



APPENDIX 2 NOT FOR PUBLICATION

Exempt/Confidential under Rule 10.4 (3)

Report of the Director of Resources

Executive Board

Date: 25th August 2010

Subject: REDUCTIONS IN GRANTS - IMPLICATIONS FOR SERVICES

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

X

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

As part of the Government's accelerated deficit reduction plan, details of reductions in grants to Local Authorities totaling £1.166 billion in the current financial year were announced on the 10th June 2010ⁱ.

As reported to members on 22nd June 2010, there is a significant impact on the Council and the latest position is a reduction in revenue grants of £15.0m. The impact on capital grants is £10.2m, which is the subject of a separate report on this agenda.

This report outlines proposals from directorates on how the reductions are to be dealt with although there is still a funding gap of £1.5m. The impact of this gap is reflected in the first quarter financial health report which is a separate item on this agenda.

1.0 Purpose of this report

- 1.1 As reported to the Board on the 22nd June, as part of the Government's accelerated deficit reduction plan, details of reductions in grants to Local Authorities totaling £1.166 billion in the current financial year were announced on the 10th June 2010ⁱ.
- 1.2 The purpose of this report is to provide details of the reductions in grants for Leeds and proposals to deal with these.
- 1.3 This report contains information relating to the financial or business affairs of third parties and also contains information which is subject to ongoing negotiations. As such the release of information would be likely to prejudice the interest of all the parties concerned. Whilst there may be a public interest in disclosure, in all the circumstances of the case maintaining the exemption is considered to outweigh the public interest in disclosing this information at this time. It is therefore considered that Appendix 2 should be treated as exempt under Rule 10.4 (3) of the Access to Information Procedure Rules.

2. Impact of Grant Reductions

- 2.1 As previously reported, the impact of the Government announcement was to reduce the level of specific revenue grants to Leeds by £15.0m as follows:-

Area Based Grants	£m
Department for Education	5.089
Home Office	0.100
Supporting People	0.393
LEGI	0.912
Prevent	0.084
Road Safety Revenue	0.841
Sub Total ABG	7.419
Other Grants	
Housing Planning Delivery Grant	0.900
Free Swimming Grant	0.413
LABGI	0.628
Children's Services	0.349
Education	1.854
LPSA2 Reward Grant	3.482
Total	15.045

- 2.2 The scale of these grant reductions and the fact that they have been notified part way through the year does present the Council with a significant difficulty in managing them. Directorates were tasked with bringing forward proposals for dealing with the reductions and these are discussed below. It should be noted that it has not been possible to identify savings to the equivalent scale of the grant reductions and also that the proposals that have been put forward are not without risk.

3. Proposals

3.1 Appendix 1 provides details of directorate proposals for dealing with the reduction in grants shown above and Appendix 2 summarises the impact on external providers.

3.2 Area Based Grant

3.2.1 Area Based Grants (ABG) are not ringfenced and can be used by the Council as it sees fit. The total allocation for 2010/11 is £73.5m and these sums have been allocated to projects and approved by Council as part of the 2010/11 budget.

3.2.2 Children's Services - £21.323m was allocated to Children's Services of which £5.061m has been cut. The Directorate has identified proposals for £4.8m of savings to reduce the gap. This leaves £0.25m of schemes unfunded.

3.2.3 Within Environment and Neighbourhoods, whilst the Supporting People initiative has not been cut, the whole of the administration grant of £0.393m has, and it is proposed to contain this within the main Supporting People funding of £31.981m by identifying efficiency savings. Other ABG schemes total £1.455m and this can be managed or alternative funding found, with the exception of £0.015m for Respect – task force.

3.2.4 City development has two schemes within the ABG - £3.9m of the Local Enterprise Growth Scheme and an allocation of £3.157m for Road Safety throughout West Yorkshire. The LEGI programme has now been reviewed and all planned projects will still operate in 2010/11 but at a reduced level. The West Yorkshire Road Safety reduction of £841k will be managed by reducing spend on road safety initiatives. The Leeds element of this is £282k.

