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Report of the Director of Resources

Report to Executive Board

Date: 14th December 2011

Subject: Initial Budget Proposals

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In accordance with the Council's Budget and Policy Framework, this report sets out the Executive's initial budget proposals for 2012/13. These proposals have been developed within an assumed level of government grant based upon the indicative 2012/13 grant settlement as announced in January 2011 as part of the 2011/12 Local Government Finance settlement. At the time of writing, confirmation of the 2012/13 settlement is awaited and further information will be provided to the board when it becomes available. As reported last year, it remains a challenge for the Council to maintain services at their current level in the context of further reductions in government grants and the organisation continues to be subject to an ongoing review in order to help achieve the ambition of being the best City Council in the UK.
2. In addition, the report also provides an early indication of the financial position for 2013/14 and 2014/15 as part of the Council's medium term financial strategy.
3. Recognising the revenue implications of capital spending, the report also provides overall information as to the Council's capital investment proposals for the period 2012/13 to 2014/15.

Recommendation

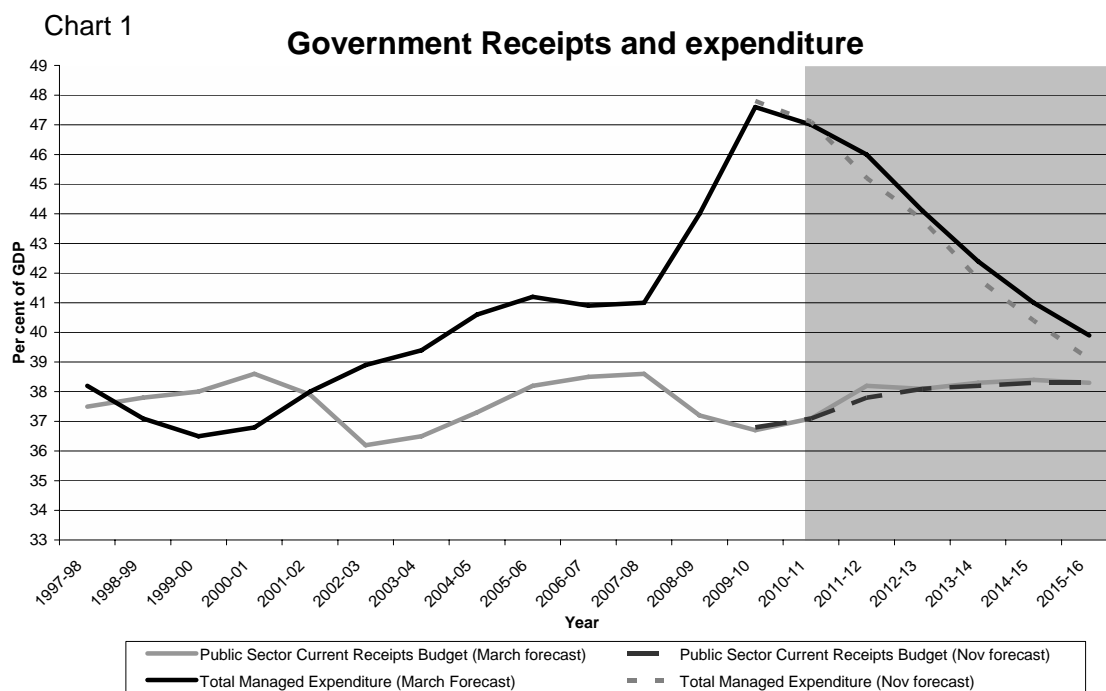
4. The Executive Board are asked to agree this report as the initial budget proposals for 2012/13 and for them to be submitted to Scrutiny and for wider consultation.

1.0 PURPOSE OF THIS REPORT

- 1.1 In accordance with the Council's constitution, the Executive is required to publish initial budget proposals two months prior to adoption by full Council which is scheduled for the 22nd February 2012. The purpose of this report is to publish initial budget proposals for 2012/13, which, together with a forecast of 2013/14 and 2014/15, will form the basis of the Council's new medium term financial strategy.
- 1.2 Subject to the approval of the board, this report will be submitted to Scrutiny for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this board on the 10th February 2012. It will also be made available to other stakeholders as part of a wider consultation.
- 1.3 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Council. As such, the recommendation at 14.1 is not subject to call in, as the budget is a matter that will ultimately be determined by Council, and this report is in compliance with the Council's constitution as to the publication of initial budget proposals two months prior to adoption.

2.0 NATIONAL CONTEXT

- 2.1 The Council's 2011/12 budget agreed by Council in February 2011 was produced in the face of an unprecedented challenge. The Government's emergency Budget in June 2010 and the Comprehensive Spending Review 2010 set out the Government's deficit reduction plan in order to eliminate the nation's budget deficit.
- 2.2 The following chart shows that, as a result of these plans, public spending is projected to fall from around 47.5% of GDP in 2009/10 to around 40% of GDP by 2016 while tax receipts are projected to rise from 36.5% to around 38.5% of GDP over the same period, addressing the imbalances in the public finances.



- 2.3 The October 2010 Spending Review set out the Government's proposals to reduce public spending by £81bn over the four year period 2011/12 to 2014/15. However, it gave protection to the NHS and schools, which meant that the funding available to other local government services reduced significantly for 2011/12 and continues to do so for the next three years. Planned local government funding by central government falls by 20% in cash terms over the four year period, equivalent to a reduction of 28% taking into account expected inflation, but the reduction is significantly front loaded, as shown in the table 1 below:

Table 1

National Funding	Base	Variation			
	2010/11 £bn	2011/12 £bn	2012/13 £bn	2013/14 £bn	2014/15 £bn
Local Government Funding	28.5	26.1	24.4	24.2	22.9
Real Terms reduction (%)		10.6%	8.3%	2.8%	7.2%

3.0 Local Government Finance Settlement

- 3.1 Although the spending review covers four years, a two year Local Government finance settlement was confirmed on 31st January 2011 and the implications for Leeds City Council are set out in Table 2.

Table 2

	Adjusted 2010/11 £m	2011/12 £m	2012/13 £m
Formula Grant	358.986	315.061	288.042
Cash Reduction		-43.926	-27.019
Variation in Core Grants		-7.512	0.634
Total Cash Reduction		-51.438	-26.385

- 3.2 On a cash to cash basis, the Council's formula grant for 2011/12 increased by £11.617m compared to 2010/11. This meant that the Council's net revenue charge for 2011/12 (which is the sum of Council Tax and Formula Grant) showed an increase from 2010/11. However, this masked the real position as the Council's specific grants showed a significant reduction, and a number of them were also transferred to Formula Grant which resulted in an increase in the Council's net revenue charge. After adjusting for the specific grants transferred, and for new responsibilities, the Council's 2011/12 formula grant represented a reduction of £43.926m or 12.2%.
- 3.3 The grant settlement involved not only a significant reduction in the overall level of government grants to local authorities, but also the reduction in the number of specific grants, and the transfer of some of them into Formula Grant and into new Core Grants including the Dedicated Schools Grant. This resulted in a net reduction of £7.5m in 2011/12 and an increase in 2012/13 of £0.6m. Overall, the settlement

meant that government funding to the Council reduced by £51.4m in 2011/12 with a further reduction of £26.4m in 2012/13.

- 3.4 The Department for Education (DfE) has determined that certain responsibilities transfer from a Local Authority to Academies when an Academy is formed. This is reflected through the payment of a grant to an Academy. The transferred responsibilities include both functions within the Schools Budget funded from the Dedicated Schools Grant, and Local Authority Central Education Functions funded from Local Authority resources. The DfE assumes that the transfer of responsibilities results in a reduction in Local Authority costs, and both the Dedicated Schools Grant funding the Schools Budget, and the Formula Grant funding Central Local Authority Education functions are reduced. For 2011/12 a simplistic calculation was used by the Government to remove grant funding from Local Authorities to reflect the transfer of central education functions to Academies, which for Leeds resulted in Formula Grant being reduced by £1.76m. A further adjustment for Academies is also included in the Council's draft Formula Grant for 2012/13 of £1.39m, a cumulative reduction of £3.15m.
- 3.5 Following a legal challenge from Local Authorities, the DfE has issued a consultation on 'the basis for the decision on the appropriate amount of Academies Funding Transfer for 2011/12 and 2012/13'. The consultation suggests that the original adjustments are understated due to the number of Academies and the increased savings that Local Authorities are therefore making. The consultation proposes that the funding transfer should be reviewed based on a revised profile of Academies. The DfE estimates assume that the Local Authority element of the reduction could be between £360m to £375m in 2011/12 and between £580m up to £680m in 2012/13. If a figure of £680m was removed from Formula Grant in 2012/13 on a simple pro-rata basis, the City Council would lose around £6.5m in 2012/13, rather than the £1.39m included in the 2012/13 settlement.
- 3.6 At the time of writing the outcome of the DfEs consultation is awaited. It should be noted that the determination of the reduction to Formula Grant is made by the DfE and has not been based on an assessment of the actual cost of Academies carrying out the transferred services, and is based on the simplistic assumption that Local Authorities should save pro-rata.
- 3.7 The Council's grant settlement for the final two years of the Spending review, namely 2013/14 and 2014/15 are not known at this stage, and will be subject to Government announcements nearer the time, but based upon the Spending Review, our best estimate is that we will face further grant reductions of:
- £9.9m in 2013/14
 - £25.6m in 2014/15

4.0 DEVELOPING THE COUNCIL'S BUDGET PLANS

- 4.1 It is clear that local government is facing a very different environment to that which it is has operated within in recent times. This is partly due to the Government's priority of eliminating the deficit within the public finances, but also reflects the Government's new policy agenda. At the same time we need to recognise that society's needs and aspirations have continued to increase and change.
- 4.2 How local government as a sector and as individual authorities respond to these new agendas will be key to the future. It is clear that councils cannot deliver any of their

services and objectives alone, and the reality is that the best cities and towns will need to combine the best values of all sectors: the accountability, fairness and public service ethos of local government, the connection with local people of the Third Sector, and the efficiency and dynamism of the private sector.

- 4.3 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. This new role would demand a new 'social contract' with local people to help make local places more liveable. It will also require businesses to play a more active role as corporate citizens and the third sector to act as a catalyst for connecting with local people.
- 4.4 It is also crucial that the Council's spending plans need to respond to the priorities of the people of Leeds. Last autumn, Leeds' residents gave their priorities for the Council's budget in the "Spending Challenge". In total there were over 2,000 responses, and the top spending priorities were:
- Tackle the worst anti-social behaviour first
 - Encourage people to recycle and throw less away
 - Help people stay in their own homes for as long as possible
 - Bring services together and make better use of building
 - Work to get local jobs for local people

People also gave their own ideas on ways the council can save money, including:

- Council should put on fewer free events and entertainment
 - Reduce staffing levels to save money
- 4.5 These priorities together with the "What if Leeds...." consultation that was undertaken during 2011 in the development of the city's vision, continue to guide the development of the Council's financial plans. The Council has however, taken the opportunity to ask the people of Leeds, whether the priorities they identified last autumn continue to be their main priorities. An article in the autumn edition of "About Leeds" asked residents to confirm that our spending challenge priorities are still the right ones. The results of this survey will be posted in the Members' library as soon as they are available.
- 4.6 The City of Leeds has an ambition to be not just the biggest in the North and the third largest in the country, but also to be the best city in the UK. If it is to achieve this ambition, Leeds City Council will need to be the best city council in the UK, providing strong civic leadership to galvanise the private, public and third sectors. The Council is also working to embed its new values, which are:
- Working as a team for Leeds
 - Being open, honest and trusted
 - Working with Communities
 - Treating people fairly
 - Spending money wisely
- 4.7 These changes will not happen overnight, but the Council's initial budget proposals need to be seen in the context of the Council responding to the new agendas. The Council's approach to the development of its future financial plans is based around the following actions:

- Resources need to be focused as much as possible on front line services to customers.
- Innovation will be key to the transformation of services.
- We are reviewing services and looking at collaboration opportunities across services in order to eliminate over-provision where this makes business sense.
- Opportunities will be identified and pursued where appropriate, to provide services in collaboration with other local authorities, or other public organisations within the City and if appropriate beyond.
- We expect to reduce our staffing levels by around 2500 by the end of 2015; every effort will be made to achieve this without compulsory redundancies.
- We are reducing our spend on goods and services through better demand management, renegotiating prices with suppliers, centralising some of our ordering arrangements and making system improvements.
- We are reducing the number of buildings we occupy and making more efficient use of office space in the buildings remaining. We are also reducing our energy usage in our buildings.
- We are reviewing our income from fees and charges, and introducing new charges where appropriate.

