enabling the council to continue to manage budget cuts sensitively and methodically whilst working towards the strategic ambition.

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 will help to ensure that 'due regard' is given to equality and seeks to analyse the strategic understanding and impact of the 2013/14 budget against all protected characteristics.

The four year financial plan sets out the broad financial framework within which the council can plan services and identify its financial priorities.

As a result the 2013/14 budget has identified a number of strategic work streams which the council needs to prioritise over the next 12-18 months which will help with budget pressures. These include:

- Reducing and making better use of the Council's assets;
- Maximising the potential for income generation through charging and trading;
- Looking at the way the Council is organised including consideration of alternative delivery models;
- Implementing a business improvement programme;
- Improving the approach to locality working;
- Reducing the cost of looked after children through improved early intervention and prevention;
- Progressing the better lives programme in Adult Social Care;

- Implementing significant changes to the management of waste;
- Working with others to drive economic growth in the city and deliver increases in business rates and new homes bonus; and
- Continue to focus on the values and staff and member development.

The 2013/14 budget has been set taking into account some key council and directorate pressures. There are also two significant pressures identified for 2013/14 which are:

- The transfer of the public health functions from the Primary Care Trust to the council from 1st April 2013.
- The introduction of a number of changes as part of the Government's welfare reform agenda from 1st April 2013. These include the localisation of Council tax benefit, caps on certain benefits, changes to local housing allowances and the devolvement of the social fund to local authorities. These changes will have implications which will impact upon both the resources of the council, on workloads and citizens.

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

A strategic approach to giving 'due regard' to equality has been used to consider the initial budget proposals. Where relevance to equality has been determined, further work on each individual proposal will be undertaken within the normal decision - making process, which gives due regard to equality through use of screening and equality impact assessments.

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 2013/14.

Fact Finding – what do we already know

Demographics

An overview of the 2011 Census was published in late December 2012 and provides an updated demographic profile of the city. The analysis and categories are those that were used in the 2011 Census.

Age and gender

The Census shows that:

- There are 751,485 people living in Leeds;
- The population of Leeds grew by just over 36,000 between 2001 and 2011, an increase of 5%;
- 51% of the population of Leeds are female and 49% are male and our older population continues to increase; and
- Children (aged 15 and under) account for 18.3% of the population of

Leeds, while people aged 65+ account for 14.6%.

Ethnicity and nationality

N.B. The 2011 Census question on ethnic group included two categories for "Gypsy or Irish Traveller" and "Arab". The "Chinese category" was also repositioned from "any other ethnic group" to "Asian / Asian British". These changes affect the comparability of some data

- 88.5% of the population in Leeds were born in the UK;
- 85.1% of the population of Leeds gave their ethnic origin as "White" - with 81.1% classified as "White British", 0.9% as "White Irish", 0.1% as "White Gypsy or Irish Traveller" and 2.9% as "White Other";
- The "non-white population" in Leeds has increased from 8.2% in 2001 to 14.9% in 2011. This, combined with the figures for "White Irish", "White Gypsy or Irish Traveller" and "White Other" gives a total Black and Minority Ethnic (BME) population for the city of 18.9% (compared to 10.8% in 2001); and
- With just under 22,500 people (3% of the total population) the Pakistani community is the largest "single" BME community in Leeds.

Religion

- The proportion of people who say they are Christian in Leeds is 55.9%;
- The proportion of people who say they have no religion is 28.2% ;
- The proportion who say they are Jewish is 0.9% ;
- The proportion who say they are Muslim is 5.4% ; and
- The proportion who say they are Sikh is 1.2% .

Marital and civil partnership status

The 2011 Census collected information on civil partnerships for the first time, reflecting the Civil Partnership Act 2004 which came into effect in the UK on 5 December 2005.

- Married people account for 41.5% of adults in Leeds;
- 0.2% of adults in Leeds are in a registered same-sex civil partnership, mirroring the rate for England and Wales; and
- 40.8% of adults in Leeds are single (never married or never registered in a same-sex civil partnership), much higher than the England and Wales rate of 34.6%.

Limiting long-term illness

In 2011, those reporting a long-term health problem or disability (including those related to age) that limited their day-to-day activities and that had lasted, or was expected to last, at least 12 months, were asked to assess whether their daily activities were limited a lot, a little or not at all by such a health problem.

