

Leicester  
City Council

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

<b>OVERVIEW AND SCRUTINY MANAGEMENT</b>	<b>15 FEBRUARY 2011</b>
<b>BOARD SCRUTINY</b>	
<b>CABINET</b>	<b>21 FEBRUARY 2011</b>
<b>COUNCIL</b>	<b>23 FEBRUARY 2011</b>

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**GENERAL FUND REVENUE BUDGET 2011/12 TO 2013/14**

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**Report of the Chief Finance Officer**

**1. Purpose**

- 1.1 The purpose of this report is to request Cabinet to approve a budget for 2011/12 to 2013/14 and to recommend this to the Council.

**2. Summary**

- 2.1 The budget for 2011/12 is set in a context of the most substantial public spending cuts for decades. There have also been significant changes in the way funding streams are paid to local government.

- 2.2 The extent and severity of the changes has emerged during the course of the year, although at the time of writing information still remains outstanding about some specific grants. The main formula grant was announced in the draft financial settlement on 13 December, which is later than usual. In essence, the changes result in:

- ending of a large number of specific grant streams. These have either been merged with the Council's main formula grant funding, combined with other specific grants, or ceased altogether;
- a reduction in overall formula grant and specific grants totaling 13%, or £34m, between 2010/11 and 2011/12;
- greater flexibility to use the remaining specific grants as we see fit;
- a reduction in capital resources of £21m - whilst this report concerns the revenue budget, reductions have been necessary in some areas of service which manage capital projects.

- 2.3 The above funding changes have been combined with changes in national policy direction which will directly impact the type of service provided by the Council. The most particular impact of this is in children's services.
- 2.4 The background to the budget proposals is:
- (a) a significant economic downturn, following the "credit crunch" of October 2008;
  - (b) the election of a new Government in May, 2010, committed to faster reduction of the public expenditure deficit;
  - (c) in-year spending cuts announced in May, 2010, of which local government's share was £1.2bn and the Council lost £9.2m (in addition to indirect losses due to cuts to other organisations, particularly EMDA);
  - (d) the national budget in June, which signalled substantial public spending cuts from 2011/12;
  - (e) a Comprehensive Spending Review in the Autumn, which indicated that local government would be one of the worst affected sectors from public expenditure reductions. A 29% real terms reduction in formula grant was proposed (at national level) with substantial front-loading into 2011/12;
  - (f) the draft finance settlement of 13 December, making substantial cuts to the City Council's formula grant as described above. On 31 January, the draft settlement was finalised, with inconsequential changes.
- 2.5 Additional savings of 40% were sought in the Council's BSF schemes, although savings of 14% are now expected.
- 2.6 The Council was already well on the way to delivering efficiencies in its support services (finance, ICT, property and administration).
- 2.7 The Council needs to take a period of time to fundamentally review what it does. In the context of these changes, the prime emphasis of the budget has been on 2011/12, rather than the full 3 years to 2013/14.
- 2.8 Key features of the budget are:
- (a) protection for services which are the Council's top priorities, particularly safeguarding children and vulnerable adults, improving educational attainment through Building Schools for the Future, regeneration and economic development (including Leicester Market) and supporting cultural activities;
  - (b) continued drive to transform, modernise and personalise adult care;

- (c) a council tax freeze;
  - (d) continued pressure to achieve efficiencies;
  - (e) unavoidable service cuts given the scale of the grant cuts.
- 2.9 In total, the budget makes savings of £28m, and the council tax at Band D will be £1,186.22 (excluding police and fire authorities). This is expected to remain below the national average.
- 2.10 The budget was launched for public consultation on 18 January. At the time of consultation, proposals had not been made to bridge a £9m gap in funding for children's services. This had arisen very late in the process, due to significant changes in grant funding and reductions made. Proposals are now included to bridge this gap. These, however, rely substantially on the use of one-off monies; more detailed work will be required reshaping children's services in the Spring.
- 2.11 A provision of £15m has been created within the budget to meet costs associated with severance. It is legitimate for this cost to be deferred over more than one year given that it generates future savings. This, however, clearly results in an additional burden in later years. One-off money has also been used to support the budget in 2011/12: £9.3m of one-off money has been used in this way.
- 2.12 Sources of one-off money amounting to £17m have been identified, as explained later in this report. This means that only £6.6m of the severance costs needs to be deferred. How this is achieved is described later in this report. Borrowing to fund severance is common-place in local government, and the government often issues "capitalisation directions" for this purpose.
- 2.13 Further savings will be required in 2012/13. Government funding will be lower in 2012/13 than 2011/12.

### **3. Recommendations**

- 3.1 The Cabinet is asked:
- (a) to consider the draft 3 year budget for 2011/12 to 2013/14, and the draft overall budget for 2011/12 as described in this report;
  - (b) subject to any amendments Cabinet wishes to make to the proposals in this report, to ask the Chief Finance Officer to prepare a formal budget and council tax resolution, and consequent prudential indicators, for Council approval;
  - (c) subject to the approval of the budget by the Council on 23 February and the Council's normal procedures, to authorise strategic and divisional

directors to take any action necessary to deliver budget plans for 2012/13 to 2013/14;

- (d) to recommend to the Council that the approved budget shall form part of the policy and budget framework of the Council, and that future amendments shall require the approval of full Council, subject to the following:
  - the Executive function may authorise the addition, deletion or virement of sums within the budget up to a maximum amount of £2m (either one-off or per annum) for a single purpose;
  - the Executive function may determine the use of monies held for job evaluation;
  - the Executive function may determine the use of the £2m contingency in 2011/12;
  - subject to a further report to Council (as agreed by Cabinet on 7 February), the Executive function may determine the use of monies held for centrally located office accommodation;
- (e) to recommend to Council that the Chief Finance Officer be authorised to calculate and give effect to the following budget adjustments, for which provision is presently held corporately:
  - savings arising from the ODI transformation plan;
  - savings arising from the review of senior management;
  - provision for the carbon reduction levy;
- (f) to approve the creation of an earmarked reserve for potential severance costs arising from the budget amounting to £15m, and to recommend Council to authorise the Chief Finance Officer to devise a scheme to reimburse divisions with the costs of severance;
- (g) to approve and seek Council's approval to, the use of one-off monies described in sections 9 and 10 to support the budget, and approve their transfer to general reserves for this purpose;
- (h) to recommend Council to authorise the Chief Finance Officer to determine the most appropriate method of deferring part of the cost of severance, as described in section 9;
- (i) to recommend that Council approves the proposed policy on minimum revenue provision described in section 19 of this report;

- (j) to approve the commitment of £2.8m of Working Neighbourhoods Fund monies to the schemes described in Appendix Three;
- (k) to commission the Director of Assurance and Governance to prepare a review of the scheme of members' allowances with a view to achieving savings (section 6);
- (l) to note proposals to review the accounting treatment of the Housing Revenue Account and General Fund, to take place once the implications of HRA self-financing are clear (section 6);
- (m) to ask divisional directors to review support provided to the voluntary sector during 2011/12 with a view to achieving savings (section 14);
- (n) to ask the Chief Executive to review budgets for new furniture acquisition, conference attendance, IT and policy support; and to agree that any savings achieved should be used to support adult social care services (section 6);
- (o) to commission a further report from the Strategic Director of Children's Services on early intervention services, following a more detailed review, identifying how the Council can respond to reduced specific grant on a recurrent basis (section 14);
- (p) to agree that a sum of £2.4m "borrowed" from education capital resources in 2008/09 should not now be "repaid" given the substantial changes in circumstances since that time (section 14);
- (q) to recommend to Council that the executive function shall have authority to approve the final package of changes in HR policies (Appendix Two) on the basis of a report from the Director of HR;
- (r) to recommend that Council approves the controllable budget lines at Appendix Seven to this report, being sub-divisions of the budget to which the Council's virement rules apply (ie discretion to move funds between budget lines is limited).