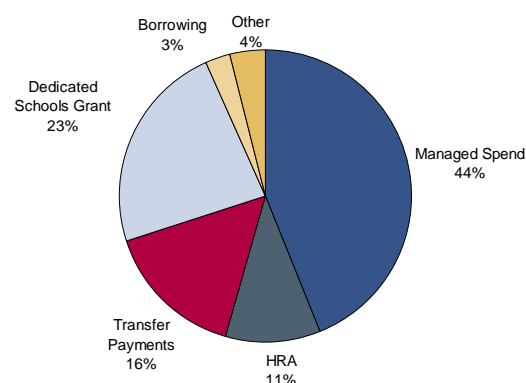
5.0 THE COUNCIL'S BUDGET

- 5.1 In understanding the financial challenge outlined above, it is useful to reiterate some of the constraints which impact upon the Council's ability to deliver savings. The Council's net revenue budget for 2011/12 was set at £582.2m supported by the use of £2m general fund reserves. However, the Council actually spends over £2bn each year. It is important to appreciate that the Council does not have full freedom to decide how to spend all of this money because much of it is given by central government as "ring-fenced" grants, which reflect past borrowing decisions or has other legal constraints. This means, for example, that certain funds can only be spent on schools, or on benefit payments, or on council housing. These constrained areas account for 56% of the Council's spending, so any savings can only be delivered from the remaining 44%.

Figure 1

Analysis of Revenue Budget 2011/12

	2011/12 £m
Managed Spend	888.1
Housing Revenue Account (HRA)	208.3
Transfer Payments	317.8
Dedicated Schools Grant	468.8
Borrowing	54.0
Other	80.7
Total	2,017.7

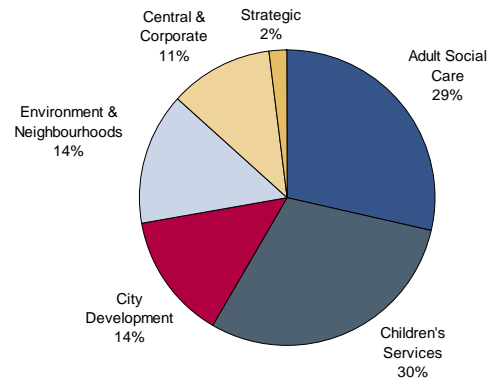


- 5.2 The managed expenditure from which savings can be made totals £888.1m, and is summarised by service below:

Figure 2

Managed spend by directorate

	2011/12 £m
Adult Social Care	254.2
Children's Services	265.0
City Development	122.9
Environment & Neighbourhoods	126.5
Central & Corporate	101.0
Strategic	18.5
Total	888.1

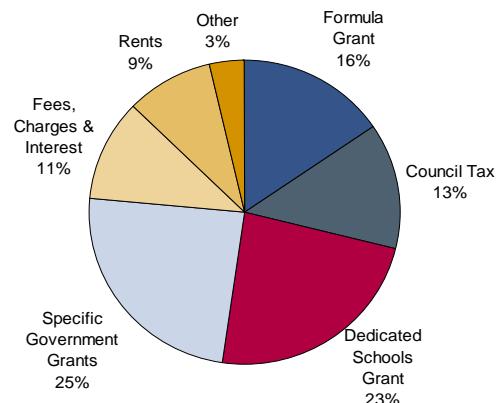


- 5.3 Around 63% of the Council's funding comes from Government as illustrated below, with just 13p in each £1 coming from local Council Tax payers.

Figure 3

Where the Money Comes From

	2011/12 £m
Formula Grant	315.1
Council Tax	267.1
Dedicated Schools Grant	468.8
Specific Government Grants	490.2
Fees, Charges & Interest	216.8
Rents	189.4
Other	70.3
Total	2,017.7



- 5.4 The Council collects £267.1m each year in Council Tax; this represents around 99.2% of amounts billed. The band D level of Council Tax (including Police and Fire precepts) in Leeds is currently £1,306.40, and is the 7th lowest amongst the metropolitan authorities and the second lowest amongst the eight Core Cities.

6.0 THE COUNCIL'S 2011/12 BUDGET

- 6.1 In 2011/12 the Council's grants from government reduced by £51.4m, and with nearly £40m of its own cost pressures, this meant that in total the Council had to identify around £90m of savings. To date progress has been very good and it is expected that the Council's budget for 2011/12 will be achieved by the end of March 2012. At the same time the Council has strengthened its revenue reserves in order to provide more resilience at a time of greater financial risk.

7.0 INITIAL BUDGET PROPOSALS 2012/13

- 7.1 This section provides a strategic overview of the initial budget proposals for 2012/13. Further detailed information is provided in Appendix 1 as to how the proposals relate to individual directorates.
- 7.2 The financial year 2012/13 is the second year of the CSR and once again the Council's funding from government reduces, this time by £26.4m. In addition with inflation running at 5% and growing demands for services in both Children's and Adult Social Care, we have identified cost pressures of £29m. The Council is therefore faced with identifying cost saving measures of £55.4m in 2012/13, as summarised and explained below:

Table 3

	2012/13 £000s
Funding	
Formula Grant reduction	27,000
Core Grants	-600
Sub-Total	26,400
Inflation	3,570
Pressures	
Adults	9,200
Children's	13,850
City Development	1,500
E&N	826
Debt	4,000
Carbon Reduction (GF)	700
Other base pressures/ongoing efficiencies	-4,642
Sub-Total Other Pressures	25,434
Total Pressures incl funding reduction	55,404

- 7.3 The key assumptions behind the pressures of £29m are as follows:

Inflation of £3.5m: After taking account of necessary further reductions in staff numbers, the initial proposals for the 2012/13 budget provide for a 1% growth in staffing budgets; this reflects an expectation that following two years of a pay freeze, there will be a need to provide for an increase in staff pay. The level and timing of such an increase will have to be contained within budget provision and therefore the extent to which this exceeds the amount provided could result in the need for further staff reductions. Savings are also assumed due to the effect on employer's pension contributions as a result of the present review. Despite cost inflation currently running at 5%, no provision will be made for inflation on running cost budgets, other than where there are specific contractual commitments and utilities. This implies further procurement savings will be required. Provision has also been made for the £8 per tonne increase in Landfill Tax from April 2012.

In terms of the level of fees and charges made for Council services, it is recognised that there is a need to carefully balance increases, which considers the level of inflation, and what people can afford. As such there is no general increase proposed, but there are a number of specific proposals where it is felt that the market will bear such an increase. Any proposals for increases in fees and charges are detailed in the

attached Appendix 1 and overall they are forecast to generate additional income of £2.5m.

7.4 Demand Led Spending – additional provision is made in the following areas of spend:

- **Adult Social care** – These budget proposals provide for an additional £9.2m to provide funding towards the cost of the continuing impact of an ageing population and the needs of people with learning disabilities. This also reflects the current year pressure on the community care budgets for residential nursing and domiciliary care. Additional provision is also included for the Council's contribution towards the learning disability pooled budget, which as well as reflecting increasing numbers, also reflects the increasing complexity of people's needs. It is recognised that these demographic pressures will continue to grow in the long term, and will present the Council with significant financial challenges.
- **Children's Social care** – Over the last few years, the Council has seen significant increases in the level of demand for children's social care. It is proposed that the Council prioritises improvements in social care services to young people and the safeguarding of vulnerable children in the city. This includes £10.9m which will be used to fund additional external placements and the rise in the cost of fostering care reflecting the trends experienced in the current year. The directorate are developing plans with partners which in the medium and longer term are aimed at halting and indeed reversing the level of demand for high cost social care provision. To support this approach, £2.1m is provided for early intervention and prevention. In addition, £0.9m is provided for the expansion of childcare for vulnerable 2 year olds in accordance with Government policy.

7.5 Declining Income Levels

- **City Development** – the current economic climate is impacting on income within the directorate and provision has been made for a reduction in planning and building fees and income from markets reflecting the current trend.
- **Car parking income** – the current year has seen a significant decline in car parking income, which includes the loss of some car parking spaces. Accordingly the budget for 2012/13 will need to be adjusted to reflect this trend and the proposed closure of further car parks during the year to facilitate a number of major developments in the city.

7.6 Capital Charges – It is currently estimated that as a minimum capital financing costs will increase by around £4m in 2012/13 in order to deal with existing capital commitments. This still assumes we continue with our strategy of keeping new borrowing on short term to take advantage of low rates and includes a target reduction that will need to be achieved through a combination of:

- A rigorous review of the capital programme beyond the extent of the current review and restricting further capital commitments;
- Funding new commitments through selling assets; and/or,
- Using asset sales to repay debt.

7.7 Carbon Reduction Commitment - Under the government's new Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which is a mandatory

scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations, the Council will be required to purchase allowances to cover its CO2 emissions (excluding transport emissions) from 2012. The price of these allowances has been set by the government initially at £12 per tonne and this is expected to cost the Council around £1.3m per annum. This means that any measures which reduce the Council's emissions will have a direct financial benefit in terms of CRC costs avoided. The impact on General Fund services is likely to be around £0.7m with a further £0.6m relating to schools.

- 7.8 **Other Base Budget Pressures and Savings** – directorates have been required to review their base budget to identify efficiencies over and above those specifically outlined above. These take account of pressures and trends including reductions in running cost budgets, maximising/re-prioritising grants and contributions as well as reviews of contracts and commissioning activity.

The net position in respect of these other base budget pressures and savings is a net saving of £4.6m.

- 7.9 The proposals for bridging this £55.4m gap are summarised and explained below:

Table 4

	2012/13 £000s
Funding:	
Recurring	
Tax Base growth	-2,000
New Homes Bonus	-5,300
Non Recurring	
Council Tax - Council Tax freeze	-6,740
PFI reserve	-9,900
General reserves	-3,000
Sub-Total	-26,940
Summary Proposals	
Employees	-9,725
Premises	-200
External placements/providers	-1,463
Procurement	-3,130
Transport	-1,080
Income	-7,826
Alternative funding sources	-5,040
Sub-Total	-28,464
Total	-55,404

- 7.9.1 It is estimated that the increase in the Council tax base will generate additional funding of £2m. This takes account of an exercise that the City Council has commenced to review single person discounts. In addition, we estimate that the New Homes Bonus scheme¹ which commenced in 2011/12 will generate £5.3m in 2012/13.

¹ The Government will match fund the council tax for every new home built for each of the following six years.

- 7.9.2 This initial budget proposes that the level of the Leeds element of the Council Tax is frozen for the second year. In doing this the Council will be able to take advantage of the Government's 2012/13 Council Tax freeze grant. This grant is worth the equivalent of a 2.5% Council Tax increase, which is £6.7m for Leeds. However, unlike the Government's 2011/12 Council Tax freeze grant which is guaranteed for four years, the 2012/13 grant is for one year only. Therefore, it needs to be recognised that this grant will fall out in 2013/14 and will therefore require further savings to be identified to replace this amount. On the basis of this proposal the Leeds element of the Council Tax for 2012/13 will be as detailed below (the precepts for Police and Fire are matters for the Police and Fire authorities to determine):

Table 5

	2011/12	2012/13
	£	£
Band A	748.99	748.99
Band B	873.82	873.82
Band C	998.66	998.66
Band D	1123.49	1123.49
Band E	1373.15	1373.15
Band F	1622.82	1622.82
Band G	1872.48	1872.48
Band H	2246.98	2246.98

- 7.9.3 In addition, this initial budget proposes that we use a number of reserves to reduce the impact of the reductions upon services:
- In order to mitigate against the loss of government grants, it is proposed to utilise the Schools PFI earmarked reserve which is estimated to be £9.9m at the end of 2011/12. The Council's PFI schemes use sinking funds to equalise payments with PFI grant over the life of the schemes. Depending on the nature of the scheme, where PFI credits exceed costs in the early years of the scheme, a reserve is established to be used in the later years. By using the reserve in 2012/13, the Council will have more time to deal with some of the pressures especially around the short term demand in Children's services, although it will create a budget pressure in 2013/14 of £0.13m and a further £0.13m in 2014/15 which will have to be resourced.
 - The Council's reserves at 31st March 2012 are forecast to be £4.6m higher than the original budget assumed. It is therefore proposed that the revenue budget for 2012/13 is supported by a £5m contribution from reserves, an increase of £3m over the level assumed in 2011/12.

Table 6

	2011/12	2012/13
	£m	£m
Balance 1st April	29.6	24.0
Less: transfer to ELI reserve	-3.6	
usage in year	-2.0	-5.0
Estimated Balance 31st March	24.0	19.0

7.9.4 The Council will continue to review its level of reserves in the light of its risk based approach to assessing the adequacy of its reserves. Looking beyond 2012/13, an important additional consideration to this assessment is the uncertainty that will be introduced should the Government's current proposals for the retention of business rates be implemented from 2013/14 as currently planned. This is explained further in paragraph 11.4 below.

7.10 However, even taking account of the above additional sources of funding, further savings will need to be made within service budgets. The paragraphs below provide an overview of these initial budget proposals and attached at Appendix 1 are details of each directorate's initial budget proposals. The proposed savings within directorate budgets can be summarised as follows:

7.10.1 **Employees** – in response to the Spending Review 2010, the Council recognised that it would be necessary to significantly reduce its workforce. The Council launched a voluntary retirement and severance scheme in 2010/11 which resulted in a reduction in the workforce of 1,159 ftes at the 31st March 2011. This scheme has continued during 2011/12 and the deadline for expressions of interest has now passed. The current year's budget assumed that the equivalent of around 400 ftes would leave the Council, and whilst precise figures are not yet available, it is anticipated that the reduction by the end of the year will exceed this number, and staffing savings of around £9.7m are included in the 2012/13 budget. The Council's expectation following the Spending Review was that there would be a reduction of around 2,500 ftes over the 4 year period 2011/12 - 2014/15, and to achieve this, further reductions will be required in 2013/14 and 2014/15.