3.3 Other Revenue Grants – LPSA 2 performance reward grant

3.3.1 The Leeds reward grant, for targets achieved between 2006 and 2009, was agreed at £13m by the previous government, of which 50% was revenue and 50% capital. CLG have now confirmed that authorities will receive only 50% of the value of any targets achieved, so Leeds will now receive £6.5m.

3.3.2 The Council's 2010/11 revenue base budget includes £1.532m within Environment & Neighbourhoods, mainly supporting schemes previously funded by NRF. The directorate has identified proposals to address £1.167m of this pressure.

3.3.3 Around £2m has been allocated to partners within the LAA, many of whom contributed significantly to achieving the agreed targets that helped to earn the Reward Grant. Of this, £938k was the subject of a bidding process co-ordinated through the Public Sector Resources Partnership Group to provide funding for innovation and challenge schemes. However, no funding agreements were signed for these schemes and it is proposed that these schemes will not now be supported.

3.3.4 Of the remaining £1m, proposals totaling £0.783m have been identified to mitigate the loss of funding.

3.4 Other Revenue Grants - Other

3.4.1 Housing and Planning Delivery Grant was included in the 2010/11 budget at £0.9m, although no formal notification had been received from Government. This grant has

now been abolished and the shortfall will be managed within City Development's overall budget, including reducing highway maintenance which had already been enhanced by additional grant earlier in the year.

- 3.4.2 The Free Swimming grant of £0.619m came to an end 31st July 2010, giving a reduction for the year of £0.413m. Although the service plans to reintroduce charges to mitigate this reduction, there is expected to be a net cost of £0.15m which is currently unfunded.
- 3.4.3 The Local Authority Business Growth Incentive Scheme (LABGI) funding was assumed in the budget at £0.5m, although the Council was subsequently notified that the allocation for the year would be £0.628m. This grant has now been abolished, and will now be a pressure of £0.5m on the Council's overall bottom line.
- 3.4.4 Nursery Education Pathfinder Grant of £0.153m is to be managed by reducing funding to early education providers, and Buddying and Playbuilder grants of £0.178m and £0.018m respectively are to be dealt with by ceasing programmed spend.
- 3.4.5 Specific Education grant reductions of £1.854m are to be managed by reducing programmed spend.

4. Conclusion

- 4.1 There remains £1.5m of revenue spending supported by grants which have now been cut and the impact of this is reflected in the first quarter financial health report.

5. Recommendation

- 5.1 Members are requested to approve the following virements in respect of the in year reductions in grant as detailed at paragraph 2.1:

- a virement from the Strategic budget to services to reflect the reductions in Area Based Grant and the LPSA2 Reward grant which are held centrally;
- a virement within City Development directorate to reflect the loss of Housing and Planning Delivery Grant and Free Swimming grant;
- a virement within Children's Services in respect of Nursery Education Pathfinder Grant, Buddying, Playbuilder, Training and Development Agency, Contact Point, Harnessing technology and Local Delivery Support grants.

and

- the reductions in expenditure/additional income as detailed in Appendix 1.
- 5.2 Members are also requested to note the proposed reductions in payments to external providers detailed at Appendix 2. Decisions will be taken by officers under delegated powers in consultation with the appropriate Executive Members when negotiations have been concluded.

Background Documents

ⁱ 'Local Government's Contribution to £6.2bn efficiencies in 2010-11', Letter from DCLG to Local Authority Chief Executives, 10th June 2010.