#### **4. Budget Overview**

- 4.1 The table below presents the budget in overview, at 2011/12 prices. Only the position for 2011/12 will be formally adopted as the Council's budget for next year. Future years' figures are estimates, and will change, potentially substantially:

	<u>2011/12</u> £m	<u>2012/13</u> £m	<u>2013/14</u> £m
<b><u>Mainstream Budgets</u></b>			
Spending on services	269.5	266.7	266.7
Capital Finance	23.3	24.5	23.8
Other corporate budgets	1.0	0.9	0.9
<b><u>Other Costs</u></b>			
Building Schools for the Future	5.1	5.1	6.5
Job Evaluation	4.0	5.0	5.2
Carbon reduction levy	0.7	0.7	0.7
Capital programme support	1.0		
Contingency	2.0		
<b><u>Future Provisions</u></b>			
Inflation		3.4	8.0
Planning provision		1.5	3.0
<b><u>Savings</u></b>			
ODI Programme	(5.9)	(8.4)	(9.2)
HR Policies	(3.3)	(4.1)	(4.1)
Senior Management Review	(0.8)	(0.8)	(0.8)
	<b>296.6</b>	<b>294.5</b>	<b>300.6</b>
<b><u>Resources</u></b>			
Government Grant:			
- Formula grant	189.8	177.4	175.8
- Council tax freeze grant	2.3	2.3	2.3
- New Homes Bonus grant	1.4	1.4	1.4
Council Tax	93.7	96.0	98.4
Collection Fund Surplus	0.1		
Use of Reserves	9.3		
Balance to be addressed		17.4	22.7
	<b>296.6</b>	<b>294.5</b>	<b>300.6</b>

Band D Tax in 2010/11	£1,186.22		
Tax increase:			
- 2011/12 proposed	0%		
- provisional indication		2.5%	2.5%

4.2 Key items of expenditure are discussed further in section 6 below. A more detailed breakdown is provided at Appendix Eight. (Appendix Eight follows the correct technical treatment of netting council tax freeze grant and new homes bonus grant off expenditure).

## **5. Police and Fire Authority**

5.1 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part). Separate taxes are raised by the Police Authority and the Fire Authority. These are added to the Council's tax, to constitute the total tax charged.

5.2 The total tax bill in 2010/11 for a Band D property was as follows:

	£
City Council	1,186.22
Police	169.63
Fire	53.38
<b>Total tax</b>	<b>1,409.23</b>

5.3 The actual amounts people are paying in 2010/11, however, depends upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. 80% of properties in the City are in Band A or Band B.

5.4 For 2011/12, the Government is making available a grant equal to 2.5% of council tax income for authorities which "freeze" their tax at 2010/11 levels. This grant is called the "Council Tax Freeze Grant" and is worth £2.3m pa to the City Council.

5.5 The City's proposed Band D tax for 2011/12 will remain at £1,186.22. On 9 February, the Combined Fire Authority agreed to freeze its tax at the 2010/11 level. The police authority will make its budget decisions on 18 February.

5.6 It is believed that most authorities will freeze their council tax in 2011/12. It is expected that our tax level will remain below the average of unitary and metropolitan authorities; and that the total City tax (including police and fire) will remain below the national average.

## **6. Expenditure Proposals**

6.1 The purpose of this section of the report is to describe briefly the expenditure proposals in the budget and how the total budget has been built up. Appendix One to this report shows a precise analysis of how the Council's expenditure has changed between 2010/11 and 2011/12.

6.2 The table at section 4.1 above includes:

- (a) mainstream budgets for services - these are controlled by divisional directors, routinely monitored through scrutiny committees, and are by far the most substantial part of the budget;

- (b) budgets and other provisions held corporately, either because their volatility makes them unsuitable for managing departmentally (eg capital finance); or because the amount is still uncertain and hence provisional;
- (c) provisions which are not required until 2012/13 or later;
- (d) savings programmes which are being managed corporately and will result in budget adjustments to services at a later date.

### Mainstream Budgets

6.3 As stated above, mainstream budgets for services are by far the most significant element of the Council's budget. Last year's budget has been used as the starting point, and has been updated for:

- pay and price changes;
- changes in landfill tax;
- the effect of decisions taken as part of the 2010/11 budget which have a financial impact in 2011/12 or later;

6.4 A large number of services have been receiving "specific grants", being grants given by central government for specific purposes. These have usually had conditions attached and some are subject to audit. Amongst other funding changes, a large number of these grants have now been "mainstreamed", ie the grant has ceased and an amount added to the Council's main formula grant instead (the main formula grant was, of course, subsequently cut). Where this has happened, extra money has been added to divisional budgets. Whilst this gives the appearance that some divisional budgets have grown, this is not real - it simply reflects a change in the way money is provided by the Government. A total of £24.3m has been added to divisional budgets for this reason.

6.5 Inflation has been added to divisional budgets as follows:

- (a) a provision averaging 0.4% has been made to reflect estimated 2011/12 pay awards. This assumes that the Local Government Employers will follow the central government position of offering £250 pa to employees earning below £21,000, and nothing to other employees (the same assumption has been made for 2012/13);
- (b) 2.0% for general inflation. It is noted that this is below prevailing rates, although economists still expect rates to fall in 2011/12. The current high rate (RPIX stands at 4.7% as at December 2010) is due to food and clothing, which has little impact on Council budgets; and fuel. The Council has a separate provision to provide for increased gas and electricity prices (in addition to the general 2%).



- 6.6 Work has subsequently taken place, overseen by strategic directors, to identify budget pressures; and to find savings in response to funding reductions. These are separately described in divisional budget summaries which are included on your agenda. The emphasis has been on 2011/12, acknowledging that further work is required to balance 2012/13 and 2013/14.
- 6.7 In total, divisional budget pressures (including specific grant losses) and savings amount to:

	<u>2011/12</u> £m	<u>2012/13</u> £m	<u>2013/14</u> £m
Budget pressures	17.4	17.4	17.4
Savings	(19.8)	(24.4)	(25.0)
<b>Net savings</b>	<b>(2.4)</b>	<b>(7.0)</b>	<b>(7.6)</b>

- 6.8 In total, savings proposed in the 2011/12 budget amount to £29.8m (being the £19.8m above, together with savings retained corporately).
- 6.9 The table in paragraph 4 above also includes 2 other headings under “mainstream budgets”. These are:
- (a) capital financing - the interest on debt repayment costs on past years’ capital spending and planned capital spending. This budget also includes provision of £2m per annum for the central accommodation review, which was first included as part of the 2009/10 budget strategy and provides for refurbishment or replacement of New Walk Centre. Plans for committing this money were considered by Cabinet on 7 February 2011;
  - (b) other corporate budgets, consisting of miscellaneous provisions which it is not appropriate to allocate to services. These include external audit and inspection fees, some pensions costs of former staff, charitable rate relief, bank charges, and the effect of charges from the general fund to other statutory accounts of the Council.