These reductions are expected to be achieved through a combination of:

- continuing the Council's current recruitment freeze
- assuming a normal level of staff turnover with replacements being restricted to essential posts only
- the launch of further Early Leaver Initiative schemes as appropriate

Our approach will mean that staff will leave the authority from across the whole range of services and it will be necessary therefore to manage this very carefully and make arrangements to retrain and redeploy staff where appropriate.

A review of the Council's trade union facilities agreements reflecting the reduction in the Council's workforce is proposed, and in the light of this a £40k saving is included in these proposals.

7.10.2 **Procurement** - During 2011/12 systems have been put in place to ensure that the Council continues to achieve the significant savings built into the 2011/12 budget on a recurring basis. These amount to £25m of savings which are being achieved through:

- Contract renewals and renegotiations;
- Strict adherence to corporate contract arrangements;
- Further contracts put in place where they do not currently exist; and
- Minimising the number of officers with the authority to commit the Council to further spending, including challenging the need to spend at all.

In addition to cash limiting most running cost budgets, which is estimated to save around £10m, the initial budget includes specific proposals to save a further £3.1m from procurement activity including:-

- £0.5m general fund savings on the new grass cutting contract from January 2012
- £0.3m on waste management contracts
- £0.3m on IT contracts
- Within Adults, the achievability of the 2011/12 budgeted savings from reduced placement fee levels has been reviewed. A revised approach based on quality payments is now being progressed and this was outlined in a report to Executive Board in September 2011. Savings of £1m are included for the anticipated impact in 2012/13 of this revised approach.
- £1m forecast savings on external placements within Children's Services through improved commissioning and contracting, including regional collaboration.

7.10.3 The Third Sector and External Providers

It is recognised that the budget for 2011/12 contained significant savings to be made within the Third Sector which in some instances reflected a desire to achieve a 3 year medium term financial plan target of 15% in year one rather than seeking year on year incremental reductions. The savings have been achieved through close working with the sector and, in some instances the adoption of different models of service. The Council values its partnership with the Third Sector and the sector provides many important services which are complementary to the Council's objectives, and these partnerships will continue to be essential into the future. The approach of individual directorates to the third sector will vary to some degree depending upon priorities and available opportunities. In general the budget proposals do not require further efficiencies on the same scale in 2012/13, but there are a number of specific proposals which are detailed within Appendix 1.

However, there are specific proposals for reducing the Supporting People which reflects an incremental approach to the £10.6m cut in the Government's funding for Supporting People made in the 2011/12 settlement. In addition, the Council is undertaking a review of its advice services. All the organisations affected have already been informed about the prospects of some reductions in funding and provider meetings are scheduled to take place in November. The outcomes of the recent Welfare Review included recommendations for exploring co-location of provision across Council and Third Sector organisations which could help to deliver efficiencies, although it is recognised that levels of demand are also likely to rise as a result of the Welfare Reforms.

In 2011/12, through the Leeds Community Foundation, the Council provided funding for the establishment of a transition fund to assist Third Sector groups to adjust to funding changes. The applications that were supported were required to evidence that they had experienced a loss in funding, that they provide frontline services and that they had plans as to how they will be able to transform their organisation to be more sustainable in the future. In total fourteen applications were supported. The 2012/13 budget proposes to provide £150k to support the work of the Leeds Community Foundation in this area.

Although it is proposed that support to major arts organisations is reduced in 2012/13, these organisations have been working with the Council this year to

improve the grants process to better support planning and sustainability. The Council has also been working closely with smaller organisations and individuals responding to their needs. As a result a new approach has been introduced which will see the arts@leeds funding stream developed on a more sustainable basis with more focused criteria. In addition, the Leeds Inspired funding stream has been introduced which will support activity in each year which engages local people in participatory activity. It is proposed that the £0.3m that the Council currently contributes to the West Yorkshire Grants Scheme will be allocated to this funding stream along with some of the old arts@leeds funding.

Efficiency savings in the cost of services provided by the West Yorkshire Joint Services Committee (after the cessation of its grant funding scheme) and the West Yorkshire Integrated Transport Authority have also been assumed which will save £0.9m.

- 7.10.4 **Transport** – The Council aims to reduce the cost of transport by £0.9m by reducing the cost of transporting children from home to school through an invest to save scheme for independent travel trainers, and reviewing the transport policy and practices within Adult Social Care.
- 7.10.5 **Income** - As explained in paragraph 7.3 above, the initial budget proposals do include some increases in the level of fees and charges in particular services. In addition, a number of further income sources are included within the detailed directorate proposals at Appendix 1. These are estimated to generate an additional £5.2m and include £3m assumed funding from Health, a review of traded income with schools £0.5m, and £1m additional income generating opportunities from within Resources. A further review of charges for non-residential adult social care services was approved by Executive Board in July 2011 when the most recent charging changes were made. The review will include reconsidering the financial assessment methodology, services not currently charged for and anomalies in the current arrangements. The main services not currently charged for are Care Ring, respite/sitting services, the delivery & collection of community equipment and telecare equipment maintenance. Proposals will be brought to Executive Board in June 2012 followed by an extensive consultation process. Final recommendations taking account of the consultation outcomes and equality impact assessment will come to the Executive Board in November or December 2012. The earliest implementation for any changes would be 1st January 2013 and the 2012/13 budget proposals include £0.25m for the anticipated part-year effect of this review.
- 7.10.6 **Alternative funding sources** - a number of service areas have identified areas of spend totalling £4.9m which are more appropriately charged to non general fund services or to other organisations who have alternative funding streams. This includes changing the funding arrangements for the Sheltered Wardens service from Supporting People to Housing Benefit which will save £2.3m in 2012/13, with no impact on the wardens service.
- 7.10.7 There are a number of specific growth proposals identified in other sections of the report. In addition it is proposed that £200k additional funding is provided in support of the City's programme of events for the 2012 Olympics and Queen's Diamond Jubilee.

7.10.8 The proposals outlined above are reflected in the table below which gives a subjective breakdown of the Council's initial budget in 2012/13, compared to 2011/12.

Table 7

	Budget 2011/12 £000s	Draft Budget 2012/13 £000s	%age variation
Employees	433,173	428,410	-1.1%
Running Costs	156,039	153,313	-1.7%
Transport	44,847	44,007	-1.9%
Capital Charges	57,759	61,759	6.9%
Payments to External Service Providers	302,733	320,239	5.8%
Fees & Charges/Rents	- 206,064	- 218,701	6.1%
Specific Grant	- 197,576	- 198,176	0.3%
Council Tax freeze grant	- 6,683	- 13,423	
New Homes Bonus		- 5,300	
Use of Reserves	- 2,000	- 14,900	
Net Spend before grants	582,228	557,228	-4.3%
Funded by:			
Formula Grant	- 315,061	- 288,061	-8.6%
Council Tax	- 267,167	- 269,167	0.7%
Total funding	- 582,228	- 557,228	-4.3%

7.10.9 The following pie charts show the share of the Council's net managed expenditure between directorates over the two years 2011/12 and initial budget proposals 2012/13. The proportion of the Council's spend on Children's Services and Adult Social Care has increased from 48.5% in 2010/11, 52.4% in 2011/12 to 55.9% in 2012/13, reflecting the Council's prioritisation of spending in these areas.

Chart 3

Net Managed Budgets 2011/12

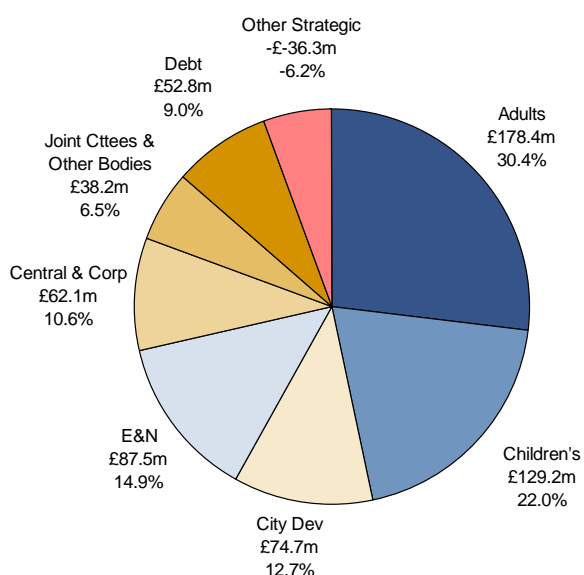
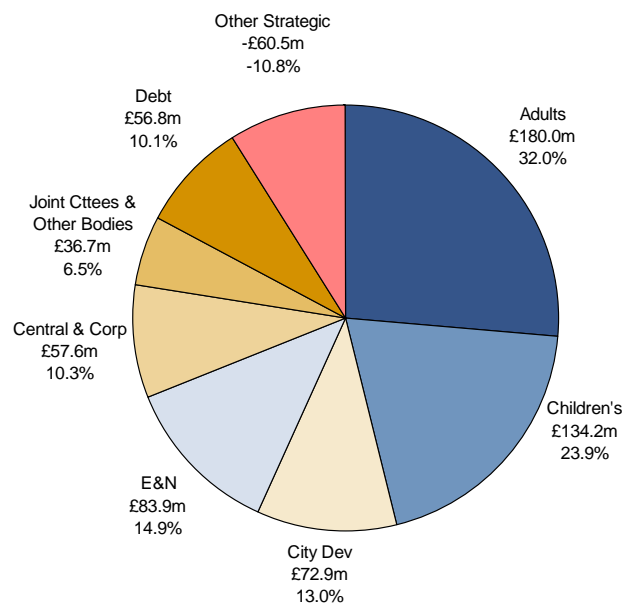


Chart 4

Net Managed Budgets 2012/13



8.0 THE SCHOOLS BUDGET

- 8.1 The Schools Budget is funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and may only be applied to meet costs that fall within the Local Authority Schools Budget. Any under or over spend of grant from one year must be carried forward and applied to the Schools Budget in future years. The Schools Budget comprises of Individual School Budgets delegated to schools, the 15hrs of free early years education for 3 and 4 year olds attending private, voluntary and independent settings and a number of prescribed services and costs in support of education in schools.
- 8.2 The DSG for 2012/13 will be calculated by multiplying pupil numbers in Leeds (including those attending Academies) as at January 2012 by a fixed rate of funding of £4,945.95. Total pupil numbers are estimated to increase by 1,176 from January 2011. This is through a combination of increasing numbers in Nursery and Primary Schools and falling numbers in Secondary Schools and should provide a year on year increase in the DSG of £5.82m.
- 8.3 However, the gross DSG is then reduced by an amount equivalent to the delegated budget that would be paid to each Academy, and is also reduced based on an assumption that many of the centrally retained budgets also support Academies.
- 8.4 It is estimated that the gross DSG will be reduced by at least £69.45m in transfer payments due to Academies. The final dedicated schools grant will only be known in June 2012, however it is estimated that the initial DSG will reduce by 7.2% year on year.
- 8.5 Further details as to the Schools budget is included in Appendix 1.

9.0 HOUSING REVENUE ACCOUNT (HRA)

- 9.1 The HRA includes all the expenditure and income incurred in managing the Council's housing stock, and, in accordance with Government legislation operates as a ring fenced account. From 1 April 2012 the Government are introducing a system of self financing for the HRA. This means that Housing Subsidy will cease to exist and the HRA will be allowed to retain all its rental income in return for a one off adjustment of its housing debt (the debt settlement). An indicative debt settlement figure was received by the Council in February 2011, however the Government have indicated that this figure will change.
- 9.2 In previous years the Government issued a Housing Subsidy Determination which amongst other things, detailed the rent increase which the Government assumed the Council would implement. This was a key assumption informing the rent increase and consequently the HRA budget.
- 9.3 The final debt settlement figure for the Council will be based on a number of assumptions including the level of rent increase from 2012/13 onwards. A draft settlement has now been issued for consultation with the final settlement due on the 28th January 2012.
- 9.4 The debt settlement figure and the assumptions upon which it is based will have a major impact on both the 2012/13 HRA budget and the HRA 30 year Business Plan, which is currently being developed. It has therefore been agreed that in order to take these into account the HRA Business Plan (including a draft 2012/13 budget) will be reported to Executive Board in January 2012.

