

LEEDS CITY COUNCIL 2018/19 BUDGET REPORT

Directorate: Adults & Health

1. Introduction

- 1.1 This report has been produced in order to inform Members of the main variations and factors influencing the Directorate's budget for the 2018/19 financial year.

2. Service Context

- 2.1 **Adult Social Care:** 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. These national trends, which are leading to increased cost pressures, have been evident for many years, but the economic climate is putting increasing pressure on public finances and the reductions in public spending have added to the financial challenges faced by Adult Social Care.
- 2.2 In an attempt to partly mitigate this financial pressure the Government has introduced a number of funding initiatives in recent years. In the 2015 Spending Review, additional recurrent funding was provided for 2017 to 2020 through the improved Better Care Fund (iBCF). This funding was 'back-loaded' in that the full cumulative impact will not be realised until the third year. In the 2016 Spending Review the Government gave councils the option of up to a 3% p.a. increase in Council Tax earmarked wholly for Adult Social Care, capped at a maximum of 6% over 3 years. In the Local Government settlement for 2017/18 a new one year only Social Care Grant was introduced, through the use of money previously available for the New Homes Bonus. A second one year only Social Care Grant has been announced for 2018/19. In April 2017, the Government announced further non-recurrent funding in the form of 'Spring Budget Monies' to relieve immediate pressures on both adult social care and the NHS. However, given the scale of demand and cost pressures on adult social care this additional funding in itself, a significant proportion of which is both short-term and non-recurrent, will not address our financial challenges, particularly within the context of continuing funding reductions for the Council as a whole. The Government have now announced that a Green Paper on the Future of Adult Social Care Funding will be issued in the summer of 2018 although this will only address the issue of older people's care.
- 2.3 Over the last five years, Adult Social Care has implemented its Better Lives service transformation programme, which aims to enhance the range, amount and quality of adult social care services available and deliver efficiencies within existing services. These efficiencies have included a reduction in the level of directly provided services where independent sector provision has been shown to be more cost effective. This service transformation programme will continue into 2018/19, with a focus on service improvement running alongside financial efficiencies. This will include the further development of our approach to design care and support arrangements around the strengths of individual service users and carers (strengths based social care), and the assets available within their communities empowering them to live the 'Better Life' that they want for themselves (Asset Based Community Development). In addition, the development of recovery based services including Reablement and Community Recovery beds will continue through the in-house 'Leeds Recovery Service'.

2.4 **Public Health:** Public Health commissions a wide range of providers to deliver Public Health services. These include third sector providers, GPs, Pharmacists, Leeds Community Healthcare and Leeds Teaching Hospitals Trust. Public Health continues to manage a central government imposed reduction in its ring-fenced grant which will conclude in 2019/20.

3 **Budget Proposals**

3.1 This 2018/19 budget has been set at £207,432k representing a net increase of £2,408k (1.2%) when compared to the adjusted budget for 2017/18. This net increase comprises a number of pressures totalling £37,788k, offset by savings of £35,380k which are explained below.

3.2 **Budget Adjustments and Transfers**

3.2.1 There have been a number of service transfers and other budget adjustments which are reflected in the 2018/19 budget.

3.2.2 A further transfer of staff to the Specialist Admin function requires a budget transfer of £634k.

3.2.3 A number of budget adjustments have been made which have a net impact of a reduction of £1,997k to the Adults and Health budget. This is principally related to the £1,500k first year increase to the Improved Better Care Fund which has now transferred from the Strategic Accounts into the Adults and Health budget.

3.2.4 Recharges between services are often seen as not only being divisive, and lead to protracted disputes after the work has been done, but often they are seen as an impediment to service delivery. Therefore as a continuation of the process of reducing the number of recharges between services the 2018/19 budget submission reflects the transfer of budgetary provision of £438k to the Resources and Housing directorate in respect of Legal Services.

3.2.5 Future budget submissions will see further reductions in the number of recharges and where they remain it is the intention to reduce their frequency in 2018/19.