#### Other Costs

- 6.10 Certain other costs have been provided for in the budget. These are described below.
- 6.11 **Building Schools for the Future (BSF)** is a substantial programme of investment in secondary schools, partly funded by conventional finance and partly by PFI. The Council was in the first wave of BSF, and our programme is split into phases. Following Government cutbacks, the Council’s scheme is one of very few sizable programmes remaining. Estimated cuts of some £30m will be made in the available funding, but the scheme still totals £290m.
- 6.12 The 4 schools in phase one of BSF are complete. A strategy for the remaining phases has been approved, and Rushey Mead is set to commence imminently.

- 6.13 The treatment of Building Schools for the Future in the budget is complex, caused largely by the way the Government has provided funding.
- 6.14 The biggest element of cost in the budget is the servicing of debt, for which Government support is available. The initial phases of BSF will be supported (in respect of the non-PFI element) by capital grant. Borrowing will not be needed until the final phase. The Government started, however, to provide support for the costs of borrowing long before a deal was concluded, and in advance of need. Indeed, such support has been given since 2005/06. Thus, support provided has been ringfenced until the final phase of BSF commences.
- 6.15 Provision has also been included in the budget for the Council's agreed contribution to the affordability gap, the remainder of which is being met directly by schools. Present plans are that this will amount, in due course, to £3m pa for all phases, although in the light of funding reductions revenue costs are being reviewed.
- 6.16 Provision has been made for the increased pay costs arising from the Council's **new pay and grading (job evaluation) scheme**.
- 6.17 £0.7m has been provided for the national **carbon reduction levy**. This is a scheme whereby large organisations need to purchase "credits" for their carbon emissions. The scheme was originally intended to be financially neutral at national level (with payments for credits being recycled, and repaid to organisations dependent on their performance in reducing emissions). In the Comprehensive Spending Review, however, the groundrules changed and no money will be recycled - consequently it is simply a charge. It is as yet unclear whether the general fund must bear the cost associated with schools (the budget assumes it will have to) or whether schools will pay their own.
- 6.18 The budget also proposes a corporately maintained provision for the **capital programme**. Resources available for the capital programme are exceptionally restricted. Whilst some elements of the programme (education, housing and transport) are funded separately by Government resources, the part of the programme we can spend at our own discretion is heavily dependent upon the generation of capital receipts from asset sales. These are minimal in the current economic downturn. £1m will provide sufficient resource to maintain a modest programme in 2011/12, consisting primarily of rolling programmes of minor works.
- 6.19 The need for a **contingency** is discussed in the risk assessment later in this report.

#### Future Provisions

- 6.20 This part of the budget includes:

- (a) provision for **inflation** in 2011/12 and 2012/13. As stated above, the most significant assumption is of a nil pay award (except for the lower paid) in both 2011/12 and 2012/13. The following assumptions are made:

	<b>2012/13</b>	<b>2013/14</b>
Pay	0.4%	1.0%
Price	2.0%	2.0%

- (b) a **planning provision**, for dealing with future uncertainty and turbulence (such a provision is routinely included in our budget strategies).

### Other Savings

6.21 The budget reflects the forecast savings arising from the **Organisational Development and Improvement (ODI) Programme**. Savings arise from a substantial review of support services, planned to modernise and standardise “back office” systems; and from procurement of goods and services. Since last year’s budget, new reviews of corporate governance and ICT have been included within the programme. A review of HR is not scheduled to commence until later, given the significant HR work associated with reducing the Council’s workforce due to funding cuts. A proposed saving of £0.3m pa from spending on conferences and seminars has been included, which will be addressed by centralising and reducing this area of expenditure. The provision for procurement savings is significantly lower than envisaged last year - experience, and the development of a new procurement strategy approved by Cabinet on 13 December, has led to the view that procurement is better positioned facilitating the delivery of savings in services; creating a large central target runs the risk of “double counting”. Nonetheless, strategic procurement partners will be charged with delivering substantially more.

6.22 Budgeted ODI savings are:

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	£m	£m	£m
Property	1.4	2.2	2.2
Finance	1.0	1.2	1.2
Strategic Support (Change and Programme Management)	0.3	1.0	1.0
Corporate Governance	0.1	0.3	0.3
Admin and Business Support	1.6	2.5	2.5
HR			0.8
ICT	0.7	1.4	1.4
Conferences and Seminars	0.3	0.3	0.3
	<b>5.4</b>	<b>8.9</b>	<b>9.7</b>
Procurement	1.5	1.5	1.5
Less non-general fund	(1.0)	(2.0)	(2.0)
	<b>5.9</b>	<b>8.4</b>	<b>9.2</b>

- 6.23 The budget reflects forecast savings arising from **HR policy changes**, principally from changes in terms and conditions. The most significant proposal (in cash terms) is a proposed reduction in the working week from 37 to 35 hours. Also significant is a proposed rationalisation of the Council's scheme of car allowances. The proposals are more fully described at Appendix Two. These proposals build on successful work in reducing the Council's reliance on agency and interim staffing. These changes are currently being discussed with the trade unions and a final package of measures will be brought to Cabinet for approval.
- 6.24 Savings are proposed arising from a reduction in the Authority's **senior management**. An organisational review is currently taking place, and will eventually consider all the top 3 tiers. The saving in the budget only reflects planned savings at the top 2 tiers. More is expected to follow, but a prudent stance has been taken to prevent overlap with divisional restructuring proposals included separately within the budget.

#### Other Issues

- 6.25 This section of the report discusses other expenditure issues on which recommendations are made, but for which no specific financial proposals included within the budget.
- 6.26 Cabinet members have expressed a desire to share some of the burden of public expenditure cuts by means of reduction in total monies paid to elected members. It is proposed that the Director of Assurance and Governance carries out a review for member consideration - this will be subject to a detailed report, and no saving will be anticipated until this is complete.
- 6.27 Budgets for the Housing Revenue Account are prepared separately from the general fund. The Housing Revenue Account is ringfenced, and it is not permissible for the Housing Revenue Account to subsidise the General Fund or vice versa. Notwithstanding this, a number of areas of expenditure do not clearly fall to either the Housing Revenue Account or General Fund, and accounting policies are established which determine how they are treated. This treatment can vary from authority to authority. It is proposed that policies are reviewed during 2011/12. The Housing Revenue Account itself is moving to a system of self-financing in 2012/13, and information about how this will impact on Leicester is only recently emerging.
- 6.28 It is proposed to undertake a further review, in addition to savings proposed in the ODI programme, in areas of furniture purchase, attendance at conferences and seminars, IT expenditure and policy support. In particular, it is planned to consider centralisation of the first of these items and new mechanisms to control this expenditure centrally rather than divisionally as a means of achieving savings. Any such savings would be used to support adult care.

