

**Report of the Deputy Chief Executive**

**Report to Executive Board**

**Date: 14<sup>th</sup> February 2014**

**Subject: Revenue Budget and Council Tax 2014/15**

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? (Except the recommendations at 12.2, which are eligible for Call In).	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. This report seeks the approval of the Executive Board in recommending to Council a revenue budget and Council Tax for 2014/15. The report sets out the framework for compiling the 2014/15 budget taking into account the Local Government Finance settlement, the initial budget proposals that were agreed by the Executive Board in December 2013, the results of budget consultation and other factors that have influenced the budget now being proposed. The report also provides an update to the Equality Impact Assessment that was developed as part of the initial budget proposals and as reported to the board in December 2013.
2. The financial year 2014/15 is the first year covered by the 2013 Spending Review and again presents a significant financial challenge to the Council. The Council to date has managed to achieve considerable savings over the past 3 years. The proposed budget for 2014/15 will require the Council to deliver further significant savings and it is also clear that an even greater level of savings will be required in 2015/16 and beyond as part of the Government's deficit reduction plans.

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3. The 2014/15 budget now being proposed is not just a response to these financial pressures, but also demonstrates how the Council is responding to a new policy agenda which recognises a new role for the authority, based around the developing concept of civic enterprise, but one which, in conjunction with partners and other stakeholders, is still firmly focused on countering disadvantage and inequality within the city.
4. The final Local Government Finance Settlement was received on 5<sup>th</sup> February 2014 and confirmed that any increase in Council Tax of 2%, or higher than 2%, would require a referendum.
5. The report asks the Executive Board to recommend to Council a budget totalling £565.777m. This means that the Leeds element of the Council Tax for 2014/15 will increase by 1.99% and the Council will not be accepting the Council Tax freeze grant. This will be the first increase in the Leeds element since 2010/11. This excludes the Police and Fire precepts which will be incorporated into the report to be submitted to Council on the 26<sup>th</sup> February 2014.
6. In addition, this report also asks the Executive Board to recommend to Council an increase in Council House rents, garage rents and service charges of 5.9%.
7. The delegated limits for Revenue virements have been reviewed and Executive Board are requested to recommend to Council that the Constitution is amended to allow Executive Board to approve virements up to a maximum of £5m.

## **1 INTRODUCTION**

- 1.1. This report sets out the Council's budget for 2014/15. It has been prepared in the context of the Council's initial budget proposals agreed by the Executive Board in December 2013 and the Local Government Finance settlement. In accordance with the Council's Budget and Policy Framework, initial budget proposals (IBP) for 2014/15 were approved by the Executive Board on the 18th December 2013. It was agreed that they should be submitted to Scrutiny for review and consideration, and also that they would be used as the basis for wider consultation.
- 1.2. This report seeks approval from the Executive Board to recommend to Council that the City Council's revenue budget for 2014/15 be approved at £565.777m. This results in a Band D Council Tax of £1,145.89 for the Leeds element which is an increase of 1.99% compared to 2013/14.
- 1.3. Detailed budget proposals for each service are set out in the directorate budget reports attached. This information will be consolidated into the Annual Financial Plan and the Budget Book;
  - The Annual Financial Plan - this document brings together the revenue budget, capital programme and performance indicators for 2014/15 providing a clear link between spending plans and performance, at directorate level.
  - The Budget Book – this contains detailed budgets for each directorate at both service level and by type of expenditure/income. Further copies of this document are available to members on request and via the intranet.
- 1.4. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget and Council Tax are reserved to Council.
- 1.5. The budget proposals contained within this report have, where appropriate, been the subject of the Council's Equality Impact Assessment process and mitigating measures have been put in place or are planned where possible.

## **2 NATIONAL CONTEXT**

- 2.1 The Council's annual budget is set within the context of the 2013 Spending Review which outlined how the Government will continue to reduce the deficit in public finances over the two year period 2014/15 and 2015/16.
- 2.2 The 2013 Spending Review continues the Government's plans to eliminate the structural deficit which were initially set out in the Government's emergency Budget of June 2010 and in their October 2010 Comprehensive Spending Review. This set out to reduce public spending by £81bn between 2011/12 and 2014/15, with local government funding falling by 28% in real terms over the four year period.
- 2.3 For Leeds, between the 2010/11 and 2013/14 budgets, funding from government has reduced by £94m, but in addition the Council has also faced significant cost

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pressures particularly within adult and children's social care as well as reductions in income due to the economic climate. To date the Council has been able to respond successfully to the reduction in government grants.

- 2.4 The provisional 2014/15 start-up funding allocation, now referred to as Settlement Funding Assessment (SFA), was announced in the Local Government Finance Settlement in January 2013. Subsequently, an additional 1% reduction for 2014/15 was announced in the Government's Budget 2013 and later confirmed in the Spending Review. Nationally this showed an average reduction in SFA of 10.4% for 2014/15 and a further reduction of 13.1% for 2015/16 however these reductions do not evenly impact upon authorities. Over the period 2011/12 and 2015/16 nationally, local government core funding will have fallen by 43%.
- 2.5 The Spending Review in 2013 confirmed that the Government's initial 4 year deficit reduction plan would continue for a further 3 years to 2017/18 and that the scale of reductions in overall Government spending would be similar to those seen from 2010. However, as yet Departmental Expenditure Limits have not been set beyond 2015/16 which makes financial planning beyond 2015/16 problematic although the direction of travel is clear.

### **3 LOCAL GOVERNMENT FINANCE SETTLEMENT 2014/15**

- 3.1 The final Local Government Finance Settlement was received on 5th February 2014 and confirmed that any increase in Council Tax of 2%, or higher than 2%, would require a referendum. The proposed budget is based on a 1.99% Council Tax increase and means that the Council will not be accepting the Council Tax freeze grant.
- 3.2 Each local authority has been allocated a Settlement Funding Assessment (SFA) for 2014/15 which is the equivalent of formula grant under the previous funding regime, together with illustrative figures for 2015/16. Table 1 shows how the SFA for Leeds has been calculated.

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Table 1

	2013/14 £m	Adjusted Figure 2013/14 £m	2014/15 £m	2015/16 £m
Formula Grant	263.067	305.193	270.715	226.923
Council Tax Benefit/Support Grant	42.125			
Council Tax Freeze Grant 2011/12	6.692	6.692	6.662	6.660
Council Tax Freeze Grant 2013/14		2.766	2.766	2.766
Early Intervention Grant	23.022	23.022	21.237	19.424
Preventing Homelessness	0.875	0.875	0.862	0.862
Lead Local Flood Authority Grant	0.146	0.146	0.143	0.143
Learning Disability & Health Reform Grant	10.522	10.522	10.623	10.619
Returned Holdback			0.413	
<b>Settlement Funding Assessment</b>	<b>346.449</b>	<b>349.215</b>	<b>313.421</b>	<b>267.396</b>
Year on Year Reduction - to unadjusted figure (£m)			-33.028	-46.025
Year on Year Reduction - to unadjusted figure (%)			-9.53%	-14.68%
Year on Year Reduction - to adjusted figure (£m)			-35.795	n/a
Year on Year Reduction - to adjusted figure (%)			-10.25%	

- 3.3 Settlement Funding Assessment (SFA) is essentially the aggregate of government grant and business rate income for an authority. For Leeds the SFA figure for 2014/15 is £313.421m.
- 3.4 The adjusted 2013/14 figures in Table 1 include £2.8m for 2013/14 Council Tax Freeze Grant (previously paid as a specific grant) and against this adjusted figure the reduction in the Leeds SFA is £35.8m, or 10.3%. The forecast reduction for 2015/16 in the Council's SFA is £46m, or 14.7%.
- 3.5 The SFA takes account of the following:
- The new national totals for Local Government funding for 2014/15 and 2015/16.
  - Government funding for Council Tax support is part of the total formula grant and is no longer separately identified.
  - As for 2013/14, grants in respect of Early Intervention, Homelessness Prevention, Lead Local Flood Authorities and Learning Disability & Public Health Reform Funding are now included within the SFA but continue to be separately identified within the assessment.
  - The national New Homes Bonus top-slice has been reduced by £100m for 2014/15. The impact of this is that RSG has increased and the New Homes Bonus adjustment grant will fall.

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- 3.6 The business rates element of SFA is determined by taking the 2013/14 baseline business rates amount of £170m and uplifting it for inflation. The uplift for inflation should have been 3.2% but the government announced in the Provisional Local Government Settlement that this would be capped at 2% and has provided a separate grant to compensate local authorities for the difference. The business rates element of SFA for 2014/15 for Leeds is therefore £173.4m, with the compensation grant being £1.5m.
- 3.7 Under the new funding arrangements introduced in 2013/14, SFA was split between Revenue Support Grant (RSG) and locally retained business rates in the proportions 60% and 40% respectively. Then, where an authority's RSG and baseline business rates added together exceeds their SFA, a "Tariff" is payable back to the government. Conversely, if this figure is less than an authority's SFA then that authority receives a "Top-up". Leeds City Council has been determined to be a "Tariff" authority and for 2014/15 this tariff element increases by 2% for inflation.
- 3.8 Taking account of the above, the funding position for Leeds City Council for 2014/15 is as detailed in Table 2 below:

**Table 2**

	<b>2013/14 £m</b>	<b>2014/15 £m</b>
Revenue Support Grant	208.043	172.319
Business Rates Baseline	170.050	173.362
<b>Total</b>	<b>378.093</b>	<b>345.681</b>
Less Tariff	-31.644	-32.260
<b>Leeds' Settlement Funding Assessment</b>	<b>346.449</b>	<b>313.421</b>

- 3.9 As a tariff authority any growth in our local share above £173.362m in 2014/15, is subject to an additional levy equivalent of 18.61%. Normally the levy would be paid back to Government, but because Leeds is part of a Business Rates Pool with the other West Yorkshire Districts plus Harrogate and York, the proceeds of the levy for the pool are locally retained to be used to support economic growth in the city region.
- 3.10 It is estimated that the total amount of business rates to be retained by Leeds in 2014/15 will be £182.3m. After taking account of the levy of £2.23m which will be paid to the City Region, this will result in growth income of £6.7m over the baseline - an increase of £2.45m from that originally estimated for 13/14, as illustrated in Table 3 below:

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**Table 3**

	2013/14 £m	2014/15 £m	Variation £m
Business Rates local share	175.296	182.320	7.024
less: Business Rates Baseline	170.050	173.362	3.312
Growth above baseline	5.246	8.958	3.712
less: Levy	-0.976	-2.233	-1.257
<b>Net growth</b>	<b>4.270</b>	<b>6.725</b>	<b>2.455</b>

- 3.11 It should be noted that as a result of the 2% cap on business rates increases and the additional reliefs announced in the Autumn Statement, the Government has changed the way the levy on business rates growth is calculated. This has the effect of increasing the estimated 2014/15 levy for Leeds by £0.566m from the amount assumed at the time of the Spending Review to £2.233m. As Leeds is a member of the Leeds City Region Business Rates Pool the levy will be used to support the region rather than returned to the Treasury.
- 3.12 The Government has continued the Small Business Rates relief scheme and has compensated the Council in 2014/15 by £3.8m, an increase of £0.5m from 13/14. In addition, the Government announced in the Autumn Statement that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16, as detailed in Appendix 1. The Government has set out eligibility criteria and will reimburse local authorities that use their discretionary relief powers. Each individual local billing authority must adopt a local scheme and decide in each individual case when to grant relief and central government will fully reimburse local authorities for the local share of the discretionary relief. The Government has indicated that they expect local government to grant relief to qualifying ratepayers and Executive Board are recommended to approve the scheme. The total value of the relief to businesses in Leeds is estimated to be approximately £3m in 2014/15.
- 3.13 As in 2013/14, the local council tax support scheme operates as a discount on the same basis as other discounts currently in place with protected groups receiving a 100% discount. For 2014/15, as agreed by Council the local scheme requires non-protected recipients of council tax benefit to pay 26% of their council tax bills.
- 3.14 Full Council at their meeting on the 16th January 2013 approved a proposal that no discounts should be put in place for unoccupied or unfurnished properties. It is now proposed to recommend to Council an amendment to the Council Tax scheme to allow a council tax discount of 100% where an unoccupied and unfurnished property has been empty for a period of 7 days or less with effect from 1 April 2014. There will be no discount for an unoccupied and unfurnished property which has been unoccupied and unfurnished for more than 7 days and a charge will be raised for the full amount of Council Tax from the date it became unoccupied and unfurnished. For the purposes of determining the last occupation day, any period of

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less than 6 weeks within which a property was occupied shall be disregarded. It is estimated that the revised scheme will result in a loss of Council Tax income of £70k but much of this will be offset by administrative savings.

- 3.15 The localisation of council tax support has the effect of reducing the overall tax base for Leeds<sup>1</sup>. In addition, the taxbase for 2014/15 takes account of an estimated 3,200 additional properties (1.5%) compared to that assumed in setting the 2013/14 Council Tax, For 2013/14, the assumed ultimate collection rate (as opposed to the in year collection rate) for Council Tax was reduced from 99.2% to 99.0%. It is still too early to assess the reality of this assumption and for 2014/15 the ultimate collection rate remains at 99.0%.
- 3.16 As in previous years, the Government has offered a freeze grant which for 2014/15 is equivalent to a 1.0% increase in council tax which for Leeds would result in a grant of £2.8m. Clearly regard has to be given to the impact of any council tax increase on local tax payers, but also the financial position of the Council given the significant scale of reductions it is facing. Authorities that choose not to take the freeze grant will be subject to the 2% referendum limit (i.e. if they choose to put their council tax up by 2% or more they will have to hold a binding referendum on the issue). The budget proposals assume an increase in Council Tax of 1.99%, which will generate additional income for the Council of £4.8m, and maintain a higher income base going forward given that the freeze grant is only certain for the next two years. This will be the first increase in the Leeds element of the Council Tax since 2010/11.
- 3.17 Following a review of the ultimate collection yields, the collection rate in respect of pre 2013/14 Council Tax has been increased from 99.2% to 99.3%. This has resulted in a collection fund surplus of £2.4m. In addition, the NNDR yield for 2013/14 will be greater than anticipated and the additional retained share is currently estimated at £0.5m.
- 3.18 Taking into account all of the above, the Council's Net Revenue budget for 2014/15 will be as shown in Table 4 below:

Table 4

	£m
Revenue Support Grant	172.319
NNDR	147.826
Council Tax	242.662
Collection Fund surpluses	2.970
Net revenue budget	565.777

<sup>1</sup> The 2014/15 Council Tax Support Scheme was approved by Council on 15<sup>th</sup> January 2014



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3.19 In determining the Council's 2014/15 budget, and in addition to those now included in the SFA, there are also a number of changes to specific grants to be taken account of. These include:

- Education Services Grant (ESG), which is paid to education authorities to support services provided centrally to schools, will be reduced by £750k in 2014/15. In addition, the government has already announced a £200m national reduction in funding from April 2015 which for Leeds equates to around £2.5m.
- Adoption Reform Grant – the grant is to be continued, albeit at a much reduced level. The allocation for Leeds for 2014/15 is £0.65m, a reduction of almost £2m from 2013/14.
- The Department for Education has recently announced a new Special Educational Needs (SEN) grant of £70m nationally which will be allocated to local authorities to implement the SEN reforms and the new, joined-up approach across education, health and care services from birth to 25. The government has recently announced that Leeds will receive £0.9m in 2014/15.
- Funding from the Department of Health has increased by £3.3m for 2014/15. The majority is the Leeds share of an additional £200m national funding to support the integration of services. The remainder is an increase in the £11.85m provided in 2013/14 for adult social care services that benefit the health service.
- The budget for the New Homes Bonus for 2014/15 includes an additional £3.8m, which is based on an assumption of an additional 2,800 properties for 2014/15. This is lower than the taxbase assumptions referred to in paragraph 3.11 because to qualify for New Homes Bonus the properties must either be new or brought back into use, whereas the tax base for council tax takes account of appeals and discounts.
- In addition, nationally, funding of £34m for the New Homes Bonus in the current year is not required, and the Government have said that this sum will be returned to local authorities in 2014/15. It is forecast that £0.5m will be received by the Council, but this figure has yet to be confirmed.
- From 1<sup>st</sup> April 2013 the Council took responsibility for Public Health which has transferred from the PCT. Grant funding is ring fenced to the service and amounts to £40.54m in 2014/15, an increase of £3.7m.
- The Welfare and Benefits service will see a £435k reduction in its administration grant in 2014/15.

#### **4. CONSULTATION**

- 4.1 In 2012 a 'You Choose' campaign was launched to engage people in the budget challenges and set residents the challenge of balancing a significantly reduced council budget. A total of 2,747 formal responses were received by the council and a number of discussions took place on independent social media sites. This was the highest level of participation in a budget consultation in Leeds.
- 4.2 The results from the survey provided a useful barometer of public opinion as to Council spending priorities and are important not only in informing the 2013/14 budget, but also in helping the Council shape its future budgets.
- 4.3 To help inform the initial budget proposals for 2014/15, a lighter touch approach was adopted. This involved:
- giving feedback to communities on YouChoose results from 2012
  - giving feedback to communities on actions/progress to date
  - asking communities if key 2012 priorities were still important
  - asking for ideas/solutions to key challenges

Participants were asked to consider whether the ten service areas most 'protected' from spending cuts in the YouChoose consultation were still top priorities for the 2014/15 budget and asked for alternatives if this was not the case.

