



SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 21st January, 2019 at 10.30 am

(A pre-meeting will take place for ALL Members of the Board at 10.00 a.m.)

MEMBERSHIP

Councillors

- G Almas - Beeston and Holbeck;
- A Blackburn - Farnley and Wortley;
- S Firth - Harewood;
- P Grahame (Chair) - Cross Gates and Whinmoor;
- R Grahame - Burmantofts and Richmond Hill;
- D Jenkins - Killingbeck and Seacroft;
- J McKenna - Armley;
- M Robinson - Harewood;
- A Smart - Armley;
- P Wray - Hunslet and Riverside;

Please note: Certain or all items on this agenda may be recorded

**Principal Scrutiny Adviser:
Angela Brogden
Tel: 37 88661**

Produced on Recycled Paper

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:</p> <p>No exempt items have been identified.</p>	

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3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 12TH NOVEMBER 2018</p> <p>To confirm as a correct record, the minutes of the meeting held on 12th November 2018.</p>	1 - 6
7			<p>PERFORMANCE REPORTING - CULTURE AND AN EFFICIENT AND ENTERPRISING ORGANISATION</p> <p>To consider a report from the Director of Resources and Housing and Director of City Development presenting a summary of performance information relating to the Best City Priority: Culture and the Best Council Ambition: An Efficient and Enterprising Organisation, both of which fall within the scope of the Strategy and Resources Scrutiny Board.</p>	7 - 18

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8			<p>FINANCIAL HEALTH MONITORING</p> <p>To consider a report from the Head of Governance and Scrutiny Support that introduces the Financial Health Monitoring 2018/19 (Month 7) report presented to the Executive Board at its meeting on 19 December 2018.</p>	19 - 50
9			<p>INITIAL 2019/20 BUDGET PROPOSALS</p> <p>To consider a report from the Head of Governance and Scrutiny Support that introduces details of the initial 2019/20 budget proposals presented to the Executive Board at its meeting on 19 December 2018.</p>	51 - 112
10			<p>BEST COUNCIL PLAN REFRESH 2019/20 - 2020/21</p> <p>To consider a report from the Head of Governance and Scrutiny Support that introduces the Executive Board report from 19 December 2018, presenting proposals to refresh the Best Council Plan for the period 2019/20 – 2020/21.</p>	113 - 124
11			<p>WORK SCHEDULE</p> <p>To consider the Scrutiny Board’s work schedule for the 2018/19 municipal year.</p>	125 - 150
12			<p>DATE AND TIME OF NEXT MEETING</p> <p>Monday, 11th February 2019 at 10.30 am (pre-meeting for all Board Members at 10.00 am)</p>	

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			<p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. 	

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SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 12TH NOVEMBER, 2018

PRESENT: Councillor P Grahame in the Chair

Councillors G Almas, A Blackburn, S Firth,
R Grahame, D Jenkins, J McKenna,
M Robinson, A Smart and P Wray

39 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

40 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

41 Late Items

There were no late items.

42 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

43 Apologies for Absence and Notification of Substitutes

An apology for absence had been received from Cllr. Goddard.

Cllr. Ron Grahame was in attendance at the meeting as his substitute.

44 Minutes - 10th September 2018

RESOLVED - The minutes of the meeting held on 10th September 2018 were approved as a correct record.

45 Matters Arising

Minute No. 32. Draft Gambling Act 2005 Statement of Licensing Policy

Further to the Chancellor's budget announcement last month, the Board expressed concern that a reduction in Fixed Odds Betting Terminal stakes from £100 to £2 was being delayed. The Executive Member for Resources and Sustainability echoed the Board's concern and highlighted that the Council would be making representations on the matter.

Minute No. 37. Work Schedule

Further to the Board's request, it was noted that a copy of the Council's latest Social Media Guidance Note for Members had been circulated to Board Members along with details of the structures and processes already in place linked to its ongoing review and any associated training needs of Members. In light of the Scrutiny Board's continued interest in

this matter, it was agreed that the Board be kept informed of the ongoing development of the guidance.

46 Update on current business rates issues

The report of the Chief Officer Financial Services provided an update on issues relating to Business Rates following the work undertaken by the Strategy and Resources Scrutiny Board last year.

In particular, the report provided an overview of the current Business Rates Retention pilot and the application for a Business Rates Retention pilot in 2019/20. It also gave reasons for the volatility of Business Rates and looked at issues within the context of the Fair Funding Review and the Business Rates System Reset.

In attendance at the meeting were:

- Cllr. James Lewis – Executive Member for Resources and Sustainability
- Doug Meeson – Chief Officer, Financial Services
- Richard Ellis – Head of Finance

In consideration of the report, the following key points were made:

- Business Rates remains a high profile issue and featured in the Chancellor's recent budget announcement, with further discounts being awarded to businesses in properties that have a rateable value up to £53,000;
- Numbers of appeals in Leeds continue to reduce, with 851 being settled within the first six months of this year;
- Whilst there were 1,843 outstanding appeals as of 30th September 2018, it was not known how long it would take to reduce the backlog. It was noted that this may be dependent on the difficulty of the cases outstanding;
- A large number of outstanding appeals were lodged against the 2010 ratings list. No appeals had yet been lodged against the 2017 ratings list. Linked to this, it was noted that the Government had reformed the appeals process with a new system, coming into force for the 2017 list, called 'Check, Challenge, Appeal'. Under this system ratepayers have to put forward a suggested alternative Rateable Values for their property, and give more robust arguments why this Rateable Value should apply.
- It was noted that the introduction of a new portal coming online in the Autumn of 2018 could potentially impact on appeal trends as this will allow ratings agents to lodge appeals on behalf of multiple clients.
- It was noted that HMRC calculate the rateable value of properties and this is updated regularly. Details of property values are publically available and listed on the Data Mill North;
- The Business Rates team check the planning permissions and ensure charges are applied as quickly as possible;

- Local MP's were asked to lobby the Government to support the Council's application for the Business Rates Retention Pilot in 2019/20 as this could provide a £7m saving. The outcome of the application would not be known until 6th December 2018.
- Clarification was sought regarding Business Rates Relief for charitable organisations and Academies. It was noted that as the number of Academies increases, this reduces income to the local authority for which there is no compensation.
- Concern was raised about the potential misuse of mandatory charity relief to evade or avoid taxation. Whilst it was noted that due diligence is taken in relation to ascertaining credibility of charitable organisations, it would prove difficult to assess all organisations on a regular basis.
- In maintaining a watching brief of issues surrounding Business Rates, the Chair requested that lead officers from the Council's Business Rates Team be invited to contribute to future discussions of the Board.

RESOLVED – To note the content of the report.

(Cllr. J McKenna joined the meeting at 11:05 am during this item)

47 Devolution

The report of the Chief Executive updated the Scrutiny Board on matters related to the progress of Devolution. Appended to this report was an Executive Summary of the latest 'One Yorkshire' devolution submission to the Government.

The Chair welcomed Cllr. Judith Blake, the Leader of Council, and Ben Still, Managing Director of West Yorkshire Combined Authority, who were in attendance for this item. The Chair reported that unfortunately the Chief Executive, Tom Riordan, was unable to attend.

Cllr. Blake introduced the report and in doing so, made reference to the Devolution updates that are regularly reported to full Council too.

It was particularly acknowledged that the 'One Yorkshire' proposal aims to secure an ambitious deal for the widest possible Yorkshire geography, including Leeds City Region, and continues to have strong local support from residents, businesses, 18 local authorities and the Sheffield City Region Mayor.

In response to the Government's requirements, it was highlighted that proposals surrounding the One Yorkshire governance arrangements were also included in the 10th October 2018 submission to the Secretary of State. Such arrangements reflect Yorkshire's scale and diversity and are based on a single One Yorkshire Combined Authority which would be overseen by a directly elected Mayor from May 2020.

Whilst acknowledging the Government's previously stated position that the Sheffield City Region (SCR) deal must be fully implemented before progressing the One Yorkshire proposal, it was noted that Yorkshire Leaders

have since proposed that the implementation of the SCR deal and a One Yorkshire deal could pragmatically be progressed in parallel instead of entirely sequentially.

However, the Board was informed that no response had yet been received from the Secretary of State (Ministry of Housing Communities and Local Government) to the latest submission on 10th October 2018.

The Chair therefore agreed to also write on behalf of the Scrutiny Board to the Secretary of State (the Rt Hon James Brokenshire MP) reinforcing the need for Central Government to acknowledge the potential economic benefits of Devolution for Yorkshire communities and for Ministers to commit to a meeting with the One Yorkshire Leaders in order to progress this further as a matter of urgency.

Responding to further questions from Board Members, the following key points were also made:

- It was noted that the independent economic study had been commissioned to set out the economic benefits to the region and had been undertaken by a group called 'Steer';
- It was noted that the Yorkshire brand was already well known and that people understood what it was and acknowledged that it had already proved a success in relation to tourism with Welcome to Yorkshire;
- It was felt that the dynamics of the Northern Powerhouse would increase with the One Yorkshire proposal benefitting the area with transformational change which would increase confidence in the area and show how the north could contribute to the economy of the country.

RESOLVED –

- (a) That the contents of the report be noted.
- (b) That the Chair writes on behalf of the Scrutiny Board to the Secretary of State (the Rt Hon James Brokenshire MP) reiterating the importance of Ministers urgently meeting with the One Yorkshire Leaders to progress proposals for a One Yorkshire devolution deal.

48 Effective Procurement

The report of the Chief Officer, Financial Services provided an update to the Board on the ongoing support from Procurement and Commercial Services (PACS) to the commissioning activity by the Council. The report covered the following points:

- Social Value
- Non and off contract expenditure and compliance
- Faster Payments Service
- Contractor Insolvency and Profit Warnings
- Waivers
- Future Issues

In attendance at the meeting were:

- Councillor James Lewis, Executive Member for Resources and Sustainability
- Paul Hyde, Head of Commercial (Finance)
- Dominic Bailey, Procurement and Commercial Senior Officer

The Board was informed that PACS was in the process of reviewing the Council-wide procurement strategy. It was noted that many of the outstanding issues identified in the report would be addressed in the updated procurement strategy. An outline of the strategy would be presented to Executive Board at its meeting in December prior consultation with a report back to Executive Board for final approval in early 2019/20.

In response to Members questions the Board was informed of the following points:

- In relation to the collapse of high profile companies Members were informed that the Council was not able to influence what was happening and usually any action was retrospective;
- A copy of the guidance on 'company financial health checks and profit warnings' and been appended to the submitted report;
- It was noted that Business Rates Relief could be given to companies who were going through hardship.

During the meeting, particular attention was given to the use and prevalence of waivers, especially surrounding annual events and contracts. The Board was of the view that better training was required in the use of waivers and that there should also be a more robust checks and challenge by PACS prior to the use of a waiver. Linked to this, the Board acknowledged that Internal Audit had carried out a recent review of waivers and would be finalising its report in due course. However, the Board was pleased to learn that key recommendations arising from this review already refer to the need for more robust templates for raising waivers; delivery of training to decision makers; and changes to the process for issuing waivers to allow final check and challenge from PACS to ensure integrity and the correct use.

RESOLVED –

- (a) To note the content of the report.
- (b) To maintain a watching brief surrounding the development of the new Procurement Strategy 2019-2023 and the implementation of recommendations arising from the recent Internal Audit review.

49 Work Schedule

The report of the Head of Governance and Scrutiny Support requested the Board to consider the work schedule for the remainder of the current municipal year.

The Principal Scrutiny Adviser advised the Board of forthcoming working group meetings as follows:

- Session 2 of the Scrutiny Board's Inquiry into Embracing Digital Technology Solutions – Tuesday 11th December at 1pm;

Draft minutes to be approved at the meeting
to be held on Monday, 21st January, 2019

- Maximising the Apprenticeship Levy – Friday 14th December at 10am

During the meeting, the Chair explained that she would struggle to attend the Board's next scheduled meeting on 14th January 2019. As such, the Board agreed to find another suitable meeting date. *Following the meeting, the Principal Scrutiny Adviser confirmed that the Board's next meeting would now take place on Monday 21st January 2019 at 10.30 am.*

RESOLVED –

- (a) To agree the work schedule as appended to the submitted report as a basis for the Board's work for the remainder of 2018/19.
- (b) To reschedule the Board's next meeting (now to be held on Monday 21st January 2019 at 10.30 am)

50 Date and Time of Next Meeting

The next meeting of the Strategy and Resources Scrutiny Board to be held on Monday 21st January 2019 at 10:30am (pre-meeting for all Board Members at 10:00am)

The meeting concluded at 12:20pm.



Report author: Tim Rollett and
Philip Steel
Tel: 86952

**Report of the Director of Resources and Housing and Director of City Development
Report to Scrutiny Board (Strategy and Resources)**

Date: 21st January 2019

Subject: Performance Reporting: Culture and An Efficient and Enterprising Organisation

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 type="checkbox"/> Yes	<input checked="" 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

1 Summary of main issues

- 1.1. This report provides a summary of performance information relating to the Best City Priority: Culture and the Best Council Ambition: An Efficient and Enterprising Organisation, both of which fall within the scope of the Strategy and Resources Scrutiny Board.

2 Recommendations

- 2.1. Members are recommended to:

- Consider and comment on the most recent performance information.
- Use the information in deciding on the areas for further scrutiny work to support improvement over the coming year.

1. Purpose of this report

- 1.1. This report is a periodic performance update to Scrutiny Board (Strategy and Resources). It provides a summary of the Best Council Plan Key Performance Indicators (KPIs) relating to Culture and Efficient & Enterprising Organisation. The report contains results submitted to the council's Corporate Leadership Team (CLT) during 2018.

2. Background information

- 2.1. Members will note that the Best Council Plan (BCP) sets out the council's key objectives and priorities. This report provides an overview of the relevant key performance indicators relating to this plan, enabling the Scrutiny Board to consider and challenge the council's performance in these areas.
- 2.2. This report includes an Appendix showing a summary of performance information relevant to the Strategy & Resources Scrutiny Board reported during 2018.

3. Main issues

- 3.1. The portfolio of the Strategy and Resources Scrutiny Board includes 21 KPIs, two of which relate to the Culture priority and nineteen to the Efficient & Enterprising Organisation ambition. Results for the KPIs are updated and reported to CLT four times each year.
- 3.2. In Appendix 1, Members will find a summary of the 21 KPIs relevant to this Board showing the results reported to CLT during 2018, which includes at least one set of results for each KPI. Members are asked to note that although many KPIs are reported each time, results for others are available less frequently i.e. where the result is an annual one. In some cases, results are reported in arrears, and Members will find that the period to which each result relates is shown alongside individual results.
- 3.3. Portfolio area: Culture
- 3.3.1. Key points relating to the Culture KPIs:

- Visitors to a range of venues and events

This indicator measures the number of people visiting a range of attractions or events within Leeds including: Northern Ballet; Leeds Grand Theatre; City Varieties; Hyde Park Cinema; Leeds Playhouse; First Direct Arena; Opera North; Leeds Town Hall and Museums & Galleries.

In 2017/18 results for this indicator were reported at the end of the Financial Year and it was reported that there had been 2,599,387 visits/tickets sold during 2017/18, an increase of 9.2% compared to 2016/17.

However, this result is now being collated according to the Calendar Year and is not directly comparable to the previous result. During the period from January to June 2018, there were 1,116,356 visits/tickets sold which was a 6.2% reduction compared to the same period in the 2017.

- Employees in the creative industries in Leeds

“Creative Industries” is a specific category within the Business Register of Employment Survey (BRES) published by the Office for National Statistics.

This indicator was first introduced in 2018/19 and to date we have only been able to report that there were 9,000 employees in the creative industries in Leeds in 2016.

3.4. Portfolio area: Human Resources

3.4.1. Key points relating to the Human Resources KPIs:

- Representative workforce

The demographics of our workforce, along with other equality criteria, are assessed regularly and compared to the baseline of 2011 census data. This demonstrates that our current workforce profile is not yet representative of the city.

There is no simple numerical way to express an overall result for this indicator, but in summary, when compared to the 2011 census, LCC has:

- A higher percentage of females (61% v 51%)
- A lower percentage of those under 25 (6% v 15%)
- A lower percentage of BAME (13% v 19%, with an 87% disclosure rate)
- A lower percentage of disabled (5% v 16.7%, with a 90% disclosure rate)
- A lower percentage of carers (7% v 10%, with a 50% disclosure rate)

The current target for activity relating to this indicator is to increase diversity disclosure rates by 30% by 31st March 2019, which would give us more information relating to criteria such as disability, sexuality, or carers. Business Partners and others in HR are working to improve disclosure rates in underrepresented areas. It remains optional for staff to disclose this data to the organisation, though we encourage this to make sure we are able to support our staff in the most appropriate ways.

- Apprentices

Under the terms of the Apprenticeship Levy, the target within public sector organisations is for apprentices to constitute 2.3% of the total workforce as stipulated by the Apprenticeship Levy. Across all services and at all levels, the number of staff engaged in apprenticeships has increased each quarter and now stands at 314 or 2.15% of our workforce, which is approaching the target of 2.3%. Of the 314 apprentices recorded, 230 were existing staff undertaking leadership and management apprenticeships. More work is currently being done with schools to develop apprenticeship opportunities for schools-based staff.

Members will note that the Scrutiny Board (Strategy and Resources) working group received an updated on Apprentices in December 2018.

- Staff satisfaction

The result for this indicator is taken from the Staff Engagement Survey which was last undertaken in autumn 2017. The response rate for the survey was 49.4% which was 3.1% lower than the previous time the survey was carried out in 2016 (52.5% response rate). This particular indicator is based on answers to the question “If a friend asked you to give a score from 1 to 10 working for Leeds City Council, what it would be?” Of those who responded, the average score was 7.54 out of 10, a slight increase from the 7.51 out of 10 in the previous survey.

Elsewhere in the survey, there were improved scores for 21 questions and reduced scores for 5, as well as a number of questions that were being asked for the first time.

Over 90% of staff who responded agreed that they have clear expectations, are trusted to do their jobs, and get help and support from colleagues. 89.5% of staff who responded agreed that they are making a difference to the people of Leeds.

The next survey is planned to be launched in spring 2019 and a paper is scheduled for this Scrutiny Board in February 2019 outlining the proposals, including new means to reach staff who do not have access to a computer during their normal working hours.

- Staff sickness

Staff sickness levels have increased gradually throughout the year, and in the 12 months to the end of August 2018 the average across the entire organisation was 9.82 days per FTE, 15% above the target of 8.5 days. When staff working in schools are excluded from the calculations, (8.36 days per FTE) the average level of sickness across other council operations over the same period was 10.95 days, 29% above the target. Sickness levels have increased in all high-volume frontline services despite action plans being in place.

To address the increase in sickness levels, the Health, Safety and Wellbeing Strategy has been extended for a further two years; CLT received reports on wellbeing and absence during autumn 2018; high absence service areas have action plans in place and challenge meetings continue to be held; during 2018/19 so far, over 300 managers have attended training on improving attendance; and a new supporting staff at work framework is due to be introduced in 2019.

Of the total number of days’ sickness across the organisation in the 12 months to the end of August 2018, those attributable to various monitored conditions were:

- Mental Health: 42,289 days
- Musculo-Skeletal Disorder / Back & Neck: 25,816 days
- Heart & Blood Pressure: 5,091 days

- Workplace accidents and incidents

In order to monitor progress in reducing the number of workplace accidents and incidents, this indicator records both the number of 'Specified' injuries (i.e. those that must be reported in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013), and the number of other injuries that lead to absences of 7 days or more.

During the 2nd quarter of 2018/19, 2 specified injuries and 8 over 7-day injuries were reported, which is a marked improvement compared to the 6 specified and 9 other injuries recorded in the 2nd quarter of 2017/18. However, it must be noted that the results for quarter 2 could still be increased due to the late recording of injuries.

- Health and wellbeing of employees

The results for this indicator are drawn from the staff survey already referred to above, which was last conducted in autumn 2017. Of the 49.4% of staff who responded, 83% believed that their immediate manager/supervisor looks out for their general health and wellbeing, an increase of 2% since the previous survey in 2016.

Work is planned to try to ensure all staff have the same experience, and to develop a policy/charter around Supporting Colleagues at Work which should have a further positive effect on this indicator.

- Staff appraisals

Our aim is for all staff to have an appraisal each year. 96% of staff had completed their 2017/18 year-end appraisal by the deadline of 30th June 2019, which is broadly in line with expectations. Of the 517 appraisals that were not completed by the deadline, 270 were for staff working in Children & Families which represents 13% of the workforce of that directorate.

- Gender pay gap

The results are published one year in arrears, and the results reported here reveal the picture on the “snapshot date” of 31st March 2017. These results are broken down into:

- i. Percentage difference between the mean and median pay of men and women on basic pay, and bonus pay on 31st March 2017:
 - The mean hourly rate was 8.6% lower for women
 - The median hourly rate was 13.1% lower for women
 - The mean bonus pay was 8.2% higher for women
- ii. Percentages of men and women in each of the four quartiles of salary ranges within the organisation on 31st March 2017:
 - 58.0% of the Top Quartile were women
 - 52.5% of the Upper Middle Quartile were women

- 53.3% of the Lower Middle Quartile were women
- 78.8% of the Lower Quartile were women

This is the first time these results have been reported, therefore, they cannot be compared to previous results, and the only baseline available is the 8.6% overall gap revealed by these results.

The next set of results will be for the “snapshot date” of 31st March 2018 which was also before the introduction of this indicator. Therefore, the first results upon which we can hope to have a positive impact will not be available until April 2020 and a reasonable first target for this indicator would be a drop to an 8% overall gap by that point.

3.5. Portfolio area: Financial Services

3.5.1. Key points relating to the Financial Services KPIs:

- Level of over/underspend this financial year

Members will note that the most recent report to CLT showed that the projected overspend as at Period 5 was £2.827m, £1.313m lower than in Period 3. However, members can find more recent information in the council’s Financial Health Check Report presented to this Board today.

- Council Tax collection rate

This indicator shows the proportion of the total council tax collectable during 2018/19 that has been received so far. At the end of September 2018, 54.63% of collectable council tax had been received, which was 0.14% lower than the 54.77% that had been received by the same point in 2017. This small variance is most likely attributable to 29th and 30th September 2018 falling at the weekend meaning end of month payments were not actually received until October.

The Board previously requested they be provided with detailed performance information relating to Council Tax at Ward level. As the reports available from the Council Tax system aren’t set up to generate historic information at Ward level, it is instead proposed to schedule a report for production on the 1st April 2019 for the Board to review when they reconvene in June.

- Business Rates collection rate

This indicator shows the percentage of net rates billed for the current financial year that have been collected so far. At the end of September 2018, 57.26% of net billed rates had been collected which is 0.35% lower than by the same point in 2017/18 (57.61%). Small fluctuations between years are inevitable as most payments are due on the 1st of each month which falls on different days of the week causing some payments to be counted slightly ahead of schedule and others slightly after.

3.6. Portfolio area: Digital & Information Service (DIS)

3.6.1. Key points relating the DIS KPI:

- ICT service desk calls

This KPI measures the percentage of calls to the ICT service desk that were fixed at the first point of contact. Our target is that 70% of calls will be resolved in this way.

Performance fell by 2.25% to 78.64% during July to September, compared to 80.89% during the previous quarter. This is at least in part due to customers placing calls and then taking summer breaks before the call had been resolved. In addition, September is usually the busiest month of the year as people experience issues logging in after returning from holiday, prompting an increase in the overall number of calls to the service desk. Despite this drop, performance remains well above the target.

3.7. Portfolio area: Customer Access

3.7.1. Key points relating to the Customer Access KPIs:

- Customer complaints

The number of complaints received in July-September 2018 was 1,386, which was 442 (47%) higher than the same period last year when 944 complaints were received. Nevertheless, we received 277 fewer complaints than in April-June 2018, which suggests that the recent dramatic rise in the level of complaints has started to be reversed. The greatest number of complaints continue to be received for Housing and Waste Management.

Customer Relations are carrying out detailed analysis of the type of complaints being received, and their outcomes, to help determine the actions needed to secure improvement. Once this work has been completed the findings will be shared with service managers.

- Customers using self-serve

This KPI summarises data from a range of self-serve telephone-based, on-line and mobile app-based means of accessing council services.

Between April and September 2018, the proportion of customers using self-serve when contacting the council was 73%, which is 13% higher than the same period in 2017. As more services become available online and we get better at signposting customers to these services, the number of calls and emails we receive should reduce.

Whilst positive for this KPI, the large numbers of people using the 'Check my bin' mobile application may also reflect customer doubts about service provision.

3.8. Portfolio area: Information Management & Governance

3.8.1. Key points relating to Information Management & Governance KPIs:

- Subject Access Requests (SARs)

The General Data Protection Regulation (GDPR) stipulates that SARs must be responded to within one calendar month from receipt of the request.

In April-September 2018, 93.2% of Subject Access Requests were responded to within statutory timescales, which was 3.5% lower than during the same period in 2017 (96.7%). However, following the introduction of GDPR, the number of SARs received over the same period increased by 47% from 176 to 247.

- Freedom of Information / Environmental Information Regulations Requests (FOIs / EIRs)

In accordance with the Freedom of Information Act (2000) and Environmental Information Regulations (2004), the statutory timeframe for responding to these requests is 20 working days from receipt of the request.

In April-September 2018, 94.7% of FOI and EIR requests were responded to within statutory timescales, which was 3.6% lower than during the same period in 2017 (98.3%). However, following the introduction of GDPR, the number of FOI and EIR requests received over the same period increased by 35% from 772 to 1010.

3.9. Portfolio area: Procurement & Commercial Services

3.9.1. Appendix 1 shows the results for the three KPIs relating Procurement & Commercial Services. Members will also recall that this Board received a report on Effective Procurement in November 2018.

3.9.2. Key points relating to Procurement & Commercial Services KPIs:

- Orders placed with local suppliers

This indicator measures the proportion of LCC orders which have been placed with local suppliers, as a percentage of both the total value of orders and the total number of payments.

Between July and September 2018, 51% of expenditure (£98.85m) or 42% of payments (26,735) was with local suppliers, which was lower than during the same period in 2017 when 57% of expenditure (£106.96m) or 44% of payments (29,335) was with local suppliers.

- Orders placed with small and medium-sized enterprises (SMEs)

This indicator measures the proportion of LCC orders which have been placed with SMEs, as a percentage of both the total value of orders and the total number of payments.

Between July and September 2017, 52% of expenditure (£87.80m) or 52% of payments (33,494) was with SME suppliers. This year during the same period, the

percentage of expenditure with SMEs was unchanged at 52% but the total value had fallen slightly to £87.19m, and the proportion of orders had increased to 54% (32,229). This is a positive change as we have maintained the proportion of orders placed with SMEs, but we are spending less overall.

- Prompt payment of invoices

A payment is considered to be 'prompt' if it is made within 30 days of the invoice being received in the council or paid within other contractual terms offered by the supplier.

During the period April to August 2018, 93.15% of invoices were paid promptly, exceeding the target of 92%. This was also an improvement of 2.79% compared to the same period in 2017 when 90.36% of invoices were paid promptly, falling short of the target.

4. Corporate Considerations

4.1. Consultation and Engagement

- 4.1.1. This is an information report and as such does not need to be consulted on with the public. It is noted that performance information such as the BCP key performance indicator results is available to the public.

4.2. Equality and Diversity / Cohesion and Integration

- 4.2.1. This is an information report, rather than a decision report and so due regard is not relevant.

4.3. Council Policies and City Priorities

- 4.3.1. This report provides an update on progress in delivering the council priorities in line with the council's performance management framework.

4.4. Resources and value for money

- 4.4.1. There are no specific resource implications from this report, although some performance indicators relate to financial and other value for money aspects.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. All performance information is publicly available and is published on the council website. This report is an information update providing the Scrutiny Board with a summary of performance for the strategic priorities within its remit and as such is not subject to call in.

4.6. Risk Management

- 4.6.1. There is a comprehensive risk management process in the council to monitor and manage key risks. This links closely with performance management.
- 4.6.2. The council's Corporate Risk Register includes four risks directly linked to one or more of the KPIs summarised in this report:
- LCC 9 In-year budget

- LCC 10 Medium-term budget
- LCC 11 Health & Safety
- LCC 26 Information Management and Governance

5. Conclusions

- 5.1. This report provides a summary of performance against the strategic priorities for the council and city related to the Strategy and Resources Scrutiny Board

6. Recommendations

- 6.1. Members are recommended to note the performance information in this report and Appendix 1 and the issues which have been highlighted and consider if they wish to undertake further scrutiny work to support improvement over the coming year in any of these areas.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1: Best Council Plan Scorecard - Culture and Efficient and Enterprising Organisation KPIs

Best Council Plan (BCP) Ambition & Priority	Portfolio Service Area	January 2018	April 2018	July 2018	October 2018
Best City KPIs - Strong Economy & Compassionate City					
📍 Culture					
Number of visitors to a range of venues and events	Culture & Sport	Reported annually	Reported annually	2,599,387 tickets/visitors Financial year 2017/18 9.2% increase	1,116,356 tickets/visitors Calendar year Jan-Jun 2018 6.2% reduction
Number of employees in the creative industries in Leeds	Culture & Sport	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	9,000 2016	Reported annually
Best Council KPIs					
🏢 Efficient & Enterprising Organisation					
Workforce more representative of our communities	Human Resources	Current workforce profile not representative of the city (2011 census data)	Current workforce profile not representative of the city (2011 census data)	Current workforce profile not representative of the city (2011 census data)	Current workforce profile not representative of the city (2011 census data)
Number / percentage of apprentices employed by the council	Human Resources	204 apprentices (1.41%) End of Dec 2017	260 apprentices (1.79%) End of Mar 2018	297 apprentices (1.93%) End of Jun 2018	314 apprentices (2.15%) End of Sep 2018
Score out of ten given by staff working for Leeds City Council	Human Resources	7.54 / 10 2017 survey (49.4% response rate)	Reported annually	Reported annually	Reported annually
Average staff sickness levels	Human Resources	9.58 days (10.73 days excl schools) 12 months to end of Dec 2017	9.75 days (10.78 days excl schools) 12 months to end of Mar 2018	9.75 days (10.79 days excl schools) 12 months to end of May 2018	9.82 days (10.95 days excl schools) 12 months to end of Aug 2018
Reduction in workplace accident and incident reports (with a specific reduction in absence related to violence & aggression and manual handling)	Human Resources	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	1 Specified (Major) injuries 15 Over 7-days injuries Apr-Jun 2018 (Final)	2 Specified (Major) Injuries 8 Over 7-days injuries Jul-Sep 2018 (Provisional)
Number of employees who believe that their immediate manager/supervisor looks out for their general health and wellbeing	Human Resources	N/A New indicator for the BCP 2018/19 to 2020/21	81% 2015/16 survey	83% of staff 2017/18 survey	Results not due this quarter
Percentage of staff appraisals and mid-year reviews completed	Human Resources	Results not due this quarter	95.82% of staff had a mid-year appraisal 2017/18	96% of staff had a year-end appraisal 2017/18 (Provisional)	Results not due this quarter
Gender pay gap across council staff	Human Resources	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	8.6% gap (mean hourly rate) 2016/17	Results not due this quarter
Level of over/underspend for this financial year	Financial Services	No overspend projected Period 9 2017/18	£7.857m underspend Period 11 2017/18	£4.140m overspend projected Period 3 2018/19	£2.827m overspend projected Period 5 2018/19
Collection rates: council tax	Financial Services	81.37% End of Dec 2017	93.3% End of Feb 2018	28.23% End of Jun 2018	54.63% End of Sep 2018
Collection rates: business rates	Financial Services	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	31.78% End of Jun 2018	57.26% End of Sep 2018
Percentage of ICT service desk calls fixed at the first point of contact	Digital & Information Service	73.35% Q3 Oct-Dec 2017	77.05% Q4 Jan-Mar 2018	80.89% Q1 Apr-Jul 2018	78.64% Q2 Jul-Sep 2018
Level of customer complaints	Customer Access	1076 Received Oct-Dec 2017 (2980 Apr-Dec 2017)	1414 Received Jan-Mar 2018 (4394 Apr-Mar 2017/18)	1663 Received Apr-Jun 2018	1386 Received Jul-Sep 2018 (3049 Apr-Sep 2018)
Proportion of customers using self-serve when getting in touch with the council	Customer Access	61.57% Apr-Dec 2017 (53.78% Apr-Dec 2016)	64.67% Apr-Mar 2017/18 (54.28% Apr-Mar 2016/17)	71.00% Apr-Jun 2018 (60.00% Apr-Jun 2017)	73.00% Apr-Sep 2018 (60.00% Apr-Sep 2018)
Percentage of subject access requests received responded to within statutory timescales	Information Management & Governance	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	92.4% Apr-Jun 2018	93.2% (247 requests) Apr-Sep 2018
Percentage of FOI and EIR requests received responded to within statutory timescales	Information Management & Governance	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	94.6% Apr-Jun 2018	94.7% (1010 requests) Apr-Sep 2018
Percentage of orders placed with local suppliers	Procurement & Commercial Services	55% of expenditure (£115.63m) 48% of payments (29,622) Oct-Dec 2017	56% of expenditure (£110.43m) 44% of payments (27,753) Jan-Apr 2018	54% of expenditure (£115.98m) 44% of payments (26,829) Apr-Jun 2018	51% of expenditure (£98.85m) 42% of payments (26,735) Jul-Sep 2018
Percentage of orders placed with small and medium-sized enterprises	Procurement & Commercial Services	56% of expenditure (£104.29m) 61% of payments (35,230) Oct-Dec 2017	56% of expenditure (£96.73m) 58% of payments (33,926) Jan-Apr 2018	58% of expenditure (£109.51m) 56% of payments (32,458) Apr-Jun 2018	52% of expenditure (£87.19m) 54% of payments (32,229) Jul-Sep 2018
Prompt payment of invoices against target	Procurement & Commercial Services	N/A New indicator for the BCP 2018/19 to 2020/21	N/A New indicator for the BCP 2018/19 to 2020/21	92.94% Apr-Jun 2018	93.15% Apr-Aug 2018

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Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 21st January 2019

Subject: Financial Health Monitoring

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 type="checkbox"/> Yes	<input checked="" 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. The purpose of this report is to provide Board Members with information with regard to the financial health of those service areas that fall within the remit of the Strategy and Resources Scrutiny Board.
2. Attached is the latest financial health monitoring report (month 7) that was considered by the Executive Board at its meeting on 19 December 2018.
3. Representatives from the relevant directorates have been invited to the meeting to discuss the attached report and address any issues raised by the Scrutiny Board. The Scrutiny Board will also be considering the initial 2019/20 budget proposals during today's meeting, which are presented elsewhere on the agenda.