3.3 **Changes in prices – pressure of £5,476k**

3.3.1 The budget includes provision of £1,250k reflecting the National Employers' two year pay offer made in December 2017. For 2018/19 this offer was for a 2% increase for spinal column points (SCP) 20 and above, with increases greater than 2% for SCP 6 to 19. As a result of this pay offer, the minimum hourly rate paid to Leeds City Council employees will rise from the current £8.25/hour to £8.75/hour.

3.3.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. The main provision for price inflation is £3,883k for care packages. Known contractual commitment increases amount to £417k.

3.3.3 Inflationary increases in the level of fees, charges and income from other organisations are estimated to generate additional income of £75k. Many Adult Social Care fees and charges are related to Department for Works and Pensions benefits rates and will be uplifted accordingly from April 2018. Those charges not linked to benefits rates have been budgeted to increase by 3%. An increase in the charges for services does not generate a proportionate increase in income as the amount people pay for most services is determined by individual financial circumstances.

3.4 Actuarial Review – pressure of £106k

3.4.1 A review of the West Yorkshire Pension Fund has been undertaken in the autumn of 2017. The Actuary has confirmed that the figures advised to the Council in the last triennial review. As a result of this the rate provided for will increase from the current 15.6% to 15.9% in 2018/19. This increase is estimated to cost £106k.

3.5 Capitalised Pension Costs – saving of £42k

3.5.1 The fall out of capitalised pension costs associated with staff who have left the Council under the Early Leaver's Initiative (ELI) will save an estimated £42k.

3.6 National Living Wage Commissioned Services £3,295k

3.6.1 The Government announced the increase to the National Living Wage from £7.50 per hour to £7.83 from April 2018 for all employees aged over 25. The budget makes allowance for implementing the cost of the National Living Wage for commissioned services within Adult Social Care. The impact in 2018/19 is estimated at £3,295k.

3.7 Demand and Demography £4,485k

3.7.1 Additional provision of £4,485k has been made to reflect the demand and demographic pressures experienced during 2017/18 and forecast for 2018/19. In recognition of the financial challenges facing the council the directorate intends to put measures in place to manage this demand and reduce the costs of care packages. Savings of £3,500k are included under the service changes heading for the estimated financial impact of service reviews across older people, learning disability, mental health and physical impairment services based on a review of Leeds spend against the averages for comparator authorities. These savings are outlined in more detail in section 3.12.1. Whilst the additional provision has been allocated across placements, domiciliary care, direct payments and the learning disability pooled budget, the type of service will reflect client needs and choices so each element of the community care packages budget cannot be predicted with absolute accuracy.

3.7.2 The government announced a second one-off Adult Social Care Support Grant (see 3.8.3 below); recognising the volatility of demand, particularly over the winter period, and one-off ongoing pressures in the local care market a provision of £630k will be added to the Resilience Reserve. A provision of £1,070k will be added to the Transforming Care Reserve; under the national banner of Transforming Care, NHS England is working with local authorities and the Leeds Clinical Commissioning Group (CCG) to ensure that people with a learning disability and/or autism currently in hospital who could be supported in the community are discharged into a community setting as soon as possible. It is anticipated that costs will increase over the next few years and it is therefore prudent to provide this sum to meet this anticipated pressure.

3.8 Specific Grant Funding Changes £4,364

3.8.1 The War Pensions grant is receivable to allow local authorities to disregard war pensions when undertaking financial assessments. In 2018/19 the grant receivable is £108k.

3.8.2 The budget proposals include the accounting adjustments required to deal with the cessation of the Social Care grant, which was a one-off grant of £3,300k receivable in 2017/18 only. The contra entry to the grant was a transfer to reserves to offset anticipated future pressures including meeting the costs of Transforming Care.

3.8.3 The Government has announced a second one year Adult Social Care Support Grant; the figure for Leeds is £2,069k.

3.8.4 The Public Health grant allocation for 2018/19 has now been confirmed at £44,311k, a reduction of £1,170k which is a reduction of 2.57% compared to the 2017/18 grant allocation.