- 4.4 A full report on the findings is attached at Appendix 2.
- 4.5 The initial budget proposals were submitted to Scrutiny following their approval by Board on the 18th December 2013. Comments were received from Resources and Council Services and from the other portfolio boards covering a wide range of issues which will be used to inform other discussions and actions during the year. A summary of their views are attached at Appendix 3.
- 4.6 The initial budget proposals were discussed with Third Sector Leeds at a meeting on the 9<sup>th</sup> December 2013. A summary of their views are attached at Appendix 4.

#### **5. DEVELOPING THE BUDGET PROPOSALS**

- 5.1 Local government is operating in a very different environment to that which it has operated previously, and it is clear that Councils will need to change, to become much more enterprising, entrepreneurial and responsive to their local communities, whilst retaining their role as major employers, service providers and democratically-mandated leaders. It will also require businesses to play a more active role as corporate citizens and the third sector to act as a catalyst for connecting with local people. The Commission for the Future of Local Government, which Leeds led and published in 2012, is still central to the Council's thinking and approach and we are using the five propositions from that to set our direction.

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5.2 The Council recognises this very different environment, together with a reducing funding envelope, and within its Best Council ambition has identified six Best Council Objectives to be prioritised over the medium term. These are:

- **Ensuring high quality public services.** The Council has adopted a refreshed procurement policy to deliver additional savings from better procurement to ensure that services are high quality and deliver value for money.
- **Dealing effectively with the city's waste.** Savings will be generated in 2014/15 from the further roll out of alternate weekly collections and increasing recycling to help reduce the level of landfill tax.
- **Building a child friendly city.** Through the expansion of Family Group Conferencing and continued investment into other preventative services, it is envisaged that more children will be supported to safely remain within their family and community leading to a reduction in looked after children.
- **Delivery of the Better Lives programme.** The Better Lives service transformation programme aims to enhance the range, amount and quality of adult social care services available through delivering efficiencies within existing services. These efficiencies have included a reduction in the level of directly provided services where independent sector provision is more cost effective.
- **Promoting sustainable and inclusive economic growth.** Stimulating sustainable economic growth in partnership with the city's business community can not only improve the economic wellbeing of local people and businesses but also generate income for the council through new homes bonus, council tax, business rates and the community infrastructure levy.
- **Becoming an efficient and enterprising council.** By ensuring the council has an agile and resilient workforce with the right skills and the ability to work flexibly significant savings will be generated through:
  - A programme of business improvement and organisational design
  - A reduction in city centre office space and a significant reduction in the running costs of the total asset base.
  - Additional income will be generated through a combination of increases in fees and charges with the council becoming more entrepreneurial by developing services in new markets.

5.3 The delivery of the Best Council Plan savings is central to delivering the savings required for 2014/15 and meeting the financial challenge beyond. They are undoubtedly challenging and in many instances will carry risks. The plan will require significant work and prioritisation of resources in order for them to be delivered and will need to be updated in view of resources available, national and local changes and progress made to date.

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**6. PROPOSED BUDGET FOR 2014/15**

- 6.1 The following table analyses the change in the Council's proposed budget for 2014/15. Together with the reduction in SFA, provision for business rates and council tax growth including a 1.99% increase in Council Tax, the overall cash decrease in the net revenue budget is £20.9m which represents a 3.6% decrease.

**Table 5**

	£m	£m	£m
<b>Budget 2013/14</b>	583.9		
Adjustments for specific grants transferring to SFA	2.8		
<b>Adjusted Budget 2013/14</b>	<b>586.7</b>		
Change in Prices			
Pay		5.9	
Price		5.5	
Income		-1.5	
Full year Effects		-0.5	
Demand/Demography		5.7	
Other Budget Pressures		22.9	
Total Budget Increases		38.1	
Best Council Objectives			
Delivery of the Better Lives Programmme		-2.2	
Building a Child Friendly City		-5.8	
Dealing Effectively with the City's Waste		-1.2	
Ensuring High Quality services - Procurement		-5.4	
Becoming an efficient and enterprising Council			
Business improvement		-3.2	
Support Services		-2.3	
Income, charging and trading		-6.6	
Other efficiencies and savings proposals		-20.6	
Total Budget Savings		-47.2	
Other Key Variations:			
New Homes Bonus		-3.2	
NNDR grants		-7.0	
Levies		0.4	
Contingency fund		-2.0	
Earmarked reserves		0.3	
General reserves		-1.0	
Capital financing costs		0.7	
Total Reduction		-20.9	
<b>Base Budget 2014/15</b>			<b>565.8</b>
<b>Percentage decrease from adjusted budget</b>			<b>-3.6%</b>

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- 6.2 Attached to this report are detailed budget reports for each directorate. It is recognised that some actions contained in the proposed budget may impact on particular communities and where relevant, appropriate consultation and the consideration of mitigating actions will continue. Where directorate reports make reference to further decision making processes, then this will be in accordance with the Council's constitution. Appendix 5 summarises the key budget decisions which underpin the assumptions contained within the 2014/15 budget. Except where explicitly stated, members are not being asked to take these decisions at this time, but will be brought forward at the indicated time following appropriate consultation and in accordance with the Council's constitution.
- 6.3 The 2014/15 budget reflects a significant change to recharges for internally provided services. The objective is to reduce the time and bureaucracy spent on recharges within the Council, with charging kept to a minimum and only used where it is significant and there is a clear benefit over cost. Directorate budgets have therefore been adjusted to reflect this principle.
- 6.4 The following paragraphs discuss the main features of the proposed 2014/15 budget.
- 6.5 Directorates have prepared their budgets in accordance with guidelines laid down by the Deputy Chief Executive, taking account of the following:-
- Provision has been made for a 1% pay award reflecting an assumption that there will be a need to provide for an increase in staff pay in line with the government's funding assumptions but these are subject to national pay negotiations.
  - The triennial actuarial valuation of the West Yorkshire Pension Fund based on the position as at 31<sup>st</sup> March 2013 is nearing completion. The review will determine employer contributions for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017. The final report of the review is not yet available, but the indications are that only stepped changes to the contribution rates will be required for the next three years. A change which is being proposed from 1<sup>st</sup> April 2014 is that the deficit in respect of past service will be collected as an annual cash sum, rather than as a percentage of payroll costs. Taking account of the above, provision for an increase in the employer's contribution rate equivalent to 0.5% has been included in the 2014/15 budget.
  - Despite cost inflation currently running at 2%, no provision has been made for inflation on running cost budgets, other than where there are specific contractual commitments and in the cost of utilities.
  - An inflationary allowance has been applied to the level of fees and charges and this is estimated to generate an additional £1.5m. There are a number of specific proposals where it is felt that the market will bear an above

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inflationary increase. These are detailed in the directorate reports and summarised in paragraph 6.9.1.

6.6 Full Year Effects of previous decisions amounts to a net saving of £0.5m. These include:

- the full year effect of the charging review within Adult Social Care
- changes to the city learning centre provision within Children's Services
- closure of the waste site at Stanley Road.

These are offset by

- the loss of income due to the sale of Sovereign Street and Quarry Hill car parks
- the reinstatement of the budget for local elections
- the full year costs associated with the child abuse and neglect multi systemic therapy team.

6.7 Demand/Demography

6.7.1 The national context for Adult Social Care continues to be one of demographic increases, increased life expectancy, increasing complexity of need and service user expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services. A net increase of £4.3m has been included for demand and demographic pressures in the 2014/15 budget for Adult Social Care.

6.7.2 Children's Services continues to face significant pressures with a 32% increase in the birth rate over the last decade and a changing demographic mix. This has increased demand across all their services. Specifically, the number of requests for service and referrals to Safeguarding, Targeted and Specialist Services could potentially increase the cost of high level services such as children in need, special educational needs and children in the care of the authority. The overall strategy to continue to invest in the expansion of preventative services will help to mitigate the impact of this demand with the 2014/15 budget strategy recognising demand-related financial pressures in the home to school transport budgets (£1.07m) and the Direct Payments budgets (£0.15m).

6.7.3 Services within Citizens and Communities, particularly the contact centre and welfare and benefits are experiencing an increase in demand for services which is creating a budget pressure in 2013/14 which is expected to continue into 2014/15. For example, in recent months calls to the Council Tax and Benefits lines in the contact centre have seen a 30% increase in volume and the budget provides for an additional £210k to help meet this demand.

## 6.8 Other Budget Pressures

6.8.1 Additional provision of £1m has been made in 2014/15 to support the delivery and implementation of major service changes across Adult Social Care, particularly

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frontline assessment and care management services. In addition, two new services became operational during 2013/14: Holt Park Active is providing a range of activities for older people and people with physical or learning disabilities. The South Leeds Intermediate Care Centre in Beeston is providing a range of integrated services to promote faster recovery from illness and prevent unnecessary hospital admission and premature admission to long term residential care. The 2014/15 budget provides an additional £151k for this.

- 6.8.2 Within Children's Services reductions in grant funding of £3.6m reflect reductions in Education Services Grant and Adoption Reform Grant, partly offset by a new Special Education Needs Grant. In addition, the budget recognises the one-off use of school balances to support the 2013/14 budget of £4m. The directorate has provided for £4.5m investment into services for children in care and prevention and intervention. Other pressures for which a total of £2.5m has been provided include additional investment into the restorative practice programme, PFI related borrowing costs, investment into the modernisation of the Leeds Learning Network, investment to support the new social care information system as well as additional funding to support social worker recruitment and retention and investment into the social care transition team.
- 6.8.3 Budget pressures of £1.4m within City Development reflect downward trends in income, mainly within Sport and advertising income. The income budget of £0.4m for residents parking charges has been deleted. A net additional £0.9m has been provided to cover the remainder of the funding required to deliver the Leeds element of the Tour de France event. This is funded from an earmarked reserve.
- 6.8.4 Continuing pay pressures within the refuse service and loss of car parking income due to the development of the Harewood Quarter are estimated at £1.4m within the Environment and Housing budget.
- 6.8.5 Capital Charges – the budget provides for an increase in capital financing costs of £2.4m, partly offset by a £0.7m reduction in budgets of services where spend to save business cases have been proposed by directorates and an additional £1.0m use of capital receipts to fund the capital element of PFI scheme payments.
- 6.8.6 The West Yorkshire Integrated Transport Authority has agreed an increase in its levy of 1.5% to enable a further contribution to the West Yorkshire Transport Fund in 2014/15. However, as the population of Leeds has increased relative to the other West Yorkshire districts, Leeds' contribution has increased by 1.8% or £0.6m to £34.036m.

## 6.9 Savings

- 6.9.1 In order to address the budget increases, a number of savings areas have been identified in accordance with the best council objectives:

- **Best Council Objective: delivery of the Better Lives programme.** During 2013/14 Adult Social Care has continued its Better Lives service transformation programme, which aims to enhance the range, amount and quality of adult social

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care services available through delivering efficiencies within existing services. These efficiencies have included a reduction in the level of directly provided services where independent sector provision is more cost effective. This will need to continue given the very significant financial challenges facing the Council over the next few years. The budget includes savings of £2.2m for 2014/15.

- **Best Council Objective: building a child friendly city.** Through the expansion of Family Group Conferencing and continued investment into other preventative services, it is envisaged that more children will be supported to safely remain within their family and community. It is anticipated that savings of £5.8m will be generated in 2014/15, reflecting a reduction in the number of externally provided fostering and residential placements.
- **Best Council Objective: dealing effectively with the city's waste.** Savings will be generated in 2014/15 from the further roll out of alternate weekly collections and increasing recycling to help reduce the level of landfill tax, and savings of £1.2m have been identified.
- **Best Council Objective: ensuring high quality public services.** The Council has adopted a refreshed procurement policy to deliver additional savings from better procurement to ensure that services are high quality and deliver value for money. In addition to limiting inflation on running cost budgets to essential items only, the budget includes proposals to save a further £5.4m from procurement activity in 2014/15.
- **Best Council Objective: becoming an efficient and enterprising council.** By ensuring the council has an agile and resilient workforce with the right skills and the ability to work flexibly significant savings are forecast to be generated as identified below.
  - A programme of business improvement and organisational design is underway to achieve this, and for 2014/15 savings of £5.5m have been identified.
  - In addition, work is ongoing to reduce city centre office space and a significant reduction in the running costs of the total asset base, although there is inevitably a longer lead in time for this initiative.
  - Additional income of £6.6m will be generated through a combination of increases in fees and charges with the council becoming more entrepreneurial by developing services in new markets. The main items are:
    - Services provided to council tenants are to be charged to the Housing Revenue Account £2m
    - Extension of bus lane enforcement £0.2m
    - Extension of CCTV business base £0.1m
    - Nursery fees above inflationary increase £0.22m
    - Learning Improvement traded income £0.85m
    - Investment portfolio income in City Development £0.5m including the First Direct Arena



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○ Additional trading income in Civic Enterprise Leeds £0.5m  
6.9.2 Other efficiencies and savings proposals amount to £20.6m and are detailed in the directorate reports. Of particular note are:

- £1.4m additional health funding within Adult Social Care, which includes £2.8m likely share of the £200m national funding for integration with health and £0.6m Department of Health funding for adult social care services which benefit the health service. This is offset by £1.5m of non-recurring health funding which has been deleted and reablement funding which is £0.4m lower.
- A number of service reductions in Children's Services including: a £1.6m reduction in funding for children's centres; £1.8m savings from the provision of transport of children; £0.8m from the review of the Youth Offer; £0.9m review of in-house residential provision; £0.5m review of Education Welfare Services/Attendance; £0.5m Child and Adolescent Mental Health Services; £0.67m Youth offending Service.
- Public Health – the Public Health service is now commissioning a range of existing activities from the Council to the value of £2m.
- £0.45m reduction in contribution to PCSO costs
- A reduction in the general well-being budget of £0.2m
- Other general savings in staffing across the board

6.9.3 The budget also takes account of the following items:

- Deletion of the £2m central contingency – transferred to general fund reserves. Any items not foreseen and for items where there is a risk of variation during the year will now have to be managed in year.
- The 2013/14 budget was supported by the use of £1.2m from the schools' PFI reserve which is no longer available.
- Grant income of £7m which includes £3.8m reimbursement for the cost of the continuing small business rates relief scheme, £1.5m in respect of the retail relief for small businesses, and NNDR compensation grant of £1.5m as referred to in paragraph 3.6 above.
- The budget is supported by the use of £3.5m general reserves, further explained in section 7.

## 6.10 Staffing

6.10.1 The Council has operated a voluntary retirement and severance scheme since 2010/11 which has contributed to a reduction in the workforce of 1,886 ftes at the 31<sup>st</sup> March 2014 after adjusting for the impact of Public Health and the former ALMOS joining the Council.

Many of the costs and savings identified in this budget have a staffing implication. Excluding the inflationary impact, net staffing reductions of around £5.6m are included in the 2014/15 budget.

The budget proposals provide for an overall reduction in anticipated staff numbers of 177 ftes by 31<sup>st</sup> March 2015 excluding an increase of 48 posts directly funded

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from external sources and 120 additional posts within Civic Enterprise Leeds, reflecting increased trading opportunities.

As in previous years, this will mean that staff will leave the authority from across the whole range of services and it will be necessary therefore to continue to manage this very carefully and make arrangements to retrain and redeploy staff where appropriate. The Council is also reducing its reliance on agency staffing and where possible converting this cost into permanent posts.

6.11 Annex 1 appended to this report provides a detailed analysis at directorate level; Annex 2 shows a subjective summary of the City Budget.

### 6.12 The Schools Budget 2014/15

#### 6.12.1 Dedicated Schools Grant

The Dedicated Schools Grant is expected to increase by £13.9m from £524.9m in 2013/14 to £538.8m in 2014/15 including funding to be transferred to Academies. There is an increase of 2,090 pupils in Primary schools and a reduction of 184 pupils in Secondary Schools.

The number of pupils taking up the 15 hours of free early education for 3 and 4 yr olds will also lead to a year on year increase in the funding for Early Years providers of £1.6m, and the funding rate will be increased to £3.80 per hour;

The continued roll out of free early education to 2 year olds and the target number of places for early education of two year olds will increase to 4,544 from September 2014. Providers will be funded at £4.85 per hour in line with the grant funding level.

The Local Authority now has responsibility for funding SEN for ages 0 to 25 and it is estimated that expenditure will increase by £1.27m due to the full year effect of this change that took place from September 2013 and the overall increase in pupil numbers.

#### 6.12.2 Education Funding Agency Post 16 Grant

Funding rates for 2014/15 have not been finalised, although funding per sixth form pupil will reduce as the EFA seeks to equalise funding rates between Sixth Forms and FE Colleges and Sixth Form Colleges. The EFA has also announced that funding rates for pupils in the third year post 16 (year 14) will be reduced by 17.5% across all providers.

#### 6.12.3 Pupil Premium

The Pupil Premium to be received by Leeds Schools (including Academies) in 2014/15 is estimated to be £37.69m, a year on year increase of £7.33m.

#### 6.12.4 Free School Meals for under 7s

The Government has announced that free school meals will be provided to all pupils in Reception, Year 1 and Year 2 from September 2014. A National grant of £450m has been made available for 2014/15 and it is estimated that this will produce funding in the order of £5.4m for Leeds Primary Schools.