Recommendations

4. That the Scrutiny Board (Strategy and Resources):
 - a) considers the attached Executive Board report in relation to the financial health of those service areas that fall within the remit of the Scrutiny Board
 - b) agrees any specific scrutiny actions that may be appropriate.

Background documents¹

5. None

¹ 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.

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Report of the Chief Officer Financial Services

Report to Executive Board

Date: 19th December 2018

Subject: Financial Health Monitoring 2018/19 – Month 7

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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input 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. The purpose of this report is to inform the Executive Board of the financial health of the authority in respect of both the revenue budget and the Housing Revenue Account at Month 7 of the financial year.
2. The 2018/19 financial year is the third year covered by the 2015 Spending Review and again presents significant financial challenges to the Council. The Council to date has managed to achieve considerable savings since 2010 and the budget for 2018/19 requires the Council to deliver a further £34m of savings.
3. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains challenging.
4. This is the sixth budget monitoring report of the year and Executive Board will recall that the 2018/19 general fund revenue budget, as approved by Council, provides for a variety of actions to reduce net spend through the delivery of £34m of budget action plans by March 2019. Whilst the majority of these actions are on track to be delivered, this report does highlight a potential overall overspend of £3.55m. It is incumbent upon respective Directors to identify and implement appropriate measures so that a balanced budget position can be delivered.

5. At Month 7, the Housing Revenue Account is projecting a balanced budget position.

Recommendations

6. Executive Board are recommended to:

- note the projected financial position of the authority as at Month 7; and
- request that Directors identify and implement appropriate measures so that a balanced budget position can be delivered.

1. Purpose of this report

1.1 This report sets out for the Executive Board the Council's projected financial health position for 2018/19 at Month 7.

1.2 Budget Monitoring is a continuous process throughout the year, and this report reviews the position of the budget and highlights potential key risks and variations after the first seven months of the year.

2. Background information

2.1 Executive Board will recall that the net budget for the general fund for 2018/19 was set at £510.9m.

2.2 Following the closure of the 2017/18 accounts, the Council's general fund reserve stood at £25.7m. The 2018/19 budget assumes a further contribution of £1.0m to this reserve during this financial year. In October Executive Board approved the release of £1.7m in 2018/19 to address income pressure in the Children and Families budget arising as a consequence of the re-profiling of the final payment of the Partners in Practice Project by the DfE - this amount to be repaid to the reserve in 2019/20 once received. Consequently it is anticipated that the general fund reserve will stand at £25.0m at 31st March 2019.

2.3 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

3. Main Issues

- 3.1 At Month 7 an overspend of £3.55m is projected, as shown in Table 1 below. The most significant increase has occurred in the City Development directorate (£0.6m) although this has been offset by an improvement in Strategic (£0.8m). Directorate positions will be discussed in more detail below.

Table 1

Summary Position - Financial Year 2018/19

Reporting Period: Month 7

Directorate	Director	(Under) / Over spend for the current month				Previous month's Position
		Staffing	Total Expenditure	Income	Total (under) /overspend	
		£000	£000	£000	£000	£000
Adults & Health	Cath Roff	(1,085)	(383)	383	0	0
Children and Families	Steve Walker	120	2,986	(955)	2,031	2,032
City Development	Martin Farrington	(1,152)	1,156	(181)	976	350
Resources & Housing	Neil Evans	(988)	2,276	(2,276)	0	0
Communities & Environment	James Rogers	552	679	(136)	543	565
Strategic	Doug Meeson	(49)	(680)	680	0	790
Total Current Month		(2,602)	6,033	(2,485)	3,550	3,737
Previous month (under)/over spend		(2,431)	5,076	(1,339)	3,737	

- 3.2 The major variations are outlined below, with additional detail provided on the Directorate dashboards which are appended to this report;

- 3.2.1 **Adults & Health** are currently projecting a balanced position. Within this projected balanced position it is anticipated that there is some slippage in demand-related budget action plans but that 89% of plans are effectively delivered. Within this balanced position there are a number of variations, including £0.6m of anticipated cost pressures associated with general running costs, primarily due to increased transport costs. Within Public Health, staffing-based savings are allocated as a contingency against potential demand pressures in drug, alcohol and sexual health services, and additional client and external income is offset by lower forecast contributions from partners due to slippage in the formation of the Leeds Plan team resulting in a net pressure of £0.4m. Community Care budgets are projected to break even, although it is noted that there are pressures on delivery of some budget action plans. Demand is currently lower than projected within several directly commissioned services.

The above pressures are offset by £1.1m of projected savings relating to staff turnover.

A £0.1m underspend within Leeds Adult Safeguarding Board is projected and it is proposed to carry this forward into 2019/20.

The recent Winter Funding Announcement will see Leeds receive £3.3m of the £240m announced nationally. Discussions with partners on the most effective use of this funding are at an advanced stage. This funding has not been incorporated into Month 7 projections, pending confirmation of planned spend.

3.2.2 Children and Families – The projected year-end position at Month 7 is an overspend of £2.03m, unchanged from the position reported to Executive Board in November, however there have been some changes in individual service projections.

Significant demand and demography pressures on the CLA budget are resulting in an upward pressure in terms of costs, with both External Residential (ER) and Independent Fostering Agency (IFA) placements continuing to be higher than the budgeted assumptions. The number of children in ER placements has reduced since the start of the financial year, however at the end of October 2018 External Residential (ER) numbers were 63 compared to the budgeted number of 53, whilst the number of Independent Fostering Agencies (IFA) were 199 compared to the budgeted number of 179. It is anticipated that there will be a small reduction in demand as a number of children currently in ER placements will turn 18 during the year. The ER budget is projected to overspend by £1.1m and the IFA budget by £0.25m, both unchanged from Month 6.

Additionally, there are pressures in Leaving Care Special Guardianship Orders due to growth in demand of £0.25m, on the Leaving Care budget of £0.3m and £0.52m relating to Section 17 (Children's Act 1989) costs associated with safeguarding and promoting a child's welfare (an increase of £0.25m since Month 6). The position continues to recognise a pressure of £0.36m relating to the Council's contribution to the One Adoption West Yorkshire Partnership.

There has been a notable increase in the number of children requiring transport and also an increase in contract prices. At this stage in the year an increase in costs of £0.55m is projected, partly offset by savings of £0.36m including savings on WYCA contracts and additional DGS grant income of £0.15m, leaving a net pressure of £0.04m. There is a risk that demand continues to increase and costs increase further during the year. The Directorate is working with Civic Enterprise Leeds to mitigate these potential demand pressures.

The Social Care staffing budget is projected to be overspent by £0.12m by the end of the year, assuming that further action plan savings will be achieved. The Directorate is strictly controlling post releases to mitigate this pressure and the projected position assumes that not all vacant posts will be released. Additionally there are projected income pressures of £0.5m in regard to Trading and Commissioning budgets and it is projected that external legal disbursement costs will exceed budget by £0.53m.

These pressures are offset by £0.4m of anticipated additional High Needs Block funding from the Dedicated Schools Grant towards the education costs of External Residential placements and net other additional income of £0.1m, increased income from Adel Beck of £0.29m and other additional actions of £0.3m across services. In

addition net one-off contributions have been agreed with Adults and Health towards the costs of adults utilising post-16 provision whilst a longer term solution is developed and towards the positive behaviour support services; services which are being developed to reduce longer-term demand, particularly on Adults provision.

- 3.2.3 City Development** – At Month 7 the Directorate is projecting an overspend of £0.98m, an increase of £0.63m from Month 6 which is largely a consequence of a forecast increase of £0.65m regarding street lighting electricity costs, now forecast to exceed budget by £1m. £0.4m of Street Lighting PFI Dispute Resolution balances will be used to partially mitigate this energy pressure.

With the exception of this pressure, the Directorate is on track to successfully manage around £3.2m of other budget pressures. The budgeted return on the Council's commercial asset portfolio increased by £1m to £3.36m in the approved 2018/19 budget but the development of the Council's commercial asset portfolio has been slower than anticipated, largely due to a lack of suitable market opportunities, creating a pressure of £1.58m, however there are a number of potential lettings at a detailed stage with some expected to conclude in the current financial year. Mitigating actions of around £2m have been identified, including £0.3m of additional Arena income, £0.25m of savings across Asset Management, £0.1m from further anticipated road closures at Bridgewater Place and £0.5m for one off easements and covenant releases. Easements grant other parties a right to cross or use council land for a specified purpose, such as a developer requiring access to enable them to progress a development. When the Council sells land it sometimes attaches conditions (restrictive covenants) to the sale. Subsequently, interested parties may approach the Council to seek release of this covenant, for example to develop the land for an alternative purpose.

Work is ongoing to strengthen and develop further advertising opportunities in response to a projected £0.1m shortfall in advertising income. The Arts & Heritage service is reporting a pressure of £0.43m and a £0.29m shortfall is forecast against budgeted savings in Sport and Active Lifestyles. Further net pressures of £0.5m include a shortfall in Kirkgate Market income and increased security costs which are offset by the application of balance sheet items.

The Directorate is working to identify an additional £0.62m of action plan savings, including evaluating the impact of robust management of vacancies and staff turnover.

The Authority has received notification that our allocation of the additional Local Transport Capital Funding for 2018/19 announced in the Autumn Budget will be £3.86m. This additional capital grant has been made available for local highways maintenance, including the repair of potholes, to keep local bridges and structures open and safe and to help aid other minor highway works.

- 3.2.4 Resources & Housing** – at Month 7 the Directorate are projecting a balanced position, assuming delivery of an action plan of £0.3m, which has reduced by £0.2m from Month 6.

Within the Resources group of services there is a net overall pressure of £0.27m. This mainly reflects the projected shortfall on schools income to HR (£0.7m) and pressures within Finance of £0.3m, including continuing reductions in court fee

income which are offset by savings on staffing and running costs within Strategy and Improvement, Legal & Democratic Services and Shared Services of £0.72m. A directorate action plan will deliver a further £0.32m of savings through continued control of non-income generating posts and other non-essential spend.

A £0.1m underspend is projected for Housing and Property Services, primarily due to underspend on staffing through managing vacant posts within the Strategic Housing Service. An overspend of £0.15m is projected for Civic Enterprise Leeds as a consequence of underlying income and inflationary pressures on food costs within the Catering Service.

3.2.5 Communities & Environment– there is a projected budget pressure of £0.54m at Month 7. Within the Refuse Service it is currently anticipated that there will be an overspend of £0.75m, largely due to non-implementation of the budgeted route efficiencies in the current financial year as work continues on the route review programme. However this pressure is partly offset by net savings against budget of £0.43m in HWSS & Waste Strategy.

Pressures of £0.32m in Customer Access relating to delays in delivering budgeted staffing efficiencies whilst maintaining performance levels in the Contact Centre and increased security provision in community hubs are partially offset by projected additional income of £0.16m in other areas of the service. Electoral and Regulatory Services is projecting an overspend of £0.14m of which £60k relates to a shortfall in Nationality Checking Service income and £80k to the continued reducing trend in other Registrar income. A further £0.1m mainly reflects a projected shortfall in on-street car parking income, partially offset by expenditure savings within the service.

Parks and Countryside are projecting an underspend of £50k at Month 7, with income pressures of £350k at Lotherton Hall, Tropical World and Temple Newsam anticipated to be offset by expenditure savings and additional income in other areas of the service. Other underspends are projected within Communities (£25k), Environmental Health (£59k) and Community Safety (£50k), mainly due to staffing savings within these services.

3.2.6 Strategic & Central Accounts - At Month 7 the Strategic & Central budgets are projecting a balanced position, an improvement of £0.8m when compared to the previous month. This is largely due to a £1m increase in business rates multiplier threshold compensation grant, resulting from MHCLG's review of the calculation methodology, of which £0.5m relates to 2017/18.

The other key variations are:

- A £1.4m projected shortfall in S278 income as a result of predicted lower levels of development activity;
- projected shortfalls of £0.2m in business rates income and £0.5m in New Homes Bonus;
- A projected variation of £0.5m in respect of realising discounts from suppliers for the prompt payment of their invoices;
- £0.1m of additional external debt costs as a consequence of an increase in interest rates, offset by additional prudential borrowing recharges of £0.2m;
- An increase of £0.5m in the level of general capitalisation assumed; and
- Release of £1.0m from the General Insurance reserve.

3.3 Other Financial Performance

3.3.1 Council Tax

The Council Tax in-year collection rate at the end of October was 63.65% which is slightly behind performance in 2017/18. At this stage the forecast is to achieve the 2018/19 in-year collection target of 96.1% collecting some £341m of income.

3.3.2 Business Rates

The business rates collection rate at the end of October was 65.28% which is 0.1% behind performance in 2017/18. The forecast is to achieve the 2018/19 in-year collection target of 97.7% collecting some £383m of income.

The total rateable value of business properties in Leeds has increased from £921.06m at 1st April to £929.01m at the end of October, growth of £7.9m. To calculate Leeds' actual income from business rates this total rateable value is multiplied by the national business rates multiplier (48.0p in the pound). After reliefs and adjustments this amount is then shared between Leeds City Council (99%) and West Yorkshire Fire Authority (1%). Following deductions for the Business Rates tariff and to meet the business rates deficit brought forward, Leeds' actual business rates income is projected to be in the region of £208.1m, which is £1.0m below budgeted expectations.

3.3.3 Business Rates Appeals

The opening appeals provisions for 2018/19 are £21.5m, made up of £11.5m relating to appeals received against the 2010 ratings list and £10m estimated costs in relation to the 2017 ratings list. Under the 100% Business Rates Retention pilot, Leeds' budget is affected by 99% of any appeals provision made in this year but provisions brought forward from 2017/18 were made at 49%.

On the 1st October 2018, there were 1,843 appeals outstanding against the 2010 ratings list. During October 143 appeals have been settled, of which 103 have not resulted in changes to rateable values. 7 new appeals were received in October, the low number received reflecting that appeals are no longer accepted against the 2010 list except in very specific circumstances. At 31st October there are 1,707 outstanding appeals in Leeds, with 17.2% of the city's total rateable value in the 2010 list currently subject to at least one appeal.

No appeals have been received to date against the 2017 list, with only 1.9% of the city's total rateable value in the 2017 list currently subject to either a 'check' or a 'challenge', the pre-appeal stages of the new appeals process introduced in 2017.

4. Housing Revenue Account (HRA)

- 4.1 At the end of Month 7 the HRA is projecting a balanced position against the 2018/19 Budget.

5. Corporate Considerations

5.1 Consultation and Engagement

5.1.1 This is a factual report and is not subject to consultation.

5.2 Equality and Diversity / Cohesion and Integration

5.2.1 The Council's revenue budget for 2018/19 was subject to Equality Impact Assessments where appropriate and these can be seen in the papers to Council on 21st February 2018.

5.3 Council Policies and Best Council Plan

5.3.1 The 2018/19 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. This report comments on the financial performance against this budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

5.4 Resources and Value for Money

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

5.5 Legal Implications, Access to Information and Call In

5.5.1 There are no legal implications arising from this report.

5.6 Risk Management

5.6.1 There remains a risk that a balanced budget position is not delivered in year or that the reported projected overspend could worsen as a consequence of demand-led pressures, non-achievement of Budget Action Plans, price increases and other inflationary pressures. Failure to achieve a balanced budget position would impact on future years and thus require the Council to consider difficult decisions that will have a greater impact on front-line services, including those that support the most vulnerable, and thus on our Best Council Plan ambition to tackle poverty and reduce inequalities.

5.6.2 An analysis of budget risks will continue throughout the year and is subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks/budget variations will continue to be included in these in-year financial reports brought to Executive Board.

6. Conclusions

6.1 This report informs the Executive Board of the financial health of the authority in respect of both the revenue budget and the Housing Revenue Account at Month 7 of the financial year, with an overspend of £3.55m against the approved 2018/19 budget projected. Directors are requested to identify and implement appropriate measures so that a balanced budget position can be delivered.

7. Recommendations

7.1 Executive Board are recommended to:

- note the projected financial position of the authority as at Month 7; and
- request that Directors identify and implement appropriate measures so that a balanced budget position can be delivered.

8. Background documents¹

8.1 None.

¹ 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.

ADULTS AND HEALTH

Financial Dashboard - 2018/19 Financial Year

Month 7 (October 2018)

The Directorate is projected to deliver a balanced position for the year.

Budget Action Plans for demand are showing some slippage, but it is noted that 89% of the plans are effectively delivered.

The main variations at Period 7 across the key expenditure types are as follows:

Staffing (-£1.1m – 2.1%)

There is a pressure within Access & Care which is being addressed with the service; savings are forecast across most areas but principally within Strategic Commissioning (however there is a review currently being undertaken) and there is still some slippage within the Leeds Plan team.

Community care packages (-£0.02m – 0.1%)

The community care budgets are forecast to break even, though it is noted that there are pressures on delivery of some budget action plans. Demand is lower than projected within several directly commissioned services.

Public Health Commissioning (+£0.27m - 0.7%)

It is currently assumed that staffing based savings will be used to fund cost pressures arising this year on PH's commissioned services, specifically drugs, alcohol and sexual health. Earlier in the year all Local Authorities received a letter from Public Health England/NHS Business Authority warning about an increase in cost of prescribing buprenorphine (a drug treatment). PH England have recently written to LA's again confirming that there will be issues with buprenorphine costs for the remainder of the financial year, this is being closely monitored. It is forecast that any underspend is earmarked against this additional expenditure during the year and if at the end of the year there are any balances available this shall be used to contribute towards reducing the pressure arising from the PH grant reduction of £1.1m in the next financial year.

Leeds Adults Safeguarding Board- LASB (+£80k - 10%)

Underspend due to staff savings within LASB that are planned to be carried forward into the next financial year.

General Running Costs (+£0.6m- 2%)

Internal charges are higher than the budgeted level this is primarily due to increased transport costs.

Income (+£0.4m – 0.2%)

Additional client income and other external income is offset by lower forecasted contributions from partners due to slippage in the formation of the Leeds Plan team.

Government has announced funding of £240m for social care to meet the demands of Winter pressures. Leeds will receive £3.3m. This figure has not been incorporated into the P7 projection awaiting confirmation of areas of spend.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health Partnerships	1,286	(893)	393	(276)	0	3	0	0	0	0	0	0	(273)	311	39
Access & Care Delivery	260,488	(46,331)	214,157	(63)	121	(176)	(21)	525	1,399	(1,372)	0	79	492	26	518
Service Transformation Team	1,301	0	1,301	(69)	0	0	0	0	0	0	0	0	(69)	(2)	(71)
Commissioning Services	34,222	(47,196)	(12,974)	(534)	0	29	0	100	(271)	0	0	0	(676)	104	(572)
Resources and Strategy	5,089	(585)	4,503	109	0	5	8	0	0	0	0	0	122	(36)	86
Public Health (Grant Funded)	45,014	(44,607)	407	(252)	0	4	0	0	269	0	0	0	21	(21)	(0)
Appropriation Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	347,400	(139,613)	207,787	(1,085)	121	(135)	(13)	625	1,397	(1,372)	0	79	(383)	383	(0)

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
					£m	£m
A. Key Budget Action Plans						
1.	Additional funding	S Hume	iBCF, Spring Budget, War Pension Disregard Grant, Social Care Grant	B	24.4	0.0
2.	Demand Based Savings - Learning Disability	S McFarlane		R	2.5	1.0
3.	Demand Based Savings - Mental Health	S McFarlane		G	0.1	0.0
4.	Demand Based Savings - Physical Impairment	S McFarlane		G	0.2	0.0
5.	Demand Based Savings - Telecare	S McFarlane		G	0.2	0.0
6.	Demand Based Savings - Chc / 117	S McFarlane		B	0.2	(0.1)
7.	Demand Based Savings - Reablement	S McFarlane		R	0.2	0.2
8.	Demand Based Savings - Direct Payment Trend	S McFarlane		G	0.1	0.0
9.	Demand Based Savings - Recovery Beds	S McFarlane		G	0.1	(0.0)
10.	Direct Payment Audit Team	S McFarlane		G	0.4	0.0
11.	Client Transport	S McFarlane		G	0.2	0.0
12.	Vacancy management	Various	Mainly non-frontline services	G	0.9	0.0
13.	Fees and charges	S Hume	Improved income collection and income recovery from direct payment audit	A	1.0	0.1
14.	Recovery Model/Full Year Effect Of Phase III	S Hume	Recovery of unspent sums	B	0.9	0.0
15.	Review non-essential spend	Various	Review and top-slicing of non-essential spend	G	0.6	0.0
16.	Public Health	I Cameron	Review of commissioned services	B	1.2	0.0
B. Other Significant Variations						
1.	Staffing	All	Relating to staffing turnover and slippage in employing new staff			(1.1)
2.	Community care packages	Various	Anticipated variation			(1.0)
3.	General running costs	All	Primarily increase in transport spend			0.6
4.	Use of reserves	All	Contribution to reserves (Safeguarding Board)			0.1
5.	Income	S Hume	Reduced income related to delay in setting up Leeds Care Plan Team, offset by additional income and client contributions			0.3
					Adults and Health Directorate - Forecast Variation	
					0.0	

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CHILDREN & FAMILIES 2018/19 FINANCIAL YEAR FINANCIAL DASHBOARD - Period 7

Overall Summary - At the end of October (period 7) the directorate is projecting an overspend of £2.03m against the approved budget of £120.972m. There has been no change in the net variance from period 6 although there have been some changes in service projections ie there has been a net increase in Learning for Life of £150k, increase in Section 17 spend of £251k, reduction of In House placed CLA £295k and increase of Trading staffing pressure of £70k. These changes are offset by additional income.

Children Looked After (CLA): - The Children Looked After budget (CLA) was increased by £4.9m in the 2018/19 budget. The budget took into account the level of supported children in the autumn of 2017 with only a small reduction in numbers anticipated in 2018/19 equivalent to a 1.5% reduction in overall CLA numbers over the year. At period 7 the External Residential (ER) numbers were 63 compared to the budgeted number of 53 , whilst the number of Independent Fostering Agencies (IFA) were 199 compared to the budgeted number of 179. It is anticipated that there will be a small reduction in numbers by the end of the year as a number of children currently in ER placements turn 18 during the year. As the average level of ER and IFA placements has remained above budget for 7 mths of the year the projected overspend is £1.1m for ER and £0.25m for IFA.

Non CLA Financially supported: - There is a pressure in Special Guardianship Orders due to growth in demand of £0.25m and projected additional spend on the Leaving Care budget of £0.3m. Section 17 payments paying for support costs for families in need are expected to exceed the budget by £0.521m. The service is proactively working with Housing to manage this spend and secure the most appropriate outcomes for the families.

One Adoption West Yorkshire: - It is anticipated that the Council's contribution to the Partnership will increase by £0.36m this financial year as a result of increase of the inter-agency payment rates, reprofiling of the payments and additional staffing, principally Adoption Support.

Staffing: Overall projected overspend of £0.120m. The staffing budget is projected to be overspent by £0.120m by the end of the year. It is assumed that action plan savings of £765k through the strict management of recruitment and agency spend for the remainder of the year will be achieved.

Transport - There has been a notable increase in the number of children requiring transport and also an increase in contract prices. An increase in costs of £550k is now projected to be mainly offset by various savings of £360k which include savings on the WYCA contracts and additional Dedicated Schools Grant income from the High Needs Block towards the costs of Personal Transport Allowances of £150k leaving a net pressure of £40k. There is a risk that demand continues to increase and costs increase further during the year. The Directorate is working closely with CEL to mitigate potential demand pressures.

Trading and Commissioning : Although the Trading areas of the directorate collectively underachieved their income targets in 2017/18, action plans have been developed for the areas where income was below budget in 2017/18. An action plan has been developed to look at maximising income from Learning for Life, but a shortfall of £500k against net managed budget is now projected, partly offset by other savings in the service.

Other Costs -It is projected that external legal disbursement costs will exceed the 2018/19 budget by £525k.

Other Income - Additional Income of £400k is anticipated from the High Needs Block of the Dedicated Schools Grant to contribute to the education costs of External Residential placements and net £80k from other contributions. It has been identified that Adult Social Care could make a contribution of £0.75m to services provided to post 16 children in Childrens and Families.

Budget Management - net variations against the approved budget

	Expenditure Budget	Income Budget	Latest Estimate	PROJECTED VARIANCES											Total (under) / overspend	
				Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income		
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Demand Led Budgets:																
In House placed CLA	19,994	(3,195)	16,799	0	0	0	0	0	50	0	0	0	50	0	50	
Independent Fostering Agency	7,446		7,446	0	0	0	0	0	250	0	0	0	250	0	250	
External Residential	10,886		10,886	0	0	0	0	0	1,100	0	0	0	1,100	(400)	700	
Other Externally placed CLA	2,599		2,599	0	0	0	0	0	77	0	0	0	77	(77)	0	
Non CLA Financially Supported	13,066	(2,389)	10,677	0	0	0	0	0	1,146	0	0	0	1,146	0	1,146	
Transport	14,451	(467)	13,984	0	0	0	0	0	190	0	0	0	190	(150)	40	
Sub total Demand Led Budgets	68,442	(6,051)	62,391	0	0	0	0	0	2,813	0	0	0	2,813	(627)	2,186	
Other Budgets																
Partnerships & Health	11,617	(5,979)	5,638	78	3	123	(8)	(14)	300	0	0	(37)	445	(438)	7	
Learning	88,627	(83,102)	5,525	14	(8)	9	0	(167)	8	0	0	0	(144)	426	282	
Social Care	116,640	(69,222)	47,418	28	94	45	22	(498)	969	(448)	0	(340)	(128)	(316)	(444)	
Sub total Other Budgets	216,884	(158,303)	58,581	120	89	177	14	(679)	1,277	(448)	0	(377)	173	(328)	(155)	
Total	285,326	(164,354)	120,972	120	89	177	14	(679)	4,090	(448)	0	(377)	2,986	(955)	2,031	

<u>Key Budget Action Plans and Budget Variations:</u>		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation £m
A. Significant Variations						
	Children Looked After	Steve Walker	Pressure on CLA demand led budgets (External Residential placements £1.1m and Independent Fostering Agencies £0.25m). Also In-House placed CLA £0.05m	R		1.40
	Non CLA Financially Supported	Steve Walker	Special Guardianship Orders projected to exceed the budget by £0.25m; Leaving Care costs to exceed the budget by £0.30m ; Other support costs £0.075m. Section 17 payments for the support costs of Children & Families in need to exceed the budget by £0.521m.	R		1.146
	Learning for Life	A Richardson	There is a projected net overspend of £500k.	R		0.50
	External Legal Disbursements	CSLT	Reflects the current high level of external legal disbursements	R		0.53
	One Adoption West Yorkshire	CSLT	Increase in the Leeds contribution to OAWY of £0.36m as a result of in year cost pressures mainly from an uplift in inter-agency placement rates and change in the payment profile.	R		0.36
	Miscellaneous	CSLT	School Improvement intervention costs £0.1m. Also premises and supplies pressure in Social Care £0.1m	A		0.20
	Passenger Transport	Sue Rumbold	Increase in demand and prices net of various savings & DSG Income of £0.10m	A		0.04
B. Key Budget Action plans (BAP's)						
	Staffing - Service Reviews / Restructures	CSLT	Savings likely to slip depending on MSR/ELI process. Stage 1 review complete. Stage 2 reviews to be progressed once revised directorate structure has been implemented. Shortfall is in part offset by other staff savings and will require strict management of vacant posts for the remainder of the year.	A	(1.27)	0.12
	Progress alternative Transport funding models	S Rumbold / S Martin	Pilots are being established around alternative payment approach	G	(0.25)	0.00
	Family Services restructure and reduced funding	A Richardson	Proposals in place to secure the savings, DDN to implement the new structure implemented.	G	(0.25)	0.00
	Reduced spend on Independent Support Workers	S Rumbold	Based on current spend the savings should be exceeded by £0.25m.	G	(0.25)	(0.25)
	Commissioning Reviews	S Rumbold	Various commissioning reviews are in progress. There is the risk that the level of savings will not be achieved.	G	(0.30)	0.00
	Achieve Increased income from Adel Beck	S Tariq	Day rates at Adel Beck have been increased. Higher charges may impact on demand but current income levels suggest the budget will be exceeded.	G	(0.35)	(0.29)
	Achieve Increased income from Child Protection: Education Safeguarding Team	S Rumbold	The Team is anticipated to continue high level of trading.	G	(0.10)	0.00
	Achieve additional Unaccompanied Asylum Seeking Children grant	S Tariq	This action is linked to the number of unaccompanied asylum seeker children	G	(0.40)	0.00
	Achieve additional DfE Improvement Partner Income	S Tariq	In line with the agreement with Kirklees.	G	(0.10)	0.00
	Other Action Plans which have been achieved.	various	Includes continuation of School Improvement and Brokerage grant £0.7m ; SENSAP set up costs £50k	G	(1.75)	(0.31)
C. Contingency Plans						
	External Income		Additional Dedicated Schools Grant funding (High Needs Block) contribution to area External Residential placements £0.4m reflecting the increase in spend in 2018/19 and other net additional income £0.08m.	G		(0.48)
	Contributions from Adult Social Care		Anticipated additional contribution to the Positive Behaviour Support service and other post 16 services from the Better Care Fund in Adults Social Care.	G		(0.75)
	Contributions from Housing Revenue Account		Funding of CHAD citywide	G		(0.18)
Children and Families Directorate - Forecast Variation						2.031

CHILDREN & FAMILIES 2018/19 FINANCIAL YEAR

DEDICATED SCHOOLS GRANT FINANCIAL DASHBOARD - PERIOD 7

Overall Summary - From 2018/19, the Dedicated Schools Grant (DSG) is made up of 4 separate blocks - the Schools Block, Central School Services Block, Early Years Block and High Needs Block. At month 7 there is a projected overspend of £160k on general DSG and an underspend of £55k on de-delegated services making a net overspend of £105k.

Schools Block - This is the largest element of the DSG and mostly consists of delegated funding to local authority maintained schools. When a school becomes an academy, funding payments are made directly by the ESFA and not paid to local authorities to distribute. There have been a number of academy conversions during the year meaning that the grant income due and the allocation to school budgets have reduced by the same amount. There are a number of "de-delegated" services where schools have agreed for the local authority to retain funding back to cover some costs centrally which otherwise would need to be charged to schools (such as maternity costs, trade unions costs and the libraries service). These budgets are currently projected to be £55k underspent largely as a result of a projected underspend on schools contingency. The Growth Fund budget remains part of this block and is currently projected to be underspent by £100k as the full allocation for secondary provision is unlikely to be required.

Central School Services Block

This is a new block created from 2018/19 which covers costs such as prudential borrowing repayment, equal pay costs, the admissions service and the retained duties element of what used to be the Education Services Grant (which covers statutory and regulatory duties, asset management and welfare services). There are no variances currently projected on these services.

Early Years Block - This element is concerned with provision to pre-school children. The final grant amount received is largely based on the January 2019 census and so will not be confirmed until the 2019/20 financial year. Following the significant underspend in 2017/18, the unit rates paid to providers has been increased for both 2 year old and 3 & 4 year old providers. However, it is still expected that there will be an underspend of £2,080k.

- at the end of 2017/18, an estimate was made of the final grant due in respect of early years DSG. The final grant was for £456k more than the estimate and has contributed to the projected underspend.
- initial information on the costs for the summer term (which is traditionally the term with the highest costs) indicate that the take up of places is lower than usual. As the grant income for this period will not change, a significant underspend of £1,454k is projected. However, more work is needed to verify these figures and assess any potential impact on projections for the rest of 2018/19.
- the contingency fund is not expected to have any calls on it during 2018/19 and so is expected to be underspent by £170k.

High Needs Block - This element is used to support provision for pupils and students with special educational needs and disabilities. This block is currently experiencing increasing costs due to high levels of demand and increasing complexity of cases. Overall, this block is expected to be £2,340k overspent. The main variances in this block are:-

- following confirmation of the import / export adjustment for 2018/19 there is a slight increase in grant due of £233k
- the deficit on the North West SILC budget has increased from £1,355k to £1,761k, though there is a risk that this deficit could increase further.
- SEN top-ups to institutions is projected to be overspent by £1,584k largely as a result of more children receiving a diagnosis of complex communication difficulties.
- there is an overspend on outside and external residential placements as there have been a number of very high cost placements for which there is no provision in Leeds.
- services managed by Children & Families are projecting to be underspent by £241k due to an increase in staff vacancies.
- due to the projected overspends listed above, the budgeted contribution to reserves is not expected to be made.