## **7. Links to Sustainable Community Strategy**

- 7.1 In recent years, the Council has approved an overall 3 year financial strategy together with a 3 year budget. The strategy supported the “One Leicester” sustainable community strategy.
- 7.2 The 2011/12 budget focuses on 2011/12, and it is intended to work intensively over the coming months to revise the formal financial strategy and to identify how the Council will live within its means over the period to 2014/15. Nonetheless, the budget aims to protect the Council’s investment in One Leicester where it can, as shown in the remainder of this section. One Leicester will itself be refreshed over the coming months.
- 7.3 **The development of community meetings at ward level** was a key initiative in the 2008/09 budget. Funding of £15,000 per ward will continue to be provided, despite the financial climate.
- 7.4 **Meeting the growing needs of older and vulnerable people** is supported by a substantial programme of adult care transformation. Money built into last year’s budget for demographic change continues to be made available. An additional £4m has been provided by the Government to the PCT, to support programmes which benefit both health and social care. The Government’s intention is that this money should be paid to local authorities for jointly agreed priorities. Further NHS money has been made available for re-ablement.
- 7.5 Whilst savings have been made in management of the **Youth Service**, extra resource is provided for youth work. The MyPlace Children’s Hub will, however, no longer go ahead.
- 7.6 The Council continues to make substantial provision for “**Building Schools for the Future**”.
- 7.7 Whilst funding is restricted, £2.8m has been made available to support a number of **regeneration initiatives**, which have the potential to attract £11.7m of leverage. Significant amongst these is a major scheme to improve Leicester market. These are further described at Appendix Three.
- 7.8 Some reductions have been made in environmental services which will impact **making the City clean and green**. Nonetheless, such savings have sought to minimise the impact, and there are no proposals to make savings in refuse collection. The planting of 10,000 trees is now complete.

## **8. Resources**

- 8.1 This section of the report describes resources available to pay for the budget.

## Government Grant

8.2 Government grant comes in 2 forms:

- formula grant, which provides general funding and can be spent at our discretion. It is distributed according to a complex formula;
- specific grant, which is usually for specific purposes, and traditionally has had conditions attached.

8.3 Formula grant is used to fund the budget as a whole, whereas specific grant is paid to individual services.

8.4 Government grant funding has changed substantially in 2011/12:

- a large number of specific grants will now be payable through formula grant;
- specific grants have been rationalised, and in many cases no longer have conditions attached;
- a lot of specific grants have ceased altogether.

8.5 There are now 9 “core” specific grants, which are as follows. Various methods exist for the distribution of these grants:

- (a) Dedicated Schools Grant, which continues to be ringfenced and must be paid to schools. It has been amalgamated with a number of other specific grants which used to be paid directly to schools. At an estimated £240m, it is easily the largest specific grant;
- (b) Early Intervention Grant - this replaces a range of former children’s grants, and (at £18.5m) is the largest of the new core grants which are not ringfenced;
- (c) Learning Disabilities Grant - this pays for certain adults with learning disabilities, and used to be routed through the PCT. It is not ringfenced;
- (d) Housing Benefit Administration Grant, to support the costs of administering benefit. This is not ringfenced;
- (e) Preventing Homelessness Grant, which is not ringfenced;
- (f) Public Health Grant - a new grant which will start to be paid in 2013/14, and will be ringfenced to support our new public health duties;

- (g) Council Tax Freeze Grant - compensating authorities who set a council tax freeze in 2011/12. This grant has been treated as a corporate grant, to balance the overall budget;
- (h) PFI Grant - grant in support of individual authorities' PFI schemes;
- (i) New Homes Bonus - this grant is not ringfenced, and matches council tax payable on new homes for the next 6 years. It is expected to amount to £1.4m in 2011/12, and is expected to rise to £4.2m by 2013/14 (on present projections). The first £1.4m of this has been used as a corporate grant, to balance the budget. A policy will be needed in the context of the overall financial strategy review as to whether future increases in this grant should be similarly treated, or whether any allowance should be made to incentivise regeneration activity. The budget assumes that £50,000 pa from 2012/13 will be used to support Housing Strategy's Empty Homes Team.

8.6 There remain some grants outside of core grants, which are generally for specific programmes. These include monies for adult learning (commissioned by the Skills Funding Agency), youth justice, and drugs and alcohol.

8.7 All other grants have now ceased. This includes the former area based grant, and its various components have either been added to formula grant, included within the new core grants, or ceased altogether.

8.8 In total, revenue grants to the Council (that we know about) have reduced by 13%, or £33.6m (disregarding ringfenced DSG). This is shown in the table below:

	<u>2010/11</u>	<u>2011/12</u>	<u>Increase/ (Reduction)</u>	
	£m	£m	£m	
Formula grant	208.1	189.8	(18.3)	8.8%
Specific grants:				
- Early Intervention	23.7	18.5	(5.2)	
- Learning Disability	9.9	10.1	0.2	
- Housing Benefit Admin	4.0	3.5	(0.5)	
- Homelessness	0.6	0.7	0.1	
- Working Neighbourhoods	9.2	0	(9.2)	
- Former Education	3.7	0	(3.7)	
- Other ceased grants	1.0	0	(1.0)	
New specific grants:				
- New Homes Bonus (est)		1.4	1.4	
- Council Tax Freeze		2.4	2.4	
Sub-Total specific grants	52.1	36.6	(15.5)	29.8%
<b>TOTAL REVENUE</b>	<b>260.2</b>	<b>226.4</b>	<b>(33.8)</b>	<b>13.0%</b>

- 8.9 As can be seen, the biggest source of funding for the overall general fund is formula grant. This provides some two thirds of the money needed to fund the net budget, with only one third provided from council tax. In more affluent authorities the proportion supported by council tax is much higher - hence, deprived authorities like Leicester have been more adversely affected by Government cuts in formula grant.
- 8.10 The formula grant system has changed significantly in recent years. However, at its heart remains a formula which assesses each authority's assumed need to spend, and compares this with the amount of council tax income which would be received if a national standard amount of council tax was levied. The formula then calculates the amount of grant which would be required to meet the assessed level of need. This system is known as "equalisation", ie every authority is entitled to a level of grant which enables it to provide a "standard" level of service (the standard itself reflecting different levels of need in different areas). Less affluent authorities consequently receive a higher grant entitlement than more prosperous authorities. Whilst these principles remain true, the detailed methodology by which they are delivered has become opaque, and application of the principle has blurred. The addition of some former specific grants into formula grant in 2011/12 has further strained the system, as the Government has been unable to modify the formula in a way which accommodates them in an acceptable way. Hence some elements have simply been treated as "add-ons" using the same formulae by which they were distributed as specific grants (an example is the former Supporting People Grant).
- 8.11 The settlement for 2011/12 is a first of a 2 year grant settlement. The detailed make-up of the 2 year settlement is shown in the table below:

	<b><u>2011/12</u></b> £m	<b><u>2012/13</u></b> £m
Actual formula grant in previous year	182.4	189.8
Grant transfers	25.7	(0.8)
Comparable grant in previous year	<b>208.1</b>	<b>189.0</b>
<u>Formula grant</u>		
Needs element	147.1	131.7
Resources element	(0.8)	(0.6)
Central allocation	43.7	39.3
Some former specific grants	13.1	12.9
Grant entitlement	203.1	183.3
Less damping	(13.3)	(5.9)
	<b>189.8</b>	<b>177.4</b>
Grant cut	8.8%	6.2%



- 8.12 In previous settlements, the Government has used out-of-date forecasts of the City's population, disregarding the substantial growth in population since that time. The new settlement incorporates better estimates of population (315,000, as opposed to 285,000 estimated in 2010/11). However, the Council does not receive the full amount of grant the formula suggests we should be entitled to. Grant is "scaled" in order to provide extra money for parts of the country which would otherwise see greater grant reductions. Consequently, the settlement is still not properly reflecting best estimates of the City's population.
- 8.13 In reality, even the most up-to-date official data excludes certain elements of the population such as short-term migrants. (Being based on movements since the 2001 census, any undercounts in the census are also perpetuated, and there is therefore a need to do all we can to ensure the 2011 count is accurate).
- 8.14 The formula grant system is going to be subject to a significant review, and revised methodologies will be used in 2013/14. It is impossible to know what the outcome of this review might be - for the time being, we have assumed that the Council's grant will fall by the national reduction shown in the Comprehensive Spending Review.
- 8.15 The Comprehensive Spending Review also provided monies to the PCT, to be spent by local authorities on programmes which benefit both health and social care. Amounts allocated to the city amount to £4m in each of 2011/12 and 2012/13. An agreed use of this money will need to be established with the PCT, and the money has not therefore been included in the proposed budget.