3.9 **Other budget pressures –£17,928k**

3.9.1 For the second year of the iBCF Spring Budget monies the Council will receive £9,430k. Of this sum £1,835k will be used to support community social work, care services and public health budgets, releasing the balance, £7,595, to invest in the schemes supporting health and social care approved by the Health and Wellbeing Board.

3.9.2 The 2017/18 budget included an income target of £8,000k from the CCGs. The Council and the NHS organisations in Leeds have a long history of working together collectively in relation to joint funding, often referred to as the 'Leeds £' approach. Local Health partners in Leeds have provided significant non-recurrent funding to the Council to support social care. The Spring Budget Monies was an acknowledgement by the Government that not only were adult social care services under significant financial pressure but also that the local Health economies were under a similar strain. In particular, national changes impacting on CCG spend e.g. a reduction in their 'non-recurrent spend' and local pressures (change in tariff measure), meant that the level of support budgeted by the Council was no longer likely to be available. Thus when the additional non-recurrent funding of £14,700k was announced for 2017/18 it was agreed with both NHS partners and members of the Health & Wellbeing Board that the first call on the funding would be the £8,000k budgeted income from Health. Whilst dealing with the pressure in year was reasonable, it had been the Council's strategy to move away from non-recurrent funding from health partners and this pressure recognises this approach.

3.9.3 In the current financial year, client income has not reached the anticipated levels by £1,480k, particularly within community services. The budget reflects this pressure. A revised income target has been set and is discussed in more detail within the savings section below.

3.9.4 A contribution of £369k will be added to the Social Care Development reserve to enable initiatives that will support the future sustainability of Adult Social Care provision.

3.9.5 The Meals on Wheels service has seen a financial pressure in 2017/18. The budget has been increased by £100k to recognise this.

3.10 **Savings**

3.11 **Efficiencies – £3,341k**

3.11.1 In response to the Public Health grant cut of £1,170k the directorate's plans to address this through the use of Spring Budget Monies £685k, contracts and commitments set to expire £475k and other savings including service transference to Health and tariff reviews.

3.11.2 Recognising that Adult Social Care has consistently underspent its staffing budget an overarching 3% turnover factor is proposed. The net saving is £941k. This proposal does not require posts to be held vacant but instead recognises the natural turnover of staff and the time taken to recruit, and also recognises that an element of recruitment is internal. This proposal is not applied to the ring-fenced Public Health grant funded services.

3.11.3 The 2017/18 budget included a target for additional recovery of unspent Direct Payments, the additional staff employed to deliver this have exceeded their target and an increased target of £400k is a recognition of this.

3.11.4 Reductions in the cost of transport for clients has fallen in 2017/18. A saving of £200k has been built into the proposals on the basis that this is likely to continue into 2018/19.

3.11.5 A target of delivering smaller efficiencies via non-demand budgets is expected to deliver £631k of efficiencies.

3.12 **Service Changes - £4,486k**

3.12.1 A review of the costs of services has identified that spend in Leeds is significantly higher than in comparator authorities for learning disability services and to a lesser extent on services for people with a physical impairment. Along with encompassing the strengths-based approach to providing support, Adults and Health are working to ensure that, in meeting client needs, the most cost effective package of care is in place. Based on this analysis and the current level of spend on these services, savings of £2,500k are included for learning disability services, £500k for older people, £350k for physical impairment services and £150k for mental health services. The impact of these reviews may include some customers being transferred to different services and some reduction in the level of care provided, but eligible social care needs will continue to be met. It is anticipated that growth in Direct Payments may be lower than demography would suggest, especially when reviewing recent trends, a saving of £115k on this growth has been built into the proposed plans.

3.12.2 The introduction of the new Community Intermediate Care (CIC) bed and Recovery Services are anticipated to deliver savings of £871k. This is a mixture of savings and funding to meet existing costs.

3.13 **Income – Fees and Charges £1,545k**

3.13.1 As discussed at 3.9.3 above, client income has been lower than anticipated in 2017/18. The directorate is reviewing its processes to ensure it collects all income due and has set a target of an additional £1,000k. In addition, a £545k uplift to the existing CCG allocations will be receivable in 2018/19.