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### 6.12.5 Specific Grants

The Primary PE Grant introduced in September 2013 will be paid in both the 2013/14 and 2014/15 academic years to all Primary Schools, at a rate of £8,000 plus £5 per pupil.

A Yr 7 catch up premium will be paid to Secondary schools in the 2013/14 and 2014/15 financial years at a rate of £500 for each pupil in year 7 who did not achieve at least level 4 in reading and/or mathematics (maximum £500 per pupil) at Key Stage 2.

### 6.12.6 Summary of Year on Year Change

The funding to be received by all Schools and Academies in the City through the Dedicated Schools Grant, Pupil Premium and Post 16 Grant is estimated to be £604.26m for 2014/15. This is an increase of £27.37m over the funding received in 2013/14.

However, as funding must be allocated to schools by a formula largely based on pupil numbers schools with falling rolls will receive reduced funding year on year.

### 6.13 Housing Revenue Account

The Housing Revenue Account includes all the expenditure and income relating to the management of the Council's housing stock and in accordance with Government legislation operates as a ring fenced account.

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

The Government announcement in 2013 of a new rent setting formula from 1<sup>st</sup> April 2015 of Consumer Price Index (CPI) +1% effectively ends the policy of rent convergence which was aimed at ensuring that local authority and housing association tenants would eventually pay similar rents for similar properties in similar areas.

For Leeds it is estimated that 54% of properties will not have converged by the end of 2014/15 and therefore the change in the rent setting policy will mean a reduction in the income to the Council's Housing Revenue Account estimated to be £3.5m in 2015/16 rising to an average of £6.5m per annum from 2016/17.

The Council's rent strategy assumed a rent increase of 5.2% in 2014/15 but there is the opportunity to offset the impact of the Government's rent policy upon rental income streams by increasing the rent to the "limit rent" which is the rent at which the Government will pay the full subsidy for housing benefit. (If the average rent for the Authority is higher than the limit rent then housing benefit receivable is reduced proportionately). Whilst the limit rent for 2014/15 hasn't yet been announced a similar increase to that seen in 2013/14 would allow for a 7% increase in rent.

In accordance with the adopted rent strategy it is proposed that rather than increase the rents by this amount, that instead the increases are smoothed with the proposal to increase rents by 5.9% in 2014/15.

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

In June 2013 Executive Board agreed to the transfer of Housing Management function from the ALMOs back to the Council and identified savings that could be realised through this transfer. In 2014/15 a saving of £1.5m will be realised through senior management and support cost reductions and the removal of costs associated with maintaining a separate company arrangement.

The submitted budget for 2014/15 provides for a 5% or £2.0m increase in maintenance with the contribution to capital expenditure increasing by £2.6m or 4.2% when compared to 2013/14. Additional resources (£1m) have also been provided to support Area Panels and the tenant mobility scheme (£0.2m).

### 6.14 Council Tax

The proposed budget of £565.777m for 2014/15 is consistent with the Leeds element of the Council Tax for 2014/15 being increased by 1.99% which will give council tax figures for the Leeds City Council element only for each band as follows:

	2013/14 £	2014/15 £
Band A	748.99	763.92
Band B	873.82	891.24
Band C	998.66	1,018.56
Band D	1,123.49	1,145.89
Band E	1,373.15	1,400.53
Band F	1,622.82	1,655.17
Band G	1,872.48	1,909.81
Band F	2,246.98	2,291.78

To these sums will be added precept amounts for Police, Fire and, where appropriate, town and parish councils. These additional amounts will be reported to Council on 26th February 2014 following the formal decisions by their respective bodies.

### 6.15 Council Tax Support and Parishes

6.15.1 For 2013/14, Council Tax Benefit was replaced by a system of Council Tax Support (CTS) under which benefit payments were replaced by discounts on council tax bills. This had the effect of decreasing the council tax bases both for billing authorities and their parishes. The Government provided funding to compensate for around 90% of the cost of the scheme and, at a very late stage, asked billing authorities to work with parishes to pass down a share of the funding. After a brief period of consultation, members agreed that payments totalling £123k would be passed down to parish and town councils within the Leeds area to compensate them for the reduction in their tax base.

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- 6.15.2 The delays last year caused a degree of confusion for parishes not just in Leeds but throughout the country so, for 2014/15, early certainty about the level of payments was identified as a priority. However, the Government had indicated that funding for CTS would not be separately identified in 2014/15 and whilst ministers were maintaining that amounts for parishes were unchanged, it is clear that in total funding for local government has been cut by around 11%.
- 6.15.3 In order to give Leeds parishes early certainty and to allow them to plan their 2014/15 budgets, in early November officers consulted on reducing the payments from £123k to £109k in-line with the national reduction in funding. No comments or objections were received from Leeds parishes directly. In early January contact was made by the Yorkshire Local Councils Associations and a Leeds elected member. Both queries were responded to and no further comments have been received on this matter.
- 6.15.4 It is therefore proposed that a total of £109k should be paid to parishes as detailed in Appendix 7. It is proposed that these payments are made alongside the parish precept payments at the beginning of April.

## 7. **RESERVES POLICY**

- 7.1 Under the 2003 Local Government Act, the Council's Statutory Financial Officer is required to make a statement to Council on the adequacy of reserves. In addition, it is good practice for the authority to have a policy on the level and nature of its reserves and ensure these are monitored and maintained within the range determined by its agreed policy. The purpose of a reserves policy is:
- to maintain reserves at a level appropriate to help ensure longer term financial stability, and
  - to identify any future events or developments which may cause financial difficulty, allowing time to mitigate for these.
- 7.2 The established policy encompasses an assessment of financial risks included in the budget based on directorate budget risk registers. The risk registers identify areas of the budget which may be uncertain and the at risk element of each budget area has been quantified. This represents the scale of any likely overspend/shortfall in income and does not necessarily represent the whole of a particular budget heading. Each risk area has been scored in terms of the probability and impact on the budget.
- 7.3 The Council's reserves at the end of March 2014 are estimated to be £27.2m. This budget assumes the use of £3.5m to support invest to save activities and other one-off expenditure. In addition, £2m has been transferred to the Early Leavers Initiative reserve. The budget therefore assumes that reserves at the end of March 2015 will stand at £21.7m which represents 3.8% of net expenditure. This is above the minimum level required by the reserves policy and represents an increase of 0.7% from the 2013/14 budgeted position. A comparison to other authorities and average reserves is attached at annex 3.

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

7.5 The table below provides a summary of general reserves.

**Table 8**

General Fund Reserves	2013/14 £m	2014/15 £m
Opening Balance 1 April	23.1	27.2
Budgeted Usage	-2.5	-3.5
Small Business Rate Relief	3.3	
In year underspend 13/14	3.3	
Transfer to ELI reserve		-2.0
Estimated Reserves 31 March	27.2	21.7

Housing Revenue Account	2013/14 £m	2014/15 £m
Opening Balance 1 April	9.1	11.8
ALMO reserves	23.9	
Usage in year	-21.2	-4.4
Estimated Reserves 31 March	11.8	7.4

## **8 ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES**

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

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

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

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- the strength of the financial management and reporting arrangements.

8.3 In coming to a view as to the robustness of the 2014/15 budget, the Deputy Chief Executive has taken account of the following issues:-

- Detailed estimates are prepared by directorates in accordance with principles laid down by the Deputy Chief Executive based upon the current agreed level of service. Service changes are separately identified and plans are in place for them to be managed.
- Estimate submissions have been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council.
- Significant financial pressures experienced in 2013/14 have, where appropriate, been recognised in preparing the 2014/15 budget, or are subject to further actions to enable them to be delivered.
- Since the Initial Budget Proposals were approved in December 2013, work has been undertaken to reduce some of the risks in the budget and to place less reliance on the use of general reserves, thereby making the Council's financial position more resilient.
- As part of the budget process, directorates have undertaken a risk assessment of their key budgets, documented this assessment in the form of a formal Risk Register, and provided a summary of major risks within the directorate budget documents, many of which are significant. All directorate budgets contain efficiencies, service reviews and savings which will require actions to deliver, and any delay in taking decisions may have significant financial implications. The overall level of risk within the 2014/15 budgets of directorates is considered to remain relatively high. Whilst this level of risk can be considered manageable, it must be on the understanding that key decisions are taken and that where identified savings are not delivered alternative savings options will be needed. This is all the more important given that the Council will face further financial challenges over the years beyond 2014/15.
- In addition to specific directorate risks, two risks which were introduced in 2013/14 again need to be closely monitored.
  - The introduction from April 2013 of a scheme of council tax discounts does raise additional risks as to collection. Overall, the assumed collection rate for Council Tax has been reduced from 99.2% to 99% to reflect this additional risk, but there is still the potential for further losses. However, it should be noted that should there be a higher level of loss than assumed, that this

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would materialise within the collection fund, and as such would not impact upon the current year's budget.

- Under the new business rates retention scheme, the Council's local share of business rates is exposed to risks from both collection and reductions in rateable values. Although in setting the 2014/15 budget, an assumption has been included as to potential scale of losses due to backdated appeals, this is still considered to be a significant risk. However, as in the case of Council Tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the current year.
- 8.4 The Council's financial controls are set out in the Council's Financial Procedure Rules. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate and corporate levels. Every month Executive Board receives a report from each directorate setting out spending to date and projected to the year-end. Action plans are utilised to manage and minimise any significant variations to approved budgets. There are no proposed changes to the level of financial reporting to either the Executive Board or to Scrutiny.
- 8.5 The Council's Reserves policy, as set out in Section 7, requires directorates to prepare budget action plans to deal with spending variations on budgets controlled by directorates during the year.
- 8.6 In the context of the above, the Deputy Chief Executive considers the proposed budget for 2014/15 as robust and that the level of reserves are adequate given a clear understanding of the following:-
- the level of reserves is in line with the risk based reserves strategy.
  - budget monitoring and scrutiny arrangements are in place which include arrangements for the identification of remedial action, and reporting arrangements to members will be enhanced.
  - the budget contains a number of challenging targets and other actions, these are clearly identified, and will be subject to specific monitoring by the Council's Corporate Leadership Team, and as such, are at this time considered reasonable and achievable.
  - enhanced budget reporting to members will continue.
  - risks are identified, recorded in the budget risk register and will be subject to control and management.
  - as part of the Council's reserves policy directorates are required to have in place a budget action plan which sets out how they will deal with variations during the year.



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- risks associated with council tax and business rates, although potentially significant, will not impact on the current year's budget.
- there is a clear understanding of the duties of the Council's statutory Financial Officer and that the service implications of them being exercised are fully understood by members and senior management alike.

## **9 EQUALITY IMPACT ASSESSMENT OF THE BUDGET**

- 9.1 The Equality Act 2010 requires the Council to have 'due regard' to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay 'due regard' be demonstrated in the decision-making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'. Equality impact assessments also ensure that we make well informed decisions based on robust evidence.
- 9.2 The Council is fully committed to assessing and understanding the impact of its decisions on equality and diversity issues. In order to achieve this, the Council has an agreed process in place and has particularly promoted the importance of the process when taking forward key policy or budgetary changes.
- 9.3 A specific equality impact assessment of the budget at a strategic level has been carried out and this is attached as Appendix 6 along with a note outlining the Council's overall approach to equality impact assessments.
- 9.4 A view from colleagues in Legal Services has been sought on the process adopted for equality impact assessing the budget and associated decisions. Their considered view is that from the work undertaken to date, the process developed is robust and evidences that 'due regard' is being given to equality related issues.

## **10 CORPORATE CONSIDERATIONS**

### **10.1 Consultation and Engagement**

- 10.1.1 As explained at section 4 above the initial budget proposals were subject to extensive consultation with key stakeholders prior to finalisation of the 2014/15 budget.

### **10.2. Equality and Diversity / Cohesion and Integration**

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

### **10.3 Council Policies and City Priorities**

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

## **10.4 Resources and Value for Money**

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

## **10.5 Legal Implications, Access to Information and Call In**

10.5.1 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget and Council Tax are reserved to Council. As such, the recommendation at 12.1 which recommends the budget to Council is not eligible for call in. However the recommendations at 12.2 are subject to call in.

10.5.2 The budget will have significant implications for Council policy and governance and these are explained within the report. The budget is a key element of the Council's Budget and Policy framework, but many of the proposals will also be subject to separate consultation and decision making processes, which will operate within their own defined timetables and managed by individual directorates.

## **10.6 Risks**

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

10.6.2 A full risk register of all budget risks in accordance with current practice will be maintained and will be subject to quarterly review. Any significant and new risks are contained in the budget monitoring reports submitted to each meeting of the Executive Board, together with any slippage on savings.

## **11 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

11.1 In accordance with the Budget and Policy Framework Rules, the Executive Board are required to make proposals to Council regarding virement limits and the degree of in-year changes which may be undertaken by the Executive. These are set out in Financial Procedure Rules.

11.2 During the year Financial Procedure Rules have been reviewed and it is proposed to change the limits to give Executive Board power to approve virements up to the value of £5m, increased from the current £1m, in accordance with the delegation limits set out in Appendix 8.

## **12. RECOMMENDATIONS**

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

- (i) that the Revenue Budget for 2014/15 totalling £565.777m, as detailed and explained in this report and accompanying papers be approved, with a 1.99% increase in the Leeds' element of the Council Tax for 2014/15.

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- (ii) Grants totalling £109k be allocated to Parishes as detailed in paragraph 6.15.4
- (iii) an amendment to the Council Tax scheme as detailed in paragraph 3.14 which is to be adopted as the empty property scheme.
- (iv) In respect of the Housing Revenue Account: -
  - (a) that the budget be approved with an average rent increase figure of 5.9%
  - (b) that the charge for garage rents be increased to £7.18 per week (based on 52 rent weeks)
  - (c) that service charges are increased in line with rents (5.9%).
- (iv) that the delegated limits for Revenue virements are amended to allow Executive Board to approve virements up to a maximum of £5m.

#### 12.2 That the Executive Board agree:

- (i) that the line of eligibility for adult community care services remains unchanged for 2014/15.
- (ii) the awarding of Retail Relief to all businesses that meet the criteria set out in Appendix 1 above subject to the provisions of State Aid.

### 13. **Background Documents**<sup>2</sup>

13.1 None

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<sup>2</sup> 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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## Statement of 2013/14 and 2014/15 budgets