#### Council Tax

- 8.16 The other resources available to fund the net budget are:
- (a) council tax income. Despite a tax freeze, a small increase in income is projected due to increases in the number of properties in the City;
  - (b) a surplus of £0.1m in 2011/12, arising from previous years' council tax collection performance. This surplus was reported to the Cabinet on 17 January.

### **9. General Reserves**

- 9.1 It is essential that the Council has a minimum working balance of reserves in order to be able to deal with the unexpected. This might include:
- (a) an unforeseen overspend;
  - (b) a contractual claim;
  - (c) an uninsured loss.

- 9.2 The Council also holds a number of earmarked reserves, which are further described in section 10 below.
- 9.3 The budget requires a substantial amount of one-off monies, and for that reason a thorough review of earmarked reserves has been carried out with many sums transferred to the general reserve. These transfers are detailed in section 10 below.
- 9.4 It is proposed to set-aside a sum of £15m for severance costs as part of the budget. £1m was previously set-aside for this purpose, and the balance will come from a combination of general reserves and “quasi borrowing” (see below).
- 9.5 The budget would have the following effect on general reserves:

	£000s	£000s
<b>Balance 1.04.10</b>		10,724
<u>Less:</u>		
Used for 2010/11 budget	2,332	
Used for 2010/11 capital programme	2,000	(4,332)
<u>Plus:</u>		
Earmarked reserves transferred on 16.08.10 as part of in-year cuts report to Cabinet	1,437	
Earmarked reserves transferred now	13,864	15,301
<u>Less:</u>		
Required for 2011/12 budget	9,304	
Transfer to severance reserve	7,389	(16,693)
		<b>5,000</b>

- 9.6 The Council’s policy for a number of years has been to maintain general reserves at a level which does not sink below £5m. The Council has also sought to increase general reserves to a figure of £7m, but this is not achievable in the current climate.
- 9.7 The new provision for severance will be created with a balance of £15m:

	£000s
Amount set-aside in 2010/11	1,000
Transfer from general reserves	7,389
Met from quasi-borrowing	6,611
	<b>15,000</b>

- 9.8 Whilst a significant proportion of the severance provision can be met from reserves, some needs to be borrowed.

9.9 Severance costs are revenue costs, and borrowing powers are only available to fund capital expenditure. However, there are means at our disposal to indirectly capitalise this expenditure. These are as follows:

- (a) significant sums of revenue money are (as described previously) set-aside for phase 4 of BSF. These sums can be utilised: in effect, the Council will then have to borrow more for phase 4 of BSF than it would otherwise have done, having used the money we have saved to pay for severance;
- (b) costs associated with pensions (as opposed to redundancy) can be capitalised and paid to the pension fund over a period extending to 5 years;
- (c) the recent triennial review of the pension fund provided the City with a facility to capitalise £8m of "pension fund strain" incurred between 2011/12 and 2013/14. Capitalisation up to this amount will not require a capitalised sum to be paid to the pension fund (as is usually the case), but will result in increased employers' contributions at the next 3 year revaluation.
- (d) we can apply for a capitalisation direction from the Secretary of State, although the amount available nationally is minimal and is expected to be heavily over-subscribed.

9.10 In effect, all these measures are different ways of achieving the same thing. All, of course, create an additional burden on budgets in future years. Hence, the strategy adopted has been to seek to avoid deferring the costs of severance to the extent possible.

9.11 Nonetheless, I believe it is (in principle) acceptable to capitalise these costs on a "spend to save" basis - they are essential to us reducing our ongoing staffing budgets. Many authorities have capitalised such costs in recent years and will be doing so again in 2011/12.

9.12 The recommendations to this report seek approval for the Chief Finance Officer to determine the most appropriate method of deferring the £6.6m of severance to be met from quasi-borrowing. This will be one or more of the options described above.

## **10. Earmarked Reserves**

10.1 Appendix Four shows the Council's earmarked revenue reserves as they stood on 31 March 2010, and as projected by March 2011. These have been set-aside, sometimes over a number of years, for specific purposes. Some of these are ringfenced by law, and can only be spent on specific restricted purposes:

- (a) schools' balances;
- (b) other funds in the schools' block;

- (c) on-street parking income.
- 10.2 The balance on the BSF reserve is now significant. The reason for this is explained in section 6 above, and has been built up over a number of years to pay for phase 4 of the BSF programme.
- 10.3 Of the remainder of the earmarked reserves, the most critical for monitoring purposes is the insurance fund, which is set up to meet claims against the Council for which we act as our own insurer (there is a further “provision” for actual known claims which stood at £4.6m in March 2010). The Council’s performance in managing risk is good, and has improved significantly in recent years. We are now successfully defending more claims than we used to do, and have seen a consequent reduction in claims made. The fund is periodically reviewed for adequacy by an actuary, and £1.5m was released in 2009/10. The actuary’s report confirms that a further £4m can now be released.
- 10.4 The Working Neighbourhoods Fund is a component of the former Area Based Grant, which the Council planned to spend over a 5 year rather than a 3 year period. At present, there remains an uncommitted balance of £5.2m. The budget proposes to commit £2.8m of this balance on regeneration schemes, described at Appendix Three, which will support the City’s regeneration goals and attract substantial leverage. This would leave £2.4m uncommitted. Some committed sums will not have been spent by the year end, hence Appendix Four shows a larger year end figure.
- 10.5 Given the overall financial climate, the Council’s holdings of earmarked reserves have been reviewed. As a consequence of this review, it is proposed that a number of uncommitted balances are transferred to general reserves to help meet the overall budget situation. These are additional to the £1.4m reserves transferred in August, when Cabinet considered how to deal with the in-year funding cuts. The reserves it is proposed to transfer into general reserves are as follows:

	£000s
Insurance fund surplus	4,000
Job evaluation - surplus of one-off monies estimated once scheme implementation is complete	2,300
Waste PFI - monies paid in advance of need by Government which will not be required	1,100
Capital fund - sums set-aside to support the capital programme and no longer required due to decisions to cease work on MyPlace and the new City Gallery	1,600
Uncommitted working Neighbourhoods Fund balance	2,406
Former DSO balance	444
Cultural Services Strategic Reserve (set-aside for City Gallery)	1,089
Uncommitted ODI monies	371
Chief Executive's Initiatives Fund	16
Former Area Committees	73
Cashiers' equipment	23
VAT and taxation	51
NNDR revaluation	100
Property rationalization	123
A7 refurbishment	90
Other	78
	<b>13,864</b>

10.6 The estimate of earmarked reserves at Appendix Four reflects these transfers.

## **11. Risk Assessment and Adequacy of Estimates**

11.1 Best practice requires me to identify any risks associated with the budget; and the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

11.2 In my view, whilst very difficult, the budget in 2011/12 is achievable subject to the risks and issues described below. For budgetary control purposes, the budget of the Council is split into divisions, with a divisional director accountable for spending within budget. Inevitably, some individual reduction proposals will not achieve the full expected savings, and issues will surface during the course of the year which will unexpectedly cost money. The Council has always, however, operated flexible budget management rules which enable pressures to be dealt with as they arise.