3.14 **Income – Traded Services and Other £20,530k**

3.14.1 2018/19 sees additional base funding for the Improved Better Care Fund (iBCF), and an additional £11,100k is expected.

3.14.2 The second year of the non-recurrent iBCF Spring Budget monies, referenced at 3.9.1, is receivable, totalling £9,430k.

4 **Risk Assessment**

4.1 In determining the 2018/19 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2018/19 budget for Adults & Health are:

4.2 For Adult Social Care, a significant risk relates to the demand led nature of the services provided, together with our statutory responsibility to ensure that all assessed eligible needs are met, which means that the expenditure requirements to be met from the Adult Social Care budget cannot be predicted with absolute certainty. The budget is based on realistic demographic information using trends experienced in Leeds and national and local indicators that are available to the Council. However, the nature of demand for these services can be somewhat volatile and subject to demand factors that Adults & Health

cannot directly control. The numbers of service users and the complexity of their needs may exceed the provision made within the budget. With approximately 3,500 placements in total a relatively modest percentage variance in numbers can give rise to a substantial cash variance. These variations could affect community care packages for adults, including those commissioned within the pooled budget for people with learning disabilities. In this context, delivering the savings included within the 2018/19 budget, as set out in section 3.12.1, carries some risk.

- 4.3 The national Transforming Care agenda will result in more people with a learning disability and/or autism being discharged from long-stay hospitals to their home location and supported in more independent settings such as supported living and with enhanced community support in place. It is projected that this could result in increased expenditure for Leeds of £4m to £5m over the next three years. While some of the people within the cohort are known to Leeds and their costs of care can be managed within the current allocated pooled budget there is a specific group of individuals who are currently not known to the council and who have highly complex needs which will result in a number of very high cost packages being required.
- 4.4 With specific reference to Public Health; there is a risk of harm to health and an increase in health inequalities due to the impact of the Public Health cuts on commissioned services and programme budgets. There is a risk of unanticipated emergency situations and health protection issues, for example flu pandemic and outbreaks of infectious diseases, which (in terms of cost) would have to be met by the council.
- 4.5 A risk of newly endorsed NICE (National Institute for Clinical Excellence) treatments becoming a cost pressure due to the Council's Public Health responsibilities. The Office of the Director of Public Health is responsible for a number of contracts which are activity based. There is a financial risk, based on the possibility of fluctuation of demand, some of which is determined by NHS tariff.

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Directorate - Adults & Health

	2018/19 £m	FTEs
Net managed budget 2017/18	207.66	
Adjustments		
Transfers of function	(0.63)	
Other adjustments	(2.00)	
Adjusted net managed budget	205.02	
Budget Pressures:		
Inflation		
Pay	1.25	
Price	4.30	
Income	(0.07)	
Employers Pension	0.11	
Capitalised Pensions	(0.04)	
National Living Wage - commissioned services	3.29	
Demographic and demand pressures	4.48	
Transforming Care Reserve	1.07	
Resilience Reserve	0.63	
Grant Fallout		
Public Health	1.17	
Social Care	3.30	
Other		
Health	8.00	
iBCF (Spring Budget)	8.28	
Client income	1.48	
Meals on wheels	0.10	
Social Care Development Reserve	0.37	
Other minor variations	0.07	
Total Pressures	37.79	0.00
Savings Proposals:		
Efficiencies		
Reserves (social care grant)	(3.30)	
Public Health	(1.17)	
Turnover factor	(0.94)	
Direct Payment audit	(0.40)	
Transport	(0.20)	
Other	(0.63)	
Service Changes		
Demand based savings	(3.62)	
Recovery model/CIC beds	(0.87)	
Income - Fees & Charges		
Income recovery	(1.00)	
iBCF - inflation	(0.55)	
Income - Traded Services, Partner Income		
Grants and Other Income		
IBCF	(11.10)	
iBCF (Spring Budget)	(9.43)	
Social Care	(2.07)	
War Pensions	(0.11)	
Total Savings	(35.38)	24.00
Net Managed Budget 2018/19	207.43	24.00

LEEDS CITY COUNCIL

2018/19 BUDGET REPORT

Directorate: City Development

1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2018/19 financial year.