## Annex 1

Service	2013/14			2014/15		
	Net managed budget £000s	Net budget managed outside service £000s	Net budget £000s	Net managed budget £000s	Net budget managed outside service £000s	Net budget £000s
<b>Adult Social Care</b>						
Health Partnerships	220	(202)	18	52	23	75
Access and Care	147,871	15,179	163,050	150,210	8,490	158,700
Care Reform	1,678	(1,678)	0	1,911	(1,911)	0
Strategic Commissioning	168	1,159	1,327	(806)	(1,935)	(2,741)
Resources & Strategy	6,085	(4,977)	1,108	7,261	(6,029)	1,232
Care Delivery	41,806	13,902	55,708	36,442	8,022	44,464
Pensions adjustment	0	(2,060)	(2,060)	0	(3,298)	(3,298)
	<b>197,828</b>	<b>21,323</b>	<b>219,151</b>	<b>195,070</b>	<b>3,362</b>	<b>198,432</b>
<b>Children's Services</b>						
Partnership Development and Business Support	(3,691)	10,883	7,192	6,984	6,615	13,599
Learning, Skills and Universal Services	29,066	(2,070)	26,996	17,553	(2,581)	14,972
Safeguarding, Targeted and Specialist Services	96,663	3,512	100,175	94,191	4,470	98,661
Strategy, Performance and Commissioning	12,855	30,053	42,908	9,341	25,425	34,766
Pensions adjustment	0	3,809	3,809	0	(7,600)	(7,600)
	<b>134,893</b>	<b>46,187</b>	<b>181,080</b>	<b>128,069</b>	<b>26,329</b>	<b>154,398</b>
<b>City Development</b>						
Planning and Sustainable Development	3,732	1,455	5,187	3,932	259	4,191
Economic Development	1,632	942	2,574	1,468	332	1,800
Asset Management	3,502	4,125	7,627	3,228	1,023	4,251
Employment and Skills	2,920	335	3,255	2,889	(82)	2,807
Highways and Transportation	21,922	29,612	51,534	20,651	28,931	49,582
Libraries, Arts and Heritage	19,852	7,364	27,216	19,589	4,506	24,095
Sport and Active Recreation	6,202	11,071	17,273	6,766	16,253	23,019
Resources and Strategy	2,218	(14,575)	(12,357)	1,860	(1,784)	76
Regeneration Programmes	0	183	183	0	182	182
Pensions adjustment	0	(805)	(805)	0	(2,231)	(2,231)
	<b>61,980</b>	<b>39,707</b>	<b>101,687</b>	<b>60,383</b>	<b>47,389</b>	<b>107,772</b>
<b>Environment and Neighbourhoods</b>						
Car Parking Services	(6,998)	1,630	(5,368)	(6,639)	982	(5,657)
Community Safety	3,400	1,176	4,576	3,210	562	3,772
Statutory Housing	14,381	7,449	21,830	13,063	12,445	25,508
General Fund Support Services	(1,081)	1,085	4	475	(385)	90
Waste Management	40,968	3,975	44,943	40,812	535	41,347
Parks & Countryside	9,781	4,469	14,250	9,176	2,684	11,860
Environmental Action - West	2,808	440	3,248	2,773	117	2,890
Environmental Action - East	2,204	381	2,585	2,101	85	2,186
Environmental Action - South	2,409	556	2,965	2,362	110	2,472
Environmental Action - City Wide	2,083	243	2,326	2,041	194	2,235
Environmental Action - City Centre	1,260	244	1,504	1,297	93	1,390
Non Delegated Street Cleansing	452	2,060	2,512	378	2,037	2,415
Environmental Health	3,648	(1,345)	2,303	2,742	55	2,797
Pensions adjustment	0	(1,951)	(1,951)	0	(3,117)	(3,117)
	<b>75,315</b>	<b>20,412</b>	<b>95,727</b>	<b>73,791</b>	<b>16,397</b>	<b>90,188</b>
<b>Resources</b>						
Strategy and Improvement	6,278	(5,693)	585	4,878	(4,127)	751
Finance	9,835	(6,928)	2,907	9,993	(513)	9,480
Human Resources	6,710	(6,710)	0	6,519	401	6,920
Technology	15,412	(12,179)	3,233	15,030	7,214	22,244
Public Private Partnership Unit	588	(1,178)	(590)	302	620	922
Regional Policy	76	43	119	116	84	200
Pensions adjustment	0	(2,298)	(2,298)	0	(2,454)	(2,454)
	<b>38,899</b>	<b>(34,943)</b>	<b>3,956</b>	<b>36,838</b>	<b>1,225</b>	<b>38,063</b>
<b>Legal and Democratic Services</b>						
Legal Services	(1,479)	1,052	(427)	(1,408)	360	(1,048)
Democratic Services	5,649	(5,649)	0	5,303	(6,597)	(1,294)
Pensions adjustment	0	(252)	(252)	0	(624)	(624)
	<b>4,170</b>	<b>(4,849)</b>	<b>(679)</b>	<b>3,895</b>	<b>(6,861)</b>	<b>(2,966)</b>
<b>Citizens and Communities</b>						
Locality Leadership	5,110	1,221	6,331	5,433	1,291	6,724
Customer Access	6,531	(5,175)	1,356	11,361	661	12,022
Licensing and Registration	172	1,225	1,397	640	277	917
Benefits, Welfare and Poverty	2,602	2,453	5,055	1,547	544	2,091
Pensions adjustment	0	(757)	(757)	0	(1,491)	(1,491)
	<b>14,415</b>	<b>(1,033)</b>	<b>13,382</b>	<b>18,981</b>	<b>1,282</b>	<b>20,263</b>
<b>Civic Enterprise Leeds</b>						
Business Support Centre	3,766	(3,766)	0	3,902	290	4,192
Commercial Services	(9,151)	4,200	(4,951)	(4,660)	781	(3,879)
Facilities Management	7,654	(7,630)	24	7,465	2,380	9,845
Corporate Property Management	6,541	355	6,896	6,289	445	6,734
Pensions adjustment	0	0	0	0	(675)	(675)
	<b>8,810</b>	<b>(6,841)</b>	<b>1,969</b>	<b>12,996</b>	<b>3,221</b>	<b>16,217</b>
<b>Public Health</b>						
Public Health	0	219	219	0	109	109
Supporting People	813	135	948	562	76	638
Drugs Commissioning Service	(68)	65	(3)	(68)	(1)	(69)
Pensions adjustment	0	(219)	(219)	0	(184)	(184)
	<b>745</b>	<b>200</b>	<b>945</b>	<b>494</b>	<b>0</b>	<b>494</b>
Strategic and Central accounts	49,370	(72,223)	(22,853)	38,760	(45,108)	(6,348)
Pensions adjustment	0	(7,940)	(7,940)	0	(47,236)	(47,236)
<b>Strategic and Central Accounts</b>	<b>49,370</b>	<b>(80,163)</b>	<b>(30,793)</b>	<b>38,760</b>	<b>(92,344)</b>	<b>(53,584)</b>
<b>NET COST OF CITY COUNCIL SERVICES</b>	<b>586,425</b>	<b>0</b>	<b>586,425</b>	<b>569,277</b>	<b>0</b>	<b>569,277</b>
Contribution to/(from) General Fund Reserves	(2,500)	0	(2,500)	(3,500)	0	(3,500)
<b>NET REVENUE CHARGE</b>	<b>583,925</b>	<b>0</b>	<b>583,925</b>	<b>565,777</b>	<b>0</b>	<b>565,777</b>

## Item 5(i)

### Summary of 2014/15 budget by type of spending and income

### Annex 2

	General Fund excluding Schools £000	Per Band D Property £	Schools £000	HRA £000	Total Budget £000	% of total
<b>Expenditure</b>						
Employees	504,108	2,380	348,575	40,633	893,316	45
Premises	51,716	244	34,133	51,381	137,230	7
Supplies and services	23,445	111	72,967	97,539	193,951	10
Transport	42,797	202	1,649	2,391	46,837	2
Capital costs	59,789	282	1,111	53,195	114,095	6
Transfer payments	295,746	1,397	0	0	295,746	15
Payments to external service providers	321,474	1,518	0	1,186	322,660	16
	<b>1,299,075</b>	<b>6,134</b>	<b>458,434</b>	<b>246,325</b>	<b>2,003,834</b>	<b>100</b>
<b>Income</b>						
Grants	(478,787)	(2,261)	(439,089)	(21,419)	(939,295)	69
Rents	(8,798)	(42)	0	(214,569)	(223,367)	16
Fees & charges	(168,129)	(794)	(19,345)	(7,745)	(195,219)	14
	<b>(655,714)</b>	<b>(3,096)</b>	<b>(458,434)</b>	<b>(243,733)</b>	<b>(1,357,881)</b>	<b>100</b>
<b>Net budget</b>	<b>643,361</b>	<b>3,038</b>	<b>0</b>	<b>2,592</b>	<b>645,953</b>	<b>100</b>
Contribution to/(from) IAS19 Pensions reserve	(69,911)	(330)		(2,320)	(72,231)	
Contribution to/(from) other earmarked reserves	(4,173)	(20)		(272)	(4,445)	
Contribution to/(from) General reserves	(3,500)	(17)		0	(3,500)	
	<b>(77,584)</b>	<b>(366)</b>	<b>0</b>	<b>(2,592)</b>	<b>(80,176)</b>	
<b>Net revenue charge</b>	<b>565,777</b>	<b>2,672</b>	<b>0</b>	<b>0</b>	<b>565,777</b>	

Notes: The number of Band D equivalent properties is 211,767

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

## Item 5(i)

Annex 3

**Summary of Reserves Held at 31 March 2013**

	General Fund Reserves £000s	% of net budget %	Earmarked Reserves £000s	School Reserves £000s	Total £000s
Leeds City Council	23,086	3.95%	21,665	33,917	78,668
<u>West Yorkshire Neighbours</u>					
Bradford	10,803	2.44%	109,886	43,136	163,825
Calderdale	8,592	5.27%	45,380	6,872	60,844
Kirklees	39,701	12.58%	60,449	16,790	116,940
Wakefield	10,000	3.88%	74,523	13,821	98,344
<u>Other Core Cities</u>					
Birmingham	24,767	2.39%	179,685	77,936	282,388
Bristol	7,900	2.10%	95,444	9,784	113,128
Liverpool	24,791	4.89%	111,784	32,663	169,238
Manchester	26,010	5.28%	134,020	29,873	189,903
Newcastle	10,135	3.67%	45,671	11,473	67,279
Nottingham	13,802	4.81%	99,582	19,402	132,786
Sheffield	11,181	2.34%	23,402	13,144	47,727
<u>Averages</u>					
West Yorkshire Average	18,436	5.23%	65,743	19,545	103,724
Core City Average	17,709	3.51%	91,008	26,423	135,140
England Average	10,797	8.05%	38,072	6,701	55,570
Metropolitan District Average	15,905	5.65%	57,819	16,134	89,858

Source: Revenue Outturn forms 2012/13

### Retail Relief for Business Rates

- 1 The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.
- 2 The Government has set out eligibility criteria and will reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. Each individual local billing authority must adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government have indicated that they expect local government to grant relief to qualifying ratepayers.
- 3 The definition of qualifying retail properties set out by the Government is occupied properties with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- 4 Shops, restaurants, cafes and drinking establishments are further defined as:
  - i) **Properties that are being used for the sale of goods to visiting members of the public:**
    - Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
    - Charity shops
    - Opticians
    - Post offices
    - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
    - Car/ caravan show rooms
    - Second hand car lots
    - Markets
    - Petrol stations
    - Garden centres
    - Art galleries (where art is for sale/hire)
  - ii) **Properties that are being used for the provision of the following services to visiting members of the public:**
    - Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
    - Shoe repairs/ key cutting
    - Travel agents
    - Ticket offices e.g. for theatre

- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

**iii) Properties that are being used for the sale of food and/ or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

The list above is not intended to be exhaustive and is intended to be a guide for authorities as to the types of uses that government considers for this purpose to be retail. Authorities must determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

5 The relief is subject to the De Minimis limit of State Aid, currently €200,000 over any three year period, and therefore large retailers will be limited on the number of properties on which they can receive the relief.

6 The Government has defined what it does not consider to be retail use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

**i. Properties that are being used for the provision of the following services to visiting members of the public:**

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

**ii. Properties that are not reasonably accessible to visiting members of the public**



**7 Financial Implications** – Provided that the relief is restricted to the categories defined by the Government, or any not listed which are broadly similar, there is no direct cost to the Authority as it will be met fully by Central Government. It is estimated that the total value of the relief to business in Leeds would be approximately £3 million.

**Report on the consultation to inform the 2014/15 Leeds City Council Budget**

**1 Background**

The public consultation on spending priorities for the council’s 2014/15 Budget ran from 20 August to 30 September 2013. In that period 946 formal responses were received by the council and a number of parallel discussions took place through community groups.

A review of the 2012 budget consultation had resulted in preference for a ‘lighter touch’ exercise in 2013, holding back the (successful) YouChoose budget simulator exercise for 2014. This follows a historic pattern of alternate ‘big’ and ‘small’ budget consultations in Leeds, allowing time for the findings from YouChoose to be fully understood and used while meeting our requirements to involve local people every year.

The approach we have taken in 2013 informs the budget setting process significantly earlier in the financial year than previous consultations:

Element	Purpose	Methods	Timescale
Formal budget consultation	<ul style="list-style-type: none"> <li>• Feedback to communities on YouChoose 2012 results</li> <li>• Feedback to communities on our actions/progress to date</li> <li>• Ask communities if key 2012 priorities still important</li> <li>• Ask for ideas/solutions to key challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Online and paper forms, supported by information</li> <li>• Promotion through wide range of traditional and social media, in public space and through partners including third sector bodies</li> </ul>	Consultation ‘live’ August-September 2013. Reporting of results completed in October 2013.
Consultation on Initial Budget Proposal (IBP) document	<ul style="list-style-type: none"> <li>• Present IBP to communities</li> <li>• Ask for feedback on IBP content by theme/directorate (to reflect broad structure of the IBP document)</li> </ul>	<ul style="list-style-type: none"> <li>• Online and paper forms</li> <li>• Promotion through wide range of traditional and social media, in public space and through partners including third sector bodies</li> </ul>	From IBP publication to mid-January 2014. Reporting before submission of final budget to Council.

The formal budget consultation was again promoted by statutory partners, local media and the third sector, and used a mix of online and traditional methods to allow different communities to get involved.

Information was provided on the key findings from last year’s YouChoose consultation, as well as key actions we are taking in response. Participants were asked to consider whether the ten service areas most ‘protected’ from spending cuts in the YouChoose consultation were still top priorities for the 2014/15 budget, and asked to offer alternatives if this was not so. All respondents were invited to complete equality monitoring questions.

In response to relatively low levels of response from some Black and Minority Ethnic (BME) communities, we worked with a number of community groups to consult in different ways, and these findings have informed the report alongside the survey results.

## Profile of survey respondents

In total 946 survey responses were received. The following table sets out the profile of the respondents by age, gender, ethnicity, disability status and location. Note that not all respondents completed all parts of the equality monitoring.

<b>Age group</b>	<b>% of respondents</b>
18-24	3
25-34	14
35-44	22
45-54	23
55-64	25
Over 65	14
<b>Gender</b>	<b>% of respondents</b>
Female	50
Male	50
<b>Ethnicity</b>	<b>% of respondents</b>
White British	93
BME / White Irish / Other	7
<b>Disabled/long term limiting illness (self-declared)</b>	<b>% of respondents</b>
Yes	12
No	84
<b>Location</b>	<b>% of respondents</b>
Inner East	3
Inner North East	3
Inner North West	4
Inner South	9
Inner West	10
Outer East	16
Outer North East	13
Outer North West	17
Outer South	11
Outer West	13

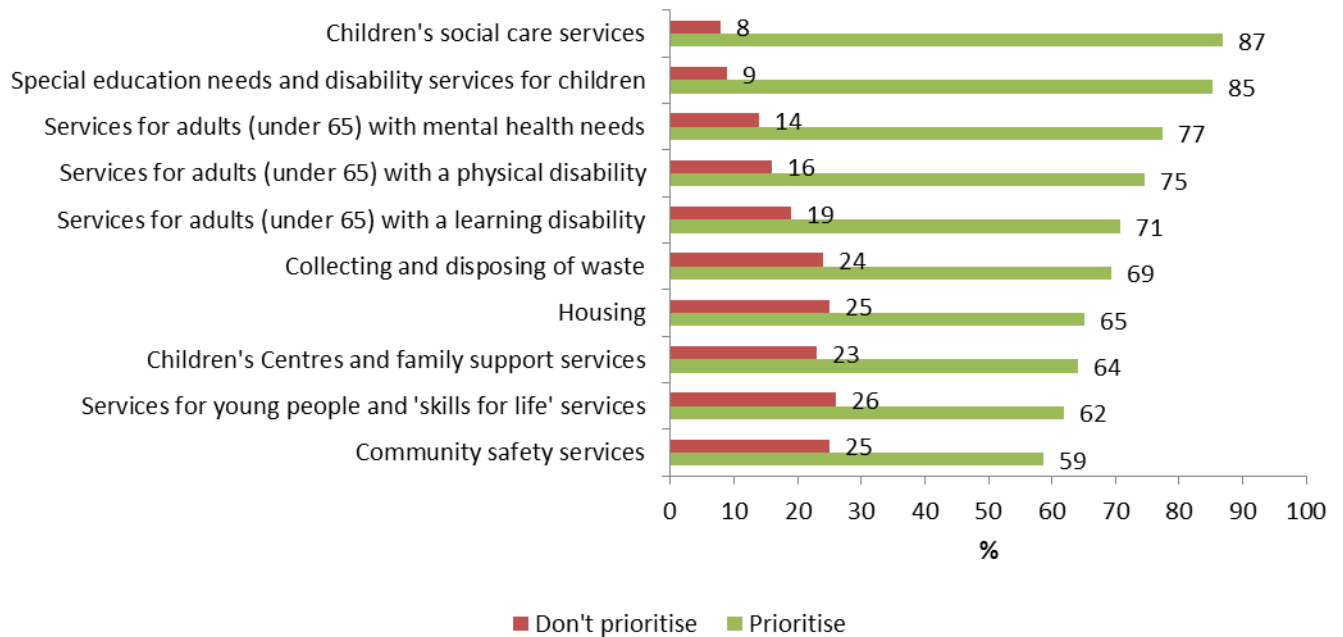
A further 20 responses from Black and Minority Ethnic (BME) communities were gathered by community sector organisations working on behalf of the council.

One further response was formally identified as being from a Parish Council.

### 3 Key findings

#### 3.1 Service prioritisation results

This chart shows the percentage of respondents indicating that the council should keep prioritising the ten 'service areas' most commonly 'protected' from spending cuts in the 2012 YouChoose consultation.



In terms of rank order, there are some differences to the 2012 YouChoose consultation. The most significant changes in rank order are for services for adults with a learning difficulty (higher in 2013) and community safety services (lower in 2013):

Service Area	Rank 2013	Rank 2012
Children's social care services	1	1
Special education needs and disability services for children	2	2
Services for adults (under 65) with mental health needs	3	3
Services for adults (under 65) with a physical disability	4	6
Services for adults (under 65) with a learning disability	5	10
Collecting and disposing of waste	6	9
Housing	7	8
Children's Centres and family support services	8	5
Services for young people and 'skills for life' services	9	7
Community safety services	10	4

## Key differences between respondent groups

### Age

Respondents aged under 45 were more likely than others to want the council to continue to prioritise Children's Centres and family support services.