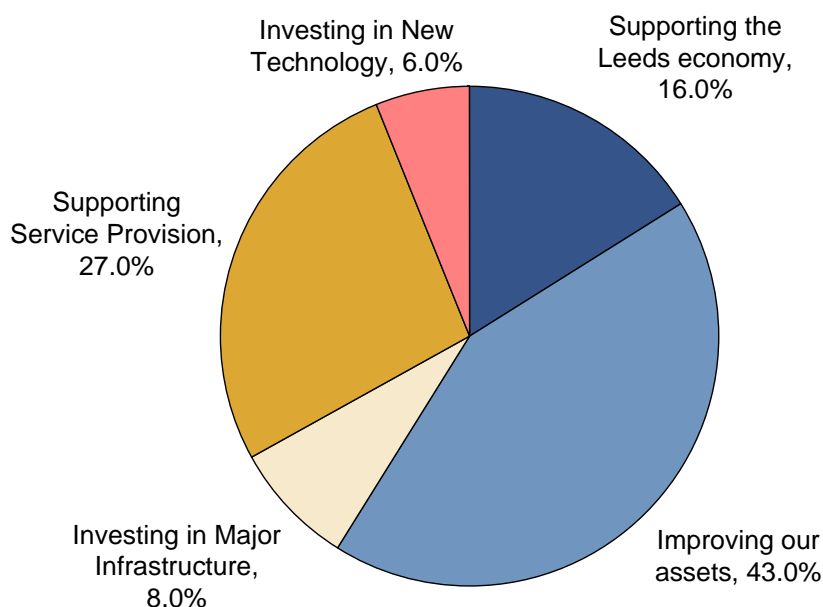
10.0 CAPITAL PROGRAMME

- 10.1 Over the period 2012/13 to 2014/15 the Council plans to spend £445m on capital investment. The programme is funded by external sources in the form of grants and contributions and also by borrowing and reserves. Where borrowing is used to fund the programme, the revenue costs of the borrowing form part of the revenue budget. Our asset portfolio is valued in the Council's published accounts at £3.5bn excluding the value of community assets such as highways and parks, and the Council's debt stands at £2.0bn. For every £1 of debt the Council has assets of £1.75.
- 10.2 The Council's approach to capital investment can be summarised into the following categories:
1. Improving our assets;
 2. Investing in major infrastructure;
 3. Supporting service provision;
 4. Investing in new technology;
 5. Supporting the Leeds economy.

Set out below is a chart which shows the Council's spend across these categories, and Appendix 2 shows a more detailed analysis.

Chart 5

Capital Programme incl HRA 2012/13 - 2014/15



10.3 Improving our Assets

As set out above the Council holds a considerable asset portfolio, which is valued at least at £3.5bn which it holds mainly in support of service provision. With such a considerable asset portfolio the council has an extensive provision to improve both

the life and value of these assets. This includes continued major programmes to invest in the highway network and the Council's housing stock, and the refurbishment of schools and other buildings across the city.

10.4 Investing in major Infrastructure

There are major infrastructure needs in the city, in particular with respect to transport and flood alleviation. The Council, in partnership with the West Yorkshire Integrated Transport Authority, is promoting the New Generation Transport (NGT) scheme and development costs of the scheme so far have been met by the two authorities. The capital programme over the next three years provides for a further £20m as the Council's contribution to this major development. Similarly the Council is working with partners to secure a scheme which will provide increased protection to the city from the risk of flooding and a sum of £10m has been set aside in the programme to support this scheme.

The Council is working in partnership with stakeholders from all sectors in the city to develop an infrastructure investment programme. This "City Investment Programme" will require funding from a range of sources. There are a range of new funding mechanisms which may be available to the Council, including Local Asset Backed vehicles, Community Infrastructure Levies and Tax Increment Financing, and the City Council continues to explore these opportunities.

10.5 Supporting service provision

The proposed capital programme provides £120m in support of the development of services. In Adult Social Care we are supporting more people to remain independently in their own homes, in line with national policy, through investment in the Telecare programme and disabled facilities grants.

Within Children's Services, demographic change and rising birth rates are placing significant pressure on the need to provide additional primary school places and this is expected to continue until 2018. Over the three year period to 2014/15, over £40m is included in the programme for this purpose. A further £11m is provided under the Primary Capital Programme. The final schemes in the Building Schools for the Future programme are now agreed and the programme provides for investment under this programme of £23m.

Provision is included to extend our cemetery provision and upgrade our crematoria as well as supporting the refuse collection service through a programme of bin replacement and expansion of the recycling and garden waste services.

10.6 Investing in new technology

Information Technology is now a fundamentally important part of our society and it is important that the Council ensures that it has a technology infrastructure which will support the expectations of the whole community. It is proposed that the programme therefore provides for the essential upgrade of the whole of the Council's IT infrastructure. There is provision for the development of a new Council website which will be launched in the summer of 2012; this will lead to an increasing number of services and transactions which can be accessed online. In addition the programme provides for investment in new technology to support key front line services in Children's and Adults social care, and in support of new ways of working under the

Council's Changing the Workplace initiative which is helping reduce our office accommodation and respond to the changing demands on our workforce.

10.7 Supporting the Leeds economy

In the current difficult financial environment the city faces many economic challenges. The City Council's capital programme makes provision for a number of schemes and projects to support the city's aims in this respect. Support for affordable housing initiatives is provided through a number of means. Direct capital programme funding of £2.4m is provided for site clearance and onward sale of sites to Registered Social Landlords and this should support the delivery of over 350 affordable homes in the city over the period of the programme.

The programme provides for the new Arena which is progressing well in construction and will be open in 2013. The City Market plays a key role in the city centre and the Council is committed to ensure its future is sustained; £0.4m is provided in the programme to provide essential improvements.

In order to support innovation and economic initiatives in the city, with particular emphasis on projects which will reduce carbon emissions in the city, it is proposed to provide a fund of £15m in the capital programme. If this is agreed, details of how this fund will be allocated and made available will be drawn up for consideration by Members.

11.0 **MEDIUM TERM FINANCIAL PLANNING 2013/14 – 2014/15**

11.1 As explained earlier, in line with the Government's Spending review, it is to be expected that the Council will need to make further significant savings in 2013/14 and 2014/15. Our current best estimate of the reduction in our Government grants for these years are:

- £9.9m in 2013/14
- £25.6m in 2014/15

11.2 We have undertaken an initial projection of our likely funding gap in these two years, which takes account of the following assumptions

- Reductions in Government Grant as detailed in 11.1 above
- Fall out of the Council Tax Freeze Grant in 2013/14
- Fall out of one of use of the schools PFI Reserve
- Continuing use of General fund Reserves of just £2m
- Increase in the Council Tax base and a reasonable increase in the Council Tax
- Inflation and pay awards
- Full year effect of 2012/13 pressures and savings
- Continuing demand pressures in Adults Social Care and Children's Services

11.3 Based upon the above, and as summarised in Table 8 below, it is estimated that further savings of £43m will be required in 2013/14 and £50m in 2014/15.

Table 8

	2013/14 £m	2014/15 £m
Funding		
Formula Grant	8.1	20.9
Core Grants	1.8	4.7
	9.9	25.6
Council Tax/Tax Base	-7.8	-8.0
2012/13 Council Tax Freeze Grant	6.7	
New Homes Bonus	-2.6	-2.6
Use of PFI reserve	9.9	
Use of General Fund Reserves	3.0	
Total Funding	19.1	15.0
Spending		
Inflation and Pay Awards	15.1	20.0
Debt	6.0	8.0
Demand Pressures		
Adults	5.1	5.1
Children's	-2.4	0
Income pressures	1.4	0.4
Other base pressures/ongoing efficiencies	1.0	1.0
Savings proposals/options	-2.5	
Total spending pressures	23.7	34.5
Savings to be identified	42.8	49.5

- 11.4 The above estimate of the reduction in the Council's Formula and Core Grants from Government in 2013/14 and 2014/15 is based upon an assessment of the impact of the Spending Review for those years. It does not take account of the Government's Local Government Resource Review, and its proposals for business rate retention. Under the proposals the current Formula Grant system would cease and, instead, from 2013/14 onwards, local authorities would be allowed to keep a proportion of their growth in business rates locally. A system of top-ups and tariffs would be applied to balance resources between those authorities whose funding would exceed their business rates income and those where the opposite would apply. The proposals represent a fundamental shift in approach to funding local, but would also transfer the risk associated with business rates from central government to local authorities. At present, business rates are paid into a national pool and redistributed to local authorities as part of the local government finance settlement, with any surpluses or deficits being managed nationally. Moreover, in what would be the first two years of the scheme it does appear that there will be significant constraints upon an authority's ability to gain from the new arrangement, and as such our forecasts do not assume any additional income from the retention of business rates in 2013/14 and 2014/15.
- 11.5 Also the above does not take account of the transfer of public health functions to local authorities scheduled to take place from 2013/14. The council is working with Public Health, NHS to progress the transfer of the service to the council by 1 April 2013. A transition group is being established with members of Public Health and the Council, to lead on making the appropriate arrangements for the transfer and to co-ordinate communications across service areas and to employees during the transition period. Public Health covers a range of service provision to the City including; Health Improvement (covering commissioning, developing policy and services, informing, educating and empowering, developing communities), Health Protection and Public Health Advice to the NHS Commissioning Board. The total

amount of funding that has been identified as likely to transfer to local authorities is approximately £30m, although the final figure is still to be confirmed.

- 11.6 It is clear from the above that 2013/14 and 2014/15 will be difficult years. Significant savings will be required and it is important that early progress is made in identifying saving options for these years.
- 11.7 In reviewing the Council's medium term financial plans, it is recognised that there are a number of national factors, which could have an impact on the Council's future funding and service provision which at this time are not factored into the above assessment. These are discussed in more detail below:
- 11.7.1 **The National Economic Environment** - The latest forecast for economic growth in the current year is 0.9% and for next year is just 0.7%. Although interest rates are predicted to remain at a very low level for the foreseeable future, inflation is still well over the Government's 2% target. The Council is affected by these factors in a number of ways. Many of its income streams are dependent on growth; Planning, Building Control and Search Fees remain under pressure. Costs of goods and services will continue to rise with relatively high inflation and it is unclear how this will affect staffing costs in the future. There has been no cost of living pay award for the last two years and it was announced in the Chancellor's Autumn Statement that public sector pay increases would be capped at an average of 1% for the next two years. Income generated from capital receipts is well below historic levels.
- 11.7.2 **Welfare Reform** - The Government is also consulting on a proposal to localise Council Tax benefit 'Localising Support for Council Tax in England'. Under the proposal the Government would provide a fixed amount of money (it proposes a 10% reduction on the current council tax benefit bill), from which the Council would have to try and meet the costs of council tax benefit. If a council cannot achieve that saving then the cost burden will fall on their local tax payers. This represents a major shift in budget risk away from central government to local government. Even small changes in caseload could see local authorities struggling to contain benefit expenditure within budget. The 2011/12 budget for council tax benefit in Leeds is around £55.7m - a 10% reduction would require savings in council tax benefits of £5.6m. The consultation paper doesn't propose any specific scheme details although Councils are encouraged to do this through establishing a local scheme. The impact of welfare reforms on the city could be significant, and the Council will be under pressure to identify the capacity to respond to this challenge. The consultation paper proposes an ambitious target implementation date of April 2013.
- 11.7.3 The Government's welfare reform proposals would also see the following benefits combined into a single Universal Credit:
- Housing Benefit;
 - Income Support;
 - Income based job seekers allowance;
 - Income related employment and support allowances,
 - Working Tax Credit and Child Tax Credits.

The Government proposes that the universal credit be delivered at a national level. This would mean that local authorities would no longer be responsible for processing housing benefit applications severing the long standing link between housing and council tax benefits. This would clearly have very serious implications for the Council particularly when considered with the proposals for formula grant and council tax benefits.

12.0 CORPORATE CONSIDERATIONS

12.1 Consultation and Engagement

- 12.1.1 As explained at sections 4 and 9 above the initial budget proposals have been informed through a number consultations including an article in the autumn edition of “About Leeds” asking residents to confirm that our spending challenge priorities are still the right ones. Subject to the approval of the board, this report will be submitted to Scrutiny for their consideration and review, with the outcome of their deliberations to be reported to the planned meeting of this board on the 10th February 2012.
- 12.1.2 Consultation is an ongoing process and residents are consulted on many issues during the year. It is also proposed that this report is used for wider consultation with the public through the Leeds internet and with other stakeholders. Consultation is on-going with representatives from the Third Sector, and plans are in place to consult with the Youth Council and the Business sector prior to finalisation of the budget.

12.2. Equality and Diversity / Cohesion and Integration

- 12.2.1 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 and the council is also committed to continuing to publish all of these. This process was improved and strengthened last year. Specific guidance has also been developed to consider equality and organisational change impacting on the workforce. This includes employment issues such as re-organisation and job redesign, flexible deployment and early leavers initiatives.
- 12.2.2 The Council has continued to further develop its approach which has included work by Corporate Governance to revise and improve report writing guidance which includes specific reference to providing evidence on how equality is considered/or was not considered to be relevant in the decision making process.
- 12.2.3 In addition the Council Business Plan 2011 – 2015 outlines what we want to change and improve over the next four years. The plan is underpinned by a clear set of values and priorities for action. In addition to the Directorate priorities a set of cross council priorities has been introduced. One of these cross council priorities is that there is evidence that equality is given due regard in Council policy and decision making. The indicator builds on the commitment made last year to understanding the impact of the budget and the decisions made by the council on equality and diversity issues.
- 12.2.4 By providing evidence that we have done this for our most important decisions, we can be sure that we are meeting our legal and moral obligations. This cross council priority has a target that every year we will be able to evidence that equality issues have been considered in 100 per cent of major decisions. This indicator will assist in focusing attention in this area to ensure both legal compliance and also to ensure that the council takes account of the needs of all communities.