11.3 The paragraphs below deal with what I believe to be the most significant risks in the budget.

11.4 A substantial risk is the £3.8m expected to be saved from the implementation of the adult social care transformation strategy, although savings from other reviews (para 6.28) may offset this. The scale of the programme, and the amount of work to be done, means that there must be danger of slippage

affecting our ability to achieve this target. Adult social care costs are also susceptible to changes in the numbers and needs of clients and the underlying position in respect of adult care spending suggests there are currently needs led pressures in excess of budget (estimated at £1m pa on a recurring basis). The Strategic Director is working to contain these, and will report a plan as part of the period 9 budget monitoring report for 2010/11.

- 11.5 A second key area of risk is the proposed savings arising from HR policy changes. Changes in terms and conditions of the workforce are contentious, and will be susceptible to slippage through protracted negotiation. £3.3m of savings are anticipated in 2010/11.
- 11.6 A third key area of risk is inability to deliver the proposed ODI savings of £5.9m in 2011/12, or slippage in their achievement.
- 11.7 The key to delivery of all the above is effective programme management, and this will be a vital task for the Council in 2011/12.
- 11.8 Other areas of risk in the budget are:
- (a) job evaluation, which will remain a risk until it is implemented. This is due to its scale - the pay of several thousand staff, with a total pay bill of £200m, is affected. Financial estimates cannot be regarded as certain until the exercise is complete, and risks will continue well beyond that date as appeals against grading are heard. There remains, furthermore, a risk of equal pay litigation - such is the complexity of this area of law that some claims may arise regardless of the successful conclusion of the project. The Council has made provision for compromising some such claims;
  - (b) concessionary fares remains an area of risk. £1m per annum was added to the budget in 2010/11, all of which is expected to be spent. A further £1m per annum has been added to the budget for 2011/12. The Council's costs are susceptible to continued increased usage by older people, and fare increases by the bus companies;
  - (c) children's safeguarding costs, although this is mitigated by the addition of £750,000 to the budget in 2011/12.
- 11.9 Conversely, it has been a feature of past years' budgeting that severance estimates tend to under-shoot rather than over-shoot - this arises because staff at risk of redundancy often find new jobs before a payment is due. This may, of course, be more difficult in the current climate.
- 11.10 To help mitigate risk, a contingency of £2m has been included within the 2011/12 budget.
- 11.11 Given the scale of funding reductions in 2011/12, it is inevitable that the budget would be subject to a higher degree of risk than is usual. Should there be

sizable problems in the new year, 2 options are available to the Council to manage this and avoid an overspend:

- (a) to utilise some of the £5m balance of general reserves (it is not advisable to go below the recommended balance of £5m, but if we had to, this is, after all, what we have got reserves for);
- (b) to capitalise a greater proportion of the severance cost provision.

11.12 Subject to the above comments, I believe the Council's general and earmarked reserves to be adequate. I also believe estimates made for pay, price, and capital financing are robust.

11.13 Strategic directors, supported by their heads of finance, believe the financial estimates in the divisional budget statements are robust (subject to the risks described within them).

## **12. 2012/13 and 2013/14**

12.1 Members are asked to note the outlook for the years following 2011/12.

12.2 Further reductions in formula grant of 6% are expected in 2012/13, which represents a further £12m loss. The formula grant position for 2013/14 cannot be estimated with accuracy, but there must be a risk that the Council will lose as a result of the Government's forthcoming local government finance review. This will ultimately depend on whether the review prioritises recognition of need (which would benefit urban authorities) or seeks a more level distribution of resources (which would benefit counties).

12.3 As stated elsewhere in this report, the budget takes a one year perspective. However, it is already clear that substantial savings will be required in 2012/13 and 2013/14. The table at section 4 of this report suggests a gap of £17.4m in 2012/13 rising to £22.7m in 2013/14. Additional costs will arise from "quasi borrowing", which will depend on how this is undertaken.

12.4 It is worth noting, however, that whilst the adult social care transformation programme anticipates savings of £3.8m in 2011/12, these are expected to rise substantially by 2013/14. This increase is tentative at this stage, and has not been included in the 3 year budget forecasts.

## **13. Capping**

13.1 As members will be aware, the Secretary of State has power to cap the budgets of local authorities where he believes these to be excessive. A statement from the Secretary of State is awaited at the time of writing this report.

13.2 Given the proposed tax freeze, members need not consider these powers.

## 14. Changes to Budget

14.1 At the time the budget was prepared for consultation, it was recognised that a £9m loss of specific grants in Children's Services still needed to be dealt with. Details of this loss arose very late in the process, due to significant changes in grant funding and reductions made.

14.2 The budget proposed in this report includes additional savings to help bridge this gap. These are included within Children's divisional proposals, but for ease of reference are summarised at Appendix Nine. These savings amount to:

2011/12	£2.7m
Full year	£2.9m

14.3 In practice, time is required to undertake a significant review of those early intervention services which have been substantially affected by Government funding reductions, and the Strategic Director of Children's Services has been asked to carry out a review, consult stakeholders, and prepare a report for Cabinet in the Summer. As part of this exercise, the Director has been asked to identify how a further £1m saving can be achieved in 2011/12, although this additional saving has not been budgeted.

14.4 Clearly, to ensure services can be reviewed properly, a significant amount of one-off monies are required in 2011/12 as a consequence of the loss of children's grants. This is partly offset by a reduction from £2m to £1m of the amount originally proposed for addition to the capital programme.

14.5 During 2008/09, when the economic downturn first took hold, the sum of £2.4m was "borrowed" from education capital resources in order to maintain the capital programme. This provision was to be repaid when new housing developments came on stream at a later date, necessitating additional school places. Given the substantial changes in the Council's circumstances since that time, and the proposals in this budget, these arrangements appear increasingly anachronistic; consequently, it is recommended that the "loan" be "written-off".