### Gender

Women were more likely than men to want the council to continue to prioritise all listed service areas except for:

- Collecting and disposing of waste
- Services for young people and 'skills for life' services
- Services for adults (under 65) with a physical disability

### 3.2 Alternative top priorities

Residents who felt that any existing budget priorities should be de-prioritised were asked to suggest an alternative area to focus on. The most commonly mentioned service areas or issues (receiving 10 comments or more) were:

What else should the council prioritise protection of?	% of all comments
General care and support for elderly	14
General services for children and young people	11
Roads	10
Sports and leisure incl. parks	7
Public transport / sustainable transport	7
Arts and events	6
Creating jobs / Economic growth	6
Bins / cleanliness	6
Housing	4
Environmental issues	3
Encouraging community to do more themselves	3

**Total number of comments: 297**

### 3.3 Ideas and suggestions

Respondents were asked to suggest ways the council can work better and save money when we deliver services. The most common themes of suggestions (receiving 10 comments more) were:

<b>Ideas for council efficiency</b>	<b>% of all comments</b>
Collect bins less often / Improve recycling	17
Lower staff numbers, salaries, perks / fewer senior officers and Members	12
Generally improve 'way council works' <sup>3</sup>	11
Charge (more) for things like bulky waste, parking fees / better enforcement	5
Promote volunteering / community action	4
E-services - self-service, email-only communications	4
Share services with partners / other councils / outsource	4
Improved procurement practices	3
Repair roads for the long term / coordinate with utilities	3
Turn off street lights / council building lights	3
Council doing well as it can already	3

**Total number of comments: 467**

These are almost identical to the most common suggestions from the 2012 budget consultation.

**3.4 Feedback from outreach work**

The consultation process included outreach work with Black and Minority Ethnic (BME) communities through third sector community organisations. This approach recognised that some communities may feel less comfortable engaging with the council in a formal consultation survey, and resulted in a number of group discussions and interviews based on the budget consultation form.

This set of respondents placed greater emphasis on community safety services than others, as well as services for young people and skills for life services.

Otherwise, the responses from this group are similar to the survey findings, with protection of services for the most vulnerable a priority.

The single identifiable response from a Parish Council focussed on community safety and housing priorities that were in line with their day to day work and about which they regularly correspond with local people. The response suggested 8 alternative areas to protect in the budget:

- Services for Older People 65 or over
- Services that support Schools
- Highways and Transportation
- Environmental Action Services
- Sport and Leisure Facilities

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<sup>3</sup> Get things right first time, back office efficiencies, customer service, asset management

- Planning and Sustainable Development
- Parks and Countryside Services
- Libraries, Arts and Heritage Services

## **4 Conclusions**

- 4.1 Services that could be seen to support ‘vulnerable’ people remain the highest priorities for budget protection – for example, children’s social care, SEN, adult mental health.
- 4.2 People generally see the list of budget priorities as remaining relevant, with little difference in rank order from 2012
- 4.3 Protection for those services supporting people with learning difficulties is a higher priority than in past years.
- 4.4 Community safety services are less likely to be seen as in need of budget protection than in 2012. However, this may in part be due to confusion as to what role the council has in this area, with a number of comments suggesting this is solely a role for the Police.
- 4.5 Alternative priorities for budget protection were many and varied. The most common choices reinforced the finding that people wish to see services for vulnerable groups protected most. However, taken together, a fifth of suggestions were about infrastructure investment (roads, public transport, housing).
- 4.6 People perceive the same areas for efficiency within the council as they did a year ago. The perception remains that better waste management and bin round changes will save significant money, and that staff and Members are overly well paid and rewarded.
- 4.7 The council needs to make sure it is confident its actions to save money are understood and seen to happen. A number of proposed or on-going changes (e.g. alternate week bin collection, street light partial turn-off) were proposed by residents who clearly felt them to be new ideas.

## INITIAL 2014/15 BUDGET PROPOSALS – COMMENTS FROM SCRUTINY

All Scrutiny Boards considered the Initial 2014/15 budget proposals. This report presents the agreed comments of Scrutiny Boards (Resources and Council Services), (Sustainable Economy and Culture), (Housing and Regeneration) and (Safer and Stronger Communities)

### Observations and Recommendations

Scrutiny Board (Resources and Council Services)

#### Income generation

The Board welcomes the creation of 'Enterprise Leeds' and fully supports the Council progressing opportunities to develop services with a range of markets. The Board would also encourage support for services who want to commercialise what they do.

#### Staffing

The Board remains of the view that the level of external recruitment is too high. Continued efforts should be made to reskill existing staff wherever possible.

The Board strongly supports the concept of a flexible workforce and would wish to see in the future staff appointed to pay bands/job families rather than specific posts so that skills can be moved between Directorates

The Board is pleased to see that a Challenge Panel has now been established comprising the Deputy Chief Executive and the Chief Officer (HR). It notes that the Panel will consider all requests to extend new Agency contracts beyond 2 or 8 weeks dependent on the category of staff. It is considered that this is proportionate in the context of the Enabling Corporate Centre and will introduce some controls whilst allowing Managers to cover front-line service needs at short notice. However the Board still considers expenditure of £15 million a year on agency staff is too high.

#### Assets

The Board concurs with the Leader that the issue of asset management remains a challenge. Consideration ought to be given for all assets to be "owned" by the corporate centre with departments being a "client". This may address both local Ward Members and officers holding on to 'sacred cows' for fear of difficult decisions and negative feedback.

Scrutiny Board (Sustainable Economy and Culture) will be asked to look at this issue in greater detail.



## **Welfare Reform**

The Board acknowledges the pressures faced by families due to welfare reforms. It welcomes the assumptions made in the budget over collection rates.

## **Grants**

Scrutiny Board will continue its work on grants particularly around value for money and the need to move away from grant giving towards commissioning.

## **Comments from other Scrutiny Boards**

Scrutiny Board (Resources and Council Services) has been asked to consider the following areas of work in 2014/15;

The living wage (referral from Sustainable Economy and Culture)

The management of vacant posts (referral from Housing and Regeneration)

Savings in procurement (referral from Safer and Stronger Communities)

These will be considered by Members and if agreed programmed into the Board's work schedule.

### Scrutiny Board (Sustainable Economy and Culture)

The Scrutiny Board noted the main features of the executive's initial budget proposals in relation to areas within its remit, and made the following comments on specific elements of the proposals:

- The Board acknowledged the role of City Development in supporting and stimulating future growth in the city, and endorsed the approach being adopted of taking measured risks to invest in the city, for an expected future return.
- In particular the Board welcomed proposals for the development of quality manufacturing premises suitable for small and medium sized businesses (SMEs) on Council owned land at Thornes Farm in the Aire Valley Enterprise Zone, as key to unlocking development potential and attracting and retaining manufacturing businesses.
- Members noted the potential impact of regional funding through the Strategic Economic Plan and the Local Enterprise Partnership (LEP). The Board will be considering the Leeds input to the Plan in February.
- The Board discussed the challenges faced in the area of income, particularly in relation to leisure centres, including competition from the private sector and the nature of the council's role as a provider, ensuring access to sport for all residents. It was felt that there was a need for further investment in the condition of the council's leisure centres

for their future sustainability. The Board recommends that further consideration be given to ways in which this could be achieved, through some limited capital investment in improvements in the short term and/or through revisiting other options such as the creation of an arms length trust in the longer term. The Scrutiny Board would be keen to contribute to any work to explore longer term options.

- The Scrutiny Board would be keen to contribute to the proposed work on sustainability of events at the appropriate time.

#### Scrutiny Board (Housing and Regeneration)

The Scrutiny Board noted the main features of the executive's initial budget proposals in relation to areas within its remit, and made the following comments on specific elements of the proposals:

- The Board welcomed the on-going work to identify costs that should be chargeable to the Housing Revenue Account (HRA). Members were keen to see further savings to the General Fund achieved through this mechanism where appropriate.
- The Board expressed concern about the pace of delivering the anticipated savings from the ALMO review and the return of housing management to the Council. The Board has resolved to carry out some further work to assess progress in achieving the projected savings and the timescales for delivery.
- The Board were concerned that the proposed savings from staffing reductions in the Regeneration section of City Development must not impair the council's ability to deliver on important strategic city projects.

#### Scrutiny Board (Safer and Stronger Communities)

The Safer and Stronger Communities Scrutiny Board considered the Executive's initial budget proposals in relation to areas within its remit and raised the following points:

- The Board requested that further analysis is undertaken by the Resources and Council Services Scrutiny Board of the corporate work undertaken by Procurement in determining savings targets for directorates in 2014/15 to demonstrate that all possible saving opportunities have been explored.
- In line with the proposal to reduce the general well-being budget by £200k in 2014/15, the Board noted that the allocation process linked to this reduction is still to be determined. Whilst acknowledging that further consultation will be undertaken with Elected Members to determine whether or not to change the existing approach towards allocating the well-being funding to Area Committees, the Scrutiny Board emphasised the importance of undertaking immediate consultation with Area Chairs as such

reductions may influence the commitment of an Area Committee towards any long term funded projects.

### **Role of Scrutiny**

Scrutiny Boards have been successful this year in helping the Executive make better decisions, for example the work on the Late Night levy. This has been acknowledged by the Leader. It is our view that the involvement of Scrutiny in pre decision scrutiny in order to make for better decisions is important. We therefore recommend open dialogue between Scrutiny Boards and Executive Members/Directors which encourages the early involvement of Scrutiny where appropriate.

**Leeds City Council Initial Budget Proposals**  
**TSL Initial Response**  
**January 2013**



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## **Background**

This is the fourth year in a row when Third Sector Leeds has had a dialogue with the Council about the difficult decisions the Council has had to make to achieve significant reductions in its expenditure. TSL notes that the Council has had to achieve £94 M cuts in the last 3 years; and faces cuts of a further £81 M in the next two. It notes too that investment in the sector has been maintained, and the proportion of total Council resources invested in the sector increased. This is consistent with the Council's commitment to a civic enterprise approach but nonetheless very welcome – translating the language of Commissions into tough decision making about budgets is not easy.

Last year TSL and Council issued a joint statement. It is attached as an appendix. It is proposed to up-date and reissue it this year.

## **Rising to the challenge**

This year TSL feels that after many years of investment in the sector by the Council and NHS, and joint endeavour expressed through the Compact to develop and retain a thriving third sector, there is a pressing need to raise our game to the next level to meet the challenge we face. Last year TSL agreed priorities with the Council. This resulted in renewing our shared commitment to work together to narrow the inequalities gap. This year TSL and the Council are going to work together to drive forward specific solutions and approaches that can result in as good or better outcomes despite diminishing resources.

Analysis of the payments made by the Council to the sector shows that the 25 largest Third Sector recipients of payments from the Council in 2012/13 received total payments of £52.7m in the year. These same 25 organisations received payments of £52.3m in 2011/12, £53.3m in 2010/11 and £53.5m in 2009/10. Unlocking the sector's potential means finding ways of enabling a wider range of organisations to make a bigger contribution – perhaps through consortia and sub-contracting arrangements with larger organisations as well as equipping them to compete better for contracts.

TSL believes there is scope to give the sector more of leadership role in delivery programmes of service change and development. In these programmes it would be the accountable body, and hold the ring in partnership arrangements. BIG has imposed this as a condition for Fulfilling Lives – shouldn't we do this locally too? Such a move opens up funding opportunities that would not be available if the public sector took the lead.

TSL believes we need to create new social enterprise vehicles or development trust for service delivery with ownership of assets transferred. One example could be the management of community centres currently owned by the Council.

More detailed discussions could begin at co-production of workshops to bring together commissioners, service providers and service users to develop a way. Independent facilitation is necessary, with the cost shared.

In all these a discussions there is a need to had at the optimal level for operation. City wide approaches are clearly needed for some specialist services. Sometimes it may be more productive to develop joint approaches at a lower geographical level, within area committee boundaries or school clusters.

### **What gets in the way?**

Whilst not wishing to dwell on the negatives, it's helpful to open up dialogue about what can go wrong, to encourage a problem solving approach when difficulties arise. Three main concerns have been identified. The sector experiences what could be construed as "protectionism" from Council officers and Councillors who feel their jobs, decision making role and / or status may be threatened by new ways of working. A recurring problem relates to the slowness of decision making and decision implementing systems. There is a real risk that by the time the necessary action is taken, the problems initially identified may be much worse or even beyond repair. Community asset transfers to date are a case in point. Although more of these are happening, there is little evidence of processes becoming slicker or more efficient. This is a very real deterrent to creating the necessary momentum. The management of risk is a key issue – ways need to be found to move away from the idea that whoever delivers services it is ultimately the Council that is held responsible for any failure. Last but by no means least the sector isn't perfect by any means. Its capacity is much greater in some communities and geographic areas than others. It is just as capable as any sector of sticking to comfort zones that don't address new challenges. The Transform Leeds programme has been about ensuring that support and development services enable the sector to be dynamic, flexible and business like. Leadership of that kind doesn't come about by accident, it needs to be nurtured.

### **The three priorities**

#### **Prevent children & young people going into care**

##### Issues

- Better partnership working across adult and children's agendas, working to shared vision, improved outcomes for children helps everyone
- Family oriented drugs and alcohol treatment - Case histories that show savings
- Risk of cuts to programmes that avoid costs further down the line
- Incentivise work that avoids young people going into care

## Ideas

- Bigger role for the sector in service development – a more radical way of working
- Creation of a youth development trust to run youth services, including youth hubs
- Social impact bonds
- Child and Adolescent Mental Health (CAMHS) needs attention, services struggling to meet demand

Note: Social Impact Bonds are an innovative way of attracting new investment around such outcomes-based contracts that benefit individuals and communities. Through a Social Impact Bond, private investment is used to pay for interventions, which are delivered by service providers with a proven track record. Financial returns to investors are made by the public sector on the basis of improved social outcomes. If outcomes do not improve, then investors do not recover their investment.

## **Integrated care**

### Issues

- Current initiatives, Fulfilling Lives BIG Lottery led by LOPF; Better Lives Investment Fund led by LCF
- BIG Lottery promoting sector led model of programme delivery, we don't seem to work naturally that way ourselves
- Potential limited by sector's capacity to provide the right sort of enterprising leadership, and the public sector's capacity / willingness to change
- Not just about specialist organisations e.g. neighbourhood networks but potential of sector as a whole to contribute
- Need for a more joined up approach to what happens when external funding ends and threatens a key service – support for refugees and asylum seekers as case in point

### Ideas

- Volition recently co-produced event for commissioners and providers to develop innovative thinking
- Co-production (including users) rather than Council led

## **Community assets**

### Issues

- There is a tendency on the part of both the Council and sector to focus on buildings when the real issue is services. Ask not "Can a building be maintained" but "What services / facilities does a community need and /or can sustain?"

- Time intensive review / mapping exercises being repeated, and moving too slowly, not reaching conclusions and actions quickly enough
- Information not being released at city-wide level, area leaders seem much more forthcoming
- Not learning from other parts of the country, tend to want it home grown and takes time we don't have to do that
- Commissioning opportunities not presented in a sufficiently open way because of internal needs to justify current patterns of service delivery

#### Ideas

- Create a suitable vehicle (development trust or social enterprise) for sector to lead,
- Sector led community hubs / one stop shops
- Transfer of parks and open spaces
- Wades Charitable Trust a historic legacy, build on that
- More systematic approach in stages (see below)
- Build on current initiatives in South East and East North East
- Combined package of support (some pro-bono, some from support and development organisations) around community asset transfer

The East and North East Locality team recently organised a workshop about reducing costs of assets by working with Third sector organisations. The meeting was interesting and potentially might lead to some ways of working together, e.g. organisations utilising buildings which are surplus, shared use of buildings. However, it was apparent that 1) those present who are already using a council building said the processes had not been easy. 2) though the will was there from LCC, they need to be smarter in making routes accessible and of benefit if they are serious about Third sector using buildings. E.g. they need a short list of which actual buildings are worth considering. They also need to make sure one person can be a contact person.

#### **Community Asset Transfer – 5 Stages to better approach**

Provide the Third sector with all the information in relation to a particular asset of interest at the earliest possible stage (including any stock condition surveys, any other options/plans for buildings, terms and cost of any lease, political sensitivities etc.) so that time is not wasted for both parties pursuing options that are not likely to succeed.

Bring interested parties together if they are aware that there is more than one interested agency... signpost to Locality and/or advice regarding best practice structures to share management where one individual organisation is too small to manage a building alone.

Implement a consistent approach across the city; be open and transparent regarding rational for higher or lower charges or lease options.

Sort out the council's legal department...it currently takes forever to get a lease in place.

Consider less than best sale to third sector partners/community organisations (bring £1 houses/buildings to Leeds!)

### **Other suggestions and ideas:**

Reduce time spent producing lengthy reports that are not fully read.

Review payments to 3<sup>rd</sup> sector particularly around discretionary grants and other schemes.

Greater involvement of private sector in terms of Corporate Responsibility, particularly where council and third sector are working together, could reduce cost and be effective  
Ask staff/service users about reducing costs as ever they usually the ones with the best ideas.

### **David Smith on behalf of Third Sector Leeds.**

Third Sector Leeds / Leeds City Council Joint Statement on the Financial Outlook

Agreed January 2013

Senior officers of the Council and representatives of Third Sector Leeds have agreed the following statement.

“Over the past three years Leeds City Council has had the challenge of responding to large reductions in its funding from central government, and rising demand for services as a result of demographic pressures. Throughout that time there has been a dialogue with the third sector about how to make sure that a thriving and diverse sector was maintained and developed in these difficult circumstances.

The Council has demonstrated its commitment to the sector in many ways. It has

- Kept the reductions in its mainstream funding to the sector as low as it felt it could, given all the pressures
- Established the Transition Fund to support organisation to change, which has now provided support to 54 organisations
- Led thinking nationally about the civic enterprise approach which puts the emphasis not on what sector you are from, but what you can deliver.