- 12.2.5 To further support this work to embed equality in the decision making process workshops and briefings have taken place with both officers and members, and these will continue to take place and to be further rolled out. The Equality Position Statement 2011 has also been developed and this provides considerable factual information about outcomes for different equality communities, which can be used to inform the screenings and EIAs, and this is being widely promoted.
- 12.2.6 Where budget considerations are taking place in directorates these do so within the normal decision making process, which gives due regard to equality through use of screening and equality impact assessments. Each directorate currently has access to support from a member of the Equality Team who will be involved in the due regard process.
- 12.2.7 The initial budget proposals contained within this report have, where appropriate, been the subject of the Council's equality impact assessment process. The screening process has been undertaken to understand the significance of any potential impact on equality considerations, which then determines whether a full equality impact assessment is required. The position for individual proposals is indicated in appendix 1.

12.3 Council Policies and City Priorities

- 12.3.1 The initial budget proposals seek to ensure that the policies and priorities of the Council are supported by directing financial resources towards the Council's policies and priorities.

12.4 Resources and Value for Money

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

12.5 Legal Implications, Access to Information and Call In

- 12.5.1 This report has been produced in compliance with the Council's Budget and Policy Framework. In accordance with this framework, the initial budget proposals, once approved by the board will be submitted to Scrutiny for their review and consideration. The outcome of their review will be reported to the February 2012 meeting of this board at which proposals for the 2012/13 budget will be considered prior to submission to full Council on the 22nd February 2012.
- 12.5.2 The initial budget proposals will, if implemented, 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.
- 12.5.3 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's budget are reserved to Council. As such, the recommendation at 14.1 is not subject to call in, as the budget is a matter that will ultimately be determined by Council, and this report is in compliance with the Council's constitution as to the publication of initial budget proposals two months prior to adoption.

12.6 Risks

12.6.1 A full risk assessment will be undertaken of the Council's financial plans as part of the normal budget process, but it is clear that there are a number of risks that could impact upon these plans put forward in this report; some of the more significant ones are set out below.

- Reductions in government grants are greater than anticipated. Grant figures for the Council for 2013/14 and 2014/15 will not be known until later in the planning period.
- Inflation and pay awards could be greater than anticipated.
- Other sources of income and funding could continue to decline.
- Demand pressures in Adult Social care and Children's services could be greater than anticipated.
- The delivery of savings from the Council's transformation agenda and other saving options could be delayed or less than anticipated.
- Changes in interest rates could impact upon capital financing charges.
- Asset sales could be delayed requiring the Council to borrow more to fund investment.
- Reductions in staffing numbers from early leaver initiatives and natural turnover could be less than anticipated.
- Impact of Government policy changes, including the Government's Local Government Resource Review.
- Failure to understand and respond to the equality impact assessment.

12.6.2 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.

13.0 CONCLUSIONS

13.1 At a time when many of the services provided by the Council face significant demand pressures now and into the future, the government's 2010 Spending Review and resulting grant settlements present a significant financial challenge to the Council. In the current year, the Council has had to find savings of around £90m, and the Council has responded exceptionally well to the challenge and the Council expects to achieve its budget by the end of March 2012. However, the challenge facing the Council is not just a financial one, but is also how we respond to a new policy agenda and new expectations and demands. The Council recognises that it needs to change, and is developing a concept of civic enterprise which will require the Council to transform the way it works and how it works in partnership with the private and third sectors. As such it will alter its relationship with the people of Leeds, but the ultimate aim must be to make Leeds a better place to live for all the people of Leeds.

13.2 The Council's approach to medium term financial strategy is consistent with previous years in that it is designed to provide an overall financial framework to ensure that the Council's key priorities can be supported within the available funding over the planning period, and to inform the delivery of the Council's annual budget. 2012/13 is the second year of the Spending Review, and the Council is again facing the need to generate savings of around £55.4m. The initial budget proposals for 2012/13 set out in this document, subject to the finalisation of the detailed proposals in February 2012, will, if delivered, reduce the Council's spend by the required amount. Just as important, the initial budget proposals, also mark an important milestone in

responding to the new policy agenda, but in a way which coherently 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.

- 13.3 The proposals for 2012/13 do include the use of significant one off sources of funding, and as such it is imperative that a robust budget is agreed and that appropriate actions are taken to ensure that it is delivered. No reliance can be placed on any further use of reserves and should identified savings not be delivered, alternative savings options will be needed. This is all the more important given that in 2013/14 and 2014/15 the Council will face further financial challenges, which will require the Council to further review and transform its services in the light of its new role.

14.0 RECOMMENDATION

- 14.1 The Executive Board is asked to agree this report as the initial budget proposals and for them to be submitted to Scrutiny and also for the proposals to be used as a basis for wider consultation with stakeholders.

15.0 BACKGROUND PAPERS

- Local Government Finance settlement – Executive Board report 5.01.2011
- The Council's 2011/12 budget approved by Council on 23.02.11
- Government's Comprehensive Spending Review 2010 published October 2010
- The Spending Challenge 2011/12 detailed results
- Carbon Reduction Commitment Energy Efficiency Scheme – Department of Energy and Climate Change
- Capital Programme update - Executive Board report 2.11.11
- Council Tax Freeze Grant 2012/13– Government announcement 3.10.11
- Reform of Council Housing Finance – Department of Communities and Local Government(DCLG)
- Localising Support for Council Tax in England – DCLG consultation papers published 2.08.11

Initial Budget Proposals – 2012/13

City Development

The City Development Directorate has a lead responsibility in the Council for the economic, physical and cultural development of Leeds. Over the next 3 to 4 years the Directorate's focus will be maintaining Leeds' ongoing development as a regional, economic and cultural capital and facilitating its economic recovery.

The 2012/13 budget proposals will show the full year effects of decisions taken in 2011/12, which saw a budget reduction of £13m from the previous year. The directorate's budget strategy in 2012/13 will continue to provide for a reduction in staff numbers following reductions made over the previous 3 years, originally in relation to the economic recession and rationalisation of facilities. Several major staffing restructures have taken place and the budget proposals for 2012/13 include provision for further staffing reductions arising from the Early Leaver Initiative and from further structure reviews. It is anticipated that over the next three years staff numbers will fall further with a reduction of approximately 70 FTEs in 2012/13 as additional staff leave through the Corporate ELI scheme and a further review of service provision and structures are undertaken.

The continued provision of in-house services has been reviewed and earlier in 2011 Executive Board gave approval to two options being explored for the future of the in house Architectural Design Service. The recommended option is the transfer of staff to a Joint Venture Company. This review will be concluded shortly. As part of an ongoing review of service provision consideration will be given as to whether this delivery model can be extended to other service areas.

The directorate is leading on some key projects for the City that will help ensure Leeds' ongoing economic development including the Leeds Arena, the Eastgate and Harewood Quarter, Leeds Flood Alleviation Scheme, New Generation Transport (subject to funding announcement December 2011), City Park, a strategy for Kirkgate Market, Holt Park Wellbeing Centre in collaboration with Adult Social Care, A65 Quality Bus Initiative, Inner Ring Road Structures, relocation and upgrade of the Urban Traffic Management Control System, Aire Valley Eco –Settlement and Enterprise Zone, and the Leeds Casino Project. The Directorate has also led on and successfully completed on a number of key projects for the City including City Varieties Refurbishment, Inner Ring Road Stage 7 and contributed to the on site development of the Trinity Shopping Centre.

The 2012/13 budget will include a continuation of ongoing areas of work including Neighbourhood planning, Community Infrastructure Levy, closer working with Environment and Neighbourhoods on Street Scene and Parks and Countryside services, collaboration with other Yorkshire and Humberside Councils, developing options for the future sustainability of Kirkgate Market, further potential for income generation including a review of Leisure income and the move of the Tourism and Inward Investment teams to Marketing Leeds.

All services have reviewed their base budgets and as part of this process some ongoing savings have been identified, some of these have been realised by the establishment of the central ordering hub. A number of contract savings have been achieved in Highways and Transportation and these are also reflected in the budget proposals. In addition, the budget proposals include other specific savings proposals which are itemised in the attached appendix.

It is proposed that support to major arts organisations is reduced by £0.25m in line with the recommendations of the July 2011 Executive Board report into a future strategy for support to arts organisations.

Whilst in the medium term it is anticipated that there will be some provision for economic recovery, in particular the realistic reinstatement of planning and building fees, in the short term the level of

income from fees and charges have been realistically assessed taking into account the challenging economic conditions. In 2012/13 it is proposed that a number of income budgets should be reduced, reflecting trends in 2011/12 which are expected to partly continue into 2012/13. These include a reduction to the planning and building fee income target, a reduction to markets income and a reduction in income from the Sovereign Street car park. The budget proposals include some provision for increases to fees and charges but only where it is considered that the market can bear an increase; in these cases increases have been kept to between 1% and 3% although it is proposed for a higher increase for cemetery charges. In some cases market conditions are such that no increases are currently proposed and these include planning and building fees and Sport bodyline charges. It is also proposed in 2012/13 to carry out a review of Leisure income and the use of card membership schemes across the Leisure portfolio.

The planned disposal of investment sites will have an impact on income where these are currently income generating. The Medium Term plan needs to allow for the loss of income from such disposals. A priority in the directorate is to develop a sustainable future for Kirkgate Market. The implementation of a future strategy for Kirkgate Market may well have a revenue impact which will need to be factored into the Medium Term Plan.

It is anticipated that a number of key pieces of work will be progressed in 2012/13. These include a review of card membership schemes across the Leisure portfolio, the introduction of a high profile annual cultural and sporting programme, encouraging greater participation for citizens in their local environment including participation in gardening, delivering a Leeds response to housing growth, continuing to encourage economic growth to support jobs and skills and working towards the establishment of a West Yorkshire Transport Fund.

Leeds will be included in celebrations for the 2012 Olympic Games and the 2012/13 budget will facilitate the establishment of training camps in the City for visiting teams and for the Olympic torch relay when it visits the City.

Pressures/Savings	2012/13 £m	Full Year Effects £m	EIA required Y/N
Recognised Pressures			
Income Pressures			
Reflecting current and expected trends:			
a) Planning and building fees Income from planning and building fees is currently projected to be below budget in 2011/12 and the position in 2012/13 is not expected to improve significantly.	0.5		N
b) Markets income Income from Kirkgate Market is currently projected to be below budget in 2011/12 and it is proposed to reduce the income target in 2012/13 to reflect this position as occupancy levels are not expected to improve significantly in the short term.	0.3		N
c) Architectural Design Services overheads Subject to a final decision being made, it is anticipated that the majority of the Architectural Design Services unit will transfer to a Joint Venture Company between the Council and Norfolk Property Services in early 2012 which will impact on the recovery of overheads.	0.3		N
d) Sovereign Street car park Reflects a reduction in income being generated.	0.2		N
e) PFI scheme work Officers in Planning and Sustainable Development and Economic Development have been providing support to various PFI schemes for which income was received. This income source has reduced over the last year.	0.2		N
Other Budget Pressures			
a) Olympics Additional budget provision is required to facilitate the establishment of training camps in the City for visiting teams and for the Olympic torch relay when it visits the City. In 2013/14, consideration will need to be given to any costs associated with Leeds being selected as a Rugby League World Cup host city.	0.18		N
b) Joint service centres costs This reflects the additional cost to the Library service of operating libraries at the Chapeltown and Harehills Joint Service Centres.	0.15		N
c) City Museum NNDR increase	0.13		N
d) Flood risk management This reflects additional responsibilities allocated to Local Lead Flood Authorities under the Flood and Water Management Act 2010, including maintaining a drainage asset register, investigating flood incidents, preparing and implementing a Local Flood Risk Strategy.	0.13		N

Savings			
a) Employees Includes savings on staffing anticipated from approved ELIs, restructures, switching of staff and a review of leisure facility opening hours and service provision.	-2.00		Y
b) Grass cutting contract savings Reflects the reduced contract price of the grass cutting contract in Highways and Transportation.	-0.23		Y
c) Reduction to Arts Grants As part of the review of the grants process a reduction to support to the Major Arts Organisations is proposed although the review also includes the art@leeds funding stream developed on a more sustainable basis and the Leeds Inspired funding stream has been introduced which will engage local people in participatory activity.	-0.25		Y
d) Rebasing - reflecting current trends, This reflects savings being made in 2011/12 and now projected to be achieved in 2013/14 mainly from reductions to supplies and services and savings from the establishment of the centralised ordering hub.	-0.50		N
e) Other savings proposals: Running costs - savings on rents in Corporate Property Management from properties recently vacated by the Council.	-0.16		N
Running costs - in Planning and Sustainable Development mainly on the Local Development Framework and contaminated land expenditure.	-0.06		N
Running costs - in Highways and Transportation including spend on water features, Urban Traffic Management Control contract savings, flood risk management contract savings and reduced spend and reduction in highways works spend and contract savings.	-0.33		Y
Running costs - in Economic Development including reduced city centre spend and economic policy spend.	-0.05		Y
f) Fees and Charges The potential for increases in fees and charges have been assessed and in general increases of between 1% and 3% across the directorate's income base are proposed.	-1.02		Y
Fee increases in Highways. This covers income not included in the above and reflects proposed increases to cover the anticipated increase in salary costs in 2012/13.	-0.17		N
Parks and Countryside – Cemetery and Crematoria prices were increased in November 2011 and it is proposed to review prices in 2012/13. The review will include a comparison with other Core City prices although it is envisaged that prices will be raised in line with inflation.	-0.2		Y
Highways Bikeability grant funding. The increase in this grant in 2012/13 will fund some existing costs.	-0.04		N
Increased developer commuted sums to support Highways expenditure.	-0.1		N