Budget Management - net variations against the approved budget

DSG Grant Reserves

	Budget	Projection	Variance
	£'000	£'000	£'000
Schools Block			
DSG Income	(320,706)	(304,796)	15,910
Individual Schools Budgets	313,490	297,580	(15,910)
De-delegated budgets	4,616	4,561	(55)
Growth Fund	2,900	2,800	(100)
Contribution to /from reserves	(300)	(300)	0
	0	(155)	(155)
Central School Services Block			
DSG Income	(5,171)	(5,171)	0
CSSB Expenditure	5,171	5,171	0
	0	0	0
Early Years Block			
DSG Income	(55,367)	(57,516)	(2,149)
FEEE 3 and 4 year olds	44,216	45,255	1,039
FEEE 2 year olds	7,903	7,355	(548)
Other early years provision	3,248	2,826	(422)
	0	(2,080)	(2,080)
High Needs Block			
DSG Income	(60,300)	(60,533)	(233)
Funding passported to institutions	53,393	57,116	3,723
Commissioned services	1,549	1,586	37
In house provision	4,412	4,171	(241)
Contribution to /from reserves	946	0	(946)
	0	2,340	2,340
Total	0	105	105

Latest Estimate

Balance b/fwd from 2017/18
 Net contribution to/from balances
Deficit c/fwd to 2019/20

Projected Outturn

Balance b/fwd from 2017/18
 Net contribution to/from balances
Deficit c/fwd to 2019/20

General	De-delegated	Total
£'000	£'000	£'000
3,379	(425)	2,954
(946)	300	(646)
2,433	(125)	2,308
3,379	(425)	2,954
160	245	405
3,539	(180)	3,359

Key Budget Action Plans and Budget Variations:			Lead Officer	Additional Comments	RAG	Action Plan Value	Forecast Variation against Plan/Budget
A. Key Budget Action Plans						£m	£m
Transfer funding to High Needs Block		Transfer of £2m from the schools block and £500k from the central school services block to the high needs block as detailed in report to Schools Forum in January 2018.			B	2.50	0.00
Reduction in Funding for Inclusion unit value		The reduction in the unit rate from £684 to £600 has been applied.			B	1.37	0.00
Reductions in mainstream funding for additional places		A change in the criteria before additional funding is due will be applied.			G	0.49	0.00
B. Significant Variations							
Schools Block		Secondary provision within the growth fund is unlikely to be required					(0.10)
Schools Block		Projected underspend on de-delegated services					(0.06)
Early Years Block		Likely underspend on early years block mainly as a result of low take up in summer term.					(1.45)
Early Years Block		Under-accrual of income into 2017/18.					(0.46)
Early Years Block		Unspent contingency					(0.17)
High Needs Block		Increase in grant due					(0.23)
High Needs Block		Increase in payments to institutions due to increase in number and complexity of cases					2.00
High Needs Block		Deficit balance on North West SILC as academy conversion due to take place during 2018/19					1.76
High Needs Block		Underspend on in-house services					(0.24)
High Needs Block		Budgeted contribution to reserves will not be made					(0.95)
					Dedicated Schools Grant - Forecast Variation		0.10

CITY DEVELOPMENT 2018/19 BUDGET - PERIOD 7 FINANCIAL DASHBOARD - MONTH 7 (APRIL - OCTOBER)

At Period 7 City Development are projecting an overspend of £0.98m which represents an increase of £0.63M from the previous month. This adverse movement is primarily due to the rising cost of electricity tariffs for street lighting which are now forecast to give the Directorate a bottom-line budget pressure of £0.98M (previously £0.35m). Leaving this new pressure aside, the Directorate is on track to successfully manage circa £3.2M of other budget pressures to deliver a balanced budget.

As per the Medium Term Financial Plan, the budgeted return on the Council's commercial asset portfolio has increased by £1m in 2018/19 to £3.36m. The development of the Council's commercial asset portfolio is reliant upon suitable market opportunities with the right risk profile and as a result is currently projecting a £1.58M shortfall as a worst case, with a number of potential lettings at a detailed stage with some expected to conclude this financial year. The Directorate will seek to further mitigate against this through savings within other areas of income and expenditure. As such mitigating actions of circa £2m have been identified including £300k of additional Arena income, £509k for one off easements and covenant releases, £248k savings across Asset Management, and £100k from further anticipated road closures at Bridgewater Place.

Advertising income is another budget pressure rolling through from 2017/18. The previously reported pressure of £200k at P5 has reduced to £100k and work is ongoing to strengthen and develop further advertising opportunities.

In Highways a pressure of £1m has been reported in respect of electricity for Street Lighting. The tariffs can be volatile and fluctuate significantly in response to energy market conditions. The 2018/19 Budget Estimate Circular suggested provision for a 5% price increase however the first two months of billing has shown some tariffs rising as much as 18%. This will continue to be closely monitored throughout the financial year. £400k of Street Lighting PFI Dispute Resolution balances are to be used to partially mitigate this energy pressure.

The Arts & Heritage service is reporting a pressure of £0.43M of which £0.17M relates to additional spending pressures around the Carnival and Black Music Festival events.

Active Leeds is projecting an underachievement of income of £478k of which £318k is due to delays in the refurbishment of Airborough Swimming Pool due to additional essential capital works over and above the original capital scheme estimate. This pressure is partly mitigated by savings of £50k in respect of PFI charges (penalties) and other running cost savings. The refurbishment started in May 2017 and was expected to take 6 months to complete, however the latest estimate is that works will not be completed until April 2019.

The Directorate has implemented a 3% increase in recharge rates for Highways engineering and technical staff and anticipates that this increase, in conjunction with normal staff turnover and rigorous control over the release of vacant posts will significantly mitigate the pressures outlined above. Any further windfall income in respect of easements/covenants will be used to further mitigate the overall pressure on the Directorate's budget.

Budget Management - net variations against the approved budget

	PROJECTED VARIANCES														Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Sustainable Development	9,219	(7,368)	1,851	(190)	0	10	0	0	0	0	0	0	(180)	6	(174)
Economic Development	1,859	(508)	1,351	(34)	0	(17)	1	48	0	0	0	0	(2)	110	108
Markets & City Centre	2,958	(3,612)	(654)	(8)	61	40	0	5	0	0	0	0	98	169	267
Asset Management & Regeneration	17,031	(20,655)	(3,624)	(338)	912	81	(1)	(39)	0	0	0	0	615	(67)	548
Employment & Skills	3,881	(2,166)	1,715	(20)	0	0	0	0	0	0	0	0	(20)	0	(20)
Highways & Transportation	62,367	(46,582)	15,785	(626)	1,031	(144)	97	132	0	0	0	0	490	305	795
Arts & Heritage	18,691	(8,405)	10,286	141	(27)	314	(5)	8	0	0	0	0	431	(1)	430
Active Leeds	24,544	(19,936)	4,608	(23)	(40)	(69)	0	(4)	(50)	0	0	0	(186)	478	292
Resources & Strategy	1,113	0	1,113	(54)	0	(36)	0	0	0	0	0	0	(90)	(1,180)	(1,270)
Total	141,663	(109,232)	32,431	(1,152)	1,937	179	92	150	(50)	0	0	0	1,156	(181)	976

Key Budget Action Plans and Budget Variations:				RAG	Action Plan Value	Forecast Variation against Plan/Budget
		Lead Officer	Additional Comments		£'000	£'000
A. Budget Action Plans						
1.	Planning and Sustainable Development	Tim Hill	Additional income from charging	G	(400)	6
2.	Economic Development	Eve Roodhouse	Expenditure savings	R	(120)	108
3.	Markets & City Centre	Susan Upton	Additional income from events and speciality markets	G	(70)	16
4.	Asset Management & Regeneration	Angela Barnicle	Strategic Investment Fund & fee income	R	(1,520)	1,000
5.	Highways and Transportation	Gary Bartlett	Fees & Charges	G	(810)	0
6.	Arts and Heritage	Cluny MacPherson	Savings via increased income opportunities across the Service	G	(400)	(1)
7.	Employment and Skills	Sue Wynne	Staffing & running cost savings	G	(20)	(20)
8.	Sport and Active Lifestyles	Cluny MacPherson	Reduction in the net cost of service via increased income, operational cost reductions and VAT exemption	R	(1,585)	292
Total Budget Action Plan Savings					(4,925)	1,401
B. Other Significant Variations						
1.	Asset Management & Regeneration	Angela Barnicle	Shortfall in Strategic Investment Fund Income against 2017/18 Budget Action Plan			580
2.	Highways and Transportation	Gary Bartlett	Street Lighting Electricity Costs			1,000
3.	Asset Management & Regeneration	Angela Barnicle	West Gate Rent and Service Charge (net of expected £500k disturbance payment from ESFA)			340
4.	Asset Management & Regeneration	Angela Barnicle	Advertising Income			100
5.	Markets & City Centre	Susan Upton	Kirkgate Market Income and Security Costs			251
6.	Asset Management & Regeneration	Angela Barnicle	EX PPPU Income Recovery			140
7.	Arts and Heritage	Cluny MacPherson	Staffing and Expenditure Variations across Arts and Heritage			260
8.	Arts and Heritage	Cluny MacPherson	West Indian Carnival			171
9.	Asset Management & Regeneration	Angela Barnicle	Additional Income - Symons House, Holdforth Court, Thornes Farm Way, ELOR Gas Easement, rents			(809)
10.	Resources & Strategy	Ed Mylan	Partial use of Street Lighting PFI Dispute Resolution Balances			(400)
11.	Resources & Strategy	Ed Mylan	Historic S38 balances			(360)
12.	Asset Management & Regeneration	Angela Barnicle	Arena Income			(300)
13.	Asset Management & Regeneration	Angela Barnicle	Staffing Savings			(338)
14.	Planning and Sustainable Development	Tim Hill	Staffing Savings			(190)
15.	Resources & Strategy	Ed Mylan	Bridgewater Place - assumed income from further closures			(100)
16.	City Development	All	Other Variations across the Directorate			(150)
17.	Resources & Strategy	Ed Mylan	Action Plans to mitigate net budget pressure including utilisation of balance of street lighting PFI balances are now included within headline forecast. Work ongoing to identify further savings and quantify potential impact of robust management of vacancies and staff turnover			(620)
City Development Directorate - Forecast Variation						976

RESOURCES AND HOUSING

FINANCIAL DASHBOARD - 2018/19 FINANCIAL YEAR

MONTH 7

Overall

The Directorate is projecting a balanced position overall at month 7, assuming delivery of an action plan of £319k, a reduction of almost £200k from month 6. The overspend is primarily accounted for by a shortfall against the schools income within the directorate offset by savings on staffing and running costs across various service areas as outlined below.

Resources

It is assumed that support services will achieve the £3.5m savings which formed part of the 2018/19 budget. Most of these (£2.2m) centred on staffing savings and at half way through the financial year, it is forecast these savings will be delivered. Whilst there is an overall staffing pressure in the group, this mainly arises from recruitment within DIS and will be offset by additional income. This aside, there is a net overall pressure within this group of services of £269k arising from a reduction in schools income, particularly in HR and pressures within finance of around £300k, including continued reductions in court fee income. These income pressures are being offset by savings on staffing through managing turnover and vacant posts and running costs within Strategy and Improvement (£96k), Legal (£127k), Democratic Services (£170k) and Shared Services (£336k). A directorate action plan will be compiled to bring the budget into the assumed balanced position through continued control of non income generating posts and other non essential spend.

Leeds Building Services

The budget assumes an additional surplus of £1.1m to be delivered through increased turnover of around £9.6m when compared to the 17-18 budget. Delays in the recruitment of front line staff are assumed to be offset by the additional use of sub contractors to deliver the 2018-19 programme. At half year, the service is on target to deliver the budget but risks remain in the delivery of the £65m turnover. To date, £25m of income has been received and there is around £8m of Work in Progress.

Housing and Property Services

A £100k underspend is projected for within Housing and Property Services in 2018-19 at month 7 which is primarily explained by the staffing underspend as a result of managing vacant posts within the Strategic Housing Service. Within Corporate Property Management an additional £0.5m has been included in the 2018/19 budget. Current projected spend assumes that £0.4m of works can again be capitalised in 2018/19 to balance the budget.

Civic Enterprise Leeds

At month 7 an overspend of £150k is projected which is after managing the £88k NDR pressure for Westgate through savings on running costs and generation of additional income within parts of the business. There is a £150k pressure within the Catering service and reflects the underlying income pressures and inflationary pressures on food costs. No other pressures are identified at this stage although we will continue to closely monitor some of the significant income generating services within the group.

Budget Management - net variations against the approved budget

				PROJECTED VARIANCES											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resources	94,215	(29,966)	64,249	432	(66)	(261)	1	139	0	0	0	(276)	(31)	(19)	(50)
LBS	55,675	(65,286)	(9,611)	(2,613)	0	1,968	0	0	0	0	0	0	(645)	645	0
Housing & Property	26,532	(13,579)	12,953	(189)	35	46	25	10	133	0	0	36	96	(196)	(100)
CEL	75,221	(64,538)	10,683	1,382	(5)	641	809	29	0	0	0	0	2,856	(2,706)	150
Total	251,643	(173,369)	78,274	(988)	(36)	2,394	835	178	133	0	0	(240)	2,276	(2,276)	0

Key Budget Action Plans and Budget Variations:

		Lead Officer	Additional Comments	RAG	Action Plan Value £m	Forecast Variation against Plan/Budget £m
A. Key Budget Action Plans						
Efficiencies						
1	LBS	Simon Costigan	Additional turnover has been identified; budget reflects increased staffing to deliver turnover required and recruitment is underway;	G	(1.10)	
2	Housing	Julie Staton	Commissioning Contract Savings - FYE of existing savings	G	(0.15)	
3	Housing	Jill Wildman	Review of housing support costs that can be more appropriately charged to the capital programme	G	(0.08)	
4	CPM	Simon Costigan	Target reduction in spend on repairs/security at Void properties	G	(0.20)	
5	Cleaning/Catering	Sarah Martin	Annual equipment replacement programme & investment in kitchen facilities to deliver savings.	A	(0.05)	
6	Cleaning/Catering	Sarah Martin	Operational cost savings within CEL from ASC Better Lives programme	G	(0.20)	
7	Cleaning	Sarah Martin	Additional income	G	(0.04)	
8	Facilities Management	Sarah Martin	Operational cost review.	G	(0.12)	
9	Fleet Services	Sarah Martin	Staffing restructure	G	(0.03)	
10	Fleet Services	Sarah Martin	Operational savings	G	(0.05)	
11	Directorate wide	All COs	Staffing savings above amounts in service accounts	G	(0.20)	
12	DIS	Dylan Roberts	Review of staff & other costs that can be more appropriately charged to the capital programme	G	(0.38)	
13	DIS	Dylan Roberts	Reduction in licence costs, the continued rationalisation of printers and a review of telephone costs as Skype is fully rolled out	G	(0.33)	
14	DIS	Dylan Roberts	Income from additional services to WY Joint Services; Alternative savings to be found.	A	(0.07)	
15	DIS	Dylan Roberts	Charge for personal use of Mobile phones; Alternative savings to be found	A	(0.06)	
16	DIS	Dylan Roberts	Mobile phone growth - additional budget required from Directorates	G	(0.05)	
17	Financial Services	Doug Meeson	Deliver £0.5m staffing savings to balance the 18/19 budget; ELIs in progress to deliver future savings	A	(0.50)	0.14
18	HR	Lorraine Hallam	Deliver £0.19m staffing savings to balance the 18/19 budget; Additional staffing savings used to offset income shortfall	G	(0.19)	(0.20)
19	HR	Lorraine Hallam	Additional income -mainly schools (price increases, fee on supply contract; Income from attendance/disciplinary training)	A	(0.10)	0.10
20	HR	Lorraine Hallam	Replace HELP contract with telephone support service.	R	(0.09)	0.09
21	HR	Lorraine Hallam	P-card payments - agency contract	A	(0.05)	
22	HR	Lorraine Hallam	Secure £40k of income chargeable to the Apprentice Levy	A	(0.04)	
23	Legal & Democratic Services	Catherine Witham	Deletion / Reconfiguration of posts or other cost savings	G	(0.07)	(0.30)
24	Low Carbon	Polly Cook	Charges to University for contribution towards salary costs	G	(0.02)	
25	Shared Services	Helena Phillips	Deliver £1.1m staffing savings to balance the 18/19 budget	G	(1.10)	(0.33)
26	Shared Services	Helena Phillips	Mail and Print - cross cutting savings (found with alternative savings)	G	(0.10)	
27	Strategy and Improvement	Mariana Pexton	Deliver £0.13m staffing savings to balance the 18/19 budget	G	(0.13)	(0.09)
28	Strategy and Improvement	Mariana Pexton	Additional comms team income - mainly from Schools	A	(0.05)	

B. Other Significant Variations

1	HR	Lorraine Hallam	Shortfall against schools income	R		0.70
2	Finance	Doug Meeson	Court fee income pressures	A		0.14
3	CEL	Sarah Martin	Catering income and inflationary pressure on food costs.	A		0.15
4	Housing	Jill Wildman	Staffing savings	G		(0.10)
5	All Other Variations			A		0.02
5	Directorate Action Plan	All Chief Officers	Savings to find to balance budget	A		(0.32)

Resources and Housing Directorate - Forecast Variation	0.00
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COMMUNITIES & ENVIRONMENT DIRECTORATE SUMMARY
FINANCIAL DASHBOARD - 2018/19 FINANCIAL YEAR
Period 7 (October 2018)

Overall Position (+£543k over budget)

Communities (£25k under budget)

The service is projecting an underspend of £25k due to additional grant income mainly due to a contribution from the Syrian resettlement grant to offset a proportion of staff costs.

Customer Access (+£161k over budget)

The projected overspend relates to the Contact Centre (+£200k) reflecting the delays in delivering budgeted staffing efficiencies in respect of Channel shift/shove whilst maintaining performance levels in the face of increased call volumes. In addition increased security provision within the community hubs has resulted in a further pressure of £126k. These overspends have partially been offset by projected additional income within other areas of the service.

Electoral and Regulatory Services (+£140k)

The service is projecting an overspend of +£140k. This relates to Nationality Checking Service income (+£60k) and the continued reducing trend in other Registrars income (+£80k).

Environmental Health (-£59k under budget)

The projected underspend can be attributed to staff savings including the Dog Garden service which has transferred from Environmental Action (City Centre).

Welfare and Benefits (nil variance)

A balanced position is currently projected. Although the service has secured additional grant funding, mainly in respect of Verify Earnings and Pensions Alerts (£327k), this will be offset by additional expenditure to meet the grant requirements and other staffing variations across the service including the cost of Immigration advice (£60k).

The level of overpayment income will continue to be monitored as there remains

Parks and Countryside (£50k under budget)

The service is projecting an underspend of £50k at period 7. There is a projected income shortfall at Lotherton Hall, Tropical World and Temple Newsam (approx £350k), although it is anticipated that these shortfalls will be offset by expenditure savings and additional income in other areas of the service.

Car Parking (+£102k over budget)

The projected overspend mainly relates to shortfalls against phased budgets in respect of 'on street' (+£348k) and 'off street' (+£62k) parking. Assumptions have been made that an element of this income will be recovered during the remainder of the year but will continue to be closely monitored. It is also projected that these shortfalls will be partially offset by other expenditure savings by the year end.

Cleaner Neighbourhoods Teams (£24k under budget)

The service is projecting an underspend due to delays in recruitment.

City Centre (+£21k over budget)

The service is projecting an overspend due to additional staffing costs including the cost of covering events.

Waste Management (+£327k over budget):

Refuse: (+£752k over budget)

Within the Refuse Service it is anticipated that there will be a net overspend of £690k due to the non-implementation in the current year of the budgeted collection route efficiency programme as the route review continues. In addition, an extra collection route (+£231k) has been provided to meet the additional demand from new build properties; other staffing pressures within the service are projected to cost an additional £282k; and delays in the review of the medi-waste collection service are projected to cost an additional £85k. Partially offsetting these pressures is a £458k saving in respect of collection costs and other projected expenditure savings of £78k.

HWSS & Waste Strategy: (-£425k under budget)

The projected underspend relates to increased SORT disposal costs (+£298k), reflecting a reduction in market prices and increased contamination rates; a reduction in the level of disposal savings assumed from the rollout of the new garden waste routes (+£242k). Offsetting these pressures is additional recycling and weighbridge income of £184k, disposal savings of £319k, mainly at Household Waste Sites, other anticipated disposal savings of £400k and projected expenditure variations across the service of £50k.

Community Safety (-£50k under budget)

The service is projecting an underspend due to staffing savings which have been partially offset by additional costs incurred by the 'Street support' team.

Budget Management - net variations against the approved budget;

Summary By Service

				Period 7 Projected variances											Total (under) / overspend £'000
	Expenditure Budget	Income Budget	Latest Estimate	Staffing	Premises	Supplies & Services	Transport	Internal Charges	External Providers	Transfer Payments	Capital	Appropriation	Total Expenditure	Income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	19,015	(14,036)	4,979	(25)	0	(23)	0	(220)	0	0	0	0	(268)	243	(25)
Customer Access	23,668	(4,192)	19,476	201	125	1	0	1	0	0	0	0	328	(167)	161
Electoral & Regulatory Services	6,194	(5,440)	754	(122)	59	41	0	44	0	0	0	0	22	118	140
Welfare And Benefits	252,566	(248,692)	3,874	(3)	6	(218)	6	57	0	0	0	0	(152)	152	0
Car Parking Services	4,936	(13,168)	(8,232)	(59)	0	(162)	0	0	0	0	0	0	(221)	323	102
Community Safety	8,043	(5,872)	2,171	(118)	0	(83)	0	73	0	0	0	0	(128)	78	(50)
Waste Management	41,662	(7,861)	33,801	776	(7)	71	82	(167)	0	0	0	0	755	(428)	327
Parks And Countryside	31,420	(24,842)	6,578	77	27	460	(59)	3	0	0	0	0	508	(558)	(50)
Environmental Action (City Centre)	2,008	(427)	1,581	23	2	(4)	0	0	0	0	0	0	21	0	21
Environmental Health	2,238	(565)	1,673	(90)	0	(2)	(3)	(4)	0	0	0	0	(99)	40	(59)
Cleaner Neighbourhood Teams	12,321	(4,556)	7,765	(140)	(2)	(60)	115	0	0	0	0	0	(87)	63	(24)
Action Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	404,071	(329,651)	74,420	520	210	21	141	(213)	0	0	0	0	679	(136)	543

Key Budget Action Plans and Budget Variations:						
		Lead Officer	Additional Comments	RAG	Action Plan Value (£000s)	Forecast Variation
Communities						
Communities team	Communities Team - review management & leadership arrangements - saving of 1 fte	Shaïd Mahmood	Review process ongoing, savings expected to be delivered in year	G	(50)	0
Community Centres	Community Centres: reduce net cost by reviewing lettings income and Facilities Management costs	Shaïd Mahmood	Additional income due in 18/19 from full year effect of Free Lets termination in 17/18. Meeting to be held with Facilities Management re delivery of remaining savings.	G	(60)	0
Third Sector Infrastructure Fund	10% saving on VAL contract	Shaïd Mahmood	VAL have been informed of the decision and the contract is to be renegotiated	G	(34)	0
Customer Access						
Libraries	Re-tender Library Management Systems contracts as single contract	Lee Hemsworth	To retender as part of a West Yorkshire Consortium. This will allow potential bigger savings but it is unlikely that the full amount can be delivered in year. Other savings to be identified to cover this in current year.	G	(50)	0
Compliments & Complaints	Review structure to deliver staffing savings	Lee Hemsworth	Factored into proposed structure changes - Delivered	G	(17)	0
Contact Centre	Migration of telephone lines to new datelines'	Lee Hemsworth	Lines migrated Friday 11th May so should be on line to deliver savings	G	(80)	0
Contact Centre	Closer working between Council Tax Recovery and Contact Centre - saving of 1 fte	Lee Hemsworth	Savings now incorporated into Channel shift/shove target (see below re Ctax emails)	G	(30)	0
Contact Centre	Channel shift/shove - further savings due to fewer calls - saving of 12 ftes	Lee Hemsworth	Whilst implementation is underway delays are putting delivery of full savings at risk. Added to this is the current adverse call answer rate and it may be that performance issues need to be addressed which could also impact on savings being delivered	R	(280)	200
Contact Centre	Reduce service failure - saving of 1.3 ftes	Lee Hemsworth	On track and should be delivered in year.	G	(40)	0
Contact Centre	Implement automated switchboard in Contact Centre - saving of 2.5 ftes	Lee Hemsworth	Business case approved at FPG, to be funded by Invest to Save reserve - £20k savings forecast due to delays.	R	(50)	30
Home Library Service	Transfer of Home Library Service to voluntary sector - transfer of 1 fte	Lee Hemsworth	Currently under review - advice being sought from HR, savings may be delivered from elsewhere.	G	(30)	0
Interpreting & Translation Service	Secure additional income (net) from Interpreting and Translation Service - Total Income budget £846k	Lee Hemsworth	Revising contract arrangements with Health Service. This could lead to a longer term arrangement, but may need to review pricing.	G	(180)	0
Staffing efficiencies	Community Hubs & Libraries ELIs/Vacancy Factor	Lee Hemsworth	Expected to be achieved	G	(974)	0
Welfare & Benefits						
Welfare and Benefits	Re-tender Advice Consortium contract	Lee Hemsworth	Delivered	G	(50)	0
Welfare and Benefits	Local Welfare Support Scheme - review eligibility for white goods and arrangements for carpet replacements in Council properties	Lee Hemsworth	Budget reduced by £200k. Funding & award approach revised such that we will operate within allocated budget for allocation of white goods. However service incurring additional costs of Immigration advisor £60k within the budget.	A	(200)	60
Electoral & Regulatory Services						
TPHL	Implement fee review to achieve additional income target of £438k to achieve balanced budget. Overall income target £2,241k	John Mulcahy	The fee review was implemented from the 1st October. Income levels continue to be monitored to ensure increase in fees is sufficient to generate required income. £1.8m achieved in 17/18.	G	(438)	0
Waste Management						
Refuse	Continue with the re-design of collection rounds to deliver remaining £1.1m savings in base budget, plus additional lieu day savings of £0.25m	Helen Freeman	Route review ongoing - currently assuming 10 months delay.	R	(1,350)	690
Refuse	Work with NHS colleagues to review medi-waste collection service to eliminate subsidy	Helen Freeman	Ongoing discussions with NHS - assumed delayed implementation for 1/2 year	R	(170)	85
Environmental Action Services						
Car Parking	Increase charges at Woodhouse Lane car park by 50p for a full day	Helen Freeman	Price increase implemented 6th July 2018	A	(130)	35

Parks and Countryside						
Parks and Countryside	Continue to progress Attractions Development Plan to achieve additional net surplus	Sean Flesher	A bid has been submitted to the Rural Development Fund to help the cost of the ongoing development at Lotherton Hall. Income to period 7 is below profile. To continue monitoring.	G	(100)	0
Parks and Countryside	Increase turnover to achieve additional plant/retail income target (additional net £100k surplus) from the Arium	Sean Flesher	Additional net surplus built into budget. To be monitored in year.	G	(100)	0
Parks and Countryside	Staffing savings - achievement of vacancy factor (5% all services, 8.9% Parks Operations)	Sean Flesher	Period 7 savings in line with profile. To be monitored in year.	G	(1,124)	0
Community Safety						
Community Safety	Identify efficiencies in use of Community Safety funding	Paul Money	Efficiencies have been identified, proposals to be approved by Safer Leeds Executive	G	(50)	0
Directorate Wide						
Directorate Wide	Undertake additional works for Housing Leeds	All COs	Additional CCTV and Tree Inspection works undertaken in 17/18, need to identify appropriate areas in 18/19	G	(300)	0
Other Significant Variations						
All services			Other expenditure variations		(557)	0
			Directorate wide Action Plan			0
Communities & Environment - Forecast Variation						543

STRATEGIC & CENTRAL ACCOUNTS - 2018/19 FINANCIAL YEAR
FINANCIAL DASHBOARD - PERIOD 07

Overall :

At month 7 the Strategic & Central budgets are projected to be in balance

The key variations are:

- predicted shortfall so £0.209m in S31 business rates income and £0.466m in New Homes Bonus income, offset by a £1m increase in multiplier threshold compensation grant, of which £0.5m relates to 2017/18
- £1.4m less Section 278 income due to predicted lower levels of development activity
- additional external debt costs of £0.1m partially offset by additional prudential borrowing recharges of £0.226m
- a projected variation of £0.5m in respect of realising discounts from suppliers for the prompt payment of their invoices
- proposed use of £1.0m from insurance reserve following a review of the level of the reserve
- an increase in the target of general capitalisation of £0.5m

Budget Management - net variations against the approved budget

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				PROJECTED VARIANCES										Total (under) / overspend £'000	
	Expenditure Budget £'000	Income Budget £'000	Latest Estimate £'000	Staffing £'000	Premises £'000	Supplies & Services £'000	Transport £'000	Internal Charges £'000	External Providers £'000	Transfer Payments £'000	Capital £'000	Appropriation £'000	Total Expenditure £'000		Income £'000
Strategic Accounts	(7,330)	(19,964)	(27,294)			50						(1,000)	(950)	1,400	450
Debt	24,747	(15,276)	9,471							319			319	(390)	(71)
Govt Grants	9,740	(36,895)	(27,155)										0	(325)	(325)
Joint Committees	36,913	0	36,913										0	0	0
Miscellaneous	5,930	(852)	5,078	(49)									(49)	10	(39)
Insurance	11,079	(11,079)	0			162						(162)	0	0	0
Total	81,079	(84,066)	(2,987)	(49)	0	212	0	0	0	0	319	(1,162)	(680)	695	15

STRATEGIC & CENTRAL ACCOUNTS - 2018/19 FINANCIAL YEAR

Key Budget Action Plans and Budget Variations:

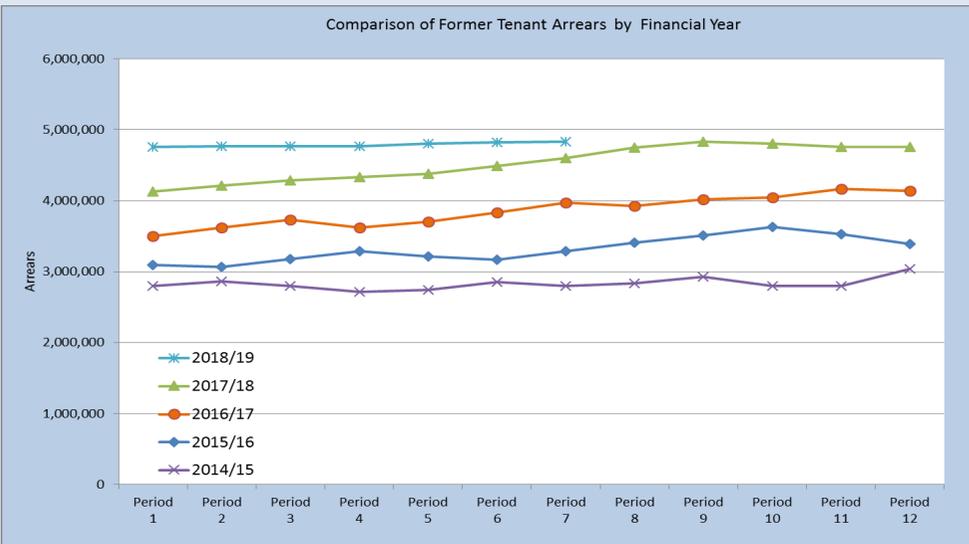
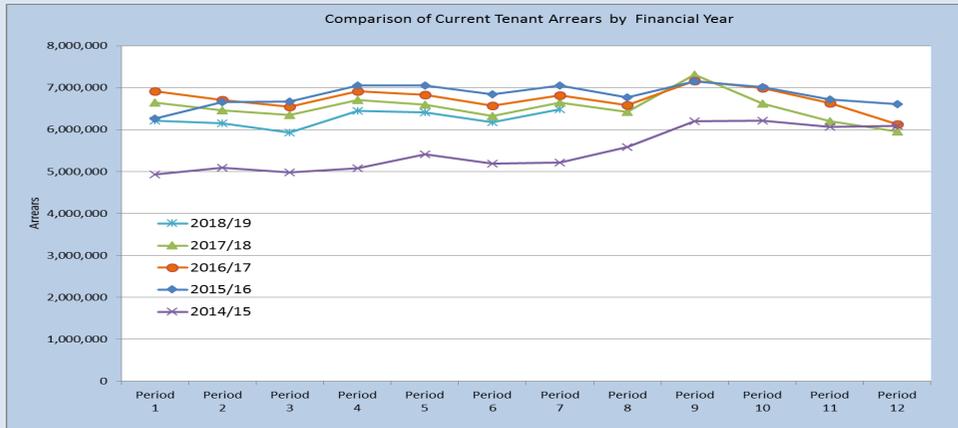
			RAG	Budget	Forecast Variation against Budget	
				£m	£m	
			Lead Officer	Additional Comments		
A. Major Budget Issues						
1.	Debt Costs and External Income	Doug Meeson	External interest payments greater than anticipated	A	22.6	0.1
2.	Minimum Revenue Provision	Doug Meeson	No variation is anticipated for 2018/19	G	1.0	0.0
3.	New Homes Bonus	Doug Meeson	Projected shortfall of £466k	A	(11.2)	0.5
4.	Business Rates (S31 Grants & retained income)	Doug Meeson	Projected shortfall of £209k in S31 grants, offset by £1m additional transitional protection payments across 2017/18 and 2018/19	A	(25.6)	(0.8)
5.	S278 Contributions	Doug Meeson	Potential risk of £1.4m shortfall	R	(3.9)	1.4
6.	General capitalisation target	Doug Meeson	Capitalisation of eligible spend in directorate/service revenue budgets. No variation anticipated at this stage.	G	(4.5)	(0.5)
7.	Schools capitalisation target	Doug Meeson	Capitalisation of eligible spend in school revenue budgets.	G	(4.0)	0.0
8.	Prompt payment discount target	Doug Meeson	Difficulties in supplier engagement have meant that it will take longer than originally targeted to generate savings.	R	(0.6)	0.5
9.	Joint Committees	Doug Meeson	No significant variation anticipated at this stage.	G	36.9	0.0
B. Other Significant Budgets						
1.	Insurance	Doug Meeson	Slight overspend projected at this stage.	G	0.0	0.0
2.	Prudential Borrowing Recharges	Doug Meeson	Small surplus anticipated at this stage.	G	(14.1)	(0.2)
3.	Earmarked Reserves	Doug Meeson	Use of capital and other earmarked reserves.	R	0.7	(1.0)
4.	Prompt payment discount savings target	Doug Meeson	Achievement of target depends on getting sufficient suppliers enrolled on PPD scheme	G	(0.6)	0.0
5.	Miscellaneous	Doug Meeson	No significant variation anticipated at this stage.	G	5.1	0.0
6.	Central recharges	Doug Meeson	Recharges ref PPPU break-up to allocate to directorates	G	0.4	0.0
Strategic & Central Accounts - Forecast Variation					(0.0)	

Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year

Summary of projected over / (under) spends (Housing Revenue Account)

Directorate	Current Budget	Projected Spend	Variance to budget	Comments	Previous period variance
	£000	£000	£000		£000
Income					
Rents	(212,042)	(212,084)	(42)		90
Service Charges	(7,774)	(7,694)	80	Reduced income due to change of heating service provision.	(4)
Other Income	(31,346)	(31,938)	(591)	Capitalised salaries at 100%, IAS19 and Transport costs charged 100% to Capital.	(357)
Total Income	(251,162)	(251,716)	(553)		(272)
Expenditure					
Disrepair Provision	2,050	2,700	650	Disrepair compensation and fees.	650
Repairs to Dwellings	43,548	43,548	-		-
Council Tax on Voids	654	654	-		-
Employees	29,055	27,805	(1,251)	Housing Management £758k savings due to turnover. P&C £584k saving on structure partly due to savings due from Housing Growth restructure.	(985)
Premises	8,311	8,647	336	Silk Mill Insurance less compensation costs. Seacroft rent & NNDR savings - offset in internal charges. £250k utilities additional cost.	346
Supplies & Services	3,853	3,618	(235)	£150k saving on bank charges, £45k saving on tenant incentive mobility scheme.	(279)
Internal Services	40,324	40,845	520	£207k legal charges - service priorities. Internal charges Communities & Environments.	507
Capital Programme	65,502	65,502	-		-
Unitary Charge PFI	9,476	9,278	(198)	Offset with Sinking Fund - see below.	(198)
Capital Charges	44,476	44,681	205	To reflect the latest Treasury position.	-
Other Expenditure	6,716	6,100	(616)		(20)
Total Expenditure	253,965	253,377	(588)		20
Net Position	2,803	1,661	(1,141)		(251)
Appropriation: Sinking funds	(1,753)	(631)	1,122	Increased contributions to the PFI Reserve to offset future pressures.	422
Appropriation: Reserves	(1,050)	(1,031)	19	Silk Mill Insurance Claim charge to the 'Insurance - large items' reserve. Transfer to general reserve.	(171)
(Surplus)/Deficit	(0)	(1)	(0)		(0)
Proposed New Reserves			-		-
Transfer to Capital Reserve			-		-
Total Current Month	(0)	(1)	(0)		(0)

Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year



Change in Stock	Budget	Projection
Right to Buy sales	530	530
New Build (PFI)	0	0
New Build (Council House Growth)	(22)	(22)
Total	508	508

*Actual sales to date 315

Right to Buy Receipts	2017/18 Actual	2018/19 Projection
Total Value of sales (£000s)	26,356	28,013
Average Selling Price per unit (£000s)	51.9	52.9
Number of Sales*	508	530
Number of Live Applications	1,417	1,669

Arrears	2017/18	2018/19	Variance
	£000	£000	£000
Dwelling rents & charges	2017/18 Week 31	2018/19 Week 31	
Dwelling Rents (HMA1 Figure)	6,010	5,704	(306)
Non dwelling rents/charges (garages/Court costs)	632	776	144
Former Tenants	4,604	4,835	231
	5,235	5,611	375
Under occupation	2017/18 Week 52	2018/19 Week 26	
Volume of Accounts	4,357	4,184	(173)
Volume in Arrears	1,873	1,938	65
% in Arrears	43.0%	46.3%	3.3%
Value of Arrears	502	476	(26)
Collection Rates	2017/18 Week 52	2018/19 Week 26	
Dwelling rents	97.44%	96.89%	-0.6%
Target	97.50%	97.50%	
Variance to Target	-0.06%	-0.61%	

Housing Revenue Account - Period 7 Financial Dashboard - 2018/19 Financial Year

Projected Financial Position on Reserves	Reserves b/f	Use of Reserves	Contribution to Reserves	Closing reserves
	£000	£000	£000	£000
HRA General Reserve	(6,495)	0	(190)	(6,685)
Earmarked Reserves				
Insurance - large claims	(137)	137		0
Welfare Change	(1,782)	684		(1,098)
Housing Advisory Panels	(541)			(541)
Sheltered Housing (Committed in capital programme)	(3,238)			(3,238)
Holdsworth Place - land purchase	(64)			(64)
Early Leavers' Initiative	(408)			(408)
Changing the Workplace	(332)			(332)
eFiles Box-It Project	(262)			(262)
New Earmarked Reserves				0
Wharfedale View	(10)			(10)
Concierge Pilot	(400)	400		0
Sheltered Housing (Furniture and Carpets)	(280)			(280)
	(7,453)	1,221	0	(6,232)
PFI Reserves				
Swarcliffe PFI Sinking Fund	(7,410)	2,512	0	(4,898)
LLBH&H PFI Sinking Fund	(2,710)	0	(1,882)	(4,592)
	(10,121)	2,512	(1,882)	(9,491)
Capital Reserve				
MRR (General)	(27,212)	63,727	(68,327)	(31,812)
MRR (New Build)	(4,258)	2,872	0	(1,386)
	(31,470)	66,599	(68,327)	(33,198)
Total	(55,540)	70,332	(70,399)	(55,606)

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Report author: Angela Brogden
Tel: 0113 3788661

Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 21st January 2019

Subject: Initial Budget Proposals for 2019/20

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 type="checkbox"/> Yes <input checked="" 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. In accordance with the Council’s Budget and Policy Framework, the Chief Officer – Financial Services submitted the attached report to the Executive Board, which sets out the Initial Budget Proposals for 2019/20. The proposals are subsequently submitted to Scrutiny for consideration and review.