The sector has demonstrated its commitment to working constructively with the Council in the best interests of the city. It has

- Created Third Sector Leeds as an alliance that can provide coherent strategic leadership to the sector
- Committed itself to a programme of modernisation through the Transform Leeds Programme
- Participated actively in partnership working to help deliver the city’s shared vision and priorities



The next four years look equally challenging. Many organisations will be looking to what is happening nationally and in other areas of the country, and will be concerned about the future of their organisations and the communities they serve.

The Council and the sector are committed to working together to ensure the best possible outcomes for communities in Leeds. We recognise the particular challenges relating to children's and adult safeguarding and social care, the management of community assets and welfare reform. We will encourage an open and honest dialogue about the best ways to address them through the partnership structures we have developed together. We will invest in evidence based approaches that have demonstrated their effectiveness; and we will also support innovation and risk taking where "more of the same" seems unlikely to yield results.

We share a deep commitment to narrowing the inequalities gap in Leeds. That means improving the quality of life for the poorest, the fastest. All of our joint efforts will have that as the overarching goal. Working together, we can make it happen."

## Appendix 5

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
Adult Social Care – eligibility for services	No change proposed, which is consistent with the basis on which the 2014/15 budget has been prepared	None identified	None, as no change proposed	Not undertaken as no change proposed	February 2014	Overall community care packages budget prepared on this basis	Full Council (as part of 2014/15 Budget approval)
Adult Social Care - reduction in voluntary sector spend	Seeking more cost effective delivery of services	Staffing reductions required in some voluntary organisations	Discussions have taken place with the organisations affected	No issues identified	Most of savings will be delivered through deferring planned investment and the full-year effect of delegated decisions already taken.  Some further decisions will be taken during 2014/15 regarding small contracts.	£0.2m	Director, in consultation with Executive Member
Adult Social Care – reduced cost and provision of transport	Continuation of work to reduce costs through reduced use and price of private hire. Provision of transport for new and existing customers reviewed to ensure account is taken of people's ability to meet their transport needs without council support. Major review underway, including considering a new business model for transport and any consequent changes	Negative customer views on changes to their transport arrangements	Not yet	Not yet undertaken	At this stage it appears that most of these savings can be achieved within the existing transport policy. However, the policy will be reviewed for future years and depending on the outcome of this review a decision	£0.5m	Executive Board for any changes to current transport policy

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
	required to the current transport policy				on changes to the policy may need to be taken.		
Adult Social Care –assessment and care management	Review of skills mix - work not yet completed	None identified at this stage	Not yet	Not yet undertaken	Depending on the outcomes of the review a delegated decision on changes to the staffing structure may be required.	£0.3m	Director, in consultation with Executive Member
Adult Social Care – review of business management	New corporate model to be implemented and local opportunities to make savings identified	None identified at this stage	Not yet	Not yet undertaken	Depending on the outcomes of the review a delegated decision on changes to staffing structures may be required.	£0.5m	Director, in consultation with Executive Member
Adult Social Care - reduced costs of outreach, physical impairment and extra care services	Potential identified to deliver these services more cost effectively	None identified at this stage	Not yet	Not yet undertaken	Depending on the outcomes of the reviews a delegated decision may be required.	£0.46m	Director, in consultation with Executive Member
Adult Social Care – learning disability provider services spinning out	Extensive review undertaken with external support	A number of risks have been identified, the main ones relating to taxation, pensions and TUPE.	Some consultation undertaken with staff & trades unions	No issues identified	Approval for formal consultation February 2014	Nil	Executive Board

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
		Mitigation plans are in place to manage these risks.					
Adult Social Care – further review of remaining directly provided services for budget proposals 2015/16 onwards	Proposals to be developed & approval sought for consultation on remaining older people’s residential care and day care and accommodation services across all client groups	None identified at this stage	Not yet	Not yet undertaken	Dependent on the options identified, there may be delegated decisions for staffing changes or Executive Board decisions for any different models of service proposed	Nil	Executive Board
Adult Social Care – Better Care Fund	Pooled budget with health is a government requirement but the size can be locally determined. A plan needs to be agreed with health partners by March 2014, although the pooled fund does not come into operation until 2015/16.	There is an opportunity for more funding for Adult Social Care services, but some flexibility will be lost where funding is pooled.	Extensive discussions with health partners	No issues identified	March 2014 Health and Wellbeing Board approval for the final plan  March 2014 Executive Board consideration of the implications for the Council	Nil	Health and Wellbeing Board & Executive Board

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
<b>Children's Services</b> – Review and re-provision of the LAZER Centre	Review and prioritisation of universal services for young people.	Opportunities for young people to re-engage with learning outside of school will be reduced.	Workshop with ward members, community stakeholders and users arranged.	Done	Dependent on assessment from options/ideas currently being looked at but targeting June 2014 Executive Board if an asset transfer of closure option is recommended.	Saving of £0.1m	Executive Board
<b>Children's Services</b> – Review of intensive family support services	Review and prioritisation of preventative and early intervention services.	Increase in requests for service, referrals and children in care.	On-going	In progress	July 2014	Saving of £0.25	Director of Children's Services  <b>Lead:</b> Steve Walker
<b>Children's Services</b> – review of the level of funding of the child and Adolescent Mental Health Services (CAMHs).	Review and prioritisation of funding resource across Safeguarding, Targeted & Specialist Services.	Dependent on the discussions and recommended options.	On-going discussions with health partners.	Dependent on the discussions and recommended options.	April 2014	Saving of £0.5m	Director of Children's Services  <b>Lead:</b> Steve Walker
<b>Children's Services</b> – Org Development & Business Management Review	Review of Leadership & Management Structures and 'back-office functions'.	Ownership and engagement.  Clear understanding and	Preliminary discussions with Joint Steering Group.	To be undertaken	By June 2014	Saving of £1.76m	Director of Children's Services  <b>Lead:</b> Sue Rumbold

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
		<p>communication of the programme across the Directorate.</p> <p>Key deliverables and timescales require changes in staffing that may not be realised in the requisite timescales.</p> <p>Implementation of ICT solutions.</p>	Chief Officer briefings arranged for all staff in the scope of the programme.				
<p><b>Children's Services</b> – continued investment in preventative and early intervention services linked to the strategic vision to reduce the need for children to be in care.</p>	<p>Leeds has high numbers of looked after children. Research has demonstrated that developments of alternatives to care (special guardianships, kinship care, etc.), expansion of Family Group Conferencing, Multi-systemic Therapy, etc.) can prevent children becoming looked after and maintain children within their families.</p>	<p>Timescale of implementation and impact on referrals and the number of children in care.</p>	On-going	On-going	Various – dependent on individual proposals.	Investment of £1.96	<p>Director of Children's Services</p> <p><b>Lead:</b> Steve Walker</p>
<p><b>Children's Services</b> – review of the Gypsy, Roma, and Traveller Achievement Service.</p>	<p>Review and prioritisation of services</p>	<p>Disproportionate impact on minority group.</p> <p>Impact on school attendance.</p>	On-going	To be undertaken	March 2014	Saving of £0.1m	Director of Children's Services

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
		Reputational risk.					<b>Lead:</b> Paul Brennan
<b>Children's Services</b> – review of the education welfare/attendance management services		Reduction in attendance at schools.  Relationships with schools/academies	Commenced: Discussed with Directorate Joint Steering Group. Staff meeting scheduled for January 2014.	Commenced	June 2014	Saving of £0.5m	Director of Children's Services  <b>Lead:</b> Jim Hopkinson
<b>Children's Services</b> – Safeguarding Targeted & Specialist Services	Review of in-house residential provision including the provision for children disabilities. As part of the residential homes review/strategy we have closed two 8 bedded homes and had agreed to open three 5 bedded homes. In response to the financial challenges the option to only open two 5 bedded homes thereby realising cost savings. Additional savings will be realised by reducing overtime and reducing the use of agency staff across the children's residential estate.	Looked after children numbers are high in Leeds.  Changes to residential homes regulations that may impact on staffing levels.  Capital receipts from the closure of the two 8 bedded homes are not released thereby preventing the opening of the two new homes with a consequential impact on the	On-going as part of the strategic residential review.	To be undertaken	March 2014	Saving of £0.9m	Director of Children's Services  <b>Leads:</b> Rob Murray & Barbara Newton

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
		budget savings plan to reduce reliance on externally provided residential placements.					
<p><b>Children's Services</b> – Commissioning – review of service provision across the Directorate and currently commissioned Services.</p>	<p>Ensure value for money and effective services</p>	<p>Reduction in resources for providers affects capacity and outcomes in the strategic area in which they are delivering.</p> <p>Smaller voluntary sector providers may be de-stabilised and unsustainable.</p> <p>Numbers of contracts of small value may provide limited impact and are proportionately more costly to procure and contract manage</p>	<p>Initial – Feb/March</p>	<p>Initial – Feb/March</p>	<p>Options - March 2014</p>	<p>Saving of £0.73m</p>	<p>Director of Children's Services</p> <p><b>Lead:</b> Paul Bollom</p>
<p><b>Children' Services</b> – Re-design</p>	<p>The Government will reduce central education support by reducing the Education Services grant by around £200m in</p>	<p>The number of schools categorised by OFSTED as</p>	<p>Extensive consultation regarding the Learning</p>	<p>Done.</p>	<p>February 2014, regarding restructuring the Learning</p>	<p>Linked to other savings proposals in 2014/15 and</p>	<p>Director of Children's Services</p>



Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
<p>Education Services by September 2014 to a financial base determined by the level of the Education Services Grant. This will include significantly reduced spend on Learning Improvement, Attendance and statutory/regulatory duties.</p>	<p>2015/16 (20-25%)</p> <p>The Secretary of State is consulting in Autumn 2013 on the detail of how reductions will be implemented through realising efficiencies and enabling local authorities to focus on their core school improvement role.</p> <p>Cross-reference to other actions; Attendance [£0.5m], Culture [£0.2m], Trading [£0.85m] and Business Management (part) [£0.2m] around reducing the costs charged to the Education Services Grant.</p>	<p>requiring improvement or inadequate will increase.</p> <p>School attendance may fall.</p> <p>Customised information based on locally collected data will be less routinely available.</p>	<p>Improvement Strategy. Further consultation planned through Head teacher, Schools Forum and clusters.</p>		<p>Improvement Service by September 2014.</p> <p>Other items to the Education Services Grant in 2015/16 – planning assumptions to be agreed in February 2014.</p>	<p>£2.5m to £3m reduction in unit funding in 2015/16</p>	<p><b>Lead:</b> Paul Brennan</p>
<p>The above includes:</p> <p>Reducing the contribution to the costs of the arts and music services – music centres</p>	<p>Not all services provided by music centres are for children.</p> <p>Investment in music centres does not sufficiently target support where needed.</p>	<p>8 music centres may not be viable from May 2014.</p>	<p>Some consultation was undertaken last year when a social enterprise model was being considered but this would need to be refreshed.</p>	<p>Done.</p>	<p>April 2014. The centres close from May to September so a decision by April 2014 regarding viability of opening the centres again in September 2014.</p>	<p>Saving of £150k</p>	<p>Director of Children's Services</p> <p><b>Lead:</b> Ken Morton</p>
<p><b>Children's Services</b> - Reducing the base budget subsidy for the</p>	<p>Less priority than other education service expenditure given the scale of income from schools and Arts Council grant.</p>	<p>Reduction in creative opportunities, events, projects for children and</p>	<p>Staff/union consultation underway.</p>	<p>Done.</p>	<p>New structure proposals agreed by March 2014.</p>	<p>Saving of £50k</p>	<p>Director of Children's Services</p>

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
music support service		young people outside of the remit of school trading and the Arts Council Grant.					<b>Lead:</b> Ken Morton
<b>Children's Services</b> – Early Help (Children's Centres)	The proposals below contribute to budget savings without closing centres allowing consultation and engagement with regard to strategic direction from 2015/16.						
<b>Children's Services</b> - reduce LCC subsidy by an increase Nursery Fees of £3/day per day (equivalent to a rise of 8.33%)	Would still provide a subsidised childcare service – fees would still be below market rate.	Increase leads to reduction in demand.	We haven't consulted on a price increase in the last two years. We would like to implement a new fee structure in 2014-15 and could begin the consultation on that this year.	To be undertaken	March 2014.	Saving of £0.3m	Director of Children's Services  <b>Lead:</b> Andrea Richardson
<b>Children's Services</b> – explore the potential to share management across more than one Children's Centre	Review of financial sustainability across the Children Centre programme	Potential impact on Ofsted inspections due to leadership changes.	Cluster	To be undertaken	March 2014	Saving of £0.1m	Director of Children's Services  <b>Lead:</b> Andrea Richardson

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
<p><b>Children's Services</b> – continue to review overheads and the potential to incorporate the qualified teaching staff within the childcare ratios.</p>	<p>Review of financial sustainability across the Children Centre programme</p>	<p>Potential impact on the teaching and learning strategy in the most deprived ward in the where attainment at 2 years is already significantly below the rest of the city</p>	<p>Not yet needed</p>	<p>To be undertaken</p>	<p>March 2014</p>	<p>Saving of £0.5m</p>	<p>Director of Children's Services</p> <p><b>Lead:</b> Andrea Richardson</p>
<p><b>Children's Services</b> – review demand levels and review the occupancy figures. Where occupancy is not at 100% according to staffing consider a move from full day care provision to sessional day care</p>	<p>Retains opening of centres at times when needed. Reduces supply in line with local demand.</p>	<p>Reduction of child care provision for working/training families in most deprived wards</p>	<p>Not yet needed</p>	<p>To be undertaken</p>	<p>March 2014</p>	<p>Saving of £0.5m</p>	<p>Director of Children's Services</p> <p><b>Lead:</b> Andrea Richardson</p>
<p><b>Children's Services</b> - Reduce the base budget contribution by 7% to all local authority, school-based and voluntary run Children's</p>	<p>Judged to be manageable without forcing closure or overly compromising on quality. Reducing spending limitations on budget</p>	<p>Providers determine to opt out of running the provision damaging services available to families. Reduction of family support</p>	<p>Consultation around risks, feasibility undertaken with managers December 2013</p>	<p>To be undertaken</p>	<p>March 2014</p>	<p>Saving of £0.5m</p>	<p>Director of Children's Services</p> <p><b>Lead:</b> Andrea Richardson</p>

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
Centres and consult on new funding allocation in 14-15 based on pupil number and need.		post					
<b>Children's Services</b> – Young People & Skills							
<b>Children's Services</b> - Lineham Farm - Work with the Board of Trustees of the charity to enable them to become financially independent by March 2017.	It does not seem feasible to sustain current budget arrangements – a key part of the service offered is to children from primary schools. Primary schools have had significantly increased income via pupil premium which could be used to pay the full cost of the experience offered at Lineham.	Primary schools might not use the centre at a significantly increased price.	On-going. Trustees and staff are aware of the position. Work underway to assess feasibility of significantly increasing charges to primary schools and options around the 'educational experience' offer.	Done.	March 2014 following assessment of progress regarding primary school uptake.	Saving of £0.1m	Director of Children's Services  <b>Lead:</b> Ken Morton
<b>Children's Services</b> - Re-design the Duke of Edinburgh award offer so that it is more targeted.	Rather than not offering D of E award, move to a more targeted basis and support groups to be managed in partnership with schools or through increased fees.	Potential loss of a valuable accreditation programme which is valued by young people and their families and by	Underway with users and schools/	Done.	March 2014 after assessment of the options which achieve part of the reductions, eg? discussions with secondary schools regarding joint	Saving of £0.16m	Director of Children's Services  <b>Lead:</b> Ken Morton

Proposal	Options Considered And Justification for proposal	Risks	Consultation undertaken	Summary of Equality Impact Assessment	Expected Decision Date	2014/15 Budget Amount £m	Decision Maker
		other organisations, e.g. Universities.			financing.		