Proposed Actions for dealing with grant fall out - 2010-11

Appendix 1

Service	Grant	BUDGET 2010-11	Reduction	Proposed Saving	Proposed Action	Revised Pressure
		£	£	£		
Area Based Grant						
Community safety	Crime Reduction, Drugs Strategy and Anti-Social Behaviour (SSCF)	937,163	73,000	(73,000)	Service to continue. SSCF funding will be re-directed to fund the Business Development Manager and an application for £10k will be made to the Joint Commissioning Group for funding for the Chief Officer Drugs from the Safer Leeds Drugs Budget	-
Community safety	Respect - Youth Task Force	230,000	55,200	(40,200)	Service reduction. Contribution of £9k to the Needle-picking service will not now be made. This will be absorbed within Streetscene Services. Activities such as delivering burglary and personal safety advice to all new students during freshers week will cease as will the parking meet and greet scheme which provides crime reduction advice in city centre car parks to Christmas shoppers. Discussions will take place with the universities on a plan to mitigate this funding reduction. Taxi Marshalling (£15k) throughout the Christmas and New Year period will remain.	15,000
Regen	Preventing Extremism	287,830	84,000	(84,000)	Service to continue. Other funding sources have been secured to replace this reduction in funding. These include West Yorkshire Police, the Home Office and CLG.	-
housing	Supporting People Administration	392,752	392,752	(392,752)	Service to continue. Savings to compensate for these reductions have been identified through efficiencies and a higher level of voids.	-
total E&N		1,847,745	604,952	(589,952)		15,000
IYSS	Connexions	6,529,178	1,987,011	(1,987,011)	There is a detailed strategy in place to review all contracts and funding agreements across in-house, private and voluntary sectors to reduce overall cost in line with the budget reductions and also to prioritise resources toward the targeted & specialist provision. Whilst there is a strategy and implementation plan in place, the scale of the reductions mean that this will be challenging to implement in full in 2010/11. The impact/risk will be against the NEET/Not known figures although this will be mitigated by focussing the remaining funding on the targeted & specialist provision. LCC still has a statutory responsibility for universal advice & guidance. In addition, the budget strategy recognises the removal of the ring-fence on the Youth Opportunities Fund.	-
IYSS	Positive Activities for Young People	1,750,036				-
CYPSC	Care Matters	889,705	213,529	(223,059)	Detailed proposals are being worked up to reduce 2010/11 spending plans in respect of personal tuition for Looked After Children, although alternatives that have less impact on vulnerable groups are being evaluated.	9,530
CYPSC	Designated Teacher Funding	39,708	9,530		see care matters above	9,530
CYPSC	Child Trust Fund	32,158	7,718	(25,000)	It is proposed to cease this function. There is a requirement to top-up Child Trust Funds for LAC. Given that other local authorities have never put this in place, the risk/impact is minimal	(17,282)
CYPSC	Children's Social Care workforce	226,279	54,307		Budget funds recharge from in-house team (Employee Development Unit) - no specific savings proposals identified at period 3, although all opportunities will be explored to reduce costs in line with the budget reductions.	54,307
DCS	LSC Staff Transfer (Special Purpose Grant)	597,293	143,350	(50,000)	Minimal risk. Savings will be delivered against the staffing budget (minor impact on running costs). Other options will be explored to deliver the £93k remaining budget shortfall.	93,350
DCS	Teenage Pregnancy Support	448,000	107,520	(60,000)	Minimal risk. Savings will be delivered via reductions in the TP commissioning programme. Other options will be explored to deliver the £48k budget shortfall.	47,520
DCS	Child Death Review Cases	95,823	22,998		No specific savings proposals have been identified at period 3, although the service is working on options to reduce costs in line with the budget reductions.	22,998
YOS	Substance Misuse	95,835	23,000		No specific savings proposals have been identified at period 3, although the service is working on options to reduce costs in line with the budget reductions.	23,000
Early Years	Children's Fund	2,092,599	502,224	(502,224)	There is a detailed plan to review and reduce all Early Years & Leeds Children's Fund grants and contracts, across both internal and externally provided services, in order to deliver the £0.5m budget reduction in 2010/11.	-
City Dev	School Travel Advisers	84,000	20,160	(20,160)	The budget is mostly staffing but the service will reduce running costs where possible and manage the rest of the reduction from other operational budgets.	-
City Dev	Sustainable Travel - General Duty	51,222	12,293	(12,293)	The budget is mostly staffing but the service will reduce running costs where possible and manage the rest of the reduction from other operational budgets.	-
Education Leeds	Various - includes National Strategies, school Development and Intervention, Extended Services and School Improvement Partners	8,043,696	1,930,487	(1,930,487)	Vacant posts across all EL services, reduce running costs, reduce provision for Soulbury pay award. Freeze filling of non-critical posts and restricting non-essential spend. A £1.9m variation to the Education Leeds contract will be made to reflect the reduction in funding.	-
Total DfE Grants		20,975,532	5,034,127	(4,810,234)		223,893
Home Office Grants - CYPSC	Substance Misuse	347,660	27,000			27,000
Total Children's		21,323,192	5,061,127	(4,810,234)		250,893
Economic Services	LEGI	3,900,000	912,000	(912,000)	Agreement has now been reached with all projects to manage this reduction from the current in year programme. Individual project budgets have been reduced but all planned projects will still operate in 2010/11 but at reduced levels.	-
Highways	Road Safety (West Yorkshire Total)	3,156,695	841,000	(841,000)	This is a grant for all West Yorkshire districts (£3,156.7m). All the districts contribute to a road safety district partnership and the impact of the cut will be to reduce spend on road safety initiatives in the sum of £841k in total.	-
Total City Development		7,056,695	1,753,000	(1,753,000)		-
Total Area Based Grant		30,227,632	7,419,079	(7,153,186)		265,893