2. The Scrutiny Board (Strategy and Resources) is asked to consider matters and proposals relating to service areas that fall within its remit as other Scrutiny Boards will be considering elements of the budget proposals relevant to their terms of reference.

3. Any comments or recommendations made by the Scrutiny Board will be submitted to the Executive Board for consideration at its meeting in February 2019; prior to submission of the proposed budget to full Council on 27th February 2019.

4. As in previous years, it is intended to produce a summary of the discussion and comments from all Scrutiny Boards in order to make a single submission to Executive Board.

5. While the main focus of the discussion relates to the 2019/20 budget proposals, the Scrutiny Board may also wish to consider the anticipated medium to longer-term budget pressures likely to be faced by Council, in conjunction with current

performance and service demand, and consider any areas where early involvement of the Scrutiny Board may help inform future proposals / approaches.

6. Relevant Executive Members and Directors (or their nominees) have been invited to the meeting to discuss the Executive's initial budget proposals.

Recommendations

7. The Scrutiny Board (Strategy and Resources) is recommended to:
 - (a) Consider the Executive's initial 2019/20 budget proposals as set out in the attached Executive Board report;
 - (b) Identify any comments and/or recommendations to be submitted for consideration by the Executive Board; and
 - (c) Consider any areas where early involvement of the Scrutiny Board may help inform future budget proposals or approaches.

Background documents¹

8. None

¹ 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.

**Report of the Chief Officer – Financial Services
 Report to Executive Board
 Date: 19th December 2018**

Subject: Initial Budget Proposals for 2019/20

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? Recommendations 15.3 and 15.4 are eligible for call in; 15.1 and 15.2 are not eligible.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to set out the initial budget proposals for 2019/20.
2. These budget proposals support the Council’s Best City/Best Council ambitions, policies and priorities aimed at tackling inequalities (please refer to the Best Council Plan 2018/19 refresh report which is on today’s agenda).
3. These budget proposals are set within the context of the 2019/20 – 2021/22 Medium Term Financial Strategy which was approved by the Executive Board on the 25th July 2018 and the implications of the Chancellor’s Autumn budget statement on 29th October 2018.
4. Whilst the Government’s multi-year funding settlement 2016/17 to 2019/20 provides some certainty, there are still a number of assumptions within the budget proposals that will not be known until the provisional Local Government Finance Settlement is announced, which will now take place in Parliament after the meaningful vote on December 11th in respect of Brexit.
5. The current financial climate for local government continues to present significant risks to the Council’s priorities and ambitions. The Council continues to make every effort possible to protect the front line delivery of services and to avoid large scale compulsory redundancies. It is clear that the position is becoming increasingly challenging to manage and over the medium term it will be increasingly difficult to maintain current levels of service provision without significant changes in the way the Council operates.

6. The headlines from the 2019/20 initial budget proposals, when compared to the 2018/19 budget, are as follows:
- A reduction in the Settlement Funding Assessment of £15.3m (7.7%)
 - An increase in council tax of 2.99% together with a further 1% in respect of the Adult Social Care precept and an increase in the council tax base, generating an additional £16.4m of local funding
 - A combination of reduced core funding and cost pressures means that the Council will need to deliver £24.4m of savings by March 2020
 - An increase in the Council's net revenue budget of £6.0m to £516.9m
7. In respect of the Housing Revenue Account, whilst there are proposals to increase service charges, the continued implementation of the Government's rent cap, introduced from April 2016, will mean that the majority of tenants, excluding those properties that have benefited through PFI investment, will again see reductions of 1% from April 2019.
8. The Leeds City Region 100% Business Rates Retention pilot, of which Leeds City Council is a member, concludes on the 31st March 2019. All local authorities were invited to submit applications to pilot 75% Business Rates Retention in 2019/20 and a North Yorkshire West Yorkshire bid, which includes the five West Yorkshire districts, North Yorkshire County Council, York City Council and the seven shire districts in North Yorkshire, has been submitted in accordance with the Government's timetable. However, funding for pilot schemes is limited and it is anticipated that not all applications will be successful. Successful applications will be announced alongside the publication of the Provisional Local Government Finance Settlement which will be announced in Parliament by way of an oral statement after the meaningful vote in respect of Brexit on December 11th. These initial budget proposals assume that the application to pilot 75% retention is successful.
9. Since 1st April 2013 Leeds City Council has charged a 50% council tax premium on empty dwellings unoccupied for more than two years. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 permits councils to increase this premium to 100% from 1st April 2019. A final decision on whether to implement this additional premium will be made by Full Council in January 2019. The estimated Council Tax base used for these initial budget proposals assumes that this additional premium will be implemented.
10. At the Autumn Budget 2018 the Chancellor announced new business rates reliefs for small retail businesses with a rateable value of less than £51,000, who will receive a one third reduction in their business rates liability for the next two years, local newspaper offices will continue to receive a £1,500 reduction for a further year and public lavatories are to receive 100%

business rates relief. Local authorities will be compensated in full by Government for any resultant loss of income.

Recommendations

11. Executive Board is asked to agree the initial budget proposals and for them to be submitted to Scrutiny and also for the proposals to be used as a basis for wider consultation with stakeholders.
12. Executive Board is asked to note the assumptions contained in these proposals regarding the Council Tax base and the Authority's application to pilot 75% Retention.
13. Should the bid to pilot 75% Business Rate Retention be successful then Executive Board is asked to agree that Leeds becomes a member of the new North and West Yorkshire Business Rates Pool and acts as lead authority for it. Notwithstanding this decision, the establishment of this new Pool will be dependent upon none of the other member authorities choosing to withdraw within the statutory period after designation. Should the bid not succeed, all members of the existing Leeds City Region Pool have agreed to its continuation in 2019/20.
14. Further, Executive Board is asked to agree that the Authority will implement the new business rate reliefs announced at the Autumn Budget. Leeds will be compensated in full by Government for any resultant loss of income.

1. Purpose of report

- 1.1 In line with the Council's constitution, the Executive Board is required to publish initial budget proposals two months before approval of the budget by Full Council, scheduled for the 27th February 2019. This report sets out the initial budget proposals for 2019/20, set within the context of the Medium Term Financial Strategy approved by Executive Board in July 2018, the implications of the Chancellor's Autumn Budget statement in October 2018 and further savings proposals to bridge the revised estimated budget gap.
- 1.2 Subject to the approval of the Executive Board, these initial budget proposals will be submitted to Scrutiny for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this board on the 13th February 2019. These budget proposals will also be made available to other stakeholders as part of a wider and continuing process of engagement and consultation. Further, at the meeting of this Board in February 2019, it is proposed to provide an update of the Medium Term Financial Strategy approved by the Board at its July 2018 meeting.
- 1.3 In accordance with the Council's budget and policy framework, decisions as to the Council's budget are reserved to Full Council. As such, the

recommendations in paragraphs 15.1 and 15.2 are not subject to call in as the budget is a matter that will ultimately be determined by Full Council.

- 1.4 However the recommendations in paragraphs 15.3 and 15.4, regarding the Council's participation in the 2019/20 75% Business Rates Retention pilot scheme and the implementation of business rate reliefs announced at the Autumn Budget, are decisions of the Executive Board and as such are subject to call-in.

2. The national context and Autumn budget

- 2.1. The economic context in which public spending must be considered continues to be very much dominated by the debate concerning the impact of the EU referendum and the strength and resilience of the national economy. Whilst Public Sector Current Expenditure (PSCE) is forecast to be higher in 2019/20 than was forecast in the Spring Statement in March 2018, this is mainly due to the additional £20bn of expenditure already announced for the NHS. The Office for Budget Responsibility (OBR) points out that although NHS spending will rise steadily over the forecast period, expenditure in other departments will remain broadly flat.
- 2.2. The OBR has revised its forecast for GDP growth in 2019 upwards from 1.3% to 1.6% due to, in the OBR's own words, the Autumn Budget "giveaway". Forecast growth in 2020 has also risen slightly from 1.3% in the Spring Statement to 1.4%, after which it returns to the levels forecast in March. This rate of growth remains historically low, with most observers before the financial crisis believing the UK economy could sustainably grow by 2.5% per year. There has been comment that this continues to be the result of low productivity growth, however the OBR has lowered its forecast on unemployment in 2019 from 4.5% in the Spring Statement to 3.7%, mainly because of its decision that the level of sustainable unemployment in the economy should be lowered from 4.5% to 4%.
- 2.3. Average earnings are expected to grow by 2.6% in 2018 as a whole, falling slightly to 2.5% in 2019 and rising to 2.8% in 2020. The forecast fall in 2019 reflects the impact of Government policy in the main, including the Apprentice Levy and continued pension auto-enrolment.
- 2.4. Having averaged 2.4% in the second quarter of 2018, CPI inflation is forecast to fall to 2.0% and 2.0% respectively in 2019 and 2020, higher than the 1.8% and 1.9% forecast at the Spring Budget. The forecast fall in 2019 is due to the anticipated fading of the effect of higher oil prices and the anticipated result of policy measures.
- 2.5. All of these forecasts are based on there being a Brexit deal, and "a disorderly [Brexit] could have severe short-term implications for the economy, the exchange rate, asset prices and the public finances"¹. It is

¹ OBR, Economic and Fiscal Outlook – October 2018, p7, para 1.12

within this economic context that the initial budget proposals for 2019/20 need to be considered.

2.6. **Autumn Budget 2018**

2.6.1. On the 29th October 2018, the Chancellor delivered his second Autumn Budget.

2.6.2. The key announcements in the 2018 Autumn Budget were:

- A one third cut in business rates for eligible retail businesses with rateable value under £51,000 for the next two years and a continuation of the £1,500 business rates discount for office space occupied by local newspapers in 2019/20. Public lavatories will receive 100% business rates relief. Local authorities will be fully compensated for the loss of business rates income as a result of each of these measures;
- A range of measures to increase housing supply, including abolishing the cap on borrowing through the Housing Revenue Account (HRA) in England, lifting stamp duty for first time buyers of shared ownership properties worth less than £500,000, and increasing the Housing Infrastructure Fund, funded by the National Productivity Investment Fund (NPIF), by £500m to a total £5.5bn, unlocking up to 650,000 new homes. In addition, a simpler system of developer contributions will be introduced and a review into relaxing town planning rules to ease the conversion of under-used retail units will be held;
- £675m Future High Streets Fund will be made available between 2019/20 and 2023/24 to transform and redevelop high streets, including heritage-based regeneration, restoring historic high streets, reinstating shops and bringing buildings back into use;
- An additional £650m in 2019/20, £240m of this as a continuation of 2018/19 funding for adult social care winter pressures and the remaining £410m for adults and children's social care;
- £20m of additional funding will be allocated to support more local authorities to meet their air quality obligations and £10m has been made available between 2019/20 and 2022/23 for local community street trees and urban trees;
- An extra £3.5bn will be allocated to major local routes, which fall under the remit of local councils. Government will also make £150m of the NPIF available to local authorities for small improvement projects such as junctions and roundabouts to support projects across England that ease congestion on local routes;
- The National Living Wage will rise to £8.21 in April 2019, an increase of 4.9%, the rate for 21 to 24 year olds will be £7.70 per hour, 18 to 20 year olds £6.15 per hour, 16 to 17 year olds £4.35 per hour and apprentices £3.90 per hour.

- 3. Developing the 2019/20 budget and Medium Term Financial Strategy with the refreshed 2018/19 Best Council Plan.**
- 3.1. Between the 2010/11 and 2018/19 budgets, the Council's core funding from Government has reduced by around £251m. Additionally the Council has faced significant demand-led cost pressures, especially within Adult Social Care and Children's Services. To date, the Council has responded successfully to the challenge since 2010 through a combination of stimulating good economic growth, creatively managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies, including reducing staffing levels by over 3,200 FTEs.
- 3.2. Through targeting resources into preventative services the Council has ensured that the implications of demand and demographic pressures that have resulted in significant cost pressures in other local authorities have been contained within Leeds. Specifically within Housing Services Leeds had just 61 households registered in temporary accommodation in 2017/18 and this compares favourably with Birmingham and Manchester who had 15,481 and 3,948 respectively. This is reflected in comparative levels of spend whereby Leeds spent £700k on temporary accommodation in 2017/18 whilst Birmingham and Manchester spent £23m and £21m respectively. Similarly since 2010 the rate per 10,000 of Children Looked After has reduced by 18.3% whilst the national average has increased by 12.7%.
- 3.3. In February 2018, Council approved the 2018/19 Best Council Plan and the supporting budget. The Best Council Plan is the Council's strategic planning document and sets the context and policy direction against which the budget and Medium Term Financial Strategy are developed. The policy direction is clearly explained in the 2018/19 Best Council Plan: that the Council's 'Best City' and 'Best Council' ambitions remain - articulated around Leeds having a strong economy and being a compassionate city and the Council being an efficient and enterprising organisation – with a focus on reducing poverty and tackling the range of interlinked inequalities that persist across the city.
- 3.4. Inevitably, managing the large reduction in Government funding and increasing cost pressures has meant that the Council has had to make some difficult decisions around the level and quality of services. However, as signposted in the 2018/19 Best Council Plan and 2018/19 budget reports to Council in February 2018, it will become increasingly difficult over the coming years to identify further financial savings without significant changes in what the Council does and how it does it. This will have significant implications for directly provided services and those commissioned by the Local Authority, impacting upon staff, partners and service users. In order to deliver the Council's ambitions of tackling poverty and reducing inequalities, consideration may have to be given to stopping, delivering differently or charging for those services that are no longer affordable and are a lesser priority than others. This will be achieved

through a continuing process of policy and service reviews across the Council's functions and ongoing consultation and engagement.

4. Estimating the net revenue budget for 2019/20

4.1. Settlement Funding Assessment – reduction of £15.3m

4.1.1. Settlement Funding Assessment is essentially the aggregate of government grant and business rate baseline funding for a local authority. As part of the 2016/17 financial settlement, Government offered councils a 4-year funding settlement for the period 2016/17 to 2019/20, which Executive Board agreed to accept in September 2016.

4.1.2. 2019/20 represents the final year of this 4-year funding offer, approved by Executive Board in September 2016 and confirmed by DCLG in November 2016. The Council continues to expect to receive the amounts published as part of that offer, barring any exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement.

4.1.3. Table 1 below sets out the Council's Settlement Funding Assessment for 2019/20, which is in line with the multi-year settlement. This represents a reduction of £15.3m compared to 2018/19 which is equivalent to a 7.7% reduction. Nationally, the reduction in SFA between 2018/19 and 2019/20 totals £1.2bn and is a 7.6% decrease.

Table 1 – Settlement Funding Assessment

	2018/19	2019/20	Change	
	£m	£m	£m	%
Revenue Support Grant	0.0	0.0	0.0	0.0
Business Rates Baseline Funding	198.9	183.5	(15.3)	-7.7
Settlement Funding Assessment	198.9	183.5	(15.3)	-7.7

4.1.4. The business rates element of the Settlement Funding Assessment is determined by taking the 2018/19 baseline business rates amount and uplifting it by inflation, this has then been adjusted to allow for the assumed move from 100% retention to 75% retention and the associated tariff payment due to Government. The business rates baseline continues to be uplifted by CPI, rather than RPI, for which Local Authorities receive full compensation.

4.1.5. In addition to Formula Grant, there are a number of other funding streams that notionally comprise the settlement funding assessment. These are outlined in Table 2 below and include early intervention, homelessness prevention, lead local flood authorities and learning disability & health reform funding.

Table 2 - Breakdown of the Settlement Funding Assessment

	2018/19	2019/20	Change
	£m	£m	£m
Formula Grant	154.49	138.60	(15.89)
Council tax freeze grant 2011/12	6.64	6.64	0.00
Council tax freeze grant 2013/14	2.77	2.77	0.00
Early intervention grant	15.03	13.73	(1.30)
Preventing homelessness	0.86	0.86	(0.00)
Lead local flood authority grant	0.24	0.24	0.00
Learning disability & health reform grant	11.26	11.46	0.21
Local welfare provision	2.59	2.59	0.00
Care act funding	4.98	6.62	1.65
Sustainable drainage systems	0.02	0.02	0.00
Carbon monoxide & fire alarm grant	0.00	0.00	0.00
Settlement Funding Assessment	198.88	183.54	(15.33)

4.2. Business Rate Retention

4.2.1. Leeds has the most diverse economy of all the UK's main employment centres and has seen the fastest rate of private sector jobs growth of any UK city in recent years. Yet this apparent growth in the economy has not translated into business rate growth; in fact the income from business rates available to the Council declined from 2014/15 to 2016/17, only returning to 2014/15 levels in 2018/19.

4.2.2. The total projected rateable value of businesses in Leeds is £928.7m which would generate gross business rates income of £456m. Further business rates growth anticipated in 2019/20 increases gross business rates collected to £461m. However, as shown in Table 3, the impact of a range of business rate reliefs (see paragraph 4.3 below) and statutory adjustments reduces this to a net income figure of £371.2m.

4.2.3. Under the projected 75% Business Rates Retention (BRR) scheme, Leeds City Council's share of this income is £274.66 (74%). The Authority then pays a tariff of £73.01m to Government because Leeds is assessed to generate more business rates income than it needs and must also meet its share of the business rates deficit created in 2018/19, a further £1.8m. This leaves net income of £199.86m which contributes to the Council's net revenue budget.

Table 3 – Rateable Value in Leeds and Business Rates Income Generated

	£m
Rateable Value in Leeds projected to 31 December 2018	928.70
multiplied by business rates multiplier	0.491
Gross business rates based on projected rateable value	455.99
Estimated Growth	5.10
equals gross business rates to be collected in Leeds	461.10
less: -	
Uprated Mandatory Reliefs	-67.72
Uprated Discretionary Reliefs	-2.45
Transitional Adjustments (year 3)	5.81
equals net business rates paid by ratepayers	396.74
less adjustments for: -	
Bad debts and appeals	-17.24
Cost of collection	-1.23
Projected Enterprise Zone and renewable energy projects yield	-1.28
Transitional Adjustments repaid to Government	-5.81
equals non-domestic rating income in Leeds	371.17
Split into shares: -	
Leeds City Council (74%)	274.66
<i>West Yorkshire Fire Authority (1%)</i>	3.71
<i>Central Government (25%)</i>	92.79
less deductions from operation of business rates retention scheme: -	
Leeds City Council's tariff from Local Government Finance Settlement	-73.01
Leeds City Council's share of deficit from 2018-19	-1.80
Leeds City Council 's 2019-20 income from business rates	199.86

- 4.2.4. As shown above, business rates income is shared between local and central government. Under the 75% Business Rates Retention scheme local authorities experiencing business rates growth are able to retain 74% of that growth locally, but also bear 74% of the risk if business rates fall or fail to keep pace with inflation, although a safety-net mechanism is in place to limit losses in year.
- 4.2.5. In particular, BRR exposes local authorities to risk from reductions in rateable values. The system allows appeals if ratepayers think rateable values have been wrongly assessed or that local circumstances have changed. One major issue is that successful appeals are usually backdated to the start of the relevant valuation list, which means that for every £1 of rateable value lost on the 2010 list growth of £6 would be necessary to fund the cost. At the end of October 2018 there were around 1,700 outstanding appeals against the 2010 ratings list in Leeds.
- 4.2.6. A new rating list, primarily based on rental values in 2015, was introduced on 1st April 2017. This ratings list should be more accurate than the previous 2010 list which was based on rental values in 2008, just before the 'financial & economic crisis'. Further, appeals submitted against this new list can only be backdated to 1st April 2017. This, together with the impact of the new 'check, challenge, appeal' appeals process also introduced on 1st April 2017, should reduce business rate appeals and volatility going forward. At the end of October 2018, the Council has received 905 checks

and challenges against the 2017 ratings list, with 189 of these remaining outstanding. No appeals have been received as yet.

4.2.7. Since 2013/14 the total amount repaid by way of business rate appeals is £141.9m, at a cost to the Council's general fund of £77.9m. The provision for business rate appeals within the collection fund has been reviewed and recalculated to recognise new appeals and the settlement of existing appeals, and the 2019/20 initial budget proposals provide for an additional £1.8m contribution from the general fund to fund this provision.

4.3. **Small Business Rates Relief and other mandatory reliefs**

4.3.1. From April 2017, Government increased the rateable value threshold for small businesses from £6,000 to £12,000 and the threshold above which businesses pay the higher national business rates multiplier from £18,000 to £51,000. As a result an additional 3,300 small businesses in Leeds now pay no business rates at all and in total almost 12,000, about 40%, of business properties in Leeds will pay no business rates in 2019/20. Whilst Small Business Rates Relief and other threshold changes reduce the business rates income available to Leeds, the Authority recovers 71.1% of this lost income through Government grant and a further proportion through ratepayers who pay rates based on the higher business rates multiplier. The overall proportion any individual authority recovers depends on the mix of large and small businesses in that area.

4.3.2. Unlike Small Business Rates Relief, in 2019/20 Leeds will bear 74% of the cost of other mandatory business rate reliefs such as mandatory charity relief and empty rate relief, but has no control over entitlement and no powers to deal with their use in business rates avoidance. Costs of mandatory reliefs have increased significantly since the introduction of BRR, further reducing Leeds's retained business rates income: in real terms mandatory charity relief alone has increased by almost 30%, from approximately £21.7m in 2012/13 to £28.0m in 2018/19, costing the Council an estimated £6.3m more in lost income under 100% retention in 2018/19.

4.3.3. At the Autumn Budget 2018 the Chancellor announced new business rates reliefs for small retail businesses, particularly focussing on the High Street. Eligible businesses with a rateable value of less than £51,000 are to receive a reduction in their liability for business rates of a third for the next two years, local newspaper offices will continue to receive a £1,500 reduction for a further year and those maintaining public lavatories are to receive 100% relief against any business rates. Local authorities will receive a government grant to compensate them for any resultant loss of income.

4.3.4. At the Spring Budget 2017 the Chancellor announced funding for billing authorities to offer discretionary relief to businesses most impacted by the 2017 Revaluation. Billing authorities were obliged to design their own local discount schemes in order to receive this funding over four years. In June 2017 Executive Board approved the proposed four year scheme in Leeds

and in 2019/20 the Council will be able to distribute £0.3m in reliefs to businesses in the city. The full cost to the Council of awarding these reliefs will be met by Government grant.

4.4. Business Rate Retention and the Initial Budget Proposals

4.4.1. In terms of the initial budget proposals, it is estimated that the local share of business rates funding in 2019/20 will be £274.7m, as set out in Table 3 above. As per Table 4 below, the initial budget proposals recognise business rate growth above the baseline of £18.08m, a decrease of £5.48m from the 2018/19 budget. Whilst this is a significant decrease (23.3%), this is due to the assumed move from 100% Business Rates Retention in 2018/19 to 75% Business Rates Retention in 2019/20.

Table 4 – Business Rates, Estimated Growth above the Baseline

	2018/19 £m	2019/20 £m	Change £m
Business rates local share	359.38	274.66	(84.71)
Less: business rates baseline	335.82	256.58	(79.24)
Growth above baseline	23.56	18.08	(5.48)

4.4.2. The £274.7m local share of business rates funding is then reduced by a £73.0m tariff payment and £1.8m deficit on the collection fund to give the £199.8m estimated business rates funding shown in Table 5 below.

Table 5 – Business Rates Retention 2018/19 & 2019/20

	2018/19 £m	2019/20 £m
Business rates baseline (including tariff)	198.9	183.5
Projected growth above the baseline to March	18.7	14.3
Estimated growth in the year	4.8	3.8
Total estimated growth	23.6	18.1
Estimated provision for appeals	(13.6)	(1.8)
Additional cost of transitional arrangements and provision for bad debts	0.3	0.1
Estimated year-end Collection Fund deficit (Leeds Share)	(13.3)	(1.8)
Estimated Business Rates Funding	209.1	199.8
Increase/(reduction) against the Business Rates baseline	10.2	16.3
Business Rates Retention - Additional General Fund Income		6.1

4.4.3. Comparing the £199.8m of business rates funding against the £183.5m business rates baseline produces a surplus of £16.3m which is a £6.1m net improvement against the budgeted surplus in the 2018/19 financial year.

Contained within this £6.1m net improvement is an £11.5m improvement in the budgeted deficit (£1.8m in 2019/20 and £13.3m in 2018/19), releasing additional funding for frontline services.

4.4.4. The Council, as a member of the Leeds City Region Business Rates Pool, is piloting 100% Business Rates Retention in 2018/19. The Council has submitted a bid on behalf of North and West Yorkshire Authorities to pilot 75% Business Rates Retention in 2019/20 and the initial budget proposals assume that this bid will be successful. Further detail on this application and potential outcomes of piloting 75% Retention are provided in Section 4.5 below.

4.5. **Application to Pilot 75% Business Rate Retention**

4.5.1. In July 2018, Government invited applications from local authorities to pilot 75% Business Rates Retention in 2019/20. The pilot is intended to help Government and the local government sector to explore options for the design of future increased business rate retention.

4.5.2. These pilot schemes are for one year only and would allow participating authorities to retain 75% of additional growth in business rates above the business rate baseline determined by Government. Government wants to see this additional growth income being used to promote financial stability and sustainability in pooled areas and being invested to encourage further growth.

4.5.3. Following discussion with members of the existing Leeds City Region Business Rates Pool and with North Yorkshire County and Districts, a joint 2019/20 pilot has been submitted. The proposed North and West Yorkshire Business Rates Pool offers the opportunity to test 75% retention in a region made up of both unitary and two tier authorities, a total of 14 organisations. It is hoped that a successful bid will demonstrate to Government that local government can work together to share the risks and rewards of increased Business Rates Retention across such a diverse region.

4.5.4. However, funding for pilot schemes is limited and it is anticipated that not all applications will be successful. Successful applications are expected to be announced alongside the publication of the Provisional Local Government Finance Settlement, expected after the meaningful vote in Parliament in respect of Brexit on December 11th 2018. These initial budget proposals assume that the North and West Yorkshire bid will be successful.

4.5.5. The application itself is not binding. Should the application be successful, any member of the proposed pilot Pool will still be able to withdraw during the statutory 28 day window after Government designates the new pilot Pool, as set out in the Local Government Finance Act. It must be noted however that, should any member withdraw, not only would the pilot Pool be revoked but there would be no opportunity to fall back on existing pooling arrangements.

- 4.5.6. This report asks Executive Board to agree that, should the application to pilot 75% retention succeed, Leeds should become a member of this new Business Rates Pool and should act as lead authority for it. Notwithstanding this decision, the continuation of the Pool will be dependent upon none of the other member authorities choosing to withdraw within the statutory period after designation. It should be noted that, should the bid not be successful, all members of the existing Leeds City Region Pool have agreed to its continuation in 2019/20. In these circumstances the Leeds City Region Pool would revert to the 50% Business Rates Retention scheme.
- 4.5.7. The financial benefit to the Council assumed in these budget proposals is estimated to be £7.97m. If the bid to pilot 75% business rate retention is unsuccessful then the Council will revert back to the 50% Retention scheme for the Leeds City Region and this will require the identification of a further £7.97m of savings.

4.6. Council Tax

- 4.6.1. The 2018/19 budget was supported by a 4.99% increase in the level of council tax, 2% of which was attributable to the adult social care precept. Leeds council tax remains the 2nd lowest of the English core cities and mid-point of the West Yorkshire districts, as detailed in Table 6 below.

Table 6 – 2018/19 Council Tax Levels (Figures include Police and Fire Precepts)

Core Cities	Band D £:p	West Yorkshire Districts	Band D £:p
Nottingham	1,961.35	Kirklees	1,691.44
Bristol	1,891.10	Calderdale	1,671.41
Liverpool	1,856.69	Leeds	1,565.56
Newcastle	1,771.21	Wakefield	1,558.88
Sheffield	1,755.09	Bradford	1,556.98
Manchester	1,566.79		
Leeds	1,565.56		
Birmingham	1,502.61		

- 4.6.2. Government provided funding for the on-going effect of previous council tax freezes up to 2015/16. The council accepted council tax freeze grant for the years 2011/12 to 2013/14. As a result government funding of £9.4m was built into the council's 2015/16 settlement (the grant for freezing council tax in 2012/13 was for one year only).
- 4.6.3. The 2019/20 initial budget proposals recognise £4.4m of additional income from increases to the Council Tax base (3,161 band D equivalent properties) but also a decrease in the contribution from the collection fund

of £1.2m (a budgeted £0.23m collection fund surplus in 2018/19 decreasing to an estimated deficit on the collection fund of £0.96m in 2019/20).