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
City Development – review of library operating hours	Review operating hours – work not yet completed	Soon after the New Chapter review	Not yet	Not yet undertaken	June 2014	target staff savings £0.25m - £0.3m	Executive Board
City Development – review of sustainability of events programme	Review of current charging arrangements and potential to reduce costs to enable events to break-even.	Negative impact on audience levels	Not yet	Not yet undertaken	April 2014	Saving of £0.1m	Chief Officer Culture and Sport (may be Executive Board depending on final proposals)
City Development – review of Arts Grant	2014/15 is the third year of the current 3 year agreement although a reduction in 2014/15 could be considered	Needs to take account of the impact of changes to other external funding sources e.g. Arts Council	Not yet	Not yet undertaken	April 2014	Savings of £0.1m	Chief Officer Culture and Sport (may be Executive Board depending on final proposals)
City Development –agree annual increase for Sport and other charges and review of income generation/charging within the Leisure services	Review opportunities for further income generation and charges across the Leisure Services to reduce subsidies e.g. Sport/Millennium Square and agree the annual increase for Sport charges	Increasing charges may deter users of our facilities	Not yet	Not yet undertaken	April 2014	Income of £0.1m	Chief Officer Culture and Sport (may be Executive Board depending on final proposals)

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
City Development - Review of Leeds Visitor Centre	Review the current facility and the current service and explore alternative arrangements	Lease on current premises expires November 2014	Consultation has started	Not yet undertaken	June 2014	Saving of £0.05m	Director (may be Executive Board depending on final proposals)
City Development - Further roll out of street lighting switch off/dimming	Expand the current pilot scheme	TBC	Not yet	Not yet undertaken	June 2014	Saving of £0.1m	Executive Board

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
Environment and Housing – reduction in the payment to West Yorkshire Police for PCSOs.	Currently LCC pay £1.65m annually to West Yorkshire Police. This covers 30% of the cost of 165 PCSOs allocated on a 5 per ward basis. Future deployment of these resources would be informed by where they are most required e.g. relative crime rates	Possible increase in crime	None yet	Not yet undertaken.	Summer 2014	30.15	Executive Board
Environment and Housing - Increased charges at allotments	Charges to be increased to reflect the costs associated with the sites and eliminate the Council subsidy	Leads to a reduction in demand	Allotment owners and subject of a report to Executive Board.	Not yet undertaken	tbc	£0.1M	Chief Officer – Parks and Countryside
Environment and Housing - Implementation of Phase 2 and 3 of Bus Lane enforcement.	Contributes towards improved traffic flows across the city – especially on the arterial routes	That the level of offences is less than anticipated.	Ward members consulted	Not yet undertaken	Phase 2 – November 2013 Phase 3 – Spring 2014	Phase 2 - £0.2m Phase 3 - £0.2m	Chief Officer – Highways and Transportation
Environment and Housing – reduction in the number of Enforcement staff	Widen the role of PCSOs to pick up some of the Enforcement duties	Increase in the number of offences	None yet	Not yet undertaken	tbc	£0.2m	Chief Officer – Environmental Action
Environment and Housing – introduce seasonal working patterns in Parks and Countryside	The amount of work in winter is restricted by the number of daylight hours and seasonal working will reduce the number of agency staff used in the summer.	None specific	With staff and unions	As per the delegated decision report	October 2013	£0.15M	Chief Officer – Parks and Countryside



<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
Environment and Housing – restructure of the Forestry Service	To eliminate pay inequalities in the service	None specific	With staff and unions	Not yet undertaken	tbc	£0.1m	Chief Officer – Parks and Countryside
Environment and Housing – Restructure of car parking attendants	Reflects current service delivery model	None specific	None yet	Not yet undertaken	tbc	£0.05m	Chief officer – Environmental Action
Environment and Housing – re-provision of the TEAS and Resettlement contract	Contract to be reduced to reflect reduced activity levels	None specific	Negotiations with current contract provider	As per delegated decision report	November 2013?	tbc	Director of Environment and Housing

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
Citizens and Communities – reduction in wellbeing budget	With more budgets/services being devolved to Area Committees it is proposed to reduce the general well-being budget by £200k	None identified, although will obviously impact on funding of local projects and initiatives	None yet	Not yet undertaken	February 2014	£0.2m	Assistant Chief Executive (Citizens and Communities)

<b>Proposal</b>	<b>Options Considered And Justification for proposal</b>	<b>Risks</b>	<b>Consultation undertaken</b>	<b>Summary of Equality Impact Assessment</b>	<b>Expected Decision Date</b>	<b>2014/15 Budget Amount £m</b>	<b>Decision Maker</b>
Strategy and Resources – changes to the Council's insurance cover	<p>From 1.4.14 the handling of insurance claims will be brought in-house. Net saving estimated £310k</p> <p>Other proposed changes to the Council's insurance cover amount to a saving of £0.5m.</p>	May not be insured for every eventuality	None	N/a	February 2014	£0.8m	Deputy Chief Executive

## Equality Impact Assessment Budget 2014-2015

### Introduction

This paper outlines the equality analysis and strategic equality assessment of the Budget and Council Tax 2014-2015 (as detailed in Executive Board Report dated 14<sup>th</sup> February 2014). The lead person for this equality impact assessment was Alan Gay, Deputy Chief Executive. Members of the Assessment Team were:

Maureen Taylor	Chief Officer, Corporate Financial Management
Helen Mylan	Head of Finance – Resources
Michael Everitt	Principal Financial Manager
Lelir Yeung	Head of Equality
Pauline Ellis	Senior Policy and Performance Officer
Catherine Marchant	Head of HR - Resources

### Overview

The Budget Proposals for 2014-2015 have been developed within the context of the Medium Term Financial Strategy for the period 2014-2015 and 2015-2016 which was designed to deliver the council's best council ambition, but recognising that there will be further significant reductions in the level of funding available to the authority.

To date the council has been successful in responding to the challenging reductions to its funding from government since 2010 which has been in the region of £94m over the past 3 years. Based on the national spending totals announced in the 2013 Spending Review, and a subsequent technical consultation, the council now anticipates that there will be a further reduction in funding from Government of around £81m for core services over the two years 2014-2015 and 2015-2016. This reduction in funding is in addition to the need to meet the cost of inflation and continuing spending demands across a range of services.

Overall the council has achieved savings of £200m over the past 3 years and it is very likely that the next few years will bring further challenges, it is therefore important that there is a very clear direction to inform decision making. By the end of 2015-2016 the council will be a smaller organisation employing a lot less staff. There will be a need to review many of the services that are currently provided and consider how they will be provided in future.

The budget proposals for next year include significant reductions across a broad range of services totalling around £48m and include an overall reduction in anticipated staff numbers of 177 ftes by 31<sup>st</sup> March 2015 excluding an increase of 48 posts directly funded from external sources and 120 additional posts within Civic Enterprise Leeds, reflecting increased trading opportunities.

Local government is operating in a very different environment to that which it has operated previously, and it is clear that councils will need to change, to become much more enterprising, entrepreneurial and responsive to their local communities, whilst retaining their role as major employers, service providers and democratically-mandated

leaders. It will also require businesses to play a more active role as corporate citizens and the third sector to act as a catalyst for connecting with local people.

The Financial Strategy was developed in the context of the Best Council Plan which set out the council's ambition to become the best council in the best city in the UK with the following objectives to help achieve this:

- ensuring high quality public services;
- dealing effectively with the city's waste;
- building a child friendly city;
- delivery of the Better Lives programme;
- promote sustainable and inclusive economic growth; and
- becoming an efficient and enterprising council.

## Scope

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

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

The Best Council Plan 2013-2017 has an objective and performance measure as part of our ambition of becoming an efficient and enterprising council that 100% of important decisions can demonstrate 'due regard' to equality.

The council has so far responded successfully to the funding challenges since 2010 by reducing a number of areas of expenditure, most significantly on employees and through better procurement and demand management, and by increasing income outlined in the Medium Term Financial Strategy.

In order to address the budget gap, a number of savings areas have been identified in accordance with the Best Council Objectives highlighted in the medium Term Financial Plan. These are:

- **Best Council Objective: delivery of the Better Lives programme.** During 2013/14 Adult Social Care has continued its Better Lives service transformation programme, which aims to enhance the range, amount and quality of adult social care services available through delivering efficiencies within existing services. These efficiencies have included a reduction in the level of directly provided services where independent sector provision is more cost effective. This will need to continue given the very significant financial challenges facing the Council over the next few years. The budget includes savings of £2.2m for 2014/15.
- **Best Council Objective: building a child friendly city.** Through the expansion of Family Group Conferencing and continued investment into other preventative services, it is envisaged that more children will be supported to safely remain within their family and community. It is anticipated that savings of £5.8m will be generated in 2014/15, reflecting a reduction in the number of externally provided fostering and residential placements.

- **Best Council Objective: dealing effectively with the city's waste.** Savings will be generated in 2014/15 from the further roll out of alternate weekly collections and increasing recycling to help reduce the level of landfill tax, and savings of £1.2m have been identified.
- **Best Council Objective: ensuring high quality public services.** The Council has adopted a refreshed procurement policy to deliver additional savings from better procurement to ensure that services are high quality and deliver value for money. In addition to limiting inflation on running cost budgets to essential items only, the budget includes proposals to save a further £5.4m from procurement activity in 2014/15.
- **Best Council Objective: becoming an efficient and enterprising council.** By ensuring the council has an agile and resilient workforce with the right skills and the ability to work flexibly significant savings are forecast to be generated as identified below.
  - A programme of business improvement and organisational design is underway to achieve this, and for 2014/15 savings of £5.5m have been identified.
  - In addition, work is ongoing to reduce city centre office space and a significant reduction in the running costs of the total asset base, although there is inevitably a longer leading time for this initiative.
  - Additional income of £6.6m will be generated through a combination of increases in fees and charges with the council becoming more entrepreneurial by developing services in new markets.

This equality impact assessment demonstrates that 'due regard' is given to equality and seeks to analyse the strategic understanding and impact of the 2014-2015 budget against all protected characteristics/equality groups.

The 2014-2015 budget has identified a number of strategic demands and demographic pressures which the council needs to prioritise which will help with budget pressures. These include:

- The national context for Adult Social Care continues to be one of demographic increases, increased life expectancy, increasing complexity of need and service user expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services.
- Children's Services has demand pressures in respect of home to school transport and direct payments. The service continues to face significant pressures with a 32% increase in the birth rate over the last decade and a changing demographic mix. This has increased demand across all the services provided and will present significant challenges in respect of the supply of school places and demand across the system for services for children and families. In particular, the wider financial and economic climate, together with the renewed national focus on child protection, could have a

significant impact. Over the last 12 months there has been an increase of 8.2% in the requests for service/contacts and a rise of 14% in the referrals for children's social care services.

- Budget pressures in City Development reflect the downward trend on income, mainly within Sport and Advertising income.
- Continuing pay pressures within the refuse collection service and loss of car parking income due to the development of the Harewood Quarter
- Reduction in grant funding for the welfare and benefits service.

The scope of this equality impact assessment is set within the context of savings in the above areas and seeks to understand the strategic analysis and assessment of the equality implications of the revenue budget 2014-2015 budget impact on all protected characteristics/equality groups.

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

## **Fact finding – what do we already know**

### **Demographics**

#### **A Changing Population**

- The population of Leeds grew by just over 36,000 between 2001 and 2011, an increase of 5.0% (less than the 7.1% increase for England and Wales, and the 6.4% increase for Yorkshire and the Humber);
- The age structure for Leeds is broadly similar to that for England and Wales with the notable exception of the 20-29 age band which in Leeds accounts for 17.5% of the population compared to 13.6% in England & Wales;
- Children (aged 0-15) account for 18.3% of the city's population, while people aged 65+ account for 14.6%;
- Leeds is becoming increasingly diverse with the Black and Minority Ethnic (BME) population now accounting for 18.9% of the resident population (10.8% in 2001);
- The number of Leeds residents that were born outside of the UK has increased from 47,636 (6.7% of the population) in 2001 to 86,144 (11.5%) in 2011, with just over 20,300 people being born in the EU (12,026 born in EU accession countries) and just over 61,000 born elsewhere;
- Of the 86,144 people born outside the UK, more than half arrived in the last 10 years, 67% were between the ages of 16 and 44 when they arrived in the UK, and 29.5% were aged 15 or younger;
- The proportion of people who say they are Christian is lower in Leeds (55.9%) than across the whole of England and Wales (59.3%), while the proportion of people who say they have no religion is higher (28.2% and 25.1% respectively); and
- Compared to England and Wales, Leeds has higher than average proportions of people stating their religion as Jewish (0.9% compared to 0.5%), as Muslim (5.4% compared to 4.8%) and as Sikh (1.2% compared to 0.8%).

As a growing city Leeds is seeing significant changes to the make up of the population which has an impact in particular:

- We have an ageing population, as the baby-boomer generation grows older there will be implications not only in terms of public services, ensuring that older people get excellent care and support when they need it and are enabled to live independently, but also in terms of the labour market as we make the most of the skills and talents that everyone has to offer.
- In the last decade the BME population in the city has increased from 11% to 19%, and the number of residents born outside of the UK has almost doubled. There have been very localised impacts across the city - with complex, related issues such as 'national identity', language proficiency, transient populations and variations in birth rates that in turn influence service provision and the wider interface between communities.
- In part linked to demographic change, in part linked to wider social change, patterns of faith have also changed across the city - different ethnic and religious groups have very different age profiles and understanding these differences is key to helping plan and deliver the appropriate services.
- Economic and social deprivation remains concentrated in specific localities, with long-term challenges such as access to employment, poor housing, language and literacy, skills, health and care responsibilities, being compounded by the recent welfare changes. According to the Index of Multiple Deprivation over 150,000 people in Leeds live in areas that are ranked amongst the most deprived 10% nationally, 20% of the city's population. Child poverty in some localities is over 40%.

### **Poverty and Inequality**

The Best Council Plan 2013-2017 identifies three outcomes that need to be achieved if we are to achieve the best council ambition. These cover the need to improve the quality of life for residents, particularly those who are vulnerable or in poverty.

There are clear links between poverty and inequality of outcome in relation to education, employment, health and life expectancy. Significant welfare changes were introduced in April 2013 and work has been taking place to prepare people for the changes and steps to mitigate the negative impact of the changes. The impact of welfare reforms on protected characteristics/equality groups as national research indicates that:

- Compared to men, women are more likely to be adversely affected and are expected to lose the most from a number of reforms while in the case of Universal Credit they will gain the least.
- Universal Credit will be paid to one member of a household. For couples, this is likely to be the male, which could potentially disadvantage the female.
- Non-working lone parents, of which around 90% are female, are one of the groups that will see the largest income losses.
- Couples will be worse off if there is a second earner in work.
- There will be significant impacts on disabled people, as a result of Universal Credit, changes to benefit and tax credit indexation, Disability Living Allowance, Incapacity Benefit, Employment and Support Allowance and Housing Benefit.
- Carers of disabled people may lose their entitlement to Carer's Allowance as a result of the move from Disability Living Allowance to the Personal Independence Payment. In addition, under Universal Credit a carer will only be entitled to either a carer or a disability element, not both. This will mean that some carers with health problems will be worse off.



- Some disabled children; disabled people without an adult to assist them, and disabled people in work could lose some of the disability support they receive under the current benefit system.
- Disabled people and older people are less likely to use the internet and so may have difficulty making online claims under the new system.
- Pensioners are largely unaffected by the welfare reforms as most of these apply to working-age people. On average, older working-age people will see an income loss under Universal Credit, while younger people will see an income gain.
- Some of the welfare reforms, such as the household benefit cap, are likely to have a disproportionate impact on some Black and ethnic minority claimants because of the characteristics of some of these households, such as the tendency for family size to be larger.

### **Consultation**

It is also crucial that the Council's spending plans need to respond to the priorities of the people of Leeds.

In 2012 a 'You Choose' campaign was launched to engage people in the budget Challenges and set residents the challenge of balancing a significantly reduced council budget. A total of 2747 formal responses were received by the council and a number of discussions took place on independent social media sites. This was the highest level of participation in a budget consultation in Leeds.

The results from the survey provided a useful barometer of public opinion as to Council spending priorities and are important not only in informing the 2013-2014 budget, but also in helping the Council shape its future budgets.

To help inform the initial budget proposals for 2014-2015, a lighter touch approach was adopted. This involved:

- giving feedback to communities on YouChoose results from 2012
- giving feedback to communities on actions/progress to date
- asking communities if key 2012 priorities were still important
- asking for ideas/solutions to key challenges

The public consultation on spending priorities for the council's 2014-2015 Budget ran from 20 August to 30 September 2013. In that period 946 formal responses were received by the council and a number of parallel discussions took place through community groups.

Information was provided on the key findings from last year's YouChoose consultation, as well as key actions we are taking in response. Participants were asked to consider whether the ten service areas most 'protected' from spending cuts in the YouChoose consultation were still top priorities for the 2014-2015 budget, and asked to offer alternatives if this was not so. All respondents were also invited to complete equality monitoring questions.

This also meant that some analysis of key differences between respondent groups could take place:

### **Age**

Respondents aged under 45 were more likely than others to want the council to continue to prioritise Children's Centres and family support services.

## **Gender**

Women were more likely than men to want the council to continue to prioritise all listed service areas except for:

- Collecting and disposing of waste
- Services for young people and 'skills for life' services
- Services for adults (under 65) with a physical disability

In response to relatively low levels of response from some Black and Minority Ethnic (BME) communities, we worked with a number of community groups to consult in different ways, and these findings have informed the report alongside the survey results.

The outreach work with BME communities took place through third sector community organisations. This approach recognised that some communities may feel less comfortable engaging with the council in a formal consultation survey, and resulted in a number of group discussions and interviews based on the budget consultation form.

This set of respondents placed greater emphasis on community safety services than others, as well as services for young people and skills for life services. Otherwise, the responses from this group are similar to the survey findings, with protection of services for the most vulnerable a priority.

Participants were asked to consider whether the ten service areas most 'protected' from spending cuts in the YouChoose consultation were still top priorities for the 2014-2015 budget and asked for alternatives if this was not the case.

Services that could be seen to support 'vulnerable' people remain the highest priorities for budget protection, including children's social care, special educational needs and disability services for children and adult mental health.

People generally see the list of budget priorities as remaining relevant, with little difference in rank order from 2012.

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

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

## **Third Sector**

The Third Sector is critically important in engaging successfully with local communities. We will, therefore, continue to build on the work of the Third Sector Partnership and the Transform Leeds Commission to support this work.

The Council and the sector are committed to working together to ensure the best possible outcomes for communities in Leeds. The sector recognise the particular challenges relating to children's and adult safeguarding and social care, the management of community assets and welfare reform.