Appendix 2

Capital Programme Funding by Category - 2012/13 to 2014/15

Title	Total £000	2012-13 £000	2013-14 £000	2014-15 £000
<u>Improving our assets</u>				
GREAT GEORGE STREET - PROPERTY COSTS	231.2	231.2	0.0	0.0
HOMEWORKER FURNITURE	33.0	33.0	0.0	0.0
WOODKIRK HIGH SCHOOL SPORTS PITCH	1,150.0	1,000.0	150.0	0.0
BOSTON SPA HS INDOOR TENNIS CENTRE	29.0	29.0	0.0	0.0
AIDED SCHOOLS MINOR WORKS PROG	103.9	103.9	0.0	0.0
ASBESTOS REGISTER - SURVEY WORKS	4.2	4.2	0.0	0.0
TEMPORARY ACCOMMODATION	11.0	11.0	0.0	0.0
SCHOOLS DEVOLVED CAPITAL WORKS	3,978.6	3,978.6	0.0	0.0
GENERAL REFURBISHMENT 2011/12	993.8	993.8	0.0	0.0
FIRE SAFETY - ALARMS 2011/12	4.4	4.4	0.0	0.0
FIRE COMPARTMENTATION WORKS 2011/12	9.0	9.0	0.0	0.0
SCHOOLS GENERAL REFURBISHMENT	3,761.8	2,086.8	1,675.0	0.0
SCHOOLS CAPITAL MAINTENANCE 2011/12 TO 2013/14	26,537.6	16,037.6	10,500.0	0.0
SCHOOLS ACCESS PROGRAMME 2007/8 TO 2010/11	1,527.6	790.5	386.1	351.0
SCHOOLS MODERNISATION PROGRAMME	2,000.0	2,000.0	0.0	0.0
LOWER WORTLEY COMMUNITY CENTRE	14.1	14.1	0.0	0.0
KIRKSTALL DEPOT ACCESS OFF VIADUCT RD	14.1	14.1	0.0	0.0
W.Y.J.S ARCHIVE STORAGE BUILDING	18.3	18.3	0.0	0.0
WEST YORKSHIRE ARCHIVES EXTENSION	245.0	245.0	0.0	0.0
NON ILLUMINATED SIGNS	17.0	17.0	0.0	0.0
LOW BRIDGE SIGNING WORK - TR. SOUTH AREA	3.0	3.0	0.0	0.0
FARNLEY WOOD BECK - BALANCING LAKE FS	82.5	82.5	0.0	0.0
WHITEHALL ROAD - RIVERSIDE DEVELOPMENT	258.6	101.0	157.6	0.0
WELLINGTON STREET, LEEDS, ROYAL MAIL DEV	346.8	186.8	160.0	0.0
METHLEY LANE CLUMPCLIFFE FARM A639 DEV	27.0	27.0	0.0	0.0
NORTH ST AND SKINNER LN DEVELOPMENT	31.7	28.3	3.4	0.0
HENCONNER LN/GREEN LN DEV S278	20.0	20.0	0.0	0.0
WHITEHALL RD DUNLOP&RANKIN WOOD LN S278	13.8	13.8	0.0	0.0
HIGH ROYDS S278 JUNCTION G	402.0	275.0	127.0	0.0
POLLARD LANE BRAMLEY S278	32.0	32.0	0.0	0.0
CROWN POINT RD PLOWRIGHT PRINTERS S278	17.3	17.3	0.0	0.0
TOWN STREET STANNINGLEY PEL XING S278	8.0	8.0	0.0	0.0
CONCEPT HSE STEPS WESTFIELD RD B VUE RD	9.7	9.7	0.0	0.0
KIRKSTALL FORGE KIRKSTALL RD S278 WEST J	1,935.2	880.0	850.0	205.2
BACK LANE DRIGHLINGTON S278	20.0	20.0	0.0	0.0
THE GROVE OFF NORTH LN ROUNDHAY S278	19.4	19.4	0.0	0.0
VICTORIA EMBANKMENT ATKINSON ST	4.0	4.0	0.0	0.0
EASEL PHASE 1 SITES 5 & 7 S278 WORKS	653.0	590.0	63.0	0.0
KIRKSTALL FORGE KIRKSTALL RD S278 EAST J	1.0	1.0	0.0	0.0
CEMETERY ROAD PUDSEY S278 RESIDENT. DEVE	24.5	24.5	0.0	0.0
REGINALD TER REGINALD ST CHAPELTOWN S278	66.9	66.9	0.0	0.0
HARROGATE RD MOORTOWN M&S STORE S278	93.0	93.0	0.0	0.0
GREEN ROAD MEANWOOD WAITROSE S278	12.0	12.0	0.0	0.0
COMMERCIAL ST BUTCHER LANE ROTHWELL S278	40.9	40.9	0.0	0.0
ST BERNARDS MILL GELDERD RD GILDERS S278	43.0	43.0	0.0	0.0
WOODSIDE QUARRY DEVT - SECT 278	2,365.0	2,200.0	165.0	0.0
GELDERD RD BRACKEN PARK GILDERSOME S278	60.2	60.2	0.0	0.0
HAREHILLS LN / KIMBERLEY RD - NETTO S278	18.4	18.4	0.0	0.0
CROWN POINT RETAIL PARK - ACCESS - S.278	44.0	44.0	0.0	0.0
S278 WATERLOO MANOR HOSPITAL EXTENSION	27.7	27.7	0.0	0.0
TRINITY WEST BUS STOP RELOCATIONS	60.1	60.1	0.0	0.0
HOLT PARK WELL BEING CENTRE - S.278	12.0	12.0	0.0	0.0
ALDI BRADFORD ROAD GUISELEY	5.0	5.0	0.0	0.0
SKELTON FOOTBRIDGE	585.8	203.4	382.4	0.0

SHARPE LANE MIDDLETON DEV S106	4.0	4.0	0.0	0.0
MIDDLETON LN SOUTH SITE TOWCESTER AVE106	150.7	137.0	13.7	0.0
SHARP LANE MIDDLETON AREA TRAF MAN S106	16.6	16.6	0.0	0.0
BRADFORD RD A650 THORPE LN WIDENING S106	261.0	250.0	11.0	0.0
VALLEY ROAD MORLEY CULVERT IMPROVEMENT	2.3	2.3	0.0	0.0
NEVILLE ST & SOVEREIGN ST S.106 PED FAC	120.8	110.2	10.6	0.0
RING RD MIDDLETON PELICAN SHOPPING CENTR	2.4	2.4	0.0	0.0
FLEET LANE - METHLEY - TRAFFIC REG ORDER	15.0	15.0	0.0	0.0
BELLE ISLE ROAD / TOWN ST - PED CROSSING	15.0	15.0	0.0	0.0
SCHOOL TRAVEL LOW COST MINOR WORKS, CAP	4.2	4.2	0.0	0.0
A653 DEWSBURY RD-QBI TOMMY WASS JUNCTION	63.0	63.0	0.0	0.0
BUS STOP ACCESS IMPS - TARGETED STOPS	55.9	0.0	55.9	0.0
MEANWOOD RD BUS PRIORITY MEASURES	17.1	0.0	0.0	17.1
BRAMLEY EAST 20MPH ZONES & BROAD LN LFC	14.0	14.0	0.0	0.0
LAND COMPENSATION CLAIMS SOUTH LEEDS STA	51.7	0.0	51.7	0.0
LEEDS CORE CYCLE NETWORK	46.4	0.0	46.4	0.0
BEESTON CARDINALS 20 MPH ZONE	10.0	10.0	0.0	0.0
HAREHILLS ST WILFREDS 20 MPH ZONE	5.0	5.0	0.0	0.0
HORSFORTH ROUNDABOUT SIGNALISATION	1,109.1	589.1	520.0	0.0
CROSSING ELLAND RD NR OLD RD CHURWELL	3.5	3.5	0.0	0.0
CROSSING A642 ABERFORD RD,WOODLESFORD	3.4	3.4	0.0	0.0
A653 DEWSBURY RD J/W LINDEN RD -CROSSING	52.9	52.9	0.0	0.0
LEEDS CYCLE NETWORK ROUTES	111.0	99.0	12.0	0.0
HAREHILLS LANE - LTP TRAFFIC WORKS	70.0	65.0	5.0	0.0
WEST CHEVIN RD JUNCTION IMP 30MPH 40MPH	3.9	3.9	0.0	0.0
LEEDS RD GUISELEY - PED FACILITIES	7.0	7.0	0.0	0.0
DEWSBURY RD - REIN RD TINGLEY - PED FAC	93.0	93.0	0.0	0.0
A650 BRITANNIA RD MORLEY - PELICAN XING	3.7	3.7	0.0	0.0
20 MPH SPEED LIMIT REVIEW AND PROPOSALS	10.0	10.0	0.0	0.0
BRITANNIA ROAD, MORLEY - TRAFFIC MGT	32.0	32.0	0.0	0.0
ROUNDHAY RD BAYSWATER RD TO HAREHILLS LN	391.0	373.0	18.0	0.0
COOKRIDGE STREET CYCLE ROUTE CITY C PH3	65.0	57.0	8.0	0.0
A647 QBC CANAL ST BUS PRIORITY	41.9	41.9	0.0	0.0
A61 LEEDS ROAD LOFTHOUSE	4.5	4.5	0.0	0.0
A64 YORK ROAD - PEDESTRIAN SAFETY	2.0	2.0	0.0	0.0
TOWN & DISTRICT CTR PARKING SCHEMES	80.0	40.0	40.0	0.0
ARMLEY GYRATORY IMPROVEMENT SCHEME	70.0	20.0	50.0	0.0
SCOTT HALL ROAD GUIDEWAY IMPS	5.0	5.0	0.0	0.0
YORK ROAD GUIDEWAY IMPROVEMENTS	5.0	5.0	0.0	0.0
CHURWELL HILL / RING RD JCT BUS PRIORITY	9.0	9.0	0.0	0.0
ELLAND ROAD BUS PARK & RIDE	530.0	500.0	30.0	0.0
DISABLED ACCESS IMPROVEMENTS	35.0	35.0	0.0	0.0
PUBLIC RIGHTS OF WAY NETWORK	50.0	25.0	25.0	0.0
UTC INVESTMENT	90.0	45.0	45.0	0.0
TRAFFIC MONITORING DEVICES	58.0	41.0	17.0	0.0
ROAD SAFETY CAMERAS ENFORCEMENT	141.0	57.0	84.0	0.0
STANNINGLEY BYPASS – Road Safety Scheme (RSS)	200.0	100.0	100.0	0.0
PONTEFRACT RD STOURTON - RSS STAGE 1	5.0	5.0	0.0	0.0
YORK RD / HAREHILLS LN / OSM LN - RSS	1.0	1.0	0.0	0.0
BRADFORD RD / GALLOWAY LN - RSS	4.5	4.5	0.0	0.0
HEADINGLEY & KIRKSTALL ROAD - RSS	198.0	77.0	121.0	0.0
TARGETED ROAD SAFETY AT BENDS	2.0	2.0	0.0	0.0
RING RD FARSLEY / CALV LN - RSS	4.0	4.0	0.0	0.0
SHEEPSCAR INTERCHANGE - RSS	3.0	3.0	0.0	0.0
DEWSBURY RD / GARNET / PARKSIDE - RSS	5.0	5.0	0.0	0.0
WELLINGTON ST / LISBON ST / CASTLE - RSS	2.0	2.0	0.0	0.0
OTLEY RD / GOLDEN ACRE PARK - RSS	2.0	2.0	0.0	0.0
ROBIN LN / LITTLEMOOR RD - RSS	48.0	44.0	4.0	0.0
HENCONNER LN / BUTT LN - TRAFFIC SIGS	170.0	170.0	0.0	0.0
NEW PEDESTRIAN CROSSINGS	250.0	250.0	0.0	0.0
SAFER ROUTES TO SCHOOL	250.0	125.0	125.0	0.0
STREET LANE JCT NORTON ROAD ZEBRA	3.0	3.0	0.0	0.0