14.6 A number of other changes to policy proposals have been made in response to comments made during consultation. These are all included within divisional budget proposals, but are summarised below:

- (a) proposals to transfer sports and leisure facilities to a charitable trust have been removed (these proposals were of particular concern to OSMB scrutiny committee);
- (b) proposals for alternative management arrangements of museums have been withdrawn;



- (c) proposals to save staff as a consequence of replacing the City Gallery provision in New Walk Museum have been withdrawn;
- (d) introduction of admission charges for non-city residents at museums will not now go ahead - again, this matter was particularly raised at OSMB Scrutiny Committee;
- (e) a reduction (from £566,000 pa to £500,000 pa) has been made to the proposed reductions in subsidised bus services;
- (f) a proposed reduction in planning advice and negotiation has been reduced from £70,000 pa to £15,000 pa;
- (g) proposals to reduce the establishment of gardeners by one in Bereavement Services have been withdrawn;
- (h) proposals to reduce budgets for care and repair and the handy-person service have been removed from the budget;
- (i) a proposed saving of £75,000 in the anti-social behaviour unit has been removed from the budget;
- (j) proposals to cease additional library funding for the Bookstart programme, cease specialist speech and language support, and re-commission childcare and early learning provision have been removed from the budget;
- (k) an additional £26,000 pa saving in recruitment advertising is proposed;
- (l) additional savings of £100,000 pa have been included in the budget of Regeneration, Highways and Transport Division by means of extending pay and display to new areas of the City;
- (m) the original budget proposals added back savings anticipated in 2010/11 as a consequence of an accommodation review in Children's Services. It is now planned to continue to progress proposals to relocate from Collegiate House, and therefore part of this "growth" has been removed;
- (n) it is proposed to reduce expenditure on subscriptions and professional fees by £300,000 pa. This would be achieved by centralising (and centrally controlling) all divisional budgets for such expenditure. As described in section 6 above, further savings would be sought from centralising other, similar budget provision;

- (o) a proposal to reinvest in the Youth Service, complementary to proposals to restructure and streamline management, will provide additional resources for the service. This reinvestment amounts to £147,000 in 2011/12 rising to £294,000 in 2013/14.
- 14.7 Following the original budget proposals, further work took place to consider how savings could be achieved from services provided by the voluntary sector. In particular, a principle was enunciated, at the time of the draft budget, that voluntary sector bodies should achieve savings of 5% if they have not been directly affected by any other proposals in the budget.
- 14.8 Rather than “top-slice” 5% savings from the voluntary sector, it is proposed instead that divisional directors review services provided by the sector during 2011/12. Such review would not start from the expectation that every voluntary sector provider can make the same level of reduction. Instead, individual services will be considered with a view to achieving savings:
- (a) as a consequence of service review (of which a number are already proposed in the budget);
  - (b) by direct negotiation with individual voluntary bodies where it is believed that there is scope for savings; or
  - (c) at the time a contract reaches its end date.
- 14.9 In order not to pre-empt this work, the budget avoids assuming a percentage saving can be achieved across the entire sector. This is a change of approach from that envisaged when the original draft proposals were made, and the change was welcomed at a meeting of voluntary sector representatives.
- 14.10 In response to concerns raised by trade unions and staff, proposals to save £4.3m pa in 2011/12 (rising to £5.3m by 2013/14) through reviewing staff terms and conditions have been reduced by £1m pa. This will provide additional flexibility to respond to issues raised during trade union negotiation, particularly in respect of proposals to reduce the working week from 37 to 35 hours.
- 14.11 £150,000 has been added to the budget (in 2011/12 only) to help ameliorate the impact of funding reductions on community safety services.

## **15. Consultation**

- 15.1 Consultation has taken place with the following:
- (a) The Council’s scrutiny function;
  - (b) Partners in Leicestershire Police, NHS Leicester City and the Probation Committee;

- (c) Trade Unions;
- (d) The Business Community;
- (e) The Public;
- (f) The Older People's Forum;
- (g) The Youth Council;
- (h) The Schools' Forum;
- (i) Representatives of the voluntary sector.

15.2 Meetings took place of the Children and Young People's Scrutiny Committee on 31 January; the Performance and Value for Money Select Committee on 2 February; and the Overview Scrutiny and Management Board on 3 February. Minutes of these meetings are included in Appendix Five of this report. OSMB Scrutiny is scheduled to meeting again on 15 February, particularly to consider the budgets of Adult Care, Safer and Stronger Communities, and Supporting People. The minutes of this deliberation will be circulated to Cabinet members separately. Minutes of Health Scrutiny which met on 9 February will be circulated as soon as they are available. The Children's and Young People's Scrutiny Committee endorsed the recommendations in the draft budget strategy.

15.3 The following specific recommendations for Cabinet were made by Scrutiny:

- (a) that attention be drawn to the commissioning process for contracts in the voluntary sector, concerns having been expressed about the lack of targets in some contracts;
- (b) that the post of gardener in Bereavement Services, proposed for deletion, should be retained - revised budget proposals have done this;
- (c) that admission charges at museums were not supported (this proposal is now withdrawn);
- (d) that alternative management of sports and leisure facilities is not supported (this proposal is now withdrawn).

15.4 Partners in the Leicestershire Police, NHS Leicester City and Probation Committee were briefed on the Council's budget proposals on 25 January. Written comments were sought, and any that are received will be forwarded to Cabinet.

- 15.5 Trade unions have been consulted on the budget. A copy of a response from Unison is included at Appendix Five, and any further responses will be forwarded to members in time for your meeting.
- 15.6 Comments on the budget were invited from representatives of the business community. At the time of writing this report, no comments have been received.
- 15.7 Comments have been received directly from employees and the public, via the online consultation. At the time of writing this report, 18 comments have been received. These are summarised in Appendix Five of this report.
- 15.8 The Older People's Forum met on 26 January, and the budget was discussed. Comments received are summarised at Appendix Five. Members are asked to note the importance the Forum placed on Care and Repair Services, and that the original proposal to cut this has now been withdrawn.
- 15.9 The children's budget proposals were presented to the Youth Council on 9 February. The young people understood the challenges faced and the difficult decisions required. Members wanted front-line services to children and young people to be protected where possible.
- 15.10 The Schools' Forum met on 27 January, and the budget proposals were noted. Some concerns were expressed about the impact of general fund reductions on schools, particularly those related to pupils' pre-school readiness and behavioural support. Formal comments were invited from individual members following a meeting but to-date none have been received.
- 15.11 A meeting took place on 8 February with representatives of the Voluntary Sector. Those present welcomed the change of approach whilst the budget was subject to consultation, specifically the fact that individual bodies' budgets will not be "top-sliced". Representatives were concerned about the overall effect of the budget on the sector as a whole.
- 15.12 The Director of Education for the Roman Catholic Diocese of Nottingham has written to the Leader, requesting reconsideration of the removal of subsidy for bus services to voluntary aided schools.
- 15.13 Leicester Disabled People's Access Group has written to express concerns about cuts to bus subsidies, with particular reference to closure of the inner circle and the importance of an orbital route for people with mobility problems.

**16. Budget and Equalities (Irene Kszyk, Head of Equalities)**

- 16.1 Under current equality legislation the Council has a duty to promote race equality, disability equality and gender equality. It must also ensure that it does not discriminate as an employer or as a service provider on the basis of age, religion or belief, or sexual orientation. The race equality duty also includes the promotion of good relations between people of different racial groups.