Service	Grant	BUDGET 2010-11	Reduction	Proposed Saving	Proposed Action	Revised Pressure
		£	£	£		
Other Grants						
Planning	Housing Planning Delivery Grant	900,000	900,000	(900,000)	Although no formal announcement for 2010/11 the budget provided for £900k based on announcements regarding the size of the national pot. This pot has now been abolished. The loss of grant will be managed by savings options put forward by the directorate. These include reducing spend on highway maintenance which had already been enhanced by additional grant earlier in the year.	-
Sport and Active Recreation	Free Swimming Grant	619,000	413,000	(263,000)	The free swimming grant will end on 31.7.10. The service will re-introduce charges for over 60s from 1 August but charges for under 16s will not be re-introduced until 1 September. There will be a net cost of approximately £150k which will need to be funded by saving options currently being looked at by the directorate.	150,000
Strategic	Local Authority Business growth incentive scheme	628,000	628,000	(128,000)	The budget provided for £500k based on the national pot. The Council received formal notification of an increase to £628k. However this grant has now been abolished. As this is a strategic budget the shortfall will have to be met from within overall council resources.	500,000
Education Leeds	TDA Grant - School Support Staff Training	242,000	242,000	(242,000)	Grant funded training for school support staff to cease.	-
Education Leeds	TDA Grant - Workforce Reform	180,000	65,000	(65,000)	Staff to be redeployed. (Nov 2010)	-
Education Leeds	Contact Point	244,000	142,000	(142,000)	Staff to be redeployed. (Aug 2010)	-
Education Leeds	Harnessing technology (Standards Fund)	652,000	326,000	(326,000)	Renegotiate contract with external provider, scale back Leeds Learning Network development work, reduce support for Primary Capital & Basic Need Schools.	-
Schools	Harnessing technology (Standards Fund)	1,958,000	979,000	(979,000)	Schools already notified of devolved grant reduction.	-
Schools, Colleges and Education Leeds	Local Delivery Support Grant	472,000	100,000	(100,000)	Reduction in funding for Schools, Colleges and Education Leeds to support the delivery of diplomas	-
Children's	Nursery Ed Pathfinder Grant (Standards fund)		153,000	(153,000)	Reduced funding to early education providers, including schools, children's centres and other providers	-
Children's	Buddying		178,000	(178,000)	Programme stopped	-
Children's	Playbuilder		18,000	(18,000)	Programme stopped	-
Sub-Total Other Grants		5,895,000	4,144,000	(3,494,000)		650,000
LPSA2 Reward Grant						
Innovation Schemes						
Voluntary Sector		938,287	938,287	(938,287)	This element of the reward grant was the subject of a bidding process co-ordinated through the Public Sector Resources Partnership Group. £938k was allocated to innovation and challenge schemes, although no funding agreements have been signed. These schemes will not now be supported (see Appendix 2)	-
Sustaining High Performance/Not on Track						
E&N	Fire Service	55,584	55,584	(55,584)	Grant stopped. This element of the reward grant was to be used to second a police officer to the fire service. However the secondment process has been delayed and it is proposed not to progress the scheme.	-
EL	Healthy Schools	150,000	150,000	(150,000)	Funding was to be devolved to 75 schools in the most deprived areas of the city in order to help them achieve the Healthy School Standard which focuses on teenage pregnancy, obesity, emotional health, alcohol/drugs/tobacco. These schools have proved particularly difficult to engage with and this funding was to provide them with the incentive to kick-start the process.	-