In 2001 the limiting-long term illness response categories were just “yes” or “no”. To compare 2001 and 2011, the 2011 results for “yes, limited a lot” and “yes, limited a little” have been combined into a single “yes” response.

- Over 125,000 people in Leeds (16.8% of the total population) feel that they have a long-term illness;
- Of these people, just over 59,000 (7.9% of the total population) feel that their day-to-day activities are limited a lot and just over 66,500 (8.9% of the total population) feel their day-to-day activities are limited a little;
- Almost 61,000 people of working age (16-64 years) have a limiting longterm illness; and
- 24.8% of all households in Leeds contain one or more people with a limiting long-term illness.

Provision of unpaid care

- 9.5% of the total population are providers of unpaid care, with over 16,000 people providing care for 50 or more hours per week.

Other

The question on sexual orientation was not asked in the 2011 Census. However, 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.

Consultation

A significant part of developing these budgetary proposals has been to get feedback from our communities. In 2010, residents were asked to list their priorities for the council’s budget in the ‘Spending Challenge’. In total over 2,000 responses were received from which the top 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 building; and
- Work to get local jobs for local people.

More recently in winter 2012/13 a ‘You Choose’ campaign has been launched to engage people in the budget challenges. So far, over two thousand responses have been received from people using an online budget simulator and paper versions to try and balance the budget by cutting services, introducing ways to save and by generating income, without significantly raising Council Tax. The consultation was also made available to the Leeds Citizens’ Panel.

Based on interim analysis, You Choose has received responses from all age groups. Around 16% of the interim results were from people with a disability, and 10% were from an ethnic background other than 'White British'. A full breakdown of the final responses will be reported in appendices to the final budget report in February 2013.

The results of this work will be reported in detail in the final budget report in February 2013, but early indications show that:

- respondents are making proportionately the largest budget reductions to all Culture and Leisure services, and economic and planning-related services.
- All child-related services have received proportionately the lowest budget reductions
- In the 2010 'Spending Challenge' consultation, residents made 'supporting older and disabled residents' a top priority. In 2012, related service areas are, so far, neither the most nor the least 'protected'
- Two income generating proposals were supported by 50% or more of the respondents. These were bulky waste charges and increased income through sports centres.

As part of the wider "You Choose" consultation, a separate session was arranged to engage with a group of young people on the Children's Services budget. The group was tasked with saving £14m, and proposed that the majority of savings would have to be made in Children's social care, whilst putting additional money into preventative and early intervention measures.

Consultation has also continued during the year with the Third Sector. This has included specific meetings and discussions with the Third Sector Partnership which provides a forum where the council and the Third Sector (along with the NHS) can discuss, influence, challenge and steer the development and implementation of policy and strategy impacting on the third sector.

Third Sector partners were invited to actively engage in the council's budget setting exercise, and were encouraged to constructively identify opportunities to improve or rationalise existing provision. Third Sector Leeds agreed to cascade the budget information and formally respond to the Council's draft budget proposals.

The council's 'You Choose' consultation with citizens was adapted in collaboration with Third Sector Leeds, (the third sector federation). The consultation opportunity was cascaded through Voluntary Action Leeds. This provided an opportunity for the third sector organisations to feed in their perspectives and priorities. Third Sector organisations were also invited to encourage their customers and contacts to feed in to the consultation as individuals, this was particularly important for targeting engagement with minority, marginalised communities and interest groups. A specific session was also held with a group of individuals and organisations who represent the BME issues.

Third Sector Leeds representatives also attended a meeting to discuss the initial budget proposals in December 2012. The key message for the third sector was the continued focus on directing resources at priority needs and delivering priority outcomes, working with the sectors and providers most appropriate and capable of meeting those objectives.

The above consultation was in addition to the standard consultation which took place through:-

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

Workforce Profile

At December 2011 there were 15,428 (12,801 full time equivalent - fte) employed in the Council (excluding schools and casuals). In December 2012 this figure was 15,096 (12,582 full time equivalents). The make up of staff is:

Gender	Number	%
Male	5501	36.44%
Female	9595	63.56%
Total	15096	100.00%

Disability	Number	%
Not disabled	12972	85.93%
Disabled	893	5.92%
Not specified	1231	8.15%

Ethnic Origin	Number	%
White British	12522	82.95%
BME	2019	13.37%
Not specified	555	3.68%
Total	15096	100.00%