- 4.6.4. Under section 11B of the Local Government Finance Act 1992, since 1st April 2013 Leeds City Council has charged a 50% council tax premium on empty dwellings that have been unoccupied for more than two years. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, which received Royal Assent on 1st November 2018, permits councils to increase this premium on dwellings unoccupied for more than two years to 100% from 1st April 2019. Additionally the Act provides that from 2020 the maximum premium is 200% in respect of any dwelling where the empty period is at least 5 years and from 2021 300% in respect of any dwelling where the empty period is at least 10 years. A final decision on whether to implement this additional premium for dwellings unoccupied for more than two years will be made by Full Council as part of their decision on the Council Tax base in January 2019. The estimated change in the Council Tax base for these initial budget proposals assumes that this additional premium will be implemented.
- 4.6.5. In 2018/19 Government increased the limit of council tax increases to up to but not including 3%, above which a Local Authority must seek approval through a local referendum. Whilst the referendum ceiling for 2019/20 has yet to be announced, the Technical Consultation on the 2019/20 Local Government Finance Settlement indicates that the same principle is likely to apply in 2019/20, and as such it is reflected in these initial budget proposals. Subject to this confirmation, it is proposed that core council tax is increased by 2.99%, although a final decision on this matter will be taken by Full Council.
- 4.6.6. In the 2017/18 Provisional Local Government Finance Settlement, the Secretary of State announced additional flexibility, permitting local authorities to increase council tax by up to an additional 3% each year between 2017/18 and 2019/20 specifically to fund adult social care services, with the maximum total increase in these three years not exceeding 6%. This flexibility recognised demographic changes leading to growing demand for adult social care, and increased pressure on council budgets. The initial budget proposals for 2019/20 include an increase of 1% in this regard, which would take our cumulative increase over the three year period to 6%.
- 4.6.7. Table 7 below sets out the estimated total council tax income in 2019/20, recognising the estimated increase in the council tax base and the £1.0m estimated deficit on the collection fund together with £3.1m of additional income generated from the Adult Social Care precept and the general increase in the council tax rate. In total the level of Council Tax receivable by the Council in 2019/20 will increase by £15.2m when compared to that receivable in 2018/19.

Table 7 – Estimated Council Tax Income in 2019/20

	2018/19 Baseline £m	2019/20 Forecast £m
Previous year council tax funding	284.7	301.7
Change in tax base - increase / (decrease)	4.0	4.4
Increase in council tax level	8.6	9.0
Adult Social Care precept	5.7	3.1
Council Tax Funding before surplus/(deficit)	303.0	318.2
Surplus/(Deficit) 2017/18	1.5	
Surplus/(Deficit) 2018/19	0.2	0.2
Surplus/(Deficit) 2019/20		(1.0)
Change in collection fund contribution - increase/(decrease)	(1.3)	(1.2)
Total - Council Tax Funding	301.7	317.0
Increase from previous year		15.2

4.6.8. The Settlement Funding Assessment includes an element to compensate parish and town councils for losses to their council tax bases arising as a result of local council tax support (LCTS). As this amount is not separately identifiable it is proposed, as in previous years, that LCTS grant should be reduced in line with the assumptions for Leeds's overall reduction in the Settlement Funding Assessment, a reduction of 7.7% for 2019/20 from £70k to £65k.

4.7. **Adult Social Care Precept and Grant Income**

4.7.1. The initial budget proposals for 2019/20 also reflect additional grant monies made available by Government specifically for adult social care. Together the precept and both the Improved Better Care Fund grant and the "Autumn Budget" grant will be utilised to fund a range of adult social care pressures and priorities.

4.7.2. As discussed above in paragraph 4.6.6, it is proposed that the Leeds element of the council tax is increased by a 1% adult social care precept in 2019/20.

4.7.3. In applying the precept, Government requires Councils to demonstrate that adult social care budgets, (when compared to changes in other non-ring fenced services), are not reduced by a greater proportion than those non-ring fenced services. Based on the format of the return made to Government in 2017, the 2019/20 initial budget proposals for Adults and Health are consistent with this requirement.

4.7.4. The Chancellor of the Exchequer announced in his Autumn budget that an additional £650m would be made available for Adults and Children's Social Care in 2019/20. Of this £240m provides for the continuation of an additional resource to address adult social care winter pressures, a similar

sum has been provided in 2018/19, and the amount receivable by Leeds is £3.3m. This additional resource has to be accounted for within the Better Care Fund with spending priorities to be agreed with Health partners.

4.7.5. Offsetting these additional resources is a reduction in both the Spring Budget monies, announced in the March 2017 budget, and the Adult Social Care Support Grant. The ‘Spring Budget’ monies targeted three areas: sustaining the care market, provision of social care and easing the pressures on local health services.

4.7.6. Table 8 below outlines how the additional funding provided by the Better Care Fund, the “Autumn Budget” grant announcement and the proposed adult social care council tax precept all combine to increase the spending power within adult social care.

4.7.7. **Table 8 Adult Social Care “Spending Power”**

	2018/19	2019/20
	£m	£m
Base Budget (restated)	207.5	221.1
Spring Grant 17/18	(14.7)	
Spring Grant 18/19	9.4	(9.4)
Spring Grant 19/20		4.7
Improved Better Care Fund	11.1	10.1
ASC Support Grant 17/18	(3.3)	
ASC Support Grant 18/19	2.1	(2.1)
Autumn Budget 2018 2018/19	3.3	(3.3)
Autumn Budget 2018 2019/20		3.3
ASC Precept	5.7	3.1
	221.1	227.5
Movement in Adult Social Care "Spending Power"		6.4

4.7.8. Members should note that the increased “spending power” figures reflected in the table above will not necessarily translate into how the Council’s Adults and Health managed budget for 2019/20 will look. This is because the grant income and associated expenditure will net each other off in budget terms in each year that the grant is received.

4.8. The Net Revenue Budget 2019/20

- 4.8.1. After taking into account the anticipated changes to the Settlement Funding Assessment, business rates and council tax, the Council's overall net revenue budget is anticipated to increase by £6.0m or 1.17% from £510.9m to £516.9m, as detailed in Table 9 below and at Appendix 1.

Table 9 – Estimated Net Revenue Budget 2019/20 Compared to the 2018/19 Net Revenue Budget

	2018/19 £m	2019/20 £m	Change £m
Revenue Support Grant	0.0	0.0	0.0
Business Rates Baseline	198.9	183.5	(15.3)
Settlement Funding Assessment	198.9	183.5	(15.3)
Business Rates Growth	23.6	18.1	(5.5)
Business Rates Deficit	(13.3)	(1.8)	11.5
Council Tax (incl. Adult Social Care Precept)	301.5	318.0	16.4
Council Tax surplus/(deficit)	0.2	(1.0)	(1.2)
Net Revenue Budget	510.9	516.9	6.0

- 4.8.2. Table 10 below analyses this £6.0m estimated increase in the net revenue budget between the Settlement Funding Assessment and locally determined funding sources.

Table 10 – Increase in the Funding Envelope

Funding Envelope	2019/20 £m
Government Funding	
Settlement Funding Assessment	(15.3)
Sub-total Government Funding	(15.3)
Locally Determined Funding	
Council Tax (incl tax base growth)	15.2
Business Rates	6.1
Sub-total Locally Determined Funding	21.3
Increase/(decrease) in the Net Revenue Budget	6.0

5. Initial budget proposals 2019/20

- 5.1. This section provides an overview of the changes in funding, primarily specific grants (paragraphs 5.3 to 5.4), and cost increases (paragraphs 6.1 to 6.23) which the Council is facing in 2019/20 and concludes with the savings proposals (paragraphs 7.1 to 7.11) to balance the 2019/20 budget to the estimated available resources.
- 5.2. Table 11 provides a high level of summary of these changes:

Table 11 Summary of Changes in Funding, Cost Increases and Savings Proposals

	£m
Funding	
Additional Net Revenue Charge	(6.0)
Other Non-Collection Fund Business Rates Movements	(1.0)
Increases in Specific Grant	(18.8)
Fall Out of Specific Grant	13.9
Contribution to/from General Reserve	(4.0)
Contribution to/from Earmarked Reserves	(3.4)
	<hr/>
	(19.3)
Pressures	
Pressures - Pay Inflation	11.9
Pressures - General Inflation	16.8
Pressures - Other	15.0
	<hr/>
	43.7
Funding and Cost Pressures	24.4
Solutions	£m
Efficiencies	(16.0)
Changes to services	(0.1)
Income - fees & charges	(2.4)
Income - traded services, partner & other income	(3.5)
Other Income including Capital Receipts Flexibilities	(1.9)
Use of Section 106 balances	(0.5)
	<hr/>
	(24.4)

5.3. **Decreases/(Increases) in Funding**

5.3.1. Changes in both the Settlement Funding Assessment (SFA) of £15.3m and local funding (£21.3m), a net increase of £6.0m, are detailed in sections 4.1.3, 4.4.2 and 4.6.7 respectively.

5.3.2. **Specific Grant Funding Changes- Adults and Health (£6.6m).** The 2015 Spending Review made available additional social care funds for local government for the period 2017 to 2020 to be included in an improved Better Care Fund. The forthcoming financial year, 2019/20, represents the final year for the receipt of this money, with Leeds receiving £10.1m. In February 2017 the Government announced a total of £2.021bn as supplementary funding to the improved Better Care Fund (Spring Budget money) which is required to be spent on social care. Of the £329m to be distributed in 2019/20 Leeds will receive £4.7m and this represents the final year of the additional funding announced.

5.3.3. The one off Adult Social Care Support Grant of £2.1m, partly funded by changes in New Homes Bonus, and the 2018/19 Spring Budget Grant money of £9.4m will fall out of the base budget in 2019/20.

5.3.4. On 2nd October 2018 the Secretary of State for Health and Social Care announced £240m of additional funding for councils to spend on adult social care services to help councils alleviate winter pressures on the NHS in 2018/19. The amount allocated to Leeds is £3.3m. Subsequently, as referenced in paragraph 4.7.4, as part of the Chancellor's Autumn Budget a further allocation of £240m was announced for 2019/20 to enable councils to plan the winter funding over this two year period. This latter allocation, of which the Leeds share will again amount to £3.3m, is required to be pooled into the Better Care Fund and reported on through the BCF. The Adult Social Care financial projections in 2018/19 already reflect a significant increase in the provision of and expenditure on Home Care services, over and above those planned in the Original Budget for 2018/19, reflecting the local focus on the 'Home First' policy in relation to transfer of care from hospital, and the Initial Budget Proposals for 2019/20 include provision for this trend in increased Home Care to continue. In addition to this, additional spending plans are being finalised in 2018/19 for Adult Social Care Services to support the NHS this winter, including extra measures to support people in their own homes and avoid admissions to hospital. These plans are in the process of being finalised with our NHS partners, including the Acute Trust, in accordance with the grant determination requirements. As some provision had already been made within the overall projections of Adult Social Care Expenditure in 2018/19 for additional home care expenditure, this additional funding is likely to enable slippage in the budget to be carried forward into 2019/20, which will enable not only the additional Home Care requirements to be met in 2019/20, but also for the additional spending plans, currently being finalised, to be maintained for winter 2019/20, in accordance with the Government's requirements.

- 5.3.5. In the 2015 spending review the Government indicated its intention to make savings on local authority public health spending and a further £1.2m reduction in the **Public Health Grant** has been included in these initial budget proposals for 2019/20.
- 5.3.6. **Specific Grant Funding Changes – Children and Families Directorate (£1.7m).** The residual sum of the Partners in Practice grant will cease in 2019/20. This resource had been used to both trial new approaches to working with children and families and investing in and reforming preventative services in order to manage demand. The initial budget proposals provide for funding of £3.1m to enable these important services to continue. In addition the School Improvement Monitoring and Brokerage Grant (£0.4m) is expected to cease after August 2019 and DfE SEN funding of £0.5m is also expected to fall out next year. The Chancellor's Autumn Budget in October 2018 announced £410m nationally which could be used for supporting either adult or children's social care (or both), as referenced in paragraph 4.7.4. These initial budget proposals assume that Leeds's share of this £410m, £5.6m, is used to support Children's Services.
- 5.3.7. **Specific Grant Funding Changes – Communities and Environment £0.1m.** The Housing Benefits and Local Council Tax Support administration grants are expected to reduce by £0.4m reflecting the continuing reductions in the national quantum of funding allocated to local authorities. This reduction is partially offset by an assumption that £0.1m of additional new burdens funding will be received from the DWP during 2019/20 to compensate local authorities for additional workstreams. Following the Prime Minister's announcement in March 2018, parents will no longer have to meet the costs of burials or cremations. The fees will be waived by all local authorities and met instead by a Government Funeral Fund for grieving parents who have lost their child. However, as Leeds City Council had already announced that it would abolish these fees as a part of the 2018/19 approved budget, the assumed level of funding of £0.2m will offset the loss of income already provided for.
- 5.3.8. **Specific Grant Funding Changes – Flexible Homelessness Support Grant £0.7m.** The Government have announced that the level of Flexible Homelessness Support Grant receivable will reduce by £0.7m in 2019/20. This grant, introduced in 2017/18, is designed to provide additional resources to local authorities to tackle homelessness and the level of allocation is based on homelessness prevention outcomes.
- 5.3.9. **Specific Grant Funding Changes – New Homes Bonus.** Government introduced the New Homes Bonus in 2011 to encourage housing growth: initially councils received grant for six years for each net additional property added to the tax base each year. This grant is funded by top slicing Revenue Support Grant. In 2016/17 Government made some changes, including gradually reducing the number of years 'legacy payments' are receivable from six to four years and imposing a 0.4% growth baseline on new allocations before any Bonus is paid. The £1.4m budget pressure in 2019/20 reflects the impact of these changes, particularly as payments

relating to all of the last four years are now subject to this growth baseline. The budget in 2019/20 in respect of NHB reduces to £9.8m, based on a 0.4% growth baseline. However, Government stated in a recent consultation that this growth baseline may be increased further in the 2019/20 Local Government Finance Settlement: every 0.1% increase would reduce Leeds's allocation of funds by approximately £0.5m. The Government has also indicated that NHB may be more fundamentally reformed beyond 2019/20.

- 5.3.10. **Other Non-Collection Fund Business Rates Movements** - Section 31 grants are allocated to local authorities to compensate them for changes made by Government to the business rates system. An authority's allocation depends on the level of business rates yield in that authority's area, the extent to which it awards certain reliefs and its share of any losses resulting from these. These initial budget proposals assume that the bid to pilot 75% retention will be successful, and will result in a reduction in business rates income as Leeds moves from 100% Retention in 2018/19 to 75% Retention in 2019/20. Consequently section 31 grant compensation is estimated to reduce by £4.6m in 2019/20. The historic capping of business rates multipliers will continue to be compensated, although this will reduce because of lower retention, and Government will continue to compensate authorities for capping the multiplier at CPI in 2019/20 instead of RPI. The net result is that compensation for under-indexing the multiplier is estimated to increase by £0.4m in 2019/20. In November 2018 the Government informed local authorities that they had been undercompensated for changes to multiplier thresholds in 2017/18 and would receive further funding. The estimated impact of this in 2019/20 is an additional £0.5m.
- 5.3.11. In addition to these movements in section 31 grant, there are two further impacts of a successful bid to pilot 75% retention. Firstly Leeds will be required to contribute £1.6m to the levy/safety net mechanism within the new North and West Yorkshire Pool. Secondly the Authority will make payments to and receive payments from the new Pool, a net gain of £6.3m to Leeds.
- 5.4. **Contributions from Reserves** – the increase of £7.4m in the use of reserves to support the base budget reflects the application of £3m and £2m from the Council's General Reserve and ELI Reserve respectively. It is also proposed that £1.0m is used from Adult Social Care earmarked reserves to support specific costs associated with Post 16 provision. In addition, the budget submission reflects the deletion of the budgeted contributions of £1.0m and £0.75m respectively to the General and Invest to Save Reserves. The budgeted contribution of £0.4m from the Wellbeing Reserve ceases in 2019/20.

6. **Projected Cost Increases**

- 6.1. Table 12 below summarises the projected cost increases in the 2019/20 initial budget proposals.

6.2. **Table 12 Cost Increases**

	£m
Pay - Leeds City Council	12.0
Pay costs - commissioned services	7.1
Employer's LGPS contribution	0.9
Fall-out of capitalised pension costs	(1.1)
Inflation: General	6.8
Inflation: Electricity and Gas Tariffs	2.9
Demand and demography - Adult Social Care	1.9
Demand and demography - Children Looked After	1.5
Demand and demography - Other	0.4
Transforming Care Programme	2.0
Income pressures (including academisation)	1.6
Leeds 2023	1.5
Migration to Microsoft Cloud	0.8
Housing Benefit Overpayment income	0.4
West Yorkshire Regional Adoption	0.4
Managed Approach	0.2
Hostile Vehicle Mitigation Scheme	0.1
Other Pressures	2.0
Debt - external interest / Minimum Revenue Provision	2.2
Cost Increases	43.7

6.3. **Inflation** - the initial budget proposals include allowance for £28.7m of net inflation in 2019/20. This includes provision of £12m for a 2% pay award and for the costs of the Council's minimum pay rate (see paragraph 6.5 below). The initial budget proposals allow for inflation where there is a contractual commitment, but anticipate that the majority of other spending budgets are cash-limited. Specific energy increases for gas and electricity have been incorporated into these initial budget proposals and this additional provision is consistent with projected price increases for both metered and unmetered usage. An anticipated 3% general rise in fees and charges has also been built into the budget proposals where they can be borne by the market, although there are instances where individual fees and charges will increase more than this.

6.4. **Local government pensions** - the most recent actuarial valuation took place in December 2016 and, in line with the agreed phased increase, the employer's contribution will rise from the 15.9% contribution in 2018/19 to 16.2% in 2019/20. This increase creates a pressure of £0.9m which has been incorporated into these initial budget proposals for 2019/20.

6.5. **Leeds City Council minimum pay rate**— at its September 2015 meeting Executive Board agreed that the Council would move towards becoming a Real Living Wage employer. In November 2015 the Living Wage Foundation announced a living wage of £8.25 per hour (outside London) and this was implemented by the Council in January 2017. The initial budget submission provides for further increases in the Leeds City Council minimum wage, which will now rise to £9.18 per hour for employees which

is 18p above the Real Living wage rate of £9 per hour. Apprentices and new starters on the A1 spinal point will be paid £9 per hour for the first year only.

- 6.6. **National Living Wage for commissioned services and the Ethical Care Charter** - in respect of services commissioned from external providers by both Adults and Health and Children and Families directorates, provision of £7.1m has been included and this is consistent with the national minimum wage assumptions for 2019/20. Elements of the Ethical Care Charter, particularly in respect of better terms and conditions including improved rates of pay for care staff, have already been implemented. These initial budget proposals for 2019/20 will permit further developments in this area.
- 6.7. The increased costs associated both with paying our staff the Real Living Wage and ensuring that the services we commission pay their staff the national minimum wage have been resourced by the Council without the receipt of any additional funding from the Government.
- 6.8. The fall out of capitalised pension costs associated with staff who have left the Council under the Early Leaver's Initiative (ELI) will save an estimated £1.1m.
- 6.9. The initial budget proposals recognise the increasing **demography** and consequential **demand pressures** for services in Adults and Health and Children and Families. Within Adults and Health the population growth forecast assumes a steady increase from 2018 in the number of people aged 85-89 during 2019, 2020 and 2021 (2.9%, 3.6% and 2.6% respectively) resulting in additional costs for domiciliary care and placements. In addition, the Strategy reflects demographic growth for working age adults. In particular the Learning Disability demography is expected to grow by 0.3% (based on ONS data) over the period. It should be noted that the high cost increase in this area of service is primarily a combination of increasingly complex (and costly) packages for those entering adult care, as well as meeting the costs of the increasing need for existing clients whose packages may last a lifetime. A sum of £1.9m has been built in to deal with this demand and demographic growth.
- 6.10. Children and Families directorate continues to face **demographic and demand pressures** reflecting relatively high birth rates (particularly within the most deprived clusters within the city), increasing inward migration into the city (particularly from BME groups from outside the UK), the increasing population of children & young people with special and very complex needs, greater awareness of the risks of child sexual exploitation, growing expectations of families and carers in terms of services offered and changes in Government legislation, including 'staying put' arrangements that enable young people to remain with their carers up to the age of 21. The initial budget proposals provide £1.5m for the projected growth in the 0-19 population to increase the Children Looked After budget (£1.2m) and the transport budget (£0.3m).

- 6.11. Based on assumed housing growth, provision of £0.4m has been made for an additional refuse collection round and the increased disposal costs of waste to the RERF.
- 6.12. **Transforming Care** is a national NHS England programme designed to place people with learning difficulties and autism, currently based in a hospital setting, into the community with the right support and close to home. The net impact of this programme is anticipated to be £2m in 2019/20.
- 6.13. The Initial Budget Proposals include £1.6m for a number of income variations. Specifically £0.8m provides for a reduction in the level of income receivable as a result of schools no longer buying in services at the level or of the type previously received and increasingly more of them buying back a pay as you go service. Whilst costs have reduced in the provision of these services there is still a need to provide statutory functions to protect the interests of the Council and its employees. Similarly a £0.1m reduction in income for the schools catering function reflects a reduction in activity levels. Other income variations include a reduction of £0.4m in partnership income within Children and Families which is receivable from other local authorities. Court fee income is projected to fall by £0.2m as a result of fewer prosecutions for non-payment of Council tax whilst income within DIS will reduce by £0.2m largely as result of reduced external income.
- 6.14. A report received at Executive Board in June 2018 set out the details of Leeds Cultural Strategy with the creation of a Trust being identified as the most appropriate model for the delivery of this strategy. In accordance with the decision of Executive Board an additional £1.5m is provided for Leeds 2023.
- 6.15. The Microsoft Enterprise Agreement is renewed every 3 years. It was last signed in September 2016 and this fixed all Microsoft product license prices for 3 years – over this period Microsoft have been applying annual price increases ranging from 15% to 22% to their license price list which Leeds has been exempt from, however these price increases all impact on the 2019/20 budget as Leeds will have to renegotiate renewal pricing effective from September 2019. Microsoft are encouraging organisations to move to cloud based services and this is reflected in the price model as they increase the cost of on premise services. In addition, LCC took a payment holiday on M/S Office which removed the costs of Office product software maintenance. Whilst this has delivered revenue savings in excess of £1m, the next renewal will require LCC to upgrade Office software versions thus re-introducing this cost into the revenue base. Cloud based services are on a subscription (pay as you go service) and Leeds will be looking to transfer services to the cloud (Microsoft Azure & Office 365) commencing in 2019/20. One of the first items that will be moved to the cloud is Microsoft Exchange Online (email) and it is intended that this will be transitioned during 2019/20 – moving this service to the cloud will prevent the requirement for significant further capital investment before the move to Office 365 in 2021/22. A staged approach will be taken in moving services

in an attempt to minimise the impact on the revenue budget but due to compliance issues there is an immediate requirement to move Exchange. The Initial Budget Proposals include £0.8m to meet this cost pressure in 2019/20.

- 6.16. In recent years there has been a decline in the average value of Housing Benefit overpayments which the Council can recover and this is expected to be further impacted upon by the introduction of Universal Credit which is now live in Leeds. The net impact on the 2019/20 budget is estimated to be £0.4m.
- 6.17. One Adoption West Yorkshire was formed in response to the DfE's White Paper "Regionalising Adoption." As a result of fee increases for inter-agency placement rates Leeds City Council's contribution is required to increase by an additional £0.4m.
- 6.18. An additional £0.2m is required for the managed approach area in Holbeck. These additional resources will fund both additional resources from West Yorkshire Police and additional street cleansing.
- 6.19. An additional £0.1m is required for the new city centre Hostile Vehicle Mitigation Scheme which requires additional staffing resources to ensure that the CCTV will be manned for access 24 hours a day.
- 6.20. Debt – The Council forecasts an additional cost of £2.2m to fund the existing and new borrowing requirements of the capital programme. The additional costs reflects the full year effects of the 2018/19 capital programme, new 2019/20 capital programme borrowing requirement, increased forecast interest rate assumptions and a provision to secure fixed rate long term borrowing. The Council will continue to challenge scheme proposals to ensure that they are robust and deliver the Council's priorities. It will also continue to monitor the markets to ensure that the exposure to interest rate risk is managed.
- 6.21. Clean Air Zone (CAZ) – The Council are under instruction from Government to formulate a plan to achieve compliance with air quality standards within the shortest possible timescales. Following a public consultation process, proposals for implementing a charging CAZ were approved at the Council's Executive Board in October 2018. The commencement date of the CAZ go-live is the 6th January 2020. From this date the Council will be able to introduce a charge for any buses, coaches, HGVs and taxi and private hire vehicles that operate within the CAZ boundary and which do not meet pre-determined emission standards. Any year-end surplus (or deficit) which arises as a result of the CAZ will be transferred to an earmarked reserve. Balances held in this reserve are to be used to improve air quality and support the delivery and ambitions of the zone. As such there is not expected to be any impact on the 2019/20 budget.

- 6.22. The draft 2019/20 budget for the West Yorkshire Combined Authority (WYCA) assumes no increase in the levy when compared to 2018/19. In respect of the West Yorkshire Joint Services Committee (WYJSC) the contribution from Leeds will be consistent with contribution in 2018/19. The final determination as to how much Leeds will contribute to both WYCA and the WYJSC is subject to a separate approval process.
- 6.23. **Other Pressures** - other budget pressures of £2.0m have been identified for 2019/20. These pressures include:
- Additional provision for property maintenance costs in Corporate Property Management £0.2m;
 - Increased security costs of £0.1m at Community hubs across the city;
 - An additional £0.3m for the West Indian Carnival ensure that there is an appropriate level of budget provision for this event and that project support and event management is strengthened;
 - Service charges and insurance costs for Merrion House requires an additional £0.2m;
 - Establishment of a team (£0.1m) to monitor compliance with the requirement for providers commissioned by Adult Social Care to pay their staff a wage that is consistent with either the Real Living Wage or the elements of the Ethical Care Charter that have been implemented.
 - The continuation of level 2 and level 3 immigration advice for more complex cases requires a contribution of £0.1m;
 - Other pressures of £1.1m: £0.4m in Children & Families directorate, £0.1m in Communities & Environment, £0.4m in Resources & Housing directorate and £0.2m in Strategic & Central Accounts.

7. The Budget Gap – Savings Options - £24.4m

- 7.1. After taking into account the impact of the anticipated changes in funding of £19.3m and cost pressures of £43.7m outlined above, it is forecast that the council will need to generate savings, efficiencies and additional income to the order of £24.4m in 2019/20 to balance to the anticipated level of resources available.
- 7.2. Table 13 below summarises the proposed savings to balance the 2019/20 budget with additional detail in the sections below and in Appendix 2.
- 7.3. *Table 13 Proposals to Balance*

Solutions	£m
Efficiencies	(16.0)
Changes to services	(0.1)
Income - fees & charges	(2.4)
Income - traded services, partner & other income	(3.5)
Other Income including Capital Receipts Flexibilities	(1.9)
Use of Section 106 balances	(0.5)
	(24.4)

7.4. Recognising the financial challenge detailed in the Medium Term Financial Strategy 2019/20 – 2021/22 received at Executive Board in July 2018, and in order to protect front line services as far as possible, especially those that provide support to the most vulnerable, the Council has embarked upon a number of cross cutting budget workstreams that will contribute towards bridging the estimated budget gaps. With regard to 2019/20, savings of £3.2m will be realised, largely through both the application of benchmarking to inform where cost efficiencies/additional income can be realised in Adults and Health and efficiencies realised through the digitalisation of processes across a number of different services. These budget workstream savings are included within Table 13 above.

7.5. **Efficiencies – savings of £16.0m**

7.5.1. In terms of efficiencies, the Council has taken quite a distinctive approach. The focus has been on efficiencies realised through stimulating good economic growth and creatively managing demand for services. This ‘whole city’ approach drives ambitious plans despite austerity. It is born from our vision for Leeds to be the best city in the UK: one that is compassionate with a strong economy that can tackle poverty and reduce inequalities. This approach, coupled with a significant programme of more traditional efficiencies, has enabled the Council to make the level of savings required since 2010 whilst simultaneously creating the conditions for a thriving and sustainable city where people’s lives are better.

7.5.2. Efficiency of the Council’s own operations remains important and we have reduced budgets in all areas of the Council and will continue to do so, whilst protecting frontline services and those for the most vulnerable. At the centre of this work is a ‘whole organisation’ cultural change programme coupled with modernisation of the work environment creating the necessary conditions for fundamental organisational change and efficiency improvements.

7.5.3. Appendix 2 provides the detail of a range of proposed efficiency savings across all directorates which total some £16.0m in 2019/20. These savings are across a number of initiatives around:

- Organisational design;
- Continuing demand management through investment in prevention and early intervention, particularly in Adult Social Care and Children’s Services;
- Savings across the range of support service functions;
- Ongoing recruitment and retention management;
- Closer working between services and across Directorates;
- Realising savings by cash-limiting and reducing non-essential budgets;
- Ongoing procurement and purchasing savings.

- 7.6. **Changes to Services – savings of £0.1m**
- 7.6.1. Appendix 2 sets out the detail of these service change proposals, which together target savings of £0.1m by March 2020.
- 7.7. **Fees & Charges – additional income of £2.4m**
- 7.7.1. At its February 2016 meeting, Executive Board approved the recommendations from Scrutiny Board (Strategy & Resources) on fees and charges which included agreement that all fees would be reviewed annually and increased by at least the rate of inflation, that officers should benchmark their charging frameworks each year and that full-cost recovery in line with CIPFA guidance should apply as part of the annual budget setting process.
- 7.7.2. The initial budget proposals continue to reflect these principles and assume a general increase in fees and charges of 3%, and Appendix 2 sets out detailed proposals around a number of fees, charges and subsidised services. Contained within these increases in charges is an inflationary uplift within bereavement services to cover an increase in costs associated with providing the service. If approved, in totality these proposed increases will generate an additional net £2.4m of income in 2019/20.
- 7.8. **Traded Services, partner income & other income – additional income of £3.5m**
- 7.8.1. Appendix 2 provides details across directorates of a number of proposals that together would generate additional net income of £3.5m.
- 7.9. **Other Income – £1.4m**
- 7.9.1. It is proposed to capitalise a further £1m of revenue expenditure that should more appropriately be charged to the Capital Programme. In addition the City Development Directorate have reviewed the level of resources that support their capital programmes and the £0.4m increase in charges from the revenue budget now more accurately reflects the costs associated with supporting these programmes.
- 7.10. **Flexible use of Capital Receipts - £0.5m**
- 7.10.1. In March 2016 the Secretary of State for Communities and Local Government issued guidance which allowed Local Authorities to use capital receipts to support the delivery of more efficient and sustainable services, by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Strategy, received at Council on February 22nd 2017, agreed the use of capital receipts to fund the severance/redundancy costs associated with the transformation of the council implemented through the policy and service programme and with members of staff seeking to exit the Authority through the Early Leaver's Initiative. These initial budget

proposals assume that capital receipts are set aside to resource similar transformational expenditure in 2019/20.

7.10.2. In addition it is proposed to extend the use of capital receipts flexibilities through funding £0.5m of activities that are driving a digital approach to the delivery of more efficient public services. In accordance with the statutory guidance on the flexible use of capital receipts, full details of this expenditure will be incorporated into the 2019/20 Revenue Budget report which is to be received at Executive Board and subsequently Full Council in February 2019.

7.10.3. Using capital receipts in the manner described above will increase the estimated budget gap for 2020/21, since the pressure identified in the Medium Term Financial Strategy received at July's Executive Board assumed the full use of capital receipts to contribute towards offsetting the pressure associated with the required increase in the Council's Minimum Revenue Provision (MRP).

7.11. **Use of Section 106 balances**

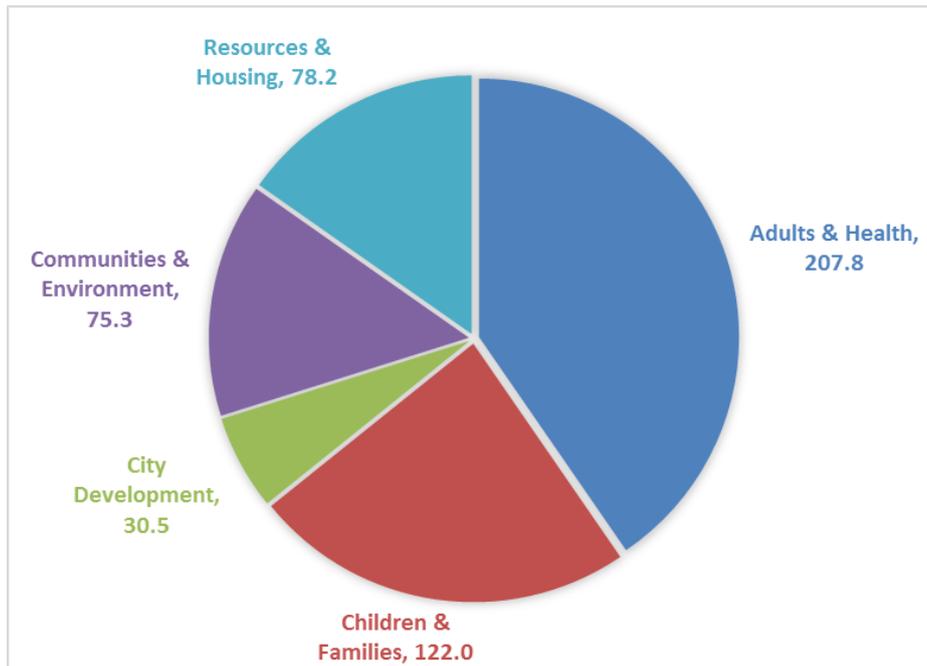
7.11.1. Planning obligations, also known as Section 106 agreements (based on that section of the 1990 Town & Country Planning Act) are private agreements made between local authorities and developers and can be attached to a planning permission. Through this mechanism contributions can be sought for the costs associated with providing community and social infrastructure the need for which has arisen as a consequence of a new development taking place.

7.11.2. At 31st March 2017 the Council had £32.1m of Section 106 earmarked reserves on its balance sheet. Subject to satisfying any legal requirements contained in the Section 106 agreement, e.g. clawback, it is proposed that a further £0.5m of these balances held are used to support the 2019/20 revenue budget. If the balances are used in this way it needs to be recognised that this creates an obligation in future years, as the Council will be required to identify the resources to meet expenditure commitments that would previously have been funded through Section 106 balances.