Children's	Youth Offending Service	60,249	60,249	0	No specific proposals but hoped to be achieved by youth justice workers staff turnover	60,249
E&N	Domestic Violence	51,850	51,850	(51,850)	Service to continue. Alternative funding identified within the Safer Leeds Partnership.	-
EL	Improving Attendance - Pupil Referral Unit/WY Police Safer Schools Police officer	43,552	43,552	0	The implication of not receiving this funding means that the project would be unable to go ahead. This in turn would impact on the prevention and reduction of fixed term exclusions across the city. In addition considerable value for money would be lost in respect of cost of custody and exclusion per pupil head.	43,552
E&N	Worklessness	250,000	250,000	(250,000)	Service reduction. This funded the 4Families project which provided support to families who are in the 4 worst areas for benefit dependency. This scheme has now ceased. The results of the pilot are being considered in an overall review of family support services.	-
Children's	NEET	200,000	200,000	(176,000)	Programme stopped	24,000
Children's	Safeguarding	200,000	200,000	(100,000)	Initial proposal to utilise LPSA reward funding to support 3 projects - workforce development/training to support the development of an integrated service for looked after children (£50k), project management to develop pathways into employment (£30k) and a Family Group Conferencing (FGC) pilot aimed at reducing the need for children to come into care (£120k). Only the Family Group Conferencing scheme will now proceed and budget resource will need to be re-prioritised from elsewhere within the service.	100,000
Base Budget						
Jobs and Skills	Leeds Incapacity employment project - Area Ambassadors	22,320	22,320		Service to continue.	22,320
Jobs and Skills	Jobstart	31,360	31,360		Service to continue.	31,360
Community Safety	PCSOs	51,350	51,350	(51,350)	Service to continue. Total spend is £1465k which contributes towards the costs of 170 PCSOs. Leeds City Council match fund the Police Community Support Officers to work as part of Ward based Neighbourhood Policing Teams. PCSOs are employed by West Yorkshire Police. Shortfall in funding means redirecting SSSF resources that were earmarked to support priority areas.	-
Community Safety	CCTV - Leedswatch Local and Mobile CCTV vans	192,280	192,280	(192,280)	Service to continue. £50k has been identified from within the Community Safety budget. The balance, £142k, is funded by redirecting SSSF resources.	-
HEAS	Empty Property team	49,500	49,500	0	Service to continue	49,500
HEAS	Out of Hours Noise Service	100,000	100,000	0	Service to continue	100,000
HEAS	Community Enforcement officers	293,100	293,100	(293,100)	No reduction in service. Alternative funding to be sought.	-
HEAS	Contribution to seconded police officer	10,000	10,000	(10,000)	Post Vacant	-
Environmental Services	Bin Yards	115,120	115,120	(54,490)	Additional funding identified but the balance is a pressure to the service.	60,630
Environmental Services	Graffiti Teams	102,380	102,380	0	This is a budget pressure to the service.	102,380
Environmental Services	INM Street Cleansing	565,510	565,510	(565,510)	Service Reduction;- Budget provision of £250k has been realigned to the Street Cleansing service from central contingency to partially offset the loss of grant. The loss of the remaining balance has meant a reduction of 23 operatives in the service (non LCC employees). The service is revising its operations to mitigate some of the impact, but inevitably there will be some reductions in service.	-
Total LPSA Reward Grant		3,482,442	3,482,442	(2,888,451)		593,991
Grand Total		39,605,074	15,045,521	(13,535,637)		1,509,884