Sexual Orientation	Number	%
Heterosexual	6711	44.46%
Lesbian, gay or bisexual	208	1.38%
Not specified	8177	54.16%
Total	15096	100.00%

Religion or belief	Number	%
Christian	5013	33.21%
Other religion	826	5.47%
No religion	2623	17.38%
Not specified	6634	43.94%
Total	15096	100.00%

Age	Number	%
16 -25	675	4.48%
26 - 50	9531	63.14%
51 +	4890	32.38%
Total	15428	100.00%

In response to financial challenges, the Council recognised that it would be necessary to significantly reduce its workforce and in 2010/11 the Council launched a voluntary retirement and severance scheme. This scheme has continued during 2011/12 and resulted in a reduction in the workforce of 459 people through the scheme and natural turnover.

This is slightly more than the 400 full time equivalents' budgeted for. The scheme has been continued for 2012/13, however this year employees have also been asked to express an interest for the following three years, which will enable close integration of workforce planning and financial planning. The deadline for expressions of interest for

2012/13 has now passed with over 350 people expressing an interest in leaving the organisation. Staffing savings of around £4.5m are included in the 2013/14 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 from the Councils Talent Pool or through internal recruitment. External recruitment requires the approval of the Director and in general is to more specialist positions and must evidence 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 protected characteristics, 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.

The 2011 census information is now available and the Council will compare the profile of its workforce against that of the City. The equality information we hold forms the basis of the Equality score-card and helps to set priorities, however 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 highlight the range of equality characteristics, stakeholders and other potential barriers that could be impacted on by the budget proposals:-

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

- | | |
|---|---|
| <input checked="" type="checkbox"/> Built environment | <input checked="" type="checkbox"/> Location of premises and services |
| <input checked="" type="checkbox"/> Information and communication | <input checked="" type="checkbox"/> Customer care |
| <input checked="" type="checkbox"/> Timing | <input checked="" type="checkbox"/> Stereotypes and assumptions |
| <input checked="" type="checkbox"/> Cost | <input checked="" type="checkbox"/> Consultation and involvement |

Equality Impacts Identified

This longer term approach to financial planning that the Council has agreed is underpinned by the need to ensure that budget cuts are managed sensitively and the potential negative impact on groups and protected characteristics is understood and action identified to mitigate against these. The budget proposals will impact on all communities but those who have been identified as being at the greatest potential risk of negative impact include:

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

The State of the City 2012 report provides detailed progress against its ambitions and aspirations and some key work that has taken place to address the cross cutting issues of poverty and inequality.

The Government's Indices of Deprivation (IoD) 2010 is the official measure of deprivation in England. Analysis of the Government's Index of Deprivation shows an overall improving position for Leeds between 2004 and 2010 when compared to the rest of the country, with fewer areas in the city ranked in the most deprived 10% nationally on the Index of Multiple Deprivation. However, the current economic situation is providing significant challenges for residents in Leeds, just as it is in many other urban areas across the country.

The Council and its partners continue to prioritise the focus on jobs and skills, supporting children and young people and prioritising services for the elderly are contributing positively to the significant social impact being caused by the current economic and social policy challenges.

The IoD 2010 indicated that over 150,000 people in Leeds lived in areas that were ranked amongst the most deprived 10% nationally. A quarter of the all the city's children lived in these areas together with 18% of the city's older people.

Overall Leeds is less deprived than other large cities and average income is above regional averages, however, 23.4% of children and young people aged 0 - 16 (around 31,135) live in poverty.

Across the city, debt and money advice services have seen an increase in demand over the last couple of years for example the Leeds Citizens Advice Bureau has seen a rise in the number of people contacting them for benefits advice rise by approximately 6,500 people between 2007/8 and 2011/12.

Communities across Leeds are still being affected by the continuing recession and the Leeds Financial Inclusion Partnership is working hard to put initiatives in place to help communities and local people meet these challenges. This includes reviewing the way in which advice services are delivered across the city and helping to ensure that all children eligible for free school meals take up their entitlement.

The changes to the benefits system as part of the welfare reforms will see a reduction in benefits for many families. A Welfare Reform Strategy Board has been established and is leading on work to understand who may be affected by the reforms and how best to support people in order to minimise any negative impacts wherever possible

The Council has worked with partner organisations to develop the city's own Neighbourhood Index. This allows us to look at neighbourhoods and communities in terms of a range of factors to develop a better understanding of the needs and challenges facing people living within those areas. The latest report identifies a number of neighbourhoods and communities that are facing the most significant challenges in terms of high crime levels, poorer health, low educational attainment, high levels of worklessness and benefit dependency. The latest Neighbourhood Index annual report can be found on the Leeds Observatory website under the Resources section.