GLEDHOW LANE JCT THORNE LN OAKWOOD ZEBRA	5.0	5.0	0.0	0.0
KIRKSTALL LN JCT LANGDALE GARDENS ZEBRA	3.0	3.0	0.0	0.0
WESTGATE OTLEY ZEBRA	3.0	3.0	0.0	0.0
FOUNTAIN ST MORLEY OS MORLEY HS ZEBRA	2.1	2.1	0.0	0.0
MOVA DELAY REDUCTION DEVICES	6.0	6.0	0.0	0.0
AGED TRAFFIC CONTROLLER REPLACEMENT	12.0	12.0	0.0	0.0
DDA SIGNAL UPGRADES	7.0	7.0	0.0	0.0
UTMC AND TRAVELLER INFORMATION	5.0	5.0	0.0	0.0
CHAPLETOWN ROAD REVISED PARKING ARRANGEM	8.0	8.0	0.0	0.0
A656 ROMAN ROAD RSS - GARFORTH	10.5	10.5	0.0	0.0
TPP INTEGRATED TRANSPORT PACKAGE	435.4	377.5	75.0	(17.1)
MILL GREEN BRIDGE	14.5	14.5	0.0	0.0
DEWSBURY ROAD NO 2 BRIDGE	25.0	25.0	0.0	0.0
THORPE ARCH PARAPET RAISING	80.0	80.0	0.0	0.0
CSO DEWSBURY ROAD	30.0	30.0	0.0	0.0
BRIDGE ST CONC REPS & IRR RET WALL PH6	662.5	662.5	0.0	0.0
RING ROAD FARNLEY	11.0	11.0	0.0	0.0
VIADUCT ROAD ARCHES PHASE 2	1.0	1.0	0.0	0.0
SPRING VALLEY CRESCENT FOOTBRIDGE PIER	62.5	62.5	0.0	0.0
WOODSIDE BRIDGE	4.0	4.0	0.0	0.0
WOODHOUSE LN CAR PARK SOUTH BRIDGE	15.0	15.0	0.0	0.0
NEW WOODHOUSE LANE NO 4 BRIDGE	15.0	15.0	0.0	0.0
STURDY BECK CULVERT	4.0	4.0	0.0	0.0
POOL BANK CULVERT	4.0	4.0	0.0	0.0
MARSH BECK BRIDGE	1.6	1.6	0.0	0.0
LOW MILL ROAD BRIDGE	4.0	4.0	0.0	0.0
CLARENDON ROAD FOOTBRIDGE	13.0	13.0	0.0	0.0
QUARRY HILL FOOTBRIDGE	13.0	13.0	0.0	0.0
RAWDON CREMATORIUM RETAINING WALL	65.1	65.1	0.0	0.0
REDBECK BR SPANDREL WALL RECON MONITOR	2.4	2.4	0.0	0.0
POTTERY LANE ROTHWELL RETAINING WALL	72.6	72.6	0.0	0.0
BIRDCAGE WALK RETAINING WALL	71.6	71.6	0.0	0.0
RAWDON RAIL MITIGATION MEASURES	3.0	3.0	0.0	0.0
GRIMES DYKE SPANDREL WALL STRENGTHENING	2.0	2.0	0.0	0.0
BALME ROAD BRIDGE NET RAIL TJC3\253	354.0	354.0	0.0	0.0
GELDARD RD BRIDGE FOOTWAY PROTECTION	2.5	2.5	0.0	0.0
INNER RING ROAD TUNNEL PHASE 1	800.0	800.0	0.0	0.0
INNER RING ROAD TUNNEL REFURB PH 2	3,000.0	1,000.0	1,000.0	1,000.0
BRIDGES & STRUCTURES	966.7	966.7	0.0	0.0
LTP MAINT PR SURFACE TREATMENT 11/12	139.4	139.4	0.0	0.0
LTP MAINT UD SURFACE TREATMENT 11/12	263.5	263.5	0.0	0.0
SOUTH PARKWAY SEACROFT	224.2	224.2	0.0	0.0
GLEDHOW VALLEY ROAD - GLEDHOW	65.0	65.0	0.0	0.0
LTP ROAD MAINTENANCE REFURBISHMENT	4,807.9	4,807.9	0.0	0.0
LEEDS ROAD PONTEFRACT ROAD - ARLA	1,058.4	1,000.0	58.4	0.0
HIGHWAYS MAINTENANCE 2012/13	500.0	500.0	0.0	0.0
HIGHWAYS MAINTENANCE FUTURE YRS	7,800.0	7,800.0	0.0	0.0
TRAFFIC MANAGEMENT PROGRAMME	700.0	350.0	350.0	0.0
ST JOHN'S CHURCHYARD	14.7	14.7	0.0	0.0
REGINALD TERRACE PLAY AREA PH 1	2.2	2.2	0.0	0.0
S106 GRSP ENHANCEMENTS TO MEANWOOD PARK	4.7	4.7	0.0	0.0
S106 GRSP ENHANCEMENTS TO BRAMLEY PARK	8.9	8.9	0.0	0.0
ARMLEY MOOR GRSP ENHANCEMENTS	3.4	3.4	0.0	0.0
PEPPER RD RECREATION GROUND	134.0	130.5	3.5	0.0
NEVILLE STREET ENVIRONMENTAL IMPROVEMNTS	80.0	80.0	0.0	0.0
LANDS LANE CENTRAL SQUARE REFURBISHMENT	160.0	160.0	0.0	0.0
KIRKGATE & BOND STREET	25.0	25.0	0.0	0.0
LIBRARIES RFID PHASES 3 AND 4	62.2	62.2	0.0	0.0
NECK AND ARM VIBRATION EQUIPMENT	700.0	300.0	200.0	200.0
MANSION HOUSE PHASE 2 (INTERNAL WKS)	10.0	10.0	0.0	0.0
GARFORTH CEMETERY EXTENSION	30.0	30.0	0.0	0.0
WHARFEMEADOWS PARK: WATER SAFETY	69.7	69.7	0.0	0.0

SHARP LANE LANDSCAPE DEV WKS	750.0	750.0	0.0	0.0
MIDDLETON SPORT IMPROVEMENTS	12.3	12.3	0.0	0.0
WATER SAFETY IN PARKS	265.0	265.0	0.0	0.0
AIREBOROUGH FP WATER SAFETY PHASE 4	10.0	10.0	0.0	0.0
PUDSEY FP59 PHASE 4	5.0	5.0	0.0	0.0
PUDSEY FP 54 PHASE 4	5.0	5.0	0.0	0.0
PUDSEY FP60 PHASE 4	5.0	5.0	0.0	0.0
SYKES WOOD PHASE 4	0.2	0.2	0.0	0.0
YEADON TARN PHASE 4	3.0	3.0	0.0	0.0
MANSION HOUSE PH3 LANDLORD IMPS	60.0	60.0	0.0	0.0
MIDDLETON PARK LANDSCAPE WORKS	490.1	467.4	22.7	0.0
MIDDLETON PK VISITOR C & BANDSTAND	559.0	530.0	29.0	0.0
WEST LEEDS COUNTRY PARK	10.0	10.0	0.0	0.0
EASEL - PRIV PROP ACQ & DEMOLITION ENEHL	582.4	200.0	382.4	0.0
HRA MISC PROPERTY PORTFOLIO	212.6	212.6	0.0	0.0
BECKHILLS PH1-8 H/LOSS & DEM	119.7	119.7	0.0	0.0
SHG ROUND 1 EASEL NEW BUILD	188.8	188.8	0.0	0.0
COUNCIL HOUSING - 25 PROPS OVER 55'S	67.1	67.1	0.0	0.0
EAST LEEDS HOUSEHOLD WASTE SITE	33.0	33.0	0.0	0.0
GAMBLETHORPE HOUSEHOLD WASTE SITE AREA	22.0	22.0	0.0	0.0
GAMBLETHORPE CAPPING MAIN SCHEME	50.0	50.0	0.0	0.0
INSULATION WORK	20.0	10.0	10.0	0.0
TOTAL HEAT - BELLE ISLE TMO - FUTURE	640.0	320.0	320.0	0.0
BOILER REPLACEMENT	200.0	100.0	100.0	0.0
CAPITAL WORK TO TENANTED PROPERTIES	310.9	150.0	160.9	0.0
ADAPTATIONS FOR THE DISABLED	7,758.4	2,631.4	2,688.5	2,438.5
BITMO - VOID REFURBISHMENT	1,300.0	650.0	650.0	0.0
SHELTERED REFURBISHMENT	500.6	500.6	0.0	0.0
WINDOW REPLACEMENT PROGRAMME	635.4	235.4	400.0	0.0
DOOR REPLACEMENT PROGRAMME	622.9	222.9	400.0	0.0
TOTAL HEAT PROGRAMME	33.0	33.0	0.0	0.0
BOILERS PROGRAMME	500.0	100.0	400.0	0.0
DEFECTIVE HOUSING PARENT	1,000.0	500.0	500.0	0.0
COMMUNITY SAFETY PROGRAMME	200.0	100.0	100.0	0.0
PLANNED TENANTED REWIRING PROGRAMME	2,800.0	1,400.0	1,400.0	0.0
ALARMS & LIGHTING PROGRAMME	50.0	0.0	50.0	0.0
RE-ROOFING PROGRAMME	1,944.4	972.2	972.2	0.0
LIFT REPLACEMENT PROGRAMME	2,300.0	1,150.0	1,150.0	0.0
LIFT REPLACEMENT 2010/11	37.0	37.0	0.0	0.0
KITCHENS & BATHROOMS REPLACEMENT PROGRAMME	4,000.0	2,000.0	2,000.0	0.0
ENVIRONMENTAL PROGRAMME	140.0	70.0	70.0	0.0
BATCHED FENCING & GUTTERING PARENT	140.0	70.0	70.0	0.0
ASBESTOS REMOVAL PROGRAMME	1,067.0	477.0	590.0	0.0
RANDOM WORKS / REFERRALS PROGRAMME	500.0	250.0	250.0	0.0
CAPITAL REPAIRS PROGRAMME	300.0	150.0	150.0	0.0
CUSTOMER PRIORITISED REGEN PROGRAMME	400.0	200.0	200.0	0.0
GARAGES PROGRAMME	150.0	50.0	100.0	0.0
ADAPTATIONS FOR THE DISABLED	2,400.0	1,200.0	1,200.0	0.0
DEMOLITIONS - BLENCARN & BROOKLANDS	81.0	81.0	0.0	0.0
VOID REFURBISHMENT PROGRAMME	5,200.0	2,200.0	3,000.0	0.0
DEMOLITIONS PROGRAMME	1,000.0	500.0	500.0	0.0
BRANDER ROAD CONVERSION	86.0	86.0	0.0	0.0
WINDOW & DOORS FUTURE INVESTMENT	600.0	200.0	200.0	200.0
HEATING & ENERGY FUTURE INVESTMENT	1,187.8	1,187.8	0.0	0.0
HEAT LEASE PROGRAMME	1,500.0	500.0	500.0	500.0
REROOFING FUTURE YEARS	600.0	200.0	200.0	200.0
SHELTERED IMPROVEMENTS 2011/12	1,180.0	1,180.0	0.0	0.0
KITCHENS & BATHROOMS FUTURE INVESTMENT	6,000.0	2,000.0	2,000.0	2,000.0
CAPITAL WORK TO TENANTED PROPERTIES	2,274.2	274.2	1,000.0	1,000.0
VOID PROPERTIES REFURBISHMENT	5,595.1	1,595.1	2,000.0	2,000.0
HOMELOSS & DISTURBANCE (PARENT SCHEME)	1,500.0	500.0	500.0	500.0
HEALTH & SAFETY & ALMO IMPROVEMENTS	750.0	250.0	250.0	250.0

WNW HIGH COST VOID PROPERTIES	1,050.0	350.0	350.0	350.0
WNW VOID PROPERTIES	9,660.0	3,220.0	3,220.0	3,220.0
WNW DH WINDOWS & DOORS	3,719.8	1,160.8	1,279.5	1,279.5
11/12 WINDOWS & DOORS - LISTED PROPERTIES	30.4	30.4	0.0	0.0
WNW INSULATION WORKS	150.0	50.0	50.0	50.0
WNW NEW HEATING INSTALLATIONS	3,000.0	1,000.0	1,000.0	1,000.0
ENERGY EFFICIENCY GRANTS	340.0	0.0	340.0	0.0
11/12 SOLID WALL INSULATION	270.0	270.0	0.0	0.0
11/12 STONECLIFFES EXTERNAL WORK	862.8	862.8	0.0	0.0
11/12 5M'S WOODBRIDGES EXTERNAL WORK PH 4	696.8	696.8	0.0	0.0
11/12 WALL FINISH	36.3	36.3	0.0	0.0
11/12 WHOLE HOUSE IMPROVEMENTS - WATERLOOS	2,794.8	1,863.4	931.4	0.0
WNW COMMUNITY SAFETY	50.0	50.0	0.0	0.0
WNW ROOFING	1,887.3	629.1	629.1	629.1
WNW MSF REMEDIAL WORKS	379.0	179.0	100.0	100.0
WNW MSF COMMUNAL AREAS	150.0	50.0	50.0	50.0
WNW SHELTERED HOUSING IMPROVEMENTS	2,269.4	2,269.4	0.0	0.0
WNW KITCH/BATH/REWIRE	6,203.1	2,067.7	2,067.7	2,067.7
WNW ENVIRONMENTAL WORKS	240.0	80.0	80.0	80.0
AREA PANEL SCHEMES	200.0	200.0	0.0	0.0
WNW REWIRING	900.0	300.0	300.0	300.0
WNW MSF LIFT REPLACEMENT	600.0	200.0	200.0	200.0
WNW GARAGES	75.0	25.0	25.0	25.0
WNW GAS CONTRACT CAPITALISATION	2,664.0	888.0	888.0	888.0
WNW ISOLATED CAPITAL WORKS	751.5	250.5	250.5	250.5
WNW ACCESS WORKS	97.1	97.1	0.0	0.0
WNW SERVICE DELIVERY IMPROVEMENTS	1,500.0	500.0	500.0	500.0
WNW ADAPTATIONS WORKS	8,100.0	2,700.0	2,700.0	2,700.0
CORPORATE PROPERTY MANAGEMENT PROGRAMME	5,525.7	1,101.6	2,199.1	2,225.0
MERRION HOUSE CONCRETE CLADDING	26.7	13.4	13.3	0.0
BECKETT PARK BUILDING - REFURBISHMENT	122.6	110.0	12.6	0.0
FIRE RISK & ASBESTOS REMOVAL CPM BUILDINGS	563.9	563.9	0.0	0.0
Sub-Total	192,636.9	106,475.8	59,401.6	26,759.5