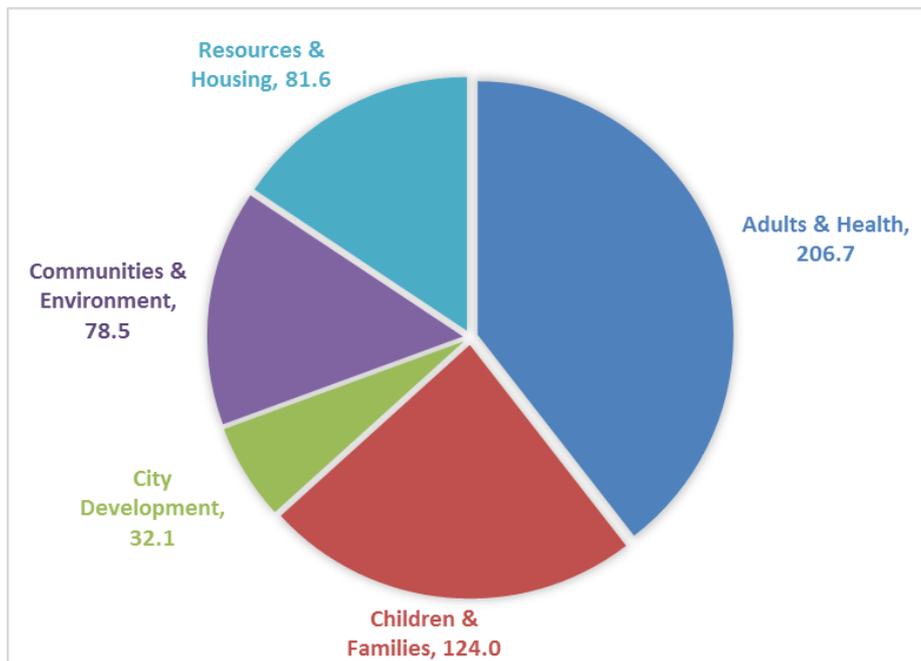
7.12. **Summary Budget By Directorate**

7.12.1. The pie charts below show the share of the council's net managed expenditure between directorates for 2018/19 and the proposed allocations for 2019/20 based on these initial budget proposals.

7.12.2. **Net Managed Expenditure 18/19 OE £m (restated)**



7.12.3. **Net Managed Expenditure 19/20 OE £m (Proposed)**



7.12.4. It should be noted that these resource allocations may be subject to amendment as we move through the budget setting process. Net managed expenditure represents the budgets under the control of individual directorates and excludes items such as capital charges, pensions adjustments and allocation of support costs in directorate budgets.

- 7.12.5. The initial budget proposals would mean that whilst the Council's spend on Children and Families and Adult Social Care will decrease slightly from 64.2% of service budgets in 2018/19 to 63.2% in 2019/20, the spending power within Adult Social Care will increase as a result of targeted Government funding. The size of this overall share of the Council's resources continues to reflect the Council's priorities around supporting the most vulnerable across the city and therefore to prioritise spending in these areas.

8. Impact of proposals on employees

- 8.1. The Council has operated a voluntary retirement and severance scheme since 2010/11 which has already contributed significantly to the reduction in the workforce of around 3,200 ftes to March 2018.
- 8.2. The Council re-issued a S188 notice on the 3rd August 2017 which indicated, based on the estimated budget gaps identified in the Medium Term Financial Strategy, that an estimated reduction of a further 415 FTEs would be required by 2020.
- 8.3. The initial budget proposals outlined in this report provide for an estimated net reduction of circa 74 full time equivalents by 31st March 2020. Again, in the context of these staffing reductions required in 2019/20 and further reductions that will be required to meet the estimated budget gap of £83m for 2020/21 and 2021/22 as detailed in the Medium Term Financial Strategy received at Executive Board in July 2018, it is the Council's intention to issue an updated S188 notice on 19th December 2018.
- 8.4. The Council remains committed to doing everything it can to try to avoid compulsory redundancies through natural turnover, continuing the voluntary early leaver scheme, staff flexibility, reviewing and reducing both agency and overtime spend and continuing the positive consultation and joint working with the trade unions.

9. General Reserve

- 9.1. 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 as a part of the annual budget setting process. It is also good practice for the Authority to have a policy on the level of its general reserve and to ensure that it is monitored and maintained.
- 9.2. The purposes of the general reserve policy are to help longer-term financial stability and identify any future events or developments which may cause financial difficulty by allowing time to mitigate these.
- 9.3. The general reserve policy encompasses an assessment of financial risks both within the Medium Term Financial Strategy and also in the annual

budget. These risks should include corporate/organisation wide risks and also specific risks within individual directorate and service budgets. This analysis of risks should identify areas of the budget which may be uncertain and a quantification of each “at risk” element. This will represent the scale of any potential overspend or income shortfall and will not necessarily represent the whole of a particular budget heading. Each assessed risk will then be rated and scored in terms of impact and probability.

- 9.4. The initial budget proposals for 2019/20 assume a contribution of £3m from the general reserve and the level of general reserves at 31st March 2020, as set out in Table 14 below, is projected to be £23.7m. Due to the incidence of the receipt of the final payment of the Partners in Practice grant, which has been delayed until 2019/20 at the DfE’s request, Executive Board in October 2018 agreed the release of £1.7m from the general reserve to support the revenue budget. Table 14 below reflects the release of this amount in 2018/19 with the subsequent re-imburement in 2019/20.

Table 14 - General Reserve

General Reserve	2018/19	2019/20
	£m	£m
Brought Forward 1st April	25.7	25.0
Change in Incidence of Receipt of Innovation Grant	(1.7)	1.7
Budgeted Contribution/(Use) in-year	1.0	(3.0)
Carried Forward 31st March	25.0	23.7

- 9.5. Whilst the Council maintains a robust approach towards its management of risk and especially in the determination of the level of reserves that it maintains, it is recognised that our reserves are lower than those of other local authorities of a similar size. KPMG’s Annual Audit letter for 2017/18 concluded that the “Authority had adequate arrangements in place regarding the management of its financial risks and potential impact on resource deployment.”
- 9.6. Whilst the continued reductions in funding and the pressures faced by the Authority make the current financial climate challenging, we will continue to keep the level of the Council’s reserves under review to ensure that they are adequate to meet identified risks.

10. **Schools Budget**

- 10.1. The Dedicated Schools Grant (DSG) for 2019/20 is funded in four separate blocks for early years, high needs, schools and central schools services.
- 10.2. A new National Funding Formula (NFF) was implemented from April 2018 for high needs, schools and central schools services. The schools formula was initially a “soft” formula to allow local authorities some limited flexibility in 2018/19 and 2019/20 and it has now been confirmed that local authorities will continue to set local formulae for schools until at least 2020/21.
- 10.3. The early years block will fund 15 hours per week of free early education for 3 and 4 year olds and the early education of eligible vulnerable 2 year olds. From September 2017, there is an additional 15 hours per week provision for working families of 3 and 4 year old children. The per pupil units of funding will be confirmed later in 2018/19 and the grant received will continue to be based on participation. The actual grant received during 2019/20 depends on pupil numbers in the 2019 and 2020 January censuses. The early year’s pupil premium is now included in this calculation and is payable to providers for eligible 3 and 4 year olds. The hourly rates for 2019/20 have not yet been confirmed though it is assumed that they will remain the same. The grant value shown below is based on the projected pupil numbers in January 2019.
- 10.4. The high needs block will support places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEN support and hospital & home education. A draft allocation under the NFF calculation has been published, though the final allocation will not be issued until December 2018. The value in the table below is before any deductions are made by the Education and Skills Funding agency (ESFA) in respect of funding for academies, free schools and post 16 places. The high needs block is facing a number of financial pressures and although Leeds is a net gainer under the national funding formula the full benefit of the increase in funding will not be felt for a number of years as there is an annual cap on gains within the national funding formula. Children and Families directorate led a review during 2017 of the high needs block which has included consultation with partners on options to bring spend back in line with the available funding. A range of savings proposals were agreed and implemented along with a transfer of funding from other blocks.
- 10.5. The schools block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11. The grant for 2019/20 will be based on pupil numbers (including those in academies and free schools) as at October 2018. The pupil numbers from this census are not yet available, but it is expected that there will be an increase. Schools have been consulted on options for the local formula in 2019/20. The results of the consultation have been presented to Schools Forum to enable further

discussion with a final decision being made by the Director of Children and Families in early 2019. At the Schools Forum meeting in November, it was also agreed to transfer £2.5m from the Schools Block to the High Needs Block and to contribute funding of £200k towards severance costs.

- 10.6. As part of the NFF, the central school services block (CSSB) was created from the DSG funding that is held centrally by the local authority for central services. This includes the funding which was previously delivered through the retained duties element of the ESG along with ongoing responsibilities and historic commitments. A draft allocation under the NFF calculation has been published, though the final allocation will not be issued until December 2018. It is anticipated that there will be funding available of up to £800k to transfer to the High Needs Block and a final decision on the amount to transfer will be made by the Director of Children and Families in early 2019.
- 10.7. Funding for post-16 provision is allocated by the ESFA. From the start of the 2019/20 academic year, funding for high need post-16 pupils will no longer be part of this grant and is now included in the DSG High Needs Block totals. Funding for 2019/20 will be based on 2018/19 lagged student numbers.
- 10.8. Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to year 11 pupils on the schools roll in January each year. The rates for 2019/20 are expected to remain at: primary £1,320, secondary £935, for each pupil registered as eligible for free school meals (FSM) at any point in the last 6 years and £300 for children of service families. The pupil premium plus rate for children looked after and children who have ceased to be looked after by a local authority because of adoption, a special guardianship order, a child arrangements order or a residence order is also expected to remain the same at £2,300.
- 10.9. The Primary PE grant will be paid in the 2018/19 academic year to all primary schools at a rate of £16,000 plus £10 per pupil.
- 10.10. For the Year 7 catch up grant in 2018/19, funding is allocated to schools on the basis that they receive the same overall amount of year 7 catch-up premium funding received in 2017/18. It will be adjusted to reflect the percentage change in the size of their year 7 cohort, based on the October 2018 census. It is assumed that 2019/20 will be on the same basis and so dependent on the October 2019 census information.
- 10.11. A grant for the universal provision of free school meals for all pupils in reception, year 1 and year 2 was introduced in September 2014. Funding for the 2018/19 academic year is based on a rate of £2.30 per meal taken by eligible pupils, giving an annual value of £437. Data from the October and January censuses will be used to calculate the allocations for the academic year.
- 10.12. A further grant has been announced in relation to additional teacher's pay costs from 1st September 2018. The values below are a part year impact on

2018/19 and the estimated full year grant in 2019/20.

10.13. Schools funding summary

All the grant values are before ESFA deductions (e.g. for payments to academies) for 2018/19 (latest estimate) and 2019/20 estimates are shown in table 15 below. The amounts for 2019/20 are subject to final confirmation in December 2018 and will be based on pupil numbers as at October 2018.

Table 15 – The Estimated Schools Budget

	2018/19 Current £m	2019/20 Estimate £m	Change £m
DSG - Schools Block	498.97	507.10	8.13
DSG - Central Schools Services Block	5.17	5.25	0.08
DSG - High Needs Block	66.97	69.83	2.86
DSG - Early Years Block	57.15	59.07	1.92
ESFA Post 16 Funding	29.63	27.35	-2.28
Pupil Premium Grant	42.89	42.89	0.00
PE & Sports Grant	4.14	4.06	-0.08
Year 7 Catch-up Grant	0.91	0.91	0.00
Universal Infant Free School Meals Grant	10.01	9.97	-0.04
Teachers Pay Grant	2.69	4.61	1.92
	<u>718.53</u>	<u>731.04</u>	<u>12.51</u>

11. Housing Revenue Account

11.1. The Housing Revenue Account (HRA) includes all expenditure and income incurred in managing the Council's housing stock and, in accordance with Government legislation, operates as a ring fenced account. The key movements in 2019/20 are detailed in Table 16 below.

11.2. The 2016 Welfare Reform and Work Act introduced the requirement for all registered social housing providers to reduce social housing rents by 1% for the 4 years from 2016/17. This reduction was implemented by the Council in 2016/17 with a subsequent loss of £2.1m in rental income in that year. Reducing rents by a further 1% in each of the three years from 2017/18 to 2019/20 equates to an additional estimated loss of £18.5m in rental income over this period.

11.3. When compared to the level of resources assumed in the financial plan (and assuming that from 2020/21 rent increases will revert back to the previous policy of CPI+1%) this equates to a loss of £283m of rental income over the 10 year period (2016/17 to 2024/25). The Government has confirmed a return to allowing up to a CPI+1% rent increase for five years beyond 2021/22.

- 11.4. Whilst the 2016 Act requires that social rents have to reduce by 1% per annum until 2019/20, properties funded through PFI can be exempt from this requirement. An increase in accordance with the Government's rent formula of CPI (2.4% as at September 2018) +1% is therefore proposed. This overall 3.4% rise equates to approximately £0.4m in additional rental income.
- 11.5. It is proposed to increase garage rental rates by RPI (3.3%).
- 11.6. A reduction in the qualifying period after which tenants are able to submit an application to purchase a council house through the Government's Right to Buy (RTB) legislation continues to sustain an increase in the number of sales with a subsequent reduction in the amount of rent receivable. Based on latest sales, a further 530 sales are forecast in 2019/20. Collectively the impact of these RTB sales and the 1% reduction in social housing rents will cost the HRA around £3m in lost income in 2019/20.
- 11.7. Tenants in multi storey flats (MSFs) and in low/medium rise flats receive additional services such as cleaning of communal areas, staircase lighting and lifts and only pay a partial contribution towards the cost of these services, meaning other tenants are in effect subsidising the additional services received. It is proposed to increase these charges by £0.75 per week on multi storey flats with an inflationary increase of RPI (3.3%) on low/medium rise flats. In 2019/20 this would generate an additional £341k compared to 2018/19.
- 11.8. Currently tenants in sheltered accommodation receiving a warden service are charged £13 per week for this service. This charge is eligible for Housing Benefit. In 2016/17 a nominal charge of £2 per week was introduced for those tenants who benefited from the service but did not pay. This was increased to £4 a week in 2017/18, £6 in 2018/19 and it is proposed to increase this charge by a further £2 per week in 2019/20.
- 11.9. An analysis of the impact on individual tenants of reducing rents by 1% for non-PFI tenants, increasing rents by 3.4% for PFI tenants, and implementing the proposed charges above has been undertaken. These figures are based on average rents for various categories of tenants as individual levels will vary.
- 11.10. The analysis shows that 80.5% of tenants will pay less overall than in 2018/19. 12.1% of tenants will pay the same amount as an overall freeze has been applied to any tenant who would have seen a weekly overall increase of less than £1 per week. 2.9% of tenants will pay £2.90 per week more. The remaining 4.5% will pay additional amounts ranging between

£1.29 and £3.50. It is proposed to cap the increases any individual tenant will be charged at £3.50 per week.

- 11.11. These increases will be funded through Housing Benefit for eligible tenants. Approximately 59% of tenants are in receipt of Housing Benefit.
- 11.12. The rollout of Universal Credit in Leeds commenced in 2016 and, once fully implemented, it will require the Council to collect rent directly from around 21,000 tenants who are in receipt of full or partial Housing Benefit. Although the financial impact of this is still difficult to quantify it is likely to have implications for the amount of rental income receivable since the level of arrears is anticipated to increase.
- 11.13. This net reduction in rental income will need to be managed in addition to other pay, price and service pressures, such as the agreed pay award and rising utility costs. A combination of staffing efficiencies and a review of the level of revenue expenditure that can be more appropriately charged to capital (shown as Internal Income on the table below) are proposed to be used to balance the 2019/20 budget.
- 11.14. The costs associated with servicing the HRA's borrowing have increased due to a combination of lower rates previously applied to the overall level of debt falling out and the planned increase in borrowing to support the Council's new build programme.
- 11.15. Since all housing priorities are funded through the HRA any variations in the rental income stream will impact upon the level of resources that are available for the delivery of housing priorities. Resources will be directed towards key priority areas, which include fulfilling the plan to improve the homes people live in, expanding and improving older person's housing and improving estates to ensure that they are safe and clean places to live.
- 11.16. The Council remains committed to prioritising resources to meet the capital investment strategy and to replace homes lost through Right to Buy by the planned investment in new homes. The Council aims to maintain a consistent level of capital expenditure with a view to improving the condition of the housing stock including fire safety work. The proposals include budget for three new fire safety officers to increase the frequency of Fire Risk Assessments Inspections within High Rise blocks. The capital programme includes the costs for sprinkler works to eight high rise blocks, to be delivered from September 2018 until November 2020. The total draft capital programme for the HRA remains at around £80m in 2019/20.

Table 16 – Housing Revenue Account Pressures and Savings

	£m
Income	
Reduction in rental income due to stock reduction and 1% rent reduction	3.07
Apply CPI+1 % rent increase to PFI funded areas	(0.39)
Internal Income – review of charge to capital.	(2.23)
Increase Service Charges	(0.34)
Increase in Other Income	(0.24)
Total	(0.14)
Expenditure	
Pay and Price pressures	1.06
Supplies and Services	0.08
Concierge Service	0.40
Increased Utility Costs	0.26
Provision for Bad Debts	(0.59)
Private Finance Initiative –payments to contractor	0.39
Use of additional Right to Buy Receipts to fund capital	(1.94)
Capital Charges	0.14
Other	0.34
Total	0.14

12. Capital Programme

- 12.1. Over the period 2018/19 to 2021/22 the existing capital programme includes investment plans which total £1.2bn. The programme is funded by external sources in the form of grants and contributions and also by the Council through borrowing and reserves. Where borrowing is used to fund the programme, the revenue costs of the borrowing will be included within the revenue budget. Our asset portfolio is valued in the Council's published accounts at £5.3bn, and the Council's net debt, including PFI liabilities stands at £2.59bn. It is also noted that removal of the HRA housing debt cap will impact upon the investment and borrowing plans as additional investment is agreed.
- 12.2. The initial budget proposals provide for a £2.8m increase in the cost of debt and capital financing. This assumes that all borrowing is taken short term at 0.85% interest for the remainder of 2018/19 and at an average of 1.25% in 2019/20. This includes the provision to acquire further long term borrowing of £25m in 2018/19 and £100m in 2019/20 at an average of 3.0%.
- 12.3. The strategy allows for capital investment in key annual programmes, major schemes that contribute to the Best Council Plan objectives and schemes that generate income or reduce costs. Capital investment will continue to be subject to robust business cases being reviewed and approved prior to schemes approval. Whilst the capital programme remains affordable, its

continued affordability will be monitored as part of the treasury management and financial health reporting.

- 12.4. A capital programme update report will be presented to the Executive Board in February 2019.

13. Corporate Considerations

13.1. Consultation and Engagement

- 13.1.1. The Authority's financial strategy is driven by its ambitions and priorities as set out in the Best Council Plan 2018-21, approved by Council in February 2018. The Best Council Plan was subject to consultation with members and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies.
- 13.1.2. The Council's Medium Term Financial Strategy 2019/20 – 2021/22, received at Executive Board in July 2018, was informed by the public consultation exercise carried out between December 2017 and January 2018 on the Council's 2018/19 budget proposals. Whilst the consultation covered the key 2018/2019 proposals it also incorporated questions around the ongoing principles that underlie both the Best Council Plan and the Authority's financial plans and was therefore relevant to the Medium Term Financial Strategy.
- 13.1.3. Consultation is an ongoing process and residents are consulted on many issues during the year. It is also proposed that this report is used for wider consultation with the public through the Leeds internet and with other stakeholders. Consultation is on-going with representatives from the Third Sector and plans are in place to consult with the Business sector prior to finalisation of the budget.
- 13.1.4. Subject to the approval of Executive Board, this report will be submitted to Scrutiny for their consideration and review with the outcome of their deliberations to be reported to the planned meeting of this Board on the 13th February 2019.

13.2. Equality and Diversity / Cohesion and Integration

- 13.2.1. 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".
- 13.2.2. The Council is fully committed to ensuring that equality and diversity are given proper consideration when we develop policies and make decisions. 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. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.

- 13.2.3. The proposals within this report have been screened for relevance to equality, diversity, cohesion and integration (Appendix 3) and a full strategic analysis and assessment will be undertaken on the 2019/20 Revenue Budget and Council Tax report which will be considered by Executive Board and subsequently by Full Council in February 2019. Specific equality impact assessments will also be undertaken on all budget decisions identified as relevant to equality as they are considered during the decision-making process in 2019/20.

13.3. Council Policies and Best Council Plan

- 13.3.1. The refreshed Best Council Plan 2019/20, which is elsewhere on this agenda, will set out the Council's priorities aligned with the Medium Term Financial Strategy and annual budget. Developing and then implementing the Best Council Plan will continue to inform, and be informed by, the Council's funding envelope and by staffing and other resources.

13.4. Resources and Value for Money

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

13.5. Legal Implications, Access to Information and Call In

- 13.5.1. This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the initial budget proposals, once approved by the Board, will be submitted to Scrutiny for their review and consideration. The outcome of their review will be reported to the February 2019 meeting of this Board at which proposals for the 2019/20 budget will be considered prior to submission to Full Council on the 27th February 2019.
- 13.5.2. The initial budget proposals will, if implemented, have 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 be managed by individual directorates.
- 13.5.3. In accordance with the Council's budget and policy framework, decisions as to the Council's budget are reserved to Full Council. As such, the recommendations at paragraphs 15.1 and 15.2 are not subject to call in, as the budget is a matter that will ultimately be determined by Full Council, and this report is in compliance with the Council's constitution requiring publication of initial budget proposals two months prior to adoption.

13.5.4. However the recommendations in paragraphs 15.3 and 15.4, regarding the Council's participation in the 2019/20 75% Business Rates Retention pilot scheme and the implementation of business rate reliefs announced at the Autumn Budget, are decisions of the Executive Board and as such are subject to call-in.

13.6. **Risk Management**

13.6.1. The Council's current and future financial position is subject to a number of risk management processes. Not addressing the financial pressures in a sustainable way is identified as one of the Council's corporate risks, as is the Council's financial position going into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the Council's risk-based reserves policy. Both these risks are subject to regular review.

13.6.2. Failure to address these issues will ultimately require the Council to consider even more difficult decisions that will have a far greater impact on front-line services including those that support the most vulnerable and thus on our Best Council Plan ambition to tackle poverty and reduce inequalities.

13.6.3. Financial management and monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand, key income budgets, etc. This risk-based approach will continue to be included in the in-year financial reports brought to Executive Board.

13.6.4. In addition, risks identified in relation to specific proposals and their management will be reported to relevant members and officers as required. Specific risks relating to some of the assumptions contained within these initial budget proposals are identified below.

Risks to Funding

13.6.5. The 2019/20 Initial Budget Proposals assume that the North and West Yorkshire bid to pilot 75% Business Rate Retention is successful. The announcement as to whether the bid has been successful will coincide with the announcement of the provisional Local Government Finance Settlement after the meaningful vote on Brexit on December 11th. If the bid to pilot 75% Retention is unsuccessful then the Council will revert back to the 50% Retention scheme for the Leeds City Region and this will require the identification of a further £7.97m of savings.

13.6.6. The level of business rates appeals continues to be a risk. Whilst there is very limited scope for new appeals against the 2010 list and the Council has appropriate provision for these, there is very little information available on which to assess appeals against the 2017 list. Therefore income could be adversely affected both by appeals against the 2017 list and by business rate growth being less than assumed. This in turn would reduce

the overall level of resources available to fund the services that the Council provides.

- 13.6.7. The level of council tax collected could be affected by either the increase in the Council tax base being less than assumed and/or collection rates being below budgeted assumptions.

Key risks to cost and income assumptions

- 13.6.8. Demographic and demand pressures, particularly in Adult Social Care and Children's Services, could be greater than anticipated.
- 13.6.9. The implementation of proposed savings and additional income realisation could be delayed. Equally, the level of savings generated and/or the level of additional income realised could be less than that assumed in this Initial Budget Proposals report.
- 13.6.10. Inflation could be higher than that assumed in this report. In addition these initial budget proposals make a number of assumptions about the costs associated with managing the Council's debt. Currently the Council benefits from low interest rates but there is an anticipated upward movement in rates which, if greater than assumed in the budget proposals, will lead to a further increase in the costs associated with financing the Council's debt portfolio.
- 13.6.11. The Council's and City's economic and fiscal position is clearly impacted upon by the wider national economic context. The UK's withdrawal from the EU could potentially weaken the pound, increase inflation, reduce domestic and foreign direct investment and impact upon borrowing costs. Conversely the UK's exit from the EU could have the opposite effect upon the economy. What is also unclear is to what extent the UK's exit from the EU will impact upon the level of resources available to the Council and the level of demand for the services that it provides.
- 13.6.12. A full analysis of all budget risks will continue to be maintained and will be subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks and budget variations are contained in the in-year financial health reports submitted to the Executive Board.

14. Conclusions

- 14.1. The Initial Budget Proposals for 2019/20 reflect the Government's planned reductions in public sector funding as set out in the current Comprehensive Spending Review and assumptions around the level of resources available through Council Tax and Business Rates. They also take account of increasing costs from rising demands for services, inflation and cost pressures.

- 14.2. Based on the Government's multi-year settlement there will be a further reduction in the Settlement Funding Assessment for 2019/20 of £15.3m. This is offset by additional funding from business rates and council tax of £21.3m to give an increased net revenue budget of £516.9m in 2019/20. However, the initial budget proposals for 2019/20 set out in this report, subject to the finalisation of the detailed proposals in February 2019, will still require savings and additional income of £24.4m to produce a balanced budget.
- 14.3. These budget proposals need to be seen in the context of a challenging economic outlook which, combined with the uncertainty around the implications of the UK's exit from the EU, could have the potential to impact on both the Council's resources and levels of demand for its services. Where it is possible to determine the financial implications of these they have been accommodated within the 2019/20 Initial Budget Proposals.

15. Recommendations

- 15.1. Executive Board is asked to agree the initial budget proposals and for them to be submitted to Scrutiny and also for the proposals to be used as a basis for wider consultation with stakeholders.
- 15.2. Executive Board is asked to note the assumptions contained in these proposals regarding the Council Tax base and the Authority's application to pilot 75% retention.
- 15.3. Should the bid to pilot 75% Business Rate Retention be successful then Executive Board is asked to agree that Leeds becomes a member of the new North and West Yorkshire Business Rates Pool and acts as lead authority for it. Notwithstanding this decision, the establishment of this new Pool will be dependent upon none of the other member authorities choosing to withdraw within the statutory period after designation. Should the bid not succeed, all members of the existing Leeds City Region Pool have agreed to its continuation in 2019/20.
- 15.4. Further, Executive Board is asked to agree that the Authority will implement the new business rates reliefs announced at the Autumn Budget. Leeds will be compensated in full by Government for any resultant loss of income.

16. Background documents²

None.

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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2019/20

	Adults & Health	Children & Families	City Development	Communities & Environment	Resources & Housing	Strategic & Central	Total Net Revenue Budget
	£m	£m	£m	£m	£m	£m	£m
Net managed budget (2018/19) - RESTATED	207.78	122.02	30.51	75.32	78.24	(2.99)	510.88
Pay - Leeds City Council	1.20	2.39	1.49	2.45	4.52		12.04
Wage costs - commissioned services	6.53	0.59					7.12
Employer's LGPS contribution	0.11	0.19	0.12	0.17	0.31		0.90
Fall-out of capitalised pension costs						(1.07)	(1.07)
Inflation: General	4.20	0.55	0.90	0.64	0.12	0.40	6.81
Inflation: Electricity and Gas Tariffs			0.80		0.07	2.00	2.87
Demand and demography - Adult Social Care	1.90						1.90
Demand and demography - Children Looked After		1.50					1.50
Demand and demography - Other				0.40			0.40
Transforming Care Programme	2.00						2.00
Income pressures (including academisation)		0.40			1.23		1.63
Leeds 2023			0.00			1.50	1.50
Migration to Microsoft Cloud					0.85	(0.06)	0.79
Housing Benefit Overpayment income				0.40			0.40
West Yorkshire Regional Adoption		0.35					0.35
Managed Approach				0.21			0.21
Hostile Vehicle Mitigation Scheme			0.15				0.15
Other Pressures	0.10	0.43	0.17	0.49	0.64	0.17	2.00
Debt - external interest / Minimum Revenue Provision				0.30		1.90	2.20
New Homes Bonus						1.38	1.38
Public Health grants	1.20						1.20
Homelessness Grant					0.66		0.66
Improved Better Care Fund	(10.10)						(10.10)
ASC Spring Budget - Year 3	4.70						4.70
ASC Support Grant - one off in 2018/19	2.10						2.10
Autumn Budget 2018 Winter Monies	(3.30)						(3.30)
Autumn Budget 2018 est. additional funding		(5.60)					(5.60)
School Improvement Monitoring and Brokerage Grant		0.40					0.40
DfE funding SEN		0.50					0.50
DfE Innovations Grant		3.05					3.05
S31 Business Rate grants						(1.01)	(1.01)
Housing Benefits/ Local Council Tax Support Grants				0.33			0.33
Childrens Funeral Fund				(0.24)			(0.24)
Contribution to / (from) General Reserve						(4.01)	(4.01)
Contributions to/ (from) Earmarked Reserves		(1.00)		0.35		(2.75)	(3.40)
Total - cost and funding changes	10.64	3.75	3.62	5.50	8.41	(1.55)	30.36
Budget savings proposals							
As per Appendix 2	(11.69)	(1.80)	(2.06)	(2.28)	(5.04)	(1.50)	(24.36)
Total - Budget savings proposals	(11.69)	(1.80)	(2.06)	(2.28)	(5.04)	(1.50)	(24.36)
2019/20 Submission	206.74	123.97	32.07	78.55	81.60	(6.04)	516.88
Increase/(decrease) from 2018/19 £m	(1.04)	1.95	1.56	3.23	3.37	(3.05)	5.99
Increase/(decrease) from 2018/19 %	(0.50%)	1.60%	5.11%	4.29%	4.31%	102.24%	1.17%
TOTAL FUNDING AVAILABLE (Forecast Net Revenue Charge)							516.88
GAP							(0.00)

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Savings Proposal	Comments	2019/20	2020/21 fye	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
CEL	Implement energy saving initiatives across estate	(0.03)	0.00	N
CEL	Review of Management structures	(0.08)	0.00	Y
CEL	Fleet operation 24 hour working improve fleet utilisation (and reduce external hire)	(0.05)	0.00	Y
CEL	Installation of more effective entry/exit system at Portland entrance to Civic	(0.04)	0.00	Y
CEL	Insourcing of contracts	(0.06)	0.00	N
Directorate Wide	Savings target: balance to find	(0.02)	0.00	N
DIS	Procurement savings SAP contract	(0.05)	0.00	N
DIS	Targeted staffing savings through ELLs, management of vacancies and service reviews	(0.18)	0.00	Y
Finance	Targeted staffing savings through ELLs, management of vacancies and service reviews	(0.28)	0.00	Y
Housing	Fund the reduction of the Flexible Homelessness Support Grant by the utilisation of balances held	(0.66)	0.66	N
Housing	Targeted staffing savings	(0.10)	0.00	Y
HR	Review of income and line by line spend	(0.03)	0.00	N
HR	Targeted staffing savings through ELLs, management of vacancies and service reviews	(0.09)	0.00	Y
Legal Services	Review of running costs	(0.13)	0.00	N
PACS	Targeted staffing savings from effective management of staff turnover	(0.06)	0.00	Y
Shared Services	Targeted staffing savings & service reviews	(0.79)	0.00	Y
Shared Services	Greater use of technology to generate efficiencies in central payments functions	(0.15)	0.00	Y
Strategy and Improvement	Targeted staffing savings	(0.26)	0.00	Y
Sub-Total Efficiencies		(3.05)	0.66	
B) Changes to Service				
Sub-Total Service Changes		0.00	0.00	
C) Additional Income - Fees and Charges				
HR	Establish a salary sacrifice scheme to provide loans to staff for Ultra Low Emissions Vehicles with savings likely to accrue in Employers NI contributions	(0.06)	0.00	Y
HR	Proposals to recover income from the Apprentice Levy for provision of training	(0.11)	0.00	N
Sub-Total Additional Income (Fees & Charges)		(0.17)	0.00	

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

LBS	Additional net income from Trading surpluses generated via additional turnover and cost reductions	(1.40)	0.00	Y
CEL	Aim to generate additional external income across CEL	(0.07)	0.00	N
DIS	External income; LCR business rates pool	(0.04)	0.00	N
DIS	Additional income from fees chargeable to capital	(0.31)	0.00	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(1.82)	0.00	
Total Savings Options - Resources & Housing		(5.04)	0.66	

Strategic & Central - Savings options 2019/20

Savings Proposal	Comments	2019/20	2020/21 fye	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
Sub-Total Efficiencies		0.00	0.00	
B) Changes to Service				
Sub-Total Service Changes		0.00	0.00	
C) Additional Income - Fees and Charges				
Sub-Total Additional Income (Fees & Charges)		0.00	0.00	
D) Additional Income - Traded Services, Partner and Other Income				
Sub-Total Additional Income (Traded Services, Partner and Other Income)		0.00	0.00	
E) Other Income Changes				
Additional Capitalisation	Short term increase in additional capitalisation	(1.00)		N
Capital Receipts Flexibilities	Expand flexible use of capital receipts to fund transformational work.	(0.50)		N
Sub-Total Other Income Changes		(1.50)	0.00	
Total Savings Options - Strategic & Central		(1.50)	0.00	

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Communities and Environment - Savings options 2019/20

Savings Proposal	Comments	2019/20	2020/21	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
Communities	Staffing efficiencies within the service	(0.08)	0.00	Y
Community Centres	Asset transfer savings and general efficiencies	(0.10)	0.00	Y
Infrastructure Support Fund	10% reduction of Infrastructure Support Fund	(0.03)	0.00	Y
Community Safety	Efficiency savings within the service including maximising use of Community Safety Fund	(0.06)	0.00	N
Community Safety - PCSOs	Include vacancy factor in PCSO budget	(0.01)	0.00	N
Welfare & Benefits	Targeted staffing savings to offset reduction in Housing Benefit Admin Subsidy Grant	(0.15)	(0.15)	Y
Waste Management - Prudential Borrowing	Savings relating to previous capital expenditure now repaid	(0.18)	(0.06)	N
Libraries & Information Service	Staffing savings associated with planned restructure	(0.20)	0.00	Y
Sub-Total Efficiencies		(0.81)	(0.21)	
B) Changes to Service				
Libraries & Information Service	Review and reduce provision of publications in libraries	(0.04)	0.00	Y
Sub-Total Service Changes		(0.04)	0.00	

C) Additional Income - Fees and Charges

Parks & Countryside - Commercial Income	Identify further commercial income generating opportunities	(0.05)	0.00	Y
Registrars	Inflationary increase in fees and review fee structure where required	(0.10)	0.00	Y
Bereavement charges	Inflationary increase in fees (3%) to offset cost increases	(0.18)	0.00	Y
Leeds Card Discount at Attractions	Review and standardise current discounts at attractions available to card holders	(0.03)	0.00	Y
Woodhouse Lane Car Park	Increase commuter fee by 50p	(0.11)	0.00	Y
District car parks	Introduce pay and display charging at 3 district car parks	(0.20)	(0.05)	Y
Sunday and evening parking	Implement increase in Sunday and Evening parking by 10% e.g. Sundays (up to 4hrs) £2 to £2.20, (up to 8hours) £5 to £5.50; Evenings £3 to £3.30	(0.06)	0.00	Y
Sub-Total Additional Income (Fees & Charges)		(0.73)	(0.05)	

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

Local Welfare Support Scheme	Passport cost of providing carpets/flooring to Council Tenants awarded via the LWSS scheme to Housing Revenue Account	(0.10)	0.00	N
Elections	Shared cost of elections (with parishes in 19/20)	(0.10)	(0.30)	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(0.20)	(0.30)	

E) Other Income Changes

S106 Balances	Utilisation of Greenspace S106 balances	(0.50)	0.50	N
Sub-Total Other Income Changes		(0.50)	0.50	
Total Savings Options - Communities and Environment		(2.28)	(0.05)	

City Development - Savings options 2019/20

Savings Proposal	Comments	2019/20	2020/21 fye	Is this relevant to Equality & Diversity?
		£m	£m	
A) Efficiencies				
Efficiencies	Operating costs reductions	(0.15)	0.00	N
Asset rationalisation	Freeing up existing building capacity, reducing void management costs and exercising options to buy	(0.25)	(0.20)	N
LED street lighting conversion	LED street lighting conversion	(0.70)	(0.43)	N
Sub-Total Efficiencies		(1.10)	(0.63)	
B) Changes to Service				
Apprentice Levy	Net income after salary costs for new team to establish LCC as a registered training provider to maximise Apprentice Levy income.	(0.05)	(0.17)	N
Sub-Total Service Changes		(0.05)	(0.17)	

City Development - Savings options 2019/20

Savings Proposal	Comments	2019/20	2020/21 fye	Is this relevant to Equality & Diversity?
		£m	£m	
C) Additional Income - Fees and Charges				
Commercial Property Fees	Additional fee income - commercial property	(0.06)	0.00	N
Development	Fee increases and premium services	(0.08)	0.00	N
Sport & Active Lifestyles	Increase income	(0.22)	0.00	N
Sub-Total Additional Income (Fees & Charges)		(0.36)	0.00	
D) Additional Income - Traded Services, Partner and Other Income				
Arena Income	Recognise profit share element of Arena Income	(0.15)	0.00	N
Sub-Total Additional Income (Traded Services, Partner and Other Income)		(0.15)	0.00	
E) Other Income Changes				
Additional Capitalisation	Increased recharges to Capital	(0.40)	0.00	N
Sub-Total Other Income Changes		(0.40)	0.00	
Total Savings Options - City Development		(2.06)	(0.80)	

Equality, Diversity, Cohesion and Integration Screening

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions.

Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: Resources and Housing	Service area: Corporate Financial Management
Lead person: Doug Meeson	Contact number: 88540

1. Title: Initial Budget Proposals 2019/20

Is this a:

Strategy / Policy

 Service / Function

 Other

If other, please specify

2. Please provide a brief description of what you are screening

The council is required to publish its initial budget proposals two months prior to approval of the budget by full council in February 2019. The initial budget proposals report for 2019/20 sets out the Executive's plans to deliver a balanced budget within the overall funding envelope. It should be noted that the budget represents a financial plan for the forthcoming year and individual decisions to implement these plans will be subject to equality impact assessments where appropriate.

3. Relevance to equality, diversity, cohesion and integration

All of the council's strategies/policies, services/functions affect service users, employees or the wider community – city-wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation. Also those areas that impact on or relate to equality: tackling poverty and improving health and well-being.

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?	X	
Have there been or likely to be any public concerns about the policy or proposal?	X	
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?	X	
Does the proposal involve or will it have an impact on <ul style="list-style-type: none"> • Eliminating unlawful discrimination, victimisation and harassment • Advancing equality of opportunity • Fostering good relations 	X X X	

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?**

(think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

The initial budget proposals identify a savings requirement of £24.4m due to a reduction in Government funding and unavoidable pressures such as inflation and demand/demography. Savings proposals to bridge this gap will affect all citizens of Leeds to some extent. The council has consulted on its priorities in recent years and has sought to protect the most vulnerable groups. However, the cumulative effect of successive annual government funding reductions, means that protecting vulnerable groups is becoming increasingly difficult. Further consultation regarding the specific proposals contained in this report will be carried out before the final budget for 2019/20 is agreed.

• Key findings

(think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

The budget proposals will impact on all communities but those who have been identified as being at the greatest potential risk include:

- Disabled people
- BME communities
- Older and younger people and
- Low socio-economic groups

The initial budget proposals have identified the need for staffing savings in all areas of the council which may impact on the workforce profile in terms of the at-risk groups. There will be some impact on our partners through commissioning and/or grant support which may have a knock on effect for our most vulnerable groups.

• Actions

(think about how you will promote positive impact and remove/ reduce negative impact)

A strategic equality impact assessment of the budget will be undertaken prior to its approval in February 2019.

There will also be further equality impact assessments on all key decisions as they go through the decision making process in 2019/20.

5. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	

Lead person for your impact assessment (Include name and job title)	
--	--

6. Governance, ownership and approval		
Please state here who has approved the actions and outcomes of the screening		
Name	Job title	Date
Doug Meeson	Chief Officer Financial Services	4 th December 2018
Date screening completed		4 th December 2018

7. Publishing	
<p>Though all key decisions are required to give due regard to equality the council only publishes those related to Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.</p> <p>A copy of this equality screening should be attached as an appendix to the decision making report:</p> <ul style="list-style-type: none"> • Governance Services will publish those relating to Executive Board and Full Council. • The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions. • A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record. <p>Complete the appropriate section below with the date the report and attached screening was sent:</p>	
For Executive Board or Full Council – sent to Governance Services	Date sent: 10 th December 2018
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent:

EXECUTIVE BOARD – 19TH DECEMBER 2018

ADDENDUM TO AGENDA ITEM 18 – INITIAL BUDGET PROPOSALS FOR 2019/2020 report

Since the publication of the Initial Budget Proposals for 2019/20 report the Government announced the provisional Local Government Financial Settlement for 2019/20 on 13th December. The key features of this settlement as they effect the initial budget proposals for 2019/20 are outlined below along with the implications for Leeds City Council.

1. 75% Business Rates Retention

a) The Secretary of State announced that Leeds City Council's application to pilot 75% business rates retention as an expanded North & West Yorkshire business rates pool in 2019/20 has been successful, alongside 14 other pilots across England. This means that Leeds City Council will go from retaining 100% retention of business rates growth in 2018/19 to 75% retention in 2019/20.

b) The success of this bid safeguards an estimated £7.97m of funding included in the Council's Initial Budget Proposals (IBP), in which it was assumed that the pilot would be successful. Overall, the pilot brings additional funding to the Region of £29m, of which £6m will be used by the pool to fund regional projects with the remaining growth being returned to member authorities to enhance their financial sustainability.

2. Settlement Funding Settlement (SFA) 2019/20

a) There will be a reduction in SFA between 2018/19 and 2019/20 of £15.23m which is £0.11m less than the reduction anticipated in the Council initial budget proposals.

3. Winter Pressures and Social Care Grant

a) The provisional Local Government Financial settlement confirmed Leeds's allocation of the £240m and £410m that the Chancellor had announced in his autumn budget statement in October 2018. The £240m is to be spent on winter pressures in Adult Social Care and is primarily aimed at reducing 'bed-blocking' in the NHS whilst the £410m supports both Adult's and Children's Social Care.

4. Council Tax increases

a) For 2019/20 the Government has announced that core Council Tax, excluding the Adult Social Care (ASC) Precept, can increase by up to 3% without the need for a referendum. This is the same limit as 2018/19 and in line with assumptions in the Council's initial budget proposals.

b)The Adult Social Care precept levied on the Council Tax, which can only be used to fund adult social care, gave single tier authorities like Leeds the ability to increase Council Tax by up to 6% in total between 2017/18 and 2019/20. The Government confirmed that this flexibility would remain for 2019/20. To date Leeds has used 5% of the 6% ASC Precept

flexibility and the initial budget proposals assumes the remaining 1% will be utilised in 2019/20.

Recommendation:

1. That Executive Board note the implications of the provisional Local Government Financial settlement upon the 2019/20 initial budget proposals.



Report author: Angela Brogden
Tel: 0113 3788661

Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 21st January 2019

Subject: Best Council Plan Refresh 2019/20 – 2020/21

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 type="checkbox"/> Yes <input checked="" 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. On 19th December 2018 the Executive Board considered an approach for refreshing the Best Council Plan for 2019/20 to 2020/21. The Executive Board report is appended which fully details the initial proposals.
2. For such Budget and Policy Framework matters, the Council's constitution sets out a process which includes referral to appropriate Scrutiny Boards in order to consider and comment on any initial proposals. The attached proposals are therefore submitted to Scrutiny Board for consideration and review.
3. While the appended Best Council Plan initial proposal provides a full overview of the Council's priorities and ambitions to provide context, the focus of Scrutiny Board (Strategy and Resources) should relate to its specific terms of reference. Each of the Council's Scrutiny Boards will consider the proposals and have the opportunity to comment on matters within each Scrutiny Board's terms of reference.
4. Any comments or recommendations identified by the Scrutiny Board (Strategy and Resources) will need to be submitted to the Director of Resources and Housing by the end of January 2019, in order that the Executive Board can consider these at its meeting in February 2019; and prior to submission of the proposals to full Council on 27th February 2019.

5. In line with the approach to the initial budget proposals for 2019/20, it is intended to produce a summary of the discussion and comments from all Scrutiny Boards in order to make a single submission to Executive Board.
6. Relevant Executive Members and Directors (or their nominees) have been invited to the meeting to contribute to the discussion and address any questions raised by the Scrutiny Board.

Recommendations

7. The Scrutiny Board (Strategy and Resources) is recommended to:
 - a) Consider the appended Executive Board report and the initial proposals for the Best Council Plan for 2019/20 – 2020/21; and,
 - b) Provide input to help shape the emerging Best Council Plan for 2019/20 – 2020/21, making any recommendations for consideration by Executive Board as deemed appropriate.

Background documents¹

8. None

¹ 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.

Report of the Director of Resources and Housing

Report to Executive Board

Date: 19 December 2018

Subject: Best Council Plan Refresh 2019/20 – 2020/21

Are specific electoral wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary of main issues

1. The Best Council Plan is the council's strategic plan, setting out the authority's ambitions and priorities for both the city (working in partnership) and the organisation, underpinned by the values that encompass what we do and how we work. The current 2018/19 – 2020/21 Best Council Plan was adopted by Council in February 2018.
2. This paper sets out an approach to refresh the current Best Council Plan for the period 2019/20 – 2020/21 based on ongoing organisational development and improvement activity, the latest Best Council Plan annual performance report and socio-economic insight gained from the recently updated Joint Strategic Assessment.
3. It is proposed that much of the current Best Council Plan is retained, notably the 'Best City' ambition, outcomes and priorities, with the city's Inclusive Growth and Health & Wellbeing Strategies as key drivers in tackling poverty and reducing inequalities (please also refer to the report, 'Tackling poverty and inequality' being considered today). Also that the 'Best Council' ambition is kept but with further refinement and more detailed explanation of how the authority will enact this in support of the Best City ambition. The Best Council Plan key performance indicators will be reviewed and updated as needed.
4. This approach underpins the Medium-Term Financial Strategy 2019/20 – 2021/22 approved by the Executive Board in July 2018 and the Initial Budget Proposals for 2019/20 on today's agenda.

Recommendations

Executive Board is asked to approve:

1. Engagement with Scrutiny Boards on the emerging Best Council Plan in accordance with the Budget & Policy Framework Procedure Rules.
2. The approach set out in the report to refresh the Best Council Plan for 2019/20 – 2020/21.
3. That the Director of Resources and Housing will be responsible for developing the Best Council Plan for its consideration by this Board and Full Council in February 2019 alongside the supporting 2019/20 Budget.

1. Purpose of this report

- 1.1 This paper sets out proposals to update the Best Council Plan for the period 2019/20 – 2020/21. Subject to Executive Board's approval, the proposals will then be considered in consultation with all Scrutiny Boards alongside the 2019/20 initial budget proposals. Following this, a final draft of the updated Best Council Plan will be brought to February's Executive Board with the final budget proposals, recommending its adoption by Full Council later that month.

2. Background information

- 2.1 In February 2018, Council adopted the Best Council Plan 2018/19 to 2020/21 (available [here](#)) an update to the previous Best Council Plan 2017/18. The Best Council Plan is Leeds City Council's strategic plan, bringing together the headline aspirations from a range of supporting council and partnership plans to set out the authority's overall ambitions, policy direction and priorities for both city and organisation, underpinned by the authority's values. It informs the council's budget-setting and financial strategies, helps our staff understand how the work they do makes a real difference to the people of Leeds and shows our partners how we contribute to city-wide issues.
- 2.2 The updated Plan maintains the clear, strategic message expressed in recent years around Best City meaning a strong economy in a compassionate city, tackling poverty and inequalities; the Best Council ambition of being an efficient and enterprising organisation supporting this. Whilst the Best City outcomes and the council's underpinning values did not change as part of the update, the opportunity was taken to further refine the Best City priorities and to centre these around the, at the time, draft Leeds Inclusive Growth Strategy 2017-23 and Leeds Health & Wellbeing Strategy 2016-21. The Plan's key performance indicators were also refreshed and expanded.
- 2.3 Whilst the current Best Council Plan was written as a three-year document, the intention was that, as with the council's medium-term financial plan, it should be reviewed and refined annually as needed. This paper therefore sets out proposals to update the Best Council Plan for the period 2019/20 – 2020/21, taking into account progress in delivering the Plan's priorities (as considered by the Executive Board in September 2018 through the Annual Performance Report available [here](#)) and latest insight from the Joint Strategic Assessment.

3. Main issues

- 3.1 A Joint Strategic Needs Assessment (JSNA) analyses the health needs of populations to inform and guide commissioning of health, wellbeing and social care services within a local authority area. In Leeds, we have over the last decade adopted a wider approach to the JSNA, extending the analysis to cover the wider determinants of health, not only to ensure we gain a deeper insights into the relationship between health, wider-wellbeing, the economy and environment, but also to inform the Best City strategic framework. The findings from the 2015 JSNA – which incorporated socio-economic and health data - informed the 2016 updates to the Best Council Plan as well as key 'city' plans, notably the Health & Wellbeing Strategy.
- 3.2 The JSNA has recently been updated for 2018 based around the Best Council Plan 'Best City' priorities. In 2018 we have adopted a wider approach to this work, focusing not only on need but also the key assets of our communities: as such, we are terming this as a 'Joint Strategic Assessment' (JSA).

- 3.3 The emerging findings from the JSA 2018 corroborate the rationale for Health and Wellbeing and Inclusive Growth as the primary strategies in achieve our Best City ambition. Headlines from the draft working document are attached at Annexe 1. The analysis highlights socio-economic diversity and an intensification of inequalities. It confirms our broadly strong economy with some genuine areas of excellence and competitiveness, but also identifies some challenges in terms of productivity, linked in part to growth in 'lower productivity' sectors such as consumer-services.
- 3.4 In terms of service provision, the JSA also confirms the very dynamic and multi-faceted challenges often in our most deprived communities and the requirement for the council and our partners to respond more collaboratively – particularly at either end of the age-spectrum.
- 3.5 With the insight from the Annual Performance Report and the JSA validating that the overall strategic direction set out in the current Best Council Plan remains highly relevant, we therefore propose that a relatively light-touch update is carried out, resulting in a refreshed Best Council Plan for the period 2019/20 – 2020/21 incorporating the following:
- Retention of the Best City ambition and priorities, with Health and Wellbeing and Inclusive Growth being at the head of the hierarchy of supporting and inter-related strategies. (Over time, we intend to move to a position of having fewer such supporting strategies.) This supports the strategic approach to tackling poverty Executive Board is asked to endorse within the report on today's agenda, 'Tackling poverty and inequality' whereby inclusive growth and the health and wellbeing of citizens is at its centre. That report also explains how the seven city priorities within the Best Council Plan contribute to this shared vision on tackling poverty.
 - Review of the key performance indicators to ensure they remain up to date and focused on the overarching vision to tackle poverty and inequalities.
 - A more detailed review of the Best Council ambition. How we progress our journey of improvement against a backdrop of changing patterns of service demand and continuing financial constraints requires a stronger emphasis. Potential areas for greater prioritisation include: workforce planning and development; organisational development and culture; digital at the heart of improving services; a focus on the best use of our assets; trading; simplification of processes; and shared services.
 - Expanding the Best Council 'efficient and enterprising' strapline to incorporate 'healthy', encompassing a focus on health across the council's workforce, operations and finances. The updated Best Council ambition would then become, 'An Efficient, Enterprising and Healthy Organisation'.
 - No change to the Values that underpin what we do and how we work.
 - An updated Foreword from the council's Leader and Chief Executive.
- 3.6 Should these proposals be agreed, a final draft updated Best Council Plan will be presented to Executive Board and Full Council in February 2019 for approval.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Best Council Plan 2018/19 to 2020/21 was developed through engagement with a range of stakeholders, notably with the Executive Board, all Scrutiny Boards, Community Committee Chairs, the Corporate Leadership Team and other senior

officers. It also draws on priorities set out in existing council and partnership plans and strategies which themselves have been subject to extensive consultation and engagement.

- 4.1.2 The proposed update to the Best Council Plan 2019/20 - 2021/22 will also be developed in consultation with members and staff and will draw on insights from the council's annual staff survey and annual budget public consultation.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 A strategic equality impact assessment (EIA) will be carried out in the coming weeks and presented to Executive Board in February with the final Best Council Plan 2019/20 – 2020/21 proposals. As in previous years, this will be a joint EIA covering both the Best Council Plan and Budget proposals. Additional EIAs have been carried out on key supporting plans and strategies.

4.3 Council policies and Best Council Plan

- 4.3.1 This report presents initial proposals for refreshing the Best Council Plan for 2019/20 – 2020/21, continuing to provide a framework for the council's approach to responding to the inequality challenges in Leeds through growing the economy while being a compassionate city.
- 4.3.2 The emerging Best Council Plan will be discussed with Scrutiny Boards in the coming weeks, prior to the final Best Council Plan and budget proposals being presented to Executive Board and Full Council in February. This process is in accordance with the council's Budget and Policy Framework (Article 4 of the council's Constitution) and the Budget and Policy Framework Procedure Rules (Part 4 Rules of Procedure).
- 4.3.3 Detailed delivery plans and key performance indicators are in place for the range of supporting plans and strategies that sit beneath the Best Council Plan. Accountability for monitoring and managing these falls within existing governance arrangements – for example, with partnership boards and project boards and additional scrutiny via Scrutiny Boards – with escalation processes as required to members and the Corporate Leadership Team. Annual assurance reports on the robustness of the council's performance management arrangements are considered by the council's Corporate Governance and Audit Committee, providing one of the sources of evidence for the authority's Annual Governance Statement. The most recent assurance report was received by the Committee in June 2018 (available [here](#)) with no issues identified.

4.4 Resources and value for money

- 4.4.1 The refreshed Best Council Plan 2019/20 – 2020/21 will set out the council's priorities aligned with the medium-term financial strategy and annual budget. Developing and then implementing the Best Council Plan will continue to inform, and be informed by, the council's funding envelope and staffing and other resources.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no significant legal issues relating to this report and all information within this report is publicly available. This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the initial Best Council Plan proposals, once approved by the Board will be submitted to

Scrutiny for their review and consideration. The outcome of their review will be reported to the February 2019 meeting of this Board at which proposals for the 2019/20 – 2020/21 Best Council Plan will be considered prior to submission to full Council on 27 February 2019. As such, this report is not eligible for call-in in line with Executive & Decision Making Procedure Rule 5.1.2 which states that ‘the power to Call In decisions does not extend to decisions made in accordance with the Budget & Policy Framework Procedure Rules’.

4.6 Risk management

- 4.6.1 The council’s corporate and directorate risk registers will continue to be reviewed in light of any amendments to the Best Council Plan to ensure that the key risks that could impact upon new and evolving strategic objectives and priorities are appropriately identified, assessed and managed.
- 4.6.2 A full risk assessment will also be undertaken of the council’s financial plans - which support the delivery of the Best Council Plan - as part of the normal budget process with some of the most significant potential risks to the council’s budget and medium-term financial strategy outlined in today’s ‘Initial Budget Proposals’ paper. These arrangements comply with the council’s Risk Management Policy.

5 Conclusions

- 5.1 Executive Board has received a range of reports in recent years on the progress being made towards our Best City vision and ambition of Leeds having a strong economy and being a compassionate city, but also the ongoing challenges of persistent and significant inequalities. Most recently, the Best Council Plan Annual Performance Report and emerging findings from the Joint Strategic Assessment 2018 confirm this mixed picture. As the council’s strategic plan that brings together a range of supporting council and partnership plans and strategies, it is therefore proposed that the updated Best Council Plan maintains its focus on addressing these challenges whilst retaining our ambitious programme to support economic growth.
- 5.2 At a time of continued financial pressures, it is also important that the council continues to play its part through ongoing improvement and prioritisation, using its resources to support the Best City vision. It is therefore further proposed that the updated Plan retains the ‘Best Council’ ambition but with greater detail provided on how the authority will enact this, with a particular focus on organisational / workforce development, digitalisation / data analytics and more effective use of intelligence in resource allocation.
- 5.3 This approach provides the framework for the Initial Budget Proposals for 2019/20 being considered today. Alongside the emerging budget, the 2019/20 – 2020/21 Best Council Plan will be developed further in the coming weeks through consultation with members and officers with final detailed proposals coming back to Executive Board in February recommending its adoption by Council.

6 Recommendations

- 6.1 Executive Board is asked to approve:
 - 1. Engagement with Scrutiny Boards on the emerging Best Council Plan in accordance with the Budget & Policy Framework Procedure Rules.
 - 2. The approach set out in the report to refresh the Best Council Plan for 2019/20 – 2020/21.

3. That the Director of Resources and Housing will be responsible for developing the Best Council Plan for its consideration by this Board and Full Council in February 2019 alongside the supporting 2019/20 Budget.

7 Background documents¹

- 7.1 There are no background documents.

¹ 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.

Annexe 1: Headlines from the Leeds Joint Strategic Assessment 2018

Overall

- The Leeds economy continues to grow and there are genuine strengths in our overall levels of employment. There is continued growth in high quality jobs in digital, health, social care, professional and managerial roles.
- Our comparative position on most health and social care indicators with other Core Cities is strong, although like all Core Cities, stubborn challenges and inequalities remain.
- There is evidence of an intensification of inequalities, confirming the very dynamic and multi-faceted challenges often in our most deprived communities and the requirement for us and partners to respond more collaboratively – particularly at either end of the age-spectrum.
- The assets we have in communities and our growing city centre reflect a confident and ambitious city.
- The analysis in this Joint Strategic Assessment supports the priorities and ambitions outlined in our Health and Wellbeing and Inclusive Growth strategies.
- Our ambition to improve the health of the poorest the fastest and drive compassionate, inclusive economic growth is supported by the evidence from the JSA.
- In particular, commissioners and policy makers need to better understand the actions they can take in relation to the interplay between population growth in deprived areas, low skills, low-waged employment, poor quality private rented accommodation and lifetime health.
- Social capital in communities is a protective factor that mitigates the worst impacts of these social determinants. So, how partners can better work together to focus on creating the conditions for people to reshape the bonds of modern communities and build community assets will be a central factor in successfully responding to these challenges.

Population

- Since 2011 there has been a disparity between ONS population estimates and data based on GP registrations. The greatest variance in population numbers is found primarily in our most deprived communities, particularly for the male population of these areas.
- International immigration remains an important factor behind the city's growth, with the population continuing to become more ethnically diverse since the 2011 Census. EU countries such as Romania, Poland, Italy and Spain make up a significant proportion of new arrivals, as do more well-established countries from south-east Asia and Africa.
- The wider trend of the city's ageing population continues, as the baby-boomer generation grows older there will be a range of implications for service provision, not least as a result of a far more ethnically diverse older population, with a greater concentration in the city's inner areas
- The child population is growing at a faster rate than the population of the city as a whole, this is particularly acute in our deprived communities. Data from the city's schools, shows there are more children and young people of black and minority ethnic heritage, particularly Black African and White Eastern European.

Inclusive Growth

- 450,000 people work in Leeds, with three quarters in the private sector, putting the city in the top five nationally for private sector employment. Very strong private sector growth since 2010 has maintained the city's employment rate, with 77% of the economically active in employment, above regional and national averages.
- Leeds continues to be the main driver of economic growth for the city-region, and has key strengths in financial and business services, advanced manufacturing, health and creative

and digital industries, with a strong knowledge-rich employment base. These strengths linked to the city's universities and teaching hospitals are major innovation assets for Leeds. Leeds also performs well in terms of business start-ups, with strong growth in digital and medical technologies, telecoms and creative industries.

- An area for concern is the 'hollowing-out' of skilled and semi-skilled occupations increasing across a wider range of sectors. Recently this has been accompanied with growth in high skilled/high valued jobs in the knowledge-based sectors, together with growth in lower skilled/lower income jobs often in consumer-services, which combined with flexible employment and perhaps the early impact of welfare reforms has seen a growth of in-work poverty.
- Despite our high levels of employment, our economic output growth has only been mid-table in relation to core cities in recent years (despite doing relatively well in terms of productivity per worker - reflecting our significant knowledge-base). This could be a hangover from the 'great recession', where key sectors particularly in financial and business services have faced prolonged challenges or due to recent employment and output growth been in 'lower productivity' sectors - e.g. consumer-services.

Health and Wellbeing

- Realising our ambition for Leeds to be the best city for health and wellbeing requires improvements in all the factors that support healthy lives: the social determinants - particularly employment and skills; the living conditions - such as housing, air quality, access to green space; and lifestyle choices - such as physical activity levels, food choices, alcohol intake and smoking.
- Over 170,000 people in Leeds live in areas ranked amongst the most deprived 10% nationally. One in five children in Leeds live in poverty. Childhood poverty has lifelong implications for health and wellbeing.
- At the heart of our Health and Wellbeing Strategy is to improve the health of the poorest, fastest. Analysis of key indicators confirms that, in line with wider national trends, people living in deprived neighbourhoods continue to have poorer health outcomes. Whilst there has been some improvement (smoking continues to reduce, more people are surviving for longer with long term conditions) in some cases progress has slowed and the gaps have widened.
- A particular concern is the stalling of improvements in life expectancy for people living in deprived areas.
- The 2017/18 Annual Report from the Director of Public Health in Leeds identifies a number of areas of concern: infant mortality, multiple morbidities, life expectancy, deaths in men from drug overdose, deaths in women from alcoholic liver disease, a rise in male suicides, a rise in women who self-harm.

Child-Friendly City

- More children in Leeds are now safe and secure in their families; children and young people have greater voice and influence; and an increasing number are achieving good outcomes. However, this is an ongoing journey: we need to maintain this progress, staying focused on keeping children safe and working collectively to ensure that families get the support they need.
- Since 2011, the number of children looked after has seen a 12% reduction in Leeds compared to an 11% rise over that period across England. More recently numbers have risen slightly over 2017/18 from 1,253 (76.6 per 10,000 children and young people) to 1,275 (77.4 per 10,000), broadly tracking the general increase in the under-18 population in the city.

- Educational attainment, particularly of more disadvantaged children, is still a significant challenge. Performance at Foundation and Key Stage Two is below regional and national averages, particularly amongst disadvantaged children, with the gap in attainment towards the bottom of the rankings. This performance recovers somewhat by Key Stage 4, where the city's performance (for non-disadvantaged children) is close to the national average.

Safe, Strong Communities

- The analysis suggests some intensification of inequalities across the city and reaffirms the very dynamic and multi-faceted challenges often in our most deprived communities and the requirement for us and partners to respond more collaboratively – particularly at either end of the age-spectrum.
- Child poverty is at the root of many poor outcomes for children and young people and their families. In 2015 almost 20% of children (under 16s, 28,000 children) were estimated to live in poverty in Leeds, compared to 17% nationally.
- National estimates of 'relative poverty after housing costs' when applied to Leeds equate to almost 172,000 people living in relative poverty.
- More recently we have seen growth of in-work poverty, with an estimated 70,000+ working age adults across the city are from working households and in poverty
- After sustained periods of crime reductions both nationally and locally, crime levels have started to increase. In Leeds, we have seen total recorded crime rise in the last three years. In 2017, there were 95,011 crimes, an increase of 11.7% on the previous year. The reasons for these increases are not straight forward. Although there have been changes in how crimes are, the nature and type of crime has also changed; cyber related crime has become more prevalent and there are a multitude of platforms that are now used to facilitate, exploit and groom vulnerable people.

Housing

- The overarching challenge is to provide enough quality and accessible homes to meet the city's growing population, whilst protecting the quality of the environment and respecting community identity. Within this overall context the need for affordable housing and affordable warmth are key issues. Good quality housing is a pre-requisite for good health. People who live in clean, warm, safe and affordable homes are less likely to experience housing-related ill health.
- The mix of housing tenure has changed significantly of the two decades. The significant growth of the private rented sector is a key trend which brings with it associated challenges, particularly at the low cost end of the market where housing conditions can be poor. The only reliable city-wide data is the 2011 Census, which confirms growth in the private rented sector, which almost doubled between 2001 and 2010, to 18%. It is likely that this rate of change has continued if not accelerated.
- Research highlights the change in composition of our most deprived neighbourhoods influenced by the growth of the private rented sector, with an expansion of 'disconnected' neighbourhoods. It is notable that some of our neighbouring authorities, most notably Wakefield have far more positive housing markets in their relatively deprived areas. The extent to which these localities provide affordable 'starter housing' for a wider geography should be considered.

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Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date: 21st January 2019

Subject: Work Schedule

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 type="checkbox"/> Yes <input checked="" 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

1 Purpose of this report

1.1 The purpose of this report is to consider the Scrutiny Board’s work schedule for the remainder of the current municipal year.

2 Main issues

2.1 At its initial meeting in June 2018, the Scrutiny Board discussed a range of matters for possible inclusion within the overall work schedule for 2018/19. Linked to this, the Principal Scrutiny Adviser was requested to work with the Chair to incorporate the areas of work agreed by the Scrutiny Board into its work schedule for the forthcoming year.

2.2 The latest iteration of the work schedule is attached as Appendix 1 for consideration and agreement of the Scrutiny Board – subject to any identified and agreed amendments.

2.3 Executive Board minutes from the meeting held on 19th December 2018 are also attached as Appendix 2. The Scrutiny Board is asked to consider and note the Executive Board minutes, insofar as they relate to the remit of the Scrutiny Board; and identify any matter where specific scrutiny activity may be warranted, and therefore subsequently incorporated into the work schedule.

Developing the work schedule

2.4 The work schedule should not be considered a fixed and rigid schedule, it should be recognised as something that can be adapted and changed to reflect any new and emerging issues throughout the year; and also reflect any timetable issues that might occur from time to time.

2.5 However, when considering any developments and/or modifications to the work schedule, effort should be undertaken to:

- Avoid unnecessary duplication by having a full appreciation of any existing forums already having oversight of, or monitoring a particular issue.
- Ensure any Scrutiny undertaken has clarity and focus of purpose and will add value and can be delivered within an agreed time frame.
- Avoid pure “information items” except where that information is being received as part of a policy/scrutiny review.
- Seek advice about available resources and relevant timings, taking into consideration the workload across the Scrutiny Boards and the type of Scrutiny taking place.
- Build in sufficient flexibility to enable the consideration of urgent matters that may arise during the year.

2.6 In addition, in order to deliver the work schedule, the Board may need to take a flexible approach and undertake activities outside the formal schedule of meetings – such as working groups and site visits, where deemed appropriate. This flexible approach may also require additional formal meetings of the Scrutiny Board.

Developments since the previous Scrutiny Board meeting

2.7 It is proposed that the Scrutiny Board holds an additional meeting before the end of the municipal year primarily to sign off key pieces of scrutiny work. Whilst this has been reflected within the work schedule at Appendix 1 a date for this meeting is yet to be confirmed.

3. Recommendations

3.1 Members are asked to consider the matters outlined in this report and agree (or amend) the overall work schedule (as presented at Appendix 1) as the basis for the Board’s work for the remainder of 2018/19.

4. Background papers¹

4.1 None used

¹ 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.