Equality Improvement Progress 2012/13

This section provides an update on work that took place during 2012/13 to progress the actions identified in the 2010/11 budget equality impact assessment.

During 2012/13 work continued on achieving the target in the cross council priority that every year we will be able to evidence that equality issues have been considered in 100 per cent of major decisions. This indicator was developed to focus attention on equality which would ensure legal compliance and but more importantly put community needs and improvements at the forefront of decision making.

Work has focused on supporting and developing work to ensure that equality and diversity are given proper consideration when the council develops policies and make decisions. This has included working with Corporate Governance on updating guidance for demonstrating equality in the decision making process and developing and delivering due regard workshops and briefing sessions for staff,

Additional work has also been taking place to support the equality agenda and raise the profile of the importance of giving due regard and reconfirms that the council is committed to ending unlawful discrimination, harassment and victimisation and to advancing equality of opportunity and fostering good relations.

A cross party Member Champions Group has been set up to support and promote the development of the equality agenda across the council. Their role is to lead and influence Elected Members contributions to the equality agenda and assist in developing corporate policy approaches to equality and diversity including having an overview of the performance management of and to provide challenge on progress against the Equality and Diversity Improvement Priorities.

A BME Challenge Forum has been established as a task and finish group which will report to the Stronger Communities Partnership. The focus of the forum is to understand and influence progress on improving outcomes for BME communities for two key city priorities. The two priorities are educational attainment and employment.

Revised equality monitoring guidance was produced in July 2012 to take into account legislative changes and best practise.

'Due regard' workshops have been held with colleagues from Third Sector Leeds and the BME Leaders Group. The purpose of these was to enable colleagues to understand why the council gives 'due regard', the process that has been developed, the contribution that they can make and how they could facilitate challenge.

Transform Leeds is an 18-month programme of work which aims to radically improve support and development services for frontline third sector organisations. Leeds City Council has worked with Transform Leeds on providing advice and guidance on equality impact assessments and will support the work of their Equality Impact Assessment panel.

A joint conference of the Equalities Assembly and Third Sector Leeds was held to:

- Provide an informative overview of the Welfare Reform Act and how Leeds is preparing for the benefit changes that will be introduced from April 2013;
- Facilitate discussions around the Welfare Reform Act and the impact it will have on equality groups; and
- Encourage those attending the conference to think about how they can provide support to people affected by the welfare reforms.

A Leeds Poverty Challenge has also been set up to:

- Progress a mutual understanding of the different aspects and impacts of poverty in this city;
- Unpick some of the routes into poverty and;
- Better protect and progress routes out of poverty

Next Steps

During 2013/14 more detailed and specific work will continue to take place to ensure that where any negative or disproportionate impacts on protected characteristics have been identified appropriate and relevant action to mitigate these will be considered and implemented.

Equality Impact Assessment Action Plan

Action	Responsibility
Completion of all equality impact assessments in the Budget where relevance to equality has been identified	Directors
Continue quality assurance and review of equality impact assessment and actions from budget decisions	Equality
Continue work to understand the strategic impacts of key financial challenges during 2013/14	Directors

Appendix 4

Parish	Proposed Grant £
Aberford and District	637
Allerton Bywater	3,821
Alwoodley	1,478
Arthington	67
Austhorpe	0
Bardsey cum Rigton	1,199
Barwick in Elmet and Scholes	2,387
Boston Spa	2,743
Bramham cum Oglethorpe	1,152
Bramhope and Carlton	1,496
Clifford	1,044
Collingham with Linton	1,413
Drighlington	2,114
Gildersome	2,568
Great and Little Preston	1,070
Harewood	36
Horsforth	8,698
East Keswick	535
Kippax	4,932
Ledsham	175
Ledston	236
Micklefield	6,619
Morley	23,650
Otley	28,812
Pool in Wharfedale	1,483
Rawdon	2,819
Scarcroft	265
Shadwell	603
Swillington	3,825
Thorner	1,492
Thorp Arch	429
Walton	144
Wetherby	14,930
Wothersome	0
Total precepts	122,872

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.