Investing in major infrastructure

NEW GENERATION TRANSPORT & FLOOD ALLEVIATION	27,547.1	2,000.0	4,500.0	21,047.1
SOLAR PHOTOVOLTAIC PANELS CORPORATE	260.0	260.0	0.0	0.0
GRANTS TO METRO (NGT)	2,535.0	2,535.0	0.0	0.0
RAMSDEN STREET KIPPAX FLOOD ALLEVIATION	75.0	75.0	0.0	0.0
LEEDS INNER RING RD STAGE 7	1,168.9	300.0	300.0	568.9
A65 QUALITY BUS INITIATIVE	3,101.1	2,212.1	589.0	300.0
EAST LEEDS LINK M1-A1 MOTORWAY LINK	600.0	600.0	0.0	0.0
BURLEY ROAD INT TRANSPORT CORRIDOR	29.3	29.3	0.0	0.0
COMBINED HEAT AND POWER PLANT YARN ST	42.5	42.5	0.0	0.0
Sub-Total	35,358.9	8,053.9	5,389.0	21,916.0

Supporting service provision

LEARNING DISABILITIES	3,008.6	1,500.0	1,000.0	508.6
TELECARE PROGRAMME	1,900.2	700.1	700.1	500.0
ADAPTATIONS TO PRIVATE HOMES	800.0	400.0	400.0	0.0
ADULT SERVICES SERVICE IMPROVEMENTS	413.1	413.1	0.0	0.0
VEHICLE PROGRAMME	3,540.0	3,540.0	0.0	0.0
CONTINGENCY SCHEME	3,709.5	3,400.0	309.5	0.0
PFI DEVELOPMENT COSTS	1,375.0	825.0	550.0	0.0
CHANGING THE WORKPLACE G 1 & 2	583.0	583.0	0.0	0.0
GENERAL CAPITALISATION	7,000.0	3,500.0	3,500.0	0.0
COCKBURN BSF	270.0	270.0	0.0	0.0
BSF PH1 HIGHWAYS WKS-ALLERTON GRANGE	15.7	15.7	0.0	0.0
BSF PH1 HIGHWAYS WKS-TEMPLE MOOR	9.6	9.6	0.0	0.0
TEMPLE MOOR BSF	50.0	50.0	0.0	0.0
AUTHORITY WORKS BSF	100.0	100.0	0.0	0.0

FARNLEY PARK BSF PH2	2,307.5	2,307.5	0.0	0.0
AUTHORITY WORKS BSF PH2	100.0	100.0	0.0	0.0
DESIGN DEVELOPMENT BSF PH2	50.0	50.0	0.0	0.0
CORPUS CHRISTI BSF PH3	1,973.1	1,973.1	0.0	0.0
BSF PH3 HIGHWAYS WKS-CORPUS CHRISTI	54.0	54.0	0.0	0.0
MOUNT ST MARYS BSF PH3	3,035.7	2,735.7	300.0	0.0
AUTHORITY WORKS BSF PH3	300.0	300.0	0.0	0.0
ASBESTOS REMOVAL BSF PH3	21.8	21.8	0.0	0.0
BSF WAVE 1 ICT - D&B SCHOOLS	3,000.0	3,000.0	0.0	0.0
BSF WAVE 1 ICT-LEEDS EAST ACADEMY	1,196.3	880.0	316.3	0.0
AUTHORITY WORKS - BSF PH4	100.0	100.0	0.0	0.0
WEST LEEDS ACADEMY - BSF PH4	1,000.0	1,000.0	0.0	0.0
LEEDS EAST ACADEMY (PARKLANDS) BSF PH5	9,615.2	7,817.6	1,559.1	238.5
ACCESS EQUIPMENT	15.0	15.0	0.0	0.0
PRIMARY CAPITAL PROGRAMME (PCP)	1,400.0	1,400.0	0.0	0.0
GILDERSOME PRIMARY PCP	1,362.9	1,273.9	89.0	0.0
GREENHILL PRIMARY PCP	1,059.9	969.0	90.9	0.0
OULTON PRIMARY PCP	1,759.2	1,649.4	109.8	0.0
SS PETER & PAUL RC PRIMARY PCP	286.3	214.7	71.6	0.0
RICHMOND HILL PRIMARY PCP	5,344.7	5,105.9	238.8	0.0
SWILLINGTON PRIMARY PCP	372.5	279.9	92.6	0.0
BASIC NEED - PRIMARY EXPANSIONS 2010	2,000.0	1,000.0	1,000.0	0.0
BASIC NEED - PRIMARY EXPANSIONS 2011	100.0	100.0	0.0	0.0
BLACKGATES PS - MODULAR	12.0	12.0	0.0	0.0
BLACKGATES PS - REMODELLING	3.0	3.0	0.0	0.0
BASIC NEED 2011 - BRUDENELL -REMODELLING	52.0	52.0	0.0	0.0
EBOR GARDENS PS - REMODELLING	9.0	9.0	0.0	0.0
FEATHERBANK -S - MODULAR	11.0	11.0	0.0	0.0
BASIC NEED 2011 -FARSLEY FARFIELD PH1	5.5	5.5	0.0	0.0
NEWLAITHES PS MODULAR EXTENSION	36.0	36.0	0.0	0.0
BASIC NEED PH2 - INGRAM ROAD-MODULAR	16.0	16.0	0.0	0.0
BASIC NEED PH2 - IRELAND WOOD-MODULAR	35.0	35.0	0.0	0.0
BASIC NEED 2011-VALLEY VIEW P-REMOD.	6.5	6.5	0.0	0.0
WHITKIRK PRIMARY BASIC NEED & ACCESS	13.3	13.3	0.0	0.0
BASIC NEED 2012 -BRACKEN EDGE	884.9	861.9	23.0	0.0
BASIC NEED 2012-CARR MANOR	1,795.0	1,683.0	112.0	0.0
BASIC NEED 2012 - ROUNDHAY PS	3,212.6	3,007.2	205.4	0.0
BASIC NEED 2012-WYKEBECK PS	1,452.2	1,412.2	40.0	0.0
BARDSEY PRIMARY - ROOFING WORKS	4.0	4.0	0.0	0.0
BASIC NEED PROVISION 2011-12 to 2013-14	30,818.5	15,818.5	15,000.0	0.0
UTMC ENHANCEMENT AND RELOCATION	2,321.0	2,321.0	0.0	0.0
MIDDLETON LC CHANGING ROOM REFURB	701.5	628.0	73.5	0.0
CEMETERY EXTENSIONS - CITYWIDE	375.0	275.0	100.0	0.0
WHINMOOR CEMETERY EXTENSION	313.7	281.6	32.1	0.0
CREMATORIA MERCURY ABATEMENT	1,254.9	554.9	700.0	0.0
RAWDON MERCURY ABATEMENT FEES	750.6	676.8	73.8	0.0
DISABLED FACILITIES GRANTS	13,000.0	6,500.0	6,500.0	0.0
BIN REPLACEMENT PROGRAMME	1,635.8	435.9	435.9	764.0
STREET LITTER BINS	79.3	79.3	0.0	0.0
RECYCLING IMP PLAN - SORT	300.0	300.0	0.0	0.0
ROLL OUT OF GARDEN EXPANSION	527.8	527.8	0.0	0.0
CAPITALISATION OF SALARIES	953.4	472.0	481.4	0.0
Sub-Total	119,808.3	83,692.4	34,104.8	2,011.1

Investing in new technology

ICT STAFF COSTS	47.9	47.9	0.0	0.0
ADULT SOCIAL CARE MGT SYSTEM	64.2	64.2	0.0	0.0
ADULT SOCIAL CARE BUSINESS SYSTEMS REQUIREMENTS	4,500.0	4,500.0	0.0	0.0
EDRM DOCUMENT AND RECORD MANAGEMENT	2,101.0	2,101.0	0.0	0.0
WEB AND INTRANET REPLACEMENT	180.7	180.7	0.0	0.0
ESSMSS EMPLOYEE MANAGERS SELF SERVICE	367.5	250.0	117.5	0.0

IT MODEL OFFICE (IMMERSION EXPERIENCE)	30.5	30.5	0.0	0.0
GREAT GEORGE STREET - TECHNOLOGY COSTS	194.4	194.4	0.0	0.0
NON PROPERTY COSTS TO G 1 & 2 TECHNOLOGY	229.1	229.1	0.0	0.0
IT PROPERTY COSTS	257.0	257.0	0.0	0.0
ICT FUNDING-8 PFI SECONDARY SCHOOLS	3,000.0	3,000.0	0.0	0.0
CHILDRENS SOCIAL CARE MANAGEMENT SYSTEM	2,962.9	2,329.1	633.8	0.0
ICT STAFF CHARGES	1,410.0	1,030.8	379.2	0.0
ICT EXTERNAL COSTS	261.2	261.2	0.0	0.0
ICT ESSENTIAL SERVICE PROGRAMME	2,400.0	1,200.0	1,200.0	0.0
WAN/VPN - CONCENTRATORS CAPACITY UPLIFT	40.0	40.0	0.0	0.0
USER DEVICE HARDWARE REFRESH	200.0	200.0	0.0	0.0
UPGRADE EDGE NETWORK COMPONENTS	250.0	250.0	0.0	0.0
NOVELL MIGRATION TO MICROSOFT	350.0	350.0	0.0	0.0
SECURITY INCIDENTS AND EVENT MANAGEMENT	200.0	200.0	0.0	0.0
UNIFIED COMMS CORPORATE TELEPHONY	1,000.0	1,000.0	0.0	0.0
UNIX SERVER REPLACEMENT	1,400.0	1,400.0	0.0	0.0
VIRTUALISATION FOR ONLINE APPLICATIONS	80.0	80.0	0.0	0.0
IT DEVELOPMENTS EQUIPMENT FUND	2,296.1	594.5	875.0	826.6
PROJECT DEVELOPMENT	3,085.5	967.7	2,117.8	0.0
Sub-Total	26,908.0	20,758.1	5,323.3	826.6

Supporting the Leeds economy

TOWN & DIST REGEN - CONTINGENCY	134.9	134.9	0.0	0.0
LEEDS ARENA	44,988.6	36,613.4	1,022.3	7,352.9
WOODHOUSE LANE CAR PARK (ARENA)	3,446.1	3,118.0	328.1	0.0
HANGZHOU GATE OF FRIENDSHIP	200.0	200.0	0.0	0.0
LOWFIELDS ROAD - ELLAND ROAD MASTER PLAN	500.0	0.0	0.0	500.0
SOVEREIGN STREET DEVELOPMENT LAND	70.0	70.0	0.0	0.0
MIDDLETON ENTERPRISE CENTRE- LEGI SCH	54.4	54.4	0.0	0.0
CHAPELTOWN ENTERPRISE INVESTMENT - LEGI	150.0	150.0	0.0	0.0
BUSINESS GROWTH FUND - LEGI	180.0	180.0	0.0	0.0
KIRKGATE MARKET	300.0	300.0	0.0	0.0
CITY VARIETIES - MAIN SCHEME	242.0	242.0	0.0	0.0
ANDREWS STREET FARSLEY T&DC	14.6	14.6	0.0	0.0
ARMLEY THI UNCOMMITTED GRANTS	903.3	560.2	343.1	0.0
CHAPELTOWN THI UNCOMMITTED GRANTS	763.4	410.3	353.1	0.0
LOWER KIRKGATE REGENERATION THI	645.0	0.0	62.3	582.7
FREE HOME INSULATION PROGRAMME	1,000.0	1,000.0	0.0	0.0
AFFORDABLE HOUSING (AHSP) HRA	2,423.4	2,423.4	0.0	0.0
ECONOMIC INITIATIVES	15,000.0	5,000.0	5,000.0	5,000.0
Sub-Total	71,015.7	50,471.2	7,108.9	13,435.6

Overall Total

445,727.8	269,451.4	111,327.6	64,948.8
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