Scrutiny Board (Strategy & Resources) Work Schedule for 2018/2019 Municipal Year

June	July	August
Meeting Agenda for 18th June 2018	Meeting Agenda for 16th July 2018	No Scrutiny Board meeting scheduled.
Scrutiny Board Terms of Reference and Sources of Work (DB) Performance Update (PM)	Financial Performance – 2017/18 Outturn (PM) Financial Health Monitoring 2018/19 (PM) Treasury Management – 2017/18 Outturn (PM)	
Working Group Meetings		
		Scrutiny Inquiry – Embracing Digital Technology Solutions - drafting terms of reference – 1 st August 2018 at 10.30 am
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response

Scrutiny Board (Strategy & Resources) Work Schedule for 2018/2019 Municipal Year

September	October	November
Meeting Agenda for 10th September 2018	No Scrutiny Board meeting scheduled	Meeting Agenda for 12th November 2018.
Draft Gambling Act 2005 Statement of Licensing Policy (PDS) Civic Enterprise Leeds – performance update (PM) Medium Term Financial Strategy (PM) Annual Corporate Risk Management Report (PM) Scrutiny Inquiry – Embracing Digital Technology Solutions – Agreeing terms of reference (PSR)		Business Rates – position update (PSR) Effective Procurement – Update (PM) Devolution – Update (PSR)
Working Group Meetings		
	Session 1 Inquiry Session – Embracing Digital Technology Solutions (PSR) – 22/10/18 The management and financial implications of council owned void properties (PSR) – 29/10/18	
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response

Scrutiny Board (Strategy & Resources) Work Schedule for 2018/2019 Municipal Year

December	January	February
No Scrutiny Board meeting scheduled.	Meeting Agenda for 21st January 2019	Meeting Agenda for 11th February 2019
	Performance report (PM) Financial Health Monitoring (PSR) 2019/20 Initial Budget Proposals (PDS) Best Council Plan Refresh – Initial Proposals (PDS)	Electoral, Registrars and Licensing – Update (PM) HR - Employee Engagement Survey (PDS) HR – Health and Wellbeing Update (PM) Leeds Culture Strategy/Leeds 2023 Developments – Update position (PSR) The management and financial implications of council owned void properties – Draft Scrutiny Board Statement (PSR)
Working Group Meetings		
Session 2 Inquiry Session – Embracing Digital Technology Solutions (PSR) – 11/12/18 Maximising the Apprenticeship Levy in terms of workforce development (PSR) – 14/12/18		Emergency Planning and the Council's position in light of recent national reviews (PSR) - <i>date tbc</i>
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response

Scrutiny Board (Strategy & Resources) Work Schedule for 2018/2019 Municipal Year

March	April	May
No Scrutiny Board meeting scheduled.	Meeting date to be confirmed	No Scrutiny Board meeting scheduled.
	New Procurement Strategy – Update (PDS) Embracing Digital Technology Solutions – Draft Inquiry Report (PSR) Emergency Planning and the Council’s position in light of recent national reviews – Working Group Summary/Draft Statement of the Scrutiny Board (PSR) Maximising the Apprenticeship Levy in terms of workforce development – Working Group Summary/Draft Statement of the Scrutiny Board (PSR)	
Working Group Meetings		
Site Visits		

Scrutiny Work Items Key:

PSR	Policy/Service Review	RT	Recommendation Tracking	DB	Development Briefings
PDS	Pre-decision Scrutiny	PM	Performance Monitoring	C	Consultation Response

EXECUTIVE BOARD

WEDNESDAY, 19TH DECEMBER, 2018

PRESENT: Councillor J Blake in the Chair

Councillors R Charlwood, D Coupar,
S Golton, J Lewis, R Lewis, L Mulherin,
J Pryor and M Rafique

SUBSTITUTE MEMBER: Councillor B Anderson

APOLOGIES: Councillor A Carter

116 Substitute Member

Under the provisions of Executive and Decision Making Procedure Rule 3.1.6, Councillor B Anderson was invited to attend the meeting on behalf of Councillor A Carter, who had submitted his apologies for absence from the meeting.

117 Exempt Information - Possible Exclusion of the Press and Public

RESOLVED – That, in accordance with Regulation 4 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting during consideration of the following parts of the agenda designated as exempt from publication on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

- (a) That Appendix 1 to the report entitled, 'Temple Green Park and Ride: Land Purchase to Support Expansion', referred to in Minute No. 122 be designated as exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information contained within that appendix relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would, or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that owners of other similar properties would have access to information about the nature and level of consideration which the Council is prepared to pay to acquire land. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and

Draft minutes to be approved at the meeting
to be held on Wednesday, 13th February, 2019

consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time;

- (b) That Appendix B to the report entitled, 'Design and Cost Report and Tender Acceptance Report for the Learning Places Expansion of Allerton Church of England Primary School', referred to in Minute No. 123 be designated as exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information contained within that appendix relates to the financial or business affairs of any particular person or organisation (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person, organisation or of the Council. It is therefore deemed not to be in the public interest to disclose this information at this time;
- (c) That Appendix 1 to the report entitled, 'Lineham Farm: Assignment of Lease and Financial Implications', referred to in Minute No. 138 be designated as exempt from publication in accordance with paragraph 10.4(3) of Schedule 12A(3) of the Local Government Act 1972 on the grounds that the information contained within that appendix relates to the financial or business affairs of third parties and of the Council, and the release of such information would be likely to prejudice the interests of all parties concerned, and potentially the transfer of the leases to the new Charitable Incorporated Organisation (CIO). Whilst there may be a public interest in disclosure, in all the circumstances of the matter, maintaining the exemption is considered to outweigh the public interest in disclosing this information at this time.

118 Late Items

With the agreement of the Chair, a late item of business was admitted to the agenda entitled, 'Update on Leeds City Council's response to the UK's decision to leave the European Union'. The report could not have been included within the agenda as originally published on 11th December, given the uncertain and fast-developing nature of this issue at a national level, which impacts upon the preparations being made locally. This is in addition to the fact that prior to being postponed, the parliamentary vote on the Withdrawal Deal was scheduled for 11th December. Also, it was felt that given the UK's exit date from the EU is 29th March 2019, and given how quickly the situation was developing, it was felt that this report could not be delayed until the next scheduled meeting of the Board. (Minute No. 133 refers).

Also with the agreement of the Chair, a further late item of business was admitted to the agenda entitled, 'Ofsted Inspection Report'. The report could not have been included within the agenda as originally published on 11th December, given that the report had been embargoed until 18th December 2018. In addition, it was felt that due to the importance of the findings, and the implications arising from the report to the Council, its priorities and its

partners, the matter could not be delayed until the next scheduled meeting of the Board. (Minute No. 121 refers).

Although not a formal late item of business, the Chair also agreed to accept an addendum to the report entitled, 'Initial Budget Proposals for 2019/20' which provided an update on the key features of the provisional Local Government Financial Settlement for 2019/20 as had recently been announced and which highlighted the implications for the Council. (Minute No. 135 refers).

119 Declaration of Disclosable Pecuniary Interests

There were no Disclosable Pecuniary Interests declared at the meeting.

120 Minutes

RESOLVED – That the minutes of the previous meeting held on 21st November 2018 be approved as a correct record.

CHILDREN AND FAMILIES

121 Ofsted Inspection Report

The Director of Children and Families submitted a report which presented the findings of the recent OfSTED inspection of Children's Services in Leeds.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons as set out within Minute No. 118.

The Board welcomed the outcomes of the Ofsted Inspection, which had rated the overall effectiveness of the service as being 'Outstanding', and thanked Members for their continued cross-party support in this area and for their role as corporate parents. Also, the Board paid tribute to officers, partners and all other parties for their dedication and contribution towards this significant achievement.

As part of the discussion, Members highlighted the commitment in Leeds which aimed to ensure that the needs of children, young people and families were at the heart of the actions it took, emphasised the importance of early support with a view to preventing the need for more intensive interventions, and reiterated how the ambitious approach towards improvement in this area would continue.

RESOLVED –

- (a) That, in noting the contents of the submitted report, the Board's appreciation and thanks be formally placed on record for the following:-
- (i) Front line staff and managers whose often challenging day to day work has made such a difference to the lives of children and families in Leeds;
 - (ii) Elected Members across all parties and senior officers of the Council who have prioritised children and led the change;

- (iii) The support of individuals, third sector partners, businesses and communities across the city who have supported this work through the Child Friendly Leeds initiative.
- (b) That Ofsted's recognition that decisions made to invest in early help, prevention and workforce development have significantly contributed to this judgement, be noted;
- (c) That the Board's continuing support for the ongoing improvement of Children's Services in the city be confirmed, as the Council seeks to ensure that Leeds is the best city for children to grow up in.

REGENERATION, TRANSPORT AND PLANNING

122 Temple Green Park and Ride: Land Purchase to Support Expansion

Further to Minute No. 18, 15th July 2015, the Director of City Development submitted a report which provided an update regarding the success of the Park & Ride facilities in Leeds and which provided details of the opportunity for the Temple Green facility to be extended.

Responding to a Member's enquiry, it was noted that the current Park and Ride schemes in Leeds were operating on a 'profit share' basis between the Council and the bus operator, with the Director of City Development undertaking to provide the Member in question with further detail on the performance of the 'profit share' model with regard to the Temple Green site.

The Executive Member responded to a Member's comments regarding the need to strike the correct balance between the expansion of the bus lane network and also ensuring sufficient capacity for other traffic, and the considerations which would be given to ensuring that any current or future Park and Ride sites could adapt and fit with the evolving public transport network in Leeds.

Following the consideration of Appendix 1 to the submitted report designated as exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED –

- (a) That the successes of the Temple Green Park and Ride facility, be noted;
- (b) That the terms set out in exempt Appendix 1 to the submitted report for the acquisition of land upon which the Temple Green Park and Ride can be extended, be approved;
- (c) That it be noted that the acquisition will be funded from the Leeds Public Transport Investment Programme (LPTIP);

- (d) That the necessary authority be delegated to the Director City Development in order to enable the Director to approve any subsequent changes to the terms for the acquisition and which also authorises the Director to complete the acquisition;
- (e) That the necessary authority be delegated to the Director of City Development in order to enable the Director to approve at the appropriate time the authority to spend the capital necessary to complete the land acquisition.

123 Design and Cost Report and Tender Acceptance Report for the Learning Places Expansion of Allerton Church of England Primary School

Further to Minute No. 161, 21st March 2018, the Director of City Development and the Director of Children and Families submitted a joint report detailing proposals to expand Allerton Church of England Primary School and which sought the necessary approvals to progress this proposal.

Responding to a Member's enquiry, the Board received further information on the timing of the report submission to Executive Board, with it being noted that the proposed timeframe for the expansion was for it to be operational from September 2019.

Following the consideration of Appendix B to the submitted report designated as exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED –

- (a) That the expenditure of £4,696,805.64 from capital scheme number 32655/ACE/000 for the construction work and associated fees for the expansion of Allerton Church of England Primary School, necessary for occupation from September 2019, be approved;
- (b) That the acceptance of the tender submitted via the Leeds Local Education Partnership in the sum of £3,846,842.89 inclusive of all professional design fees, development costs and surveys incurred by the contractor, be authorised, with it also being noted that although this figure includes the previously approved sum of £492,929.56 for the completion of the necessary 'Early Works' packages, the release of funding for the construction costs will be subject to valuations completed and validated by NPS Ltd. (Leeds);
- (c) That the requirement to enter into a contractual agreement with Leeds D&B One Co. to deliver the development at Allerton Church of England Primary School, be authorised, which will take the form of a JCT 2016 head contract between the authority and Leeds D&B One Ltd. for the sum of £3,846,842.89;

- (d) That approval be given for the resolutions, as minuted, from this report to be exempted from the 'Call-In' process, on the grounds of urgency, as detailed within section 4.5 of the submitted report;
- (e) That the estimated scheme cost of £4,696,805.64 be noted, with it also being noted that this includes: £3,846,842.89 for construction works (this is the contract / tender submission value inclusive of £492,929.56 of previously approved 'Early Works' costs); professional fees and survey costs of £391,571; £30,000 for loose furniture & equipment; £43,707 for supporting costs and a client held contingency commensurate to the scale and complexity of the project;
- (f) That it be noted that the officer(s) responsible for the implementation of such matters are: the Head of Service Learning Systems and the Head of Projects and Programmes, Asset Management & Regeneration, with approval being given to provide them with the necessary authority to enter into all other agreements required to deliver this project.

(The Council's Executive and Decision Making Procedure Rules state that a decision may be declared as being exempt from the Call In process if it is considered that any delay would seriously prejudice the Council's, or the public's interests. In line with this, the resolutions contained within this minute were exempted from the Call In process, as per resolution (d) above, and for the reasons as detailed within section 4.5 of the submitted report)

124 Design and Cost Report and Tender Acceptance Report for the Renovation of the Highwood Public House as a Children's Centre and Community Centre

Further to Minute No. 67, 19th September 2018, the Director of City Development submitted a report which detailed proposals regarding the renovation of the Highwood Public House in order to enable it to be utilised as a Community Hub. The report also sought the necessary approvals to progress this proposal.

Responding to a Member's enquiry, the Board noted the actions which would be taken with the aim of ensuring that the project remained within budget. Members also received further information on the considerations which had been taken to put forward this proposal of renovating the public house as the most appropriate way forward.

RESOLVED –

- (a) That the expenditure of £800,000 from capital scheme number 32737/MAL/CHI & 32737/MAL/COM for the construction work and associated fees for the renovation of the Highwood Public House for use as a combined Community Centre and Children's Centre, necessary to facilitate the forthcoming expansion of Moor Allerton Hall Primary School, be approved;
- (b) That the acceptance of the tender submitted via the Leeds Local Education Partnership in the sum of £590,938.70, inclusive of all

design fees, development costs and surveys, be authorised, with the release of funding for the construction costs being subject to valuations completed and validated by NPS Ltd. (Leeds);

- (c) That the requirement to enter into a contractual agreement with D&B One Co. to deliver the development at the Highwood Public House, be authorised, which will take the form of a JCT 2016 head contract between the authority and Leeds D&B One Ltd. for the sum of £590,938.70, with it being noted that there will be a pass-down contract between Leeds D&B One Ltd. and Walter West Builders Limited;
- (d) That approval in principle be given to the granting of a lease to the Brackenwood Community Association at less than best consideration of the new premises at the renovated Highwood site, and that the necessary authority be delegated to the Director of City Development in order to enable the Director to agree detailed terms (including at a less than best consideration) of the lease and for the surrender of current occupation at the school;
- (e) That it be noted that the officer(s) responsible for the implementation of such matters are the Head of Service Projects & Programmes, Asset Management and Regeneration and the Head of Learning Systems, Childrens and Families.

125 Local Flood Risk Management Strategy

The Director of City Development submitted a report presenting the review of the Local Flood Risk Management Strategy (LFRMS), which formed part of the Council's Budget and Policy Framework. The report recommended the release of the updated LFRMS for the purposes of consultation.

Members welcomed the submission of the comprehensive report.

RESOLVED –

- (a) That the progress which has been made regarding the implementation of the 2012 LFRMS, be noted;
- (b) That agreement be given to releasing the updated LFRMS (2018) for the purposes of consultation, including Scrutiny Board consideration;
- (c) That agreement be given to the Board reviewing the updated LFRMS (2018) following the consultation process, with a view to it being implemented following proposed adoption by the Full Council in March 2019;
- (d) That it be noted that the responsible officer for the implementation of such matters is the Director of City Development.

(The matters referred to within this minute, given that they were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In, as Executive and Decision Making

Procedure Rule 5.1.2 states that the power to Call In decisions does not extend to those decisions being made in accordance with the Budget and Policy Framework Procedure Rules)

126 Wyke Beck Valley Project

Further to Minute No. 74, 21st September 2016, the Director of City Development submitted a report providing an update on the progress made by the Council on the strategic approach being taken towards flood risk management within the Wyke Beck, with the report also highlighting the emergence of a catchment wide approach. Also, the report sought related approvals regarding investment into the project.

Responding to a Member's enquiry, the Board received further information regarding the £1.6m allocation from the Capital Programme towards the delivery of this scheme which had been previously authorised by the Board.

Also, with regard to the East Leeds Orbital Road (ELOR) development, the Board was advised that it was felt that the ELOR development would not impact upon this project.

Finally, Members welcomed the co-ordinated approach which was being taken between the Council and partners in the development of this project.

RESOLVED –

- (a) That an injection of £0.45m into the Capital Programme, be approved;
- (b) That authority to spend £3.15m on the Wyke Beck Valley project be approved, with it being noted that Executive Board has previously provided authority to spend of £1.6m;
- (c) That authority to enter in to a funding agreement with the West Yorkshire Combined Authority, be granted;
- (d) That authority to spend S106 greenspace and drainage contributions on the project, as set out in the submitted Design and Cost Report, be approved;
- (e) That it be noted that the project has already started and that it will be completed by March 2021, with it also being noted that the Council's Flood Risk Manager and Natural Environment Manager are responsible for the implementation and management of such matters.

HEALTH, WELLBEING AND ADULTS

127 Community Based Respite Service

Further to Minute No. 20, 27th June 2018, the Director of Adults and Health submitted a report presenting the outcomes from the further consultation which had been undertaken on the community based respite service, and in light of such consultation sought approval for a series of proposed revisions to the service.

Responding to a Member's enquiry, the Board was advised that the £40,000 non-recurrent investment to the 'Carers Leeds' organisation, as referenced within the submitted report, was to be made available next year also. In addition, Members also received further information on the nature and benefit of the one-off payments to carers of up to £200 as a contribution towards the increased costs of caring over the winter months.

Also, Members received further information on the actions which would be taken to provide help and guidance to those who under the proposals would be charged an amount which they were assessed as being able to afford, or to those who did not want to pay a charge at all.

Finally, the Board paid tribute to the vital role which was played by carers throughout the city.

RESOLVED –

- (a) That the outcome of the associated consultation undertaken be noted, with the potential impact on current customers of the community based respite services arising from the proposed changes being implemented also being noted;
- (b) That the following be approved from commencement in April 2019:
 - (i) Access to the commissioned community based short break service will be via a needs assessment or carers' assessment as laid out in the Care and Support (Assessment) Regulations 2014, and will be prioritised for people who meet the eligibility criteria for care and support as laid out in Care and Support (Eligibility Criteria) Regulations 2014;
 - (ii) The person with care needs will be charged the amount they are assessed as being able to afford as laid out in the Care and Support (Charging and Assessment of Resources) Regulations 2014;
 - (iii) People who are deemed not to have eligible needs will be supported to find other ways to have a break;
 - (iv) That the name of the service be changed to the 'Community Based Short Break Service';
- (c) That approval be given to the following:
 - (i) That an investment of a further £170k per annum be added to the contract value of the community-based respite service thereby providing an additional 11,296 hours of support per year/ 217 hours per week;
 - (ii) That a further investment of £30K be made for Tier 2 Targeted Short Break services.
- (d) That the following be noted:
 - (i) That an investment of £40k on a non-recurrent basis will be made to Carers Leeds to provide: (a) £8845 for additional carer support worker capacity at Leeds Teaching Hospital Trust over the winter

period; and (b) £31,155 to provide a one-off payment to carers of up to £200 as a contribution to increased costs of caring over the winter months;

- (ii) That the Director of Adults and Health is responsible for the implementation of such matters.

128 Leeds Recovery Service

The Director of Adults and Health submitted a report which provided an update on each element of the Leeds Recovery Service; described how they worked together to provide a co-ordinated offer to people who need a short term intervention to support their recovery after a health issue or a significant change in their social circumstances, and which outlined plans for the continued development of the Recovery Service and its links with partners.

Members welcomed the submitted report and paid tribute to the collaborative approach that was being taken to deliver the service and the vital role it was playing in realising the ambition of enabling people to remain in their own home and reducing the need for ongoing long term care. The Board highlighted how this service was a further example of the 'invest to save' approach, and how it looked to put the needs of the individual at the heart of the service.

Responding to a Member's enquiry, the Board received further information on the average length of stay for users of the service, with examples also being provided of how the investment which was being made into the service was delivering value for money.

In conclusion, the Chair, on behalf of the Board extended her thanks to the staff who were delivering the Leeds Recovery Service.

RESOLVED –

- (a) That the strategic significance of the Recovery Service to the Leeds system, be noted;
- (b) That the progress made within the Leeds Recovery Service be noted, together with the positive outcomes for customers and family carers that have been achieved through the service changes which have been made;
- (c) That it be noted that the Director of Adults and Health is responsible for the implementation of the services outlined within the submitted report.

LEARNING, SKILLS AND EMPLOYMENT

129 Tackling Period Poverty in Leeds

The Director of Children and Families submitted a report which provided an overview of the partnership approach that Leeds was developing in order to tackle both the stigma around periods and also to provide free sanitary products for those who have difficulty accessing them.

Responding to a Member's comments regarding the need for the proposed scheme to be developed further, the Board received detailed information on the actions which were being taken, including the ongoing engagement and consultation with children and young people and partners, to ensure that the scheme was appropriate and that it effectively met the needs of all those affected across the city.

In conclusion, it was noted that further detail would be submitted to the Board, as the scheme developed.

RESOLVED –

- (a) That the proposed approach towards tackling period poverty in Leeds, together with the comments made by Members during the discussion, be noted;
- (b) That the approach proposed in the submitted report to working with partners to address period poverty in the city, be endorsed;
- (c) That the intention to lobby the Government to remove VAT on sanitary products, be supported;
- (d) That it be noted that the responsible officer for the implementation of such matters is the Chief Officer Partnerships and Health.

COMMUNITIES

130 Tackling Poverty and Inequality

The Director of Communities and Environment submitted a report providing an update on the Council's strategic approach towards tackling poverty in Leeds. The report also considered the role of Executive Board, Health and Wellbeing Board and the proposed Inclusive Growth Delivery Partnership in helping to achieve the aims in this area, and which proposed a range of further work to be undertaken and submitted to the Board over the next 12 months.

As part of the introduction to the report, the Executive Member for 'Communities' highlighted that the second recommendation in the submitted report, when making reference to the suggested areas of further work for the initiative, should read 3.4.10, and not 3.4.9, as detailed.

Responding to a Member's enquiry, the Board was provided with further information on how future work in this area was intended to be reported back to the Board, and it was undertaken that when future reports were submitted, detail would be provided which was quantifiable and which allowed Members to review the progress being made.

Also in response to a Member's comments, it was reiterated to the Board that the aim of the initiative was to both reduce the number of people living in poverty and also to mitigate the negative impacts that living in poverty was having on people's lives.

In addition, Members also received further information on the areas which were proposed to be the focus over the next 12 months and how progress in those areas would be aligned to the work and/or the priorities of the Best Council Plan, the Child Poverty Impact Board and the Inclusive Growth Strategy.

RESOLVED –

- (a) That the strategic framework in place to tackle poverty and inequality across the city, together with the work being undertaken by the Council and its partners in the key areas of activity, be noted;
- (b) That in noting the minor correction to the submitted report as outlined above, the suggested areas for further work, as referenced in sections 3.4.10 of the submitted report, be agreed, and that the relevant Director be requested to bring forward reports to Executive Board as appropriate in the next twelve months.

131 Council House Growth Programme - Delivery of Extra Care Housing

Further to Minute No. 46, 17th July 2017, the Director of Resources and Housing, the Director of Adults and Health and the Director of City Development submitted a joint report providing an update on the progress made regarding the delivery of the extra care housing programme for older people across the city as part of the Council House Growth Programme and in support of the Better Lives Programme. In addition, the report presented recommendations to enable the delivery of the programme to progress at pace.

The mixed tenure approach which was being taken in respect of extra care housing provision was welcomed.

Responding to a Member's comments regarding the role that extra care housing would play in the future provision of accommodation for older people, it was highlighted that the aim was to modernise the offer being provided and that this was being realised through the establishment of extra care housing provision where residents could remain independent but also access support when required. It was also noted that this offer would work alongside complementary services, such as the Leeds Recovery Service, as discussed earlier in the meeting.

In addition, it was emphasised as part of the discussion that there were currently no plans to change the Council's residential care offer.

Finally, the Board received clarification that with regard to the housing delivered via Package 1 of the scheme there was a contractual requirement to ensure that a minimum of 35% of each new scheme would be for affordable homes for rent.

RESOLVED –

- (a) That the progress made regarding the delivery of the extra care housing programme, be noted;
- (b) That approval be given for the north of Cartmell Drive South to be dedicated to the delivery of extra care housing;
- (c) That approval be given for part of the Throstle Recreation Ground site to be dedicated to the delivery of extra care housing;
- (d) That the Adult Social Care system cost savings which are estimated to be generated from Package 1, as detailed within the submitted report, be noted;
- (e) That the likely position in relation to capital receipts arising from the programme be noted, with it also being noted that the Director of City Development will negotiate the detailed terms including the financial consideration for the disposal of each site in Package 1, and that the Director will seek the approval of Executive Board to the final terms of each disposal.

ENVIRONMENT AND ACTIVE LIFESTYLES

132 Bids to Heritage Lottery Fund

Further to Minute No. 143, 7th February 2018, the Director of Communities and Environment submitted a report which provided details of an opportunity to prepare funding applications to the Heritage Lottery Fund (HLF) under the Future Parks Accelerator initiative and Resilient Heritage grant fund respectively.

In response to an enquiry regarding the potential levels of match funding which could be utilised, it was highlighted that the detailed work with regard to match funding would be undertaken over the coming weeks prior to the bid being finalised.

Members discussed the role of the Parks and Greenspace Forum and the significant level of voluntary hours that the organisation provided throughout the city.

RESOLVED –

- (a) That approval be given to submit a bid to the Future Parks Accelerator initiative of up to £1m to help develop a parks and green space strategy to 2030 based upon exemplar case studies delivered as part of the submission;
- (b) That approval be given to submit a bid to the Resilient Heritage Fund of up to £250k to build capacity to develop a significant grant bid to restore heritage features at Temple Newsam Estate;

- (c) That it be noted that the Chief Officer Parks and Countryside is responsible for the submission of the bids in line with required timescales in mid-January 2019.

ECONOMY AND CULTURE

133 Update on Leeds City Council's Response to the UK's Decision to Leave the European Union

Further to Minute No. 41, 27th July 2016, the Chief Executive submitted a report providing an update on the steps that the Council, working closely with partners and other agencies, had taken since the EU Referendum in June 2016, and details the ongoing preparations being made to examine both the opportunities and the risks to the Council as a result of Brexit.

With the agreement of the Chair, the submitted report had been circulated to Board Members as a late item of business prior to the meeting for the reasons as set out in section 4.5 of the submitted report, and as detailed in Minute No. 118.

By way of introduction to the report, the Leader and the Chief Executive highlighted the wide range of actions that were being taken as part of the preparations, which included:

- The work of the cross-party working group which had held a number of meetings focussed on specific sectors, with the aim of ensuring that the city was in the best place to face any challenges arising from Brexit and also to be well positioned to pursue any appropriate opportunities;
- The ongoing work undertaken with the Local Government Association with the aim of safeguarding any current grants and funding received from the EU, so that they continued to be directed to those communities for which it was meant;
- The ongoing work relating to the promotion of community cohesion and the reassurance in this area which was being provided to the people of Leeds;
- The Council's offer of assistance to Council employees from the EU, in respect of EU Settlement Scheme applications - a gesture which it was noted, had been welcomed;
- The promotion of Local Government's key role in circumstances such as this, as a conduit between different sectors and agencies across the city to help address the needs of the city's population;
- The multi-agency approach being taken to prepare for potential scenarios, such as a 'no deal' exit from the EU and/or any potential economic downturn.

Members briefly discussed the current uncertainty regarding the preparations being made within the EU regarding any EU settlement scheme for UK citizens.

RESOLVED –

- (a) That the ongoing work being undertaken to prepare the Council and the city for the UK's exit from the European Union on 29 March 2019, be noted;
- (b) That the outline of medium term activity aimed at mitigating risks and maximising opportunities in the period immediately following the UK's exit from the EU, be noted.

(Councillor Mulherin left the meeting at the conclusion of this item)

134 Leeds Inclusive Growth Strategy - Delivery

Further to Minute No. 37, 17th July 2017, the Director of City Development submitted a report setting out the proposed framework and underpinning partnership arrangements for the delivery of the Inclusive Growth Strategy and which sought support for the proposed approach.

Members welcomed the 'Measuring Success' aspect of the submitted report, the Outcome Based Accountability model and the annual review of progress which was proposed. The Board also considered the role of the 'Ambassadors', with a Member emphasising the need to maximise the positive impact that the Ambassadors' creativity and expertise would bring to the process.

RESOLVED –

- (a) That the delivery approach for the Inclusive Growth Strategy, be approved;
- (b) That the proposals detailed within the submitted report for an Inclusive Growth Delivery Partnership to drive forward the delivery of inclusive growth in Leeds, be approved;
- (c) That the creation of the Inclusive Growth Delivery Partnership be delegated to the Director of City Development;
- (d) That the proposed approach for the appointment of 'Ambassadors', as detailed within the submitted report, be approved.

135 Initial Budget Proposals for 2019/20

The Chief Officer Financial Services submitted a report presenting the initial budget proposals for 2019/20, and which sought agreement for them to be submitted to Scrutiny for consideration, and also used as a basis for wider consultation with stakeholders.

It was noted that prior to the meeting, an addendum to the report had been submitted to Board Members for consideration, which provided an update on the key features of the provisional Local Government Financial Settlement for 2019/20 as had been recently announced by Government, and which highlighted the implications for the Council. It was noted that this had included confirmation that the Council's application to pilot 75% business rates

retention as an expanded North and West Yorkshire business rates pool in 2019/20 had been successful.

RESOLVED –

- (a) That the initial budget proposals be agreed and that agreement also be given for them to be submitted to Scrutiny for consideration, and also be used as a basis for wider consultation with stakeholders;
- (b) That the assumptions contained within the proposals, as detailed within the submitted report, together with the updated information as contained within the addendum to the report (which had been circulated to Board Members following the announcement of the provisional Local Government Financial Settlement for 2019/20), which included confirmation of: the Council's Settlement Funding Assessment for 2019/20; Leeds' allocation of Winter Pressure and Social Care Grant; the parameters by which the Authority could raise Council Tax without the need for a referendum and the Authority's successful application to pilot 75% Business Rate Retention, be noted;
- (c) That given that the bid to pilot 75% Business Rate Retention had been successful, then agreement be given that Leeds becomes a member of the new North and West Yorkshire Business Rates Pool and acts as lead authority for it. With it being noted that notwithstanding this resolution, the establishment of this new Pool will be dependent upon none of the other member authorities choosing to withdraw within the statutory period after designation;
- (d) That approval be given for the Authority to implement the new business rates reliefs, as announced at the Autumn Budget, with it also being noted that Leeds will be compensated in full by Government for any resultant loss of income.

(Under the provisions of Council Procedure Rule 16.5, Councillor Golton required it to be recorded that he abstained from voting on the decisions referred to within this minute.

Also, it was noted that whilst Councillor B Anderson was attending the Board meeting in a non-voting capacity, were he able to, he would have abstained from voting on the decisions referred to within this minute)

(The resolutions referred to within Minute No. 135 (a) and (b), given that these were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In, as Executive and Decision Making Procedure Rule 5.1.2 states that the power to Call In decisions does not extend to those decisions made in accordance with the Budget and Policy Framework Procedure Rules.

However, the resolutions referred to in Minute No. 135 (c) and (d) were eligible for Call In, given that these were decisions not being taken as part of the Budget and Policy Framework Procedure Rules)

RESOURCES AND SUSTAINABILITY

136 Best Council Plan Refresh 2019/20 - 2020/21

Further to Minute No. 147, 7th February 2018, the Director of Resources and Housing submitted a report presenting proposals to refresh the Best Council Plan for the period 2019/20 – 2020/21, and which sought approval to undertake engagement with Scrutiny Boards on the emerging Best Council Plan in accordance with the Budget & Policy Framework Procedure Rules.

RESOLVED –

- (a) That engagement with Scrutiny Boards on the emerging Best Council Plan, in accordance with the Budget & Policy Framework Procedure Rules, be approved;
- (b) That the approach to refresh the Best Council Plan for 2019/20 – 2020/21, as set out in the submitted report, be approved;
- (c) That it be noted and approved that the Director of Resources and Housing will be responsible for developing the Best Council Plan for its consideration by this Board and Full Council in February 2019 alongside the supporting 2019/20 Budget.

(The matters referred to within this minute, given that they were decisions being made in accordance with the Budget and Policy Framework Procedure Rules, were not eligible for Call In, as Executive and Decision Making Procedure Rule 5.1.2 states that the power to Call In decisions does not extend to those decisions being made in accordance with the Budget and Policy Framework Procedure Rules)

137 Financial Health Monitoring 2018/19 - Month 7

The Chief Officer Financial Services submitted a report which presented the Council's projected financial health position for 2018/19, as at Month 7 of the financial year.

Responding to a Member's enquiry, the Board received further information on the budgetary pressures within the Children and Families directorate with regard to non-demand led services.

RESOLVED –

- (a) That the projected financial position of the authority as at Month 7 of the financial year, be noted;
- (b) That Directors be requested to identify and implement appropriate measures so that a balanced budget position can be delivered.

138 Lineham Farm - Assignment of Lease and Financial Implications

The Chief Officer Financial Services and the Director of City Development submitted a joint report which sought approval to: assign the leases for the Lineham Farm Centre to the newly established charitable incorporated organisation (CIO) 'Leeds Children's Charity at Lineham Farm'; to include a

number of revisions to the leases, as detailed within the report, and which also sought agreement to writing off the going concern funding made available by the City Council to the current 'Lineham Farm Children's Centre' charity, upon that charity's impending dissolution.

Responding to a Member's enquiry, the Board noted the intention for the new CIO was for it to continue to provide services for schools, a matter which Members were advised featured within the objects of the new charity.

With regard to the Council's involvement in the Board of the new CIO, Members noted that by law, trustees of a CIO were required to act in the best interests of the charity and as such, the current course of action being progressed was for the trustees to be drawn from the 2 original charities and not from officers or Members of the Council.

Following the consideration of Appendix 1 to the submitted report designated as exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED –

- (a) That the Board's consent be provided to the assignment of leases in respect to the Lineham Farm centre to the Leeds Children's Charity at Lineham Farm, with approval also being given to the proposed variations to the leases, as referenced within the submitted report;
- (b) That agreement be given for the financial assistance made available to the 'Lineham Farm Children's Centre' charity over the last few years to be written off upon the charity's dissolution, in order to maintain the centre as a going concern.

139 New Procurement Strategy

The Director of Resources and Housing submitted a report detailing proposals to review the Council's Procurement Strategy with a view to it being further aligned to the Council's aims. The report also included a review of the use of Council waivers of the Contract Procedure Rules (CPRs), and the actions being taken to minimise the inappropriate use of such waivers.

Responding to a Member's enquiries, the Board noted the discussions which had been previously held by the Board regarding the Council's role as a landlord for businesses located in the city. Also, the Executive Member, reiterated some of the key actions being taken by the Council to progress the delivery of social value as an employer and through procurement.

RESOLVED –

- (a) That the proposed key areas which will form the New Procurement Strategy, as detailed within the submitted report, be supported;

- (b) That the intention to consult further regarding the New Procurement Strategy before returning to Executive Board with a final strategy in April 2019, be noted;
- (c) That the progress made to date in respect of social value aspects of procurement, together with the proposals detailed within the submitted report to further strengthen this work, be noted;
- (d) That the work which has been undertaken to date in respect of minimising the inappropriate use of waivers of CPRs, be noted;
- (e) That the proposals, as detailed within the submitted report, regarding changes to processes to ensure greater control over waivers of CPRs, be supported.

DATE OF PUBLICATION: FRIDAY, 21ST DECEMBER 2018

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 5.00 PM, MONDAY 7TH JANUARY 2019

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