2 Service Context

- 2.1 City Development are responsible for the Council's physical, economic and cultural and sport services. The range of services and functions that the Directorate provides makes a significant contribution to the life, growth and vitality of the city.

3 Budget Proposals

- 3.1 This 2018/19 budget has been set at £33,721k representing a net decrease of £2,826k (7.7%) when compared to the adjusted budget for 2017/18. This net decrease comprises a number of pressures totalling £4,811k which are more than offset by savings of £5,722k and proposed use of balances of £1,915k. The key pressures and savings recognised within the 2018/19 budget proposals are explained below.

3.2 Budget Adjustments and Transfers

- 3.2.1 Following a review of the Public Private Partnership Unit (PPPU), which provides project management and procurement support to directorates, a new operating model is to be adopted which disbands the current unit with resources being integrated into existing directorate teams. Implementation of this proposal brings with it resources of £1,570k. A piece of work to allocate the associated income budget is underway and a budget adjustment will be undertaken in 2018/19. A significant level of this income will be primarily derived from recharges to capital projects. Sustaining this level of income in 2018/19 represents a key risk to the directorate next year.

- 3.2.2 Recharges between services are often seen as divisive, leading to protracted disputes after the work has been done. They are also often seen as an impediment to service delivery. Therefore as a continuation of the process of reducing the number of recharges between services, the 2018/19 budget submission reflects the transfer of budgetary provision of £749k to the Resources and Housing Directorate in respect of Legal Services. Future budget submissions will see further reductions in the number of recharges and where they remain it is the intention to reduce their frequency in 2018/19.

- 3.2.3 During the 2017/18 financial year a small number of administrative staff transferred back to the City Development Directorate from Resources & Housing and conversely, a small number of Information Management & Technology staff transferred to the Digital Information Service (within Resources & Housing). Four City Centre Management staff are transferring to Communities and Environments. The net effect of these transfers equates to a budget reduction for the Directorate of £144k.

3.3 Changes in prices – pressure of £2,062k

- 3.3.1 The budget includes provision of £1,160k for the National Employers' two year pay offer made in December 2017. For 2018/19 this offer was for a 2% increase for spinal column points (SCP) 20 and above, with increases greater than 2% for SCP 6 to 19. As a result of this pay offer, the minimum hourly rate paid to Leeds City Council employees will rise from the current £8.25/hour to £8.75/hour.
- 3.3.2 After taking account of the proportion of salary costs that may be capitalised or charged to the Housing Revenue Account, the net cost of the pay award is estimated at £688k with a further £65k being attributable to the commitment to pay the National Living Wage.
- 3.3.3 No provision has been made for inflation on running cost budgets other than for utilities and for services where there are specific contractual commitments. In total, £922k has been provided for non-pay inflation including £248k for PFI contracts and £327k for NNDR and utilities.

3.4 Actuarial Review – pressure of £116k

- 3.4.1 A review of the West Yorkshire Pension Fund was undertaken in the autumn of 2017 which confirmed the figures advised to the Council in the last triennial review. As a result of this, the rate provided for will increase from the current 15.6% to 15.9% in 2018/19 with a resultant budget increase of £116k.

3.5 Capitalised Pension Costs – pressure of £27k

- 3.5.1 The net effect of capitalised pension costs associated with staff who have left the Council under the Early Leavers Initiative (ELI) are negligible for the directorate in 2018/19.

3.6 Demand and Demography £1,310k

- 3.6.1 Regulations providing for a 20% increase in planning application fees in England came into effect on 17th January 2018. The increase is conditional on the new funding being ring-fenced for additional spending on development management and other related activities.
- 3.6.2 For Leeds it is estimated that the increase in planning fees will generate additional income of £730k with a corresponding increase in expenditure.
- 3.6.3 Other demand pressures totalling £580k reflect the realignment of 'stretch' income targets particularly within Economic Development.