A response from the sector in January 2014 recognises that this is the fourth year in a row that Third Sector Leeds has had a dialogue with the council about the difficult decisions

that have been made to achieve significant reductions in its expenditure. It also highlighted that investment in the sector has been maintained, and the proportion of total council resources invested in the sector increased. This is consistent with the council's commitment to a civic enterprise.

Last year Third Sector Leeds agreed priorities with them. This resulted in renewing the shared commitment to work together to narrow the inequalities gap. This approach to joint working together will continue in 2014 to drive forward specific solutions and approaches that can result in as good or better outcomes despite diminishing resources.

### Workforce Profile

At December 2012 there were 15,096 (12,582 full time equivalent (fte) employed in the Council (excluding schools and casual staff). In December 2013 this figure was 16169 (13706 full time equivalents). There is a net increase in staffing numbers with the TUPE transfer of 1160 Housing Leeds staff. The equality profile of the workforce is:

Gender	Number	%
Male	6107	37.77%
Female	10062	62.23%
Total	16169	100.00%

Disability	Number	%
Not disabled	13802	85.36%
Disabled	954	5.90%
Not specified	1413	8.74%

Ethnic Origin	Number	%
White British	13022	81.04%
BME	2050	12.76%
Not specified	997	6.20%
Total	16169	100.00%

Sexual Orientation	Number	%
Heterosexual	7168	44.33%
Lesbian, gay or bisexual	220	1.36%
Not specified	8781	54.31%
Total	16169	100.00%

Religion or belief	Number	%
Christian	5332	32.98%
Other religion	925	5.72%
No religion	2847	17.61%
Not specified	7065	43.69%
Total	16169	100.00%

Age	Number	%
16 -25	820	5.07%
26 - 59	14141	87.46%
60 +	1208	7.47%
Total	16169	100.00%

In response to the financial challenges, the council recognised that it would be necessary to significantly reduce its workforce with the council becoming smaller in size but bigger in influence. In 2010-2011 the council launched a voluntary retirement and severance scheme. This scheme has continued throughout 2011-2012 and 2012-2013 with 220 people leaving the organisation under the scheme in 2013-14 at December 2013. 212 people have requested to leave in 2014 and 423 in 2015.

The scheme currently in place takes the council up to March 2016 and employees have been asked to express an interest up to that date, this enables closer integration of workforce planning and financial planning.

To date this number of leavers is not adversely affecting the workforce equality profile but it is remaining stable and not improving to reflect the City Population. There is a slight increase in the number of young people employed in the organisation.

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

It is expected that many of the cost savings and reductions in budget expenditure will have staffing implications and services will continue to look to reduce staffing levels. The council continues to promote flexibility and offer employment opportunities and retraining and redeploying staff into job opportunities which exist across the council, where there is a clear business need and which need to be filled. External recruitment requires the approval of the Director and in general is only to more specialist positions and must evidence a business need.

The council promotes equality and diversity and wants a workforce which reflects the people of Leeds. Just as the census helps us to understand the Leeds community it serves, the council needs to understand the diversity of the workforce. This information helps the council to spot trends; remove barriers to employment and ensure our policies better reflect all employees. The Manager Challenge 2014 will include mandatory equality and inclusion modules.

The Workforce profile has been compared to the 2011 census information for the City. The equality information we hold forms the basis of the Equality score-card and helps to set priorities. Three key Priorities were set for 2013-2014, specifically, increasing the number of young people employed in the organisation, development of colleagues in minority groups and cultural change. Work is on-going to reduce the gaps on unknown information held on the workforce on some equality data.

### **Overview of Fact Finding**

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

### **Equality Considerations**

The tables below highlights the range of protected characteristics/equality groups, stakeholders and other potential barriers that could be impacted on by the budget proposals:-

<b>Protected characteristics</b>		
<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Carers	<input checked="" type="checkbox"/> Disability
<input checked="" type="checkbox"/> Gender reassignment	<input checked="" type="checkbox"/> Race	<input checked="" type="checkbox"/> Religion Or Belief
<input checked="" type="checkbox"/> Sex (male or female)	<input checked="" type="checkbox"/> Sexual orientation	
<input checked="" type="checkbox"/> Other	his includes marriage and civil partnership, pregnancy and maternity, and those areas that impact on or relate to equality: tackling poverty and improving health and well-being)	
<b>Stakeholders</b>		
<input checked="" type="checkbox"/> Services users	<input checked="" type="checkbox"/> Employees	<input checked="" type="checkbox"/> Trade Unions
<input checked="" type="checkbox"/> Partners	<input checked="" type="checkbox"/> Members	<input checked="" type="checkbox"/> Suppliers
<b>Potential barriers</b>		
<input checked="" type="checkbox"/> Information premises and	<input checked="" type="checkbox"/> Location and	<input checked="" type="checkbox"/> Business environment of
	<input checked="" type="checkbox"/> Services communication	
<input checked="" type="checkbox"/> Customer Care	<input checked="" type="checkbox"/> Stereotypes Timing	<input checked="" type="checkbox"/> and
<b>assumptions</b>		
<input checked="" type="checkbox"/> Cost	<input checked="" type="checkbox"/> Consultation and Involvement	<input checked="" type="checkbox"/> Financial exclusion
<input checked="" type="checkbox"/> Employment and training		

### Equality Impacts Identified

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

- Disabled people;

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

Work carried out on the State of the City 2013 has highlighted further detail emerging key issues and challenges which will impact on communities and people from equality groups. It also highlights the challenges the City will have to address to tackle inequality and help people out of poverty over the next 12 months.

**Best City for Business** - Creating a prosperous and sustainable economy is critical to the future success of our city.

- Leeds has fared better than many of its neighbours in the economic downturn, however, it is estimated that the local economy lost 30,000 jobs in the recession, and has regained only 5,000 jobs since.
- Those people with higher level skills (NVQ4+) in the city is above the national average, however it is a less positive picture in relation to lower level skills although the gap is closing.
- The lowest qualified people are centred in those localities in the city that have long-standing challenges of disadvantage and deprivation. Many of them face a complex and inter-related set of barriers to labour market entry – such as poor housing, language and literacy skills, ill-health and care responsibilities.
- Unemployment currently stands at 9.5% which is above the national rates (7.7%), but below the core city average (11.4%). Youth unemployment, again like elsewhere remains high with just over a fifth (20.5%) of 16-24 year olds unemployed. The last year has seen a decline in the percentage of 16 to 18 year olds that are Not in Employment Education or Training (NEET), which was 6.2% (1,490 young people) for December to January 2012-13, higher than the national average, but below the core city average.

**Best City to Live-** More decent, affordable and appropriate housing is needed to meet the current and longer term needs of people in Leeds. Perhaps the biggest housing challenge of all for Leeds 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. Some of the key challenges include:

- Meeting the needs of an increasing older population by providing enough quality and accessible housing to ensure people can live independently in their own homes.
- Meeting the needs of an increasing BME population with the need of larger properties (such as houses with 4+ bedrooms).
- A significant proportion of households in Leeds earn less than £20,000 per year. This, alongside tight mortgage lending and unemployment, has made many parts of the city unaffordable to a large number of its residents. It has also increased the demand for non-market housing, either in the form of public or social-rented accommodation, or subsidised owner-occupied homes. Meeting this need within the current economic environment will require partners across the city to build on work so far, using new and innovative ways of increasing the supply and diversity of affordable homes.

**Best City for Communities** – The best city for people to live. We want all communities in the city to be safe, clean and welcoming to all.

- In 2012-2013, domestic burglaries in Leeds reduced by 31% compared with the previous year (2,357 fewer victims), the best Leeds has ever achieved. Locality based approaches have proved effective, including crime prevention work, predictive mapping of offences, and targeting of offenders living above legitimate means. However, there is a growing incidence of shoplifting for essentials such as food and clothing – potentially linked to poverty.
- The impact of the “night-time economy” on alcohol related violence is a specific concern in some localities, especially where there are concentrations of licenced premises. Drugs also remain an issue, with new and emerging drugs entering the supply chain. There appears to be a lack of awareness and concern around the risks posed by such drugs, especially among younger users, and an acceptance of drug use in the general “party culture”.
- Domestic violence continues to be a key issue. There is a high repeat victimisation rate compared to other crime types, indicating long-term abuse occurring in a number of situations (in 2012-2013, 13,348 domestic abuse incidents were reported in Leeds, with a repeat victim rate of 36.1%). There are significant numbers of children affected by domestic violence. In the 12 months to July 2013 there were over three and a half thousand referrals to the Children’s Social Work Service relating to domestic violence affecting children.
- Although numbers of recorded hate crime offences are low, there are known issues around under-reporting. Emerging or changing communities can be especially vulnerable. Parts of Leeds have diverse communities that, although geographically close, live in separate social conditions.

**Best City for Children and Young People** - Our vision is for Leeds to be a child friendly city, with the ambition that by 2030 Leeds is the best city in the UK for children, building a child friendly city where young people enjoy growing up and achieve their potential.

- The population of children and young people in Leeds is growing and changing. The birth rate in Leeds has increased by over a third since 2001. The make-up of the pupil population has also changed, with an increase in the percentage of pupils eligible for free school meals, an increase in those with English as an additional language and an increase in pupils of black and minority ethnic heritage.
- The increase in the 0-5 population means that there is an increase in the demand for primary school places as these children reach school age.
- The number of children looked after steadily and safely reduced throughout 2012-2013 and has continued into 2013-2014. The percentage of children looked after in Leeds that are under the age of five is significantly higher than the national average. The majority of children coming into care are under five years of age, with a high proportion of these being under one. Local research has highlighted a number of issues for the parents of these children; in particular, alcohol and substance misuse, domestic violence, parental mental health and learning difficulties.
- Despite consistent and encouraging improvements for the majority of pupils, gaps continue to exist in the outcomes achieved between different groups. For the large part, these gaps are in line with those seen nationally, but the significant exception to this is the group of children for whom English is an additional language. Children from Asian backgrounds, especially those groups for whom English is often not the first language

spoken at home, achieve at a significantly lower level than both the Leeds average and their peers nationally. The growing numbers of children from White Eastern European backgrounds have very low outcomes and outcomes for Gypsy, Roma and Traveller groups are amongst the lowest for any group.

- There are significant numbers of children affected by domestic violence. In the 12 months to July 2013 there were over three and a half thousand referrals to the Children's Social Work Service relating to domestic violence affecting children.

**Best City for Health and Wellbeing -** The vision for health and wellbeing in Leeds is to be a healthy and caring city for all ages, where people who are the poorest will improve their health the fastest.

- Long-term health inequalities continue to impact on the vulnerable groups in the city. Leeds has the third worst gap in life expectancy for men and fifth worst for women among English cities. It is strongly associated with levels of deprivation in the most deprived neighbourhoods. Although life expectancy is increasing for Leeds residents, a man living in a deprived Leeds neighbourhood on average will live 12 years less than a man living in an affluent part of Leeds.
- In 2012-2013, admission rates for older people to residential and nursing care placements has improved since the previous year and rates are much lower in Leeds than its comparator average. In 2011-2012 Leeds commissioned fewer bed weeks in care homes for older people than the previous year which follows a long term trend which has seen a fall of around 20% over the last 10 years. Overall, this suggests that people in Leeds with complex needs are increasingly successfully being supported to live at home and that care home placements are being provided to people at a later stage in their lives.

### **Next Steps**

During 2014-2015 more detailed and specific work will continue to take place to ensure that where any negative or disproportionate impacts on protected characteristics have been identified appropriate and relevant action to mitigate these will be considered and implemented.

Improving the quality of life for our residents, particularly for those who are vulnerable or in poverty is a key priority. The council recognises that it cannot solve the challenges facing our communities alone. The council, working with its partners, is giving renewed focus to helping people experiencing poverty and deprivation. Whilst this agenda has been an important priority for many years it has escalated in importance in recent times due to the current economic climate; recent changes to welfare and benefits policies; and, the growth of indebtedness, compounded by the rise of payday lenders.

The council has identified a number of challenges that need to be addressed in order to make a step change in tackling poverty and deprivation, including the growing problem of high cost lenders in the city. The key challenges identified were around the need to:

- create truly integrated and accessible services;
- develop wrap around packages of support for people in poverty and those facing deprivation;
- provide a focus on supporting people into work; and,
- develop an effective campaign in response to the problems created by high cost lenders in the city.



A new approach under the identity of Citizens@Leeds has been developed to ensure a focus on inclusive, locally provided citizen-based services delivered through a community hub approach, which address an individual's and their families wider needs in a more integrated and focussed way.

Underpinning the new approach is the recognition of different outcomes for different people. The focus is on eradicating poverty and there is well documented evidence that people with the protected characteristics/equality groups are over represented in this group.

More generally, there are many initiatives currently taking place that are aimed at tackling poverty in the city which include:

- Children's Services are leading initiatives such as the poverty outcomes group and the family's first agenda. The Child Poverty Outcomes Group oversees the delivery of the Child Poverty Strategy which is based around 6 priority outcomes. These include, amongst other things, providing clear routes into sustainable work, meeting families' housing needs quickly and effectively and maximising income for families in poverty and on low incomes.
- The Health and Well-being Board are also taking forward a 'health without wealth' initiative and hosted an event on health poverty issues in December 2013 . This event built on the new Joint Health and Wellbeing Strategy which has a very clear vision with a particular focus on the issue of health and poverty.
- The Poverty Challenge is a partnership led initiative aimed at fully understanding the issue of poverty on the city's residents and identifying positive action to respond to such issues. The Poverty Challenge is at a critical point as it moves into its second phase and brings together citizens from across the city who are currently experiencing the real life impacts of poverty, along with key decision makers in the city. The aim being to better understand the issues of poverty and using this experience to develop actions that can make a difference.

In addition the fourth proposition of Citizens@Leeds is work around being responsive to the needs of local communities. This will build on our existing locality working arrangements, underpinned by the locality working design principles previously agreed. This will provide an even greater emphasis on getting more people involved in their local neighbourhoods and in helping decision-makers to design and deliver services that better meet people's needs. A number of actions will be taken to deliver an even more locally focussed agenda to act as a focus for elected members, communities and partners to provide local leadership, influence and action. The aim is that this will:

- Provide strong and effective leadership;
- Involve local people in local decision making;
- Understand our communities, and;
- Build resilience in our communities;

**Equality Impact Assessment Action Plan**

Action	Responsibility
Completion of all equality impact assessments in the Budget where relevance to equality has been identified	Directors
Continue quality assurance and review of equality impact assessment and actions from budget decisions	Equality

**PROPOSED CTS PAYMENTS FOR PARISH/TOWN COUNCILS  
2014/15**

<b>Parish</b>	<b>LCTS Payment 2014/15 £</b>
Aberford and District	568
Allerton Bywater	3,403
Alwoodley	1,317
Arthington	60
Bardsey cum Rigton	1,068
Barwick in Elmet and Scholes	2,126
Boston Spa	2,443
Bramham cum Oglethorpe	1,026
Bramhope and Carlton	1,332
Clifford	930
Collingham with Linton	1,259
Drighlington	1,883
East Keswick	477
Gildersome	2,288
Great and Little Preston	953
Harewood	32
Horsforth	7,748
Kippax	4,394
Ledsham	156
Ledston	210
Micklefield	5,896
Morley	21,068
Otley	25,667
Pool in Wharfedale	1,321
Rawdon	2,512
Scarcroft	236
Shadwell	537
Swillington	3,407
Thorner	1,329
Thorp Arch	383
Walton	128
Wetherby	13,301
<b>TOTAL</b>	<b>109,460</b>

**FINANCIAL PROCEDURE RULE 3.6****SUPPLEMENTARY VOTES**

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

Up to £100,000	Deputy Chief Executive
Up to £5m	Executive Board
No specific limit	Council

**DELEGATED VIREMENTS**

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

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

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

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

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

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

- 3 Where *fortuitous savings* have arisen in any budget head, these should be notified to the Deputy Chief Executive immediately they are known. Fortuitous savings are defined as those savings where their achievement has not been actively managed

and may include, for example, savings in NNDR or lower than anticipated pay awards. Any fortuitous saving in excess of £100k will not be available for use as a source of virement without the prior approval of the Deputy Chief Executive.

- 4 Any decision to vire must comply with the constitutional requirements for decision making.

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

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

## **OTHER BUDGET ADJUSTMENTS**

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

**Table 1**

**MAXIMUM DELEGATED LIMITS FOR REVENUE VIREMENT**

<b>Approval Type</b>	<b>Full Council</b>	<b>Executive Board</b>	<b>Deputy Chief Executive*</b>	<b>Directors**</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A) Supplementary Votes (i.e. Release of General Fund Reserves)</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>100,000</b>	<b>None</b>
<b>B) Virements of the net managed budget into or out of budget book service headings:</b>				
<b>1. Within a Directorate</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>750,000</b>	<b>125,000</b>
<b>2. Between Directorates</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>750,000</b>	<b>None</b>
<b>C) Self - Financing virements of the net managed budget (from External Funding)</b>				
<b>- policy change</b>	<b>No specific limit</b>	<b>5,000,000</b>	<b>None</b>	<b>None</b>
<b>- within current policy</b>	<b>No specific limit</b>	<b>No specific limit</b>	<b>No specific limit</b>	<b>No specific limit</b>

\* With the support of Directors

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