- 16.2 The Council has a policy of integrating equalities into all aspects of its business and services. It also has a commitment to implement the Equality Framework for Local Government. In keeping with its race equality, disability and gender equality duties, it undertakes Equality Impact Assessments of its policies, procedures and practices in order to inform its decision making.
- 16.3 Each strategic director has assessed his/her budget plans for:
- (a) any adverse equality implications that would negatively impact on service users' well-being (as defined by the Equality and Human Rights Commission);
  - (b) any negative impact on equalities insofar as the proposals affect staffing.
- 16.4 A total of 143 Equality Impact Assessments accompanied the detailed budget proposals. Of these, 31 (22%) indicated that the proposal had an adverse disproportional impact on one or more equality group (only 5 proposals had adverse impacts covering all equality groups: race, gender and disability – the groups covered by our current public sector equality duty). In terms of race equality, 22 EIAs (15%) cited adverse impacts, but 15 EIAs (10%) cited positive impacts arising from the proposal. For gender equality, 15 EIAs (10%) cited adverse impacts, and 15 EIAs cited positive impacts. For disability equality, 12 EIAs (8%) cited adverse impacts, and 15 EIAs cited positive impacts (the 15 EIAs citing positive impacts covered all three equality groups). For all but a few adverse impacts identified, mitigating actions were presented that would reduce the impact, and of these mitigating actions, 8 (26%) presented alternative delivery models for the proposed service. Of the positive equality impacts cited above, 13 of the 15 EIAs indicated that this was as the result of alternative delivery models. The proposals that did not have mitigating actions were those that had no realistic alternatives: as a result of changes in Government policy (grants for housing), or the nature of the saving (reduction in grant for the Curve and Phoenix, or reduction in bus subsidies). Almost 50% of the budget proposals indicated that they had some direct effect on service users (with only 22% having adverse equality impacts as indicated above). Many efficiency savings indicated that they would not have any impact on service users. It is important that the proposals are revisited next year and the equality impact assessed again to determine whether that has indeed been the case. This would inform the development of future service actions and proposals.

## **17. Unsupported Borrowing**

- 17.1 Local authority capital expenditure is based on a system of self-regulation, based upon a code of practice (the “prudential code”).

- 17.2 The Council complies with the code of practice, which requires us to agree a set of indicators that demonstrate that borrowing is affordable, sustainable and prudent. To comply with the code, the Council must approve the indicators at the same time as it agrees the budget.
- 17.3 The code recommends a number of national indicators, which all authorities must set. The Council has also identified specific local indicators, which monitor the effect of borrowing which is not supported by Government grant.
- 17.4 Indicators relating to the Housing Revenue Account were agreed by the Council on 17 January as part of the HRA budget report.
- 17.5 Attached at Appendix six are the prudential indicators which would result from the proposed budget. This budget strategy does not propose any new unsupported borrowing although it is recognised that deferring severance costs has the same practical effect (and may, depending on the route adopted, lead to additional unsupported borrowing). Significant unsupported borrowing (approved in previous years) will take place to fund the centrally located administrative buildings project.
- 17.6 The following table shows the projected unsupported borrowing of the Council (incurred in respect of approved capital schemes) as a percentage of turnover. I believe this to be a better measure of indebtedness than the prescribed prudential indicators which include debt supported by Government grant (this is of no significant consequence):

	<b><u>Outstanding Debt</u></b> £m	<b><u>Approximate Turnover</u></b> £m	<b><u>Debt as % of Turnover</u></b> %
<b><u>General Fund</u></b>			
2011/12	53.0	717	7.4
2012/13	59.9	707	8.5
2013/14	56.7	707	8.0
<b><u>HRA</u></b>			
2011/12	28.6	72	39.7
2012/13	27.3	73	37.4
2013/14	25.9	73	35.5

- 17.7 This borrowing results in costs to the general fund and Housing Revenue Account as follows:

	<b><u>General Fund</u></b> £m	<b><u>HRA</u></b> £m
2011/12	5.3	1.2
2012/13	6.0	1.4
2013/14	6.2	1.4

## **18. Procedural Matters**

- 18.1 When the Council approves the budget for 2011/12 it needs to make various statutory calculations. These include:
- (a) the total budget;
  - (b) the tax arising from the budget for each of the 8 council tax valuation bands (to four decimal places);
  - (c) the total tax for each valuation band, including tax charged by the police and fire authorities.
- 18.2 Following the decisions of Cabinet at your meeting, I will prepare the appropriate resolution for Council.
- 18.3 The Council is also required, as part of setting the budget, to determine the level of discretion given to Cabinet to make in-year changes. The recommendations to this report propose a maximum of £2m, which is the same as 2010/11. With effect from May, this discretion will be the prerogative of the elected mayor.

## **19. Minimum Revenue Provision**

- 19.1 By law, the Council is required to charge to its budget each year an amount for the repayment of debt. This is known as “minimum revenue provision” (MRP).
- 19.2 Borrowing for capital purposes is incurred in 2 ways:
- (a) unsupported borrowing, where the Council decides to borrow money for a priority development and pay the interest and principal from its own revenue resources;
  - (b) supported borrowing, where principal and interest payments are matched by equivalent amounts of Government grant (or at least, reflected in the formula).
- 19.3 The government has announced that it will not make any new supported borrowing allocations, and will use capital grant in all cases. Nonetheless, a policy is still required for historic supported borrowing.
- 19.4 Supported borrowing can be charged to revenue on a basis of matching the government support. This would result in a charge equal to 4% of outstanding debt.
- 19.5 In essence, the proposed policy requires a charge which would repay the debt over the life of the asset it is funding. The policy also enables me to continue making repayment of debt at the 4% rate, where the policy would otherwise produce a lower repayment.

19.6 The policy statement members are asked to endorse is as follows:

- (a) **basis of charge** – where capital expenditure on an asset is wholly or partly funded by borrowing, it is proposed that the debt repayment calculation be based on the life of the asset;
- (b) **commencement of charge** – debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure incurred relating to the construction of an asset, the charge will commence in the year in which the asset becomes operational;
- (c) **asset lives** – the following maximum asset lives are proposed:
  - land - 50 years;
  - buildings – 50 years;
  - infrastructure – 40 years;
  - plant and equipment – 20 years;
  - vehicles – 10 years;
  - loan premia – the higher of the residual period of loan repaid and the period of the replacement loan;
- (d) **voluntary set-aside** - authority to be given to the Chief Finance Officer to set-aside sums voluntarily for debt repayment, where depreciation would otherwise result in a charge of less than 4% of outstanding debt, subject to such set-aside (in respect of unsupported borrowing) being reported annually as part of the revenue outturn.

## **20. Financial Implications**

20.1 This report is exclusively concerned with financial issues.

20.2 Section 106 of the Local Government Finance Act, 1992, applies to this report in respect of members with arrears of council tax.

## **21. Legal Implications (Peter Nicholls, Director of Legal Services)**

21.1 The Council is required to set the council tax applicable for any financial year before 11 March in the preceding financial year.

21.2 Other legal implications are covered in the report:



- (a) adequacy of reserves, as required by the Local Government Act, 2003 (sections 9 to 11);
- (b) the Secretary of State's power to cap the budget (section 13);
- (c) obligations under the equalities legislation (section 16);
- (d) unsupported borrowing, under the Local Government Act, 2003 (section 17).

21.3 There is a need to comply with statutory requirements to consult trade unions/staff regarding any proposed changes to staffing levels and conditions of service. Consultation is also a requirement of current terms and conditions of service.

21.4 There must be meaningful consultation with any outside organisations affected by any proposed cuts included in the budget process.

21.5 EIAs must be completed in accordance with the report.

## 22. Other Implications

Other Implications	Yes/ No	Paragraph References within the report
Equal Opportunities	Yes	These are dealt with in section 16 above.
Policy	Yes	The budget is part of the Council's overall budget and policy framework, and makes a substantial contribution to the delivery of Council policy.
Sustainable and Environmental	Yes	No reductions are proposed to the Council's budgets to