3.7 Specific Grant Funding Changes

- 3.7.1 The 2018/19 budget recognises the fall-out of Public Health funding for sport (active lifestyles and bodyline access) totalling approximately £100k.

3.8 Other budget pressures £1,185k

- 3.8.1 Following the cancellation of the European Capital of Culture competition by the European Commission, the Council has signalled the strong intent to retain the allocated funding in order to progress the ambitions which winning the competition would have delivered, albeit by a new route. Cultural Legacy Funding of £385k for 2018/19 is the first part of that commitment.

- 3.8.2 At the time of publication, the exact nature of how to move forward is still a matter of discussion with other stake-holders but it is anticipated that Council investment would attract significant external funding (potential leverage x2.5) over the course of 2018-24. The majority of spend in 2018/19 is likely to be in the second half of the year.
- 3.8.3 As part of the government's Carbon Reduction Commitment (CRC) Scheme, each year the Council is required to submit an energy return to government. The scheme is now in its second phase of operation and has been updated to include street lighting and other Council unmetered supplies within the CRC calculation. The financial impact of this change is estimated at approximately £300k in 2018/19.
- 3.8.4 The fall-out of historic revenue balances referred to as 'commuted sums' (developer contributions), previously used to fund spending commitments within the Highways Service, will create an additional budget pressure of £300k in 2018/19.
- 3.8.5 In May 2018 Leeds will host the conclusion of the Tour de Yorkshire with the race scheduled to finish on The Headrow, in exactly the same place as the 2014 Tour de France started. The estimated net cost of hosting the Tour de Yorkshire (£100k) is also recognised within the 2018/19 budget proposals.
- 3.8.6 The 2017/18 base budget identified £50k to support the Directorate's partnership working with British Cycling and the intention to enter into a new long term partnership agreement. It is anticipated that such an arrangement may require an additional cash contribution of circa £25k in 2018/19 and has the potential to lever in significant further funding from British Cycling and its partners.
- 3.9 **Savings**
- 3.10 **Efficiencies – £752k.**
- 3.10.1 The Directorate continues to identify and realise efficiency savings across all service areas including staffing and other running costs. For 2018/19, the Directorate proposes to deliver savings of £290k through astute management of staff turnover and associated vacancies and a further £460k from other running costs including insurance (£152k) and street lighting (£100k).
- 3.11 **Income – Fees and Charges £3,435k**
- 3.11.1 In July 2017, the European Court of Justice determined that the UK requirement for local authorities to charge VAT on leisure activities was unlawful. On the basis of this judgement and following further guidance from HM Revenue & Customs, with effect from January 2018 the Council no longer charges VAT for exempt leisure activities. Based on current levels of demand, the full year impact on leisure centre income is estimated at circa £1,200k per annum.
- 3.11.2 Regulations providing for a 20% increase in planning fees are estimated to generate additional income of £730k for the directorate with a corresponding increase in planning management and other planning-related expenditure. The 2018/19 budget also incorporates a further £380k of fee income reflecting increased activity levels and demand for premium services.

- 3.11.3 The Highways capital programme continues to grow with some significant schemes in the pipeline including those relating to the Local Public Transport Investment programme. During 2017/18 the Highways Service has re-structured and is actively recruiting across a range of technical posts in order to create sufficient in-house capacity to deliver this growing programme of work. In recognition of this growth, the 2018/19 budget proposals include additional Highways fee income of £500K.
- 3.11.4 After taking account of income trends, the impact of improved publicity and marketing and the need for some temporary service disruption for refurbishments, the 2018/19 budget incorporates a net saving of £115k for Sport and Active Lifestyles.
- 3.11.5 The 2018/19 budget also incorporates £170k of additional income for the Arts & Heritage Service and £70k of additional income for Economic Development. These proposals include £50k of additional income for 'Breeze', £80k for Museums, £40k for events/licences and £30k for street trading.

3.12 **Income – Traded Services and Other £1,490k**

- 3.12.1 Asset Management will continue to support the budget strategy of providing greater revenue resilience by generating additional rental income from the proposed purchase of commercial assets and additional surveyor fee income from capital sales. The 2018/19 budget incorporates a saving of £1,000k from increased rental incomes (net of borrowing costs) and a further £470k from additional surveyor fee income from capital sales. An additional £20k reflects the trends in Building Control.

3.13 **Use of Section 106 balances - £1,915k**

- 3.13.1 Planning obligations, also known as Section 106 agreements, are private agreements made between Local Authorities and developers and can be attached to a planning permission. Through this mechanism contributions may be sought for the costs associated with providing community and social infrastructure, the need for which may arise as a result of a new development taking place.
- 3.13.2 As at 31st March 2017 the Council had £32.1m of Section 106 earmarked reserves on its balance sheet. Subject to satisfying any legal requirements contained within the Section 106 agreement e.g. clawback, it is proposed that Section 106 balances totalling £1,915k be used to support the 2018/19 revenue budget.

4 **Risk Assessment**

- 4.1 In determining the 2018/19 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2018/19 budget for City Development are outlined below.
- 4.2 The 2018/19 budget proposals for City Development incorporate income growth for a number of services and significant income growth for Asset Management and to a lesser extent Highways Services. This reflects the Council's ambition to continue to alleviate the financial impact of austerity by adopting a more commercial approach.
- 4.3 Delivery of the additional income targets continues to be reliant upon the outlook for the UK and local economy and with continued uncertainty around Brexit, the Directorate will need to ensure that income levels and the actions required to deliver them are closely monitored.
- 4.4 Integration of (former) PPPU staffing resources into the directorate introduces a further income-related budget risk to the directorate in terms of the feasibility of continuing to charge and recover overheads from capital projects and other external funding sources.

- 4.5 The proposal to use £1,915k of section 106 balances to support the 2018/19 revenue budget creates an obligation in future years as the Council will be required to identify the resources to meet expenditure commitments that would previously have been funded through these balances.

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Directorate - City Development

	2018/19 £m	FTEs
Net managed budget 2017/18	35.82	
Adjustments - Transfers of Function	1.43	
Other Adjustments	(0.70)	
Adjusted net managed budget	36.54	0.00
Budget Pressures:		
Inflation		
Pay	1.16	
Price	0.92	
Income	(0.02)	
Employers Pension	0.12	
Capitalised Pensions	0.03	
National Living Wage - commissioned services	0.01	
Demographic and demand pressures		
Planning Management & Development	0.73	
Realignment of Economic Development Income Targets	0.58	9.00
Grant Fallout		
Fall-out of Public Health Funding	0.10	
Other		
Cultural Legacy	0.39	
Fall-out of 'Commuted Sums'	0.30	
Carbon Reduction Commitment	0.30	
Removal of income target for Tourism, Marketing & Advertising	0.10	
Tour de Yorkshire	0.10	
Total Pressures	4.81	9.00
Savings Proposals:		
Efficiencies		
Management of vacancies	(0.29)	
Insurance	(0.15)	
Economic Development running cost savings	(0.10)	
Energy savings (street lighting)	(0.10)	
Sport Efficiencies	(0.06)	
Running cost savings	(0.09)	(3.00)
Income - Fees & Charges		
Sport VAT Exemption	(1.20)	
20% increase in Planning Fees	(0.73)	
Highways additional fee income	(0.50)	
Planning Fee Income Trends & charges for premium services	(0.38)	
Increased charges reflecting additional pay award	(0.27)	
Income from Sport & Active Lifestyles	(0.12)	
Arts & Heritage service - income opportunities	(0.17)	
Economic Development income opportunities (Events/lights/street tradin	(0.07)	
Income - Traded Services, Partner Income		
Asset Management - income from commercial rents & Fee Recovery	(1.47)	
Building Control income trends	(0.02)	
Use of S106 balances	(1.92)	
Total Savings	(7.64)	(3.00)
Net Managed Budget 2018/19	33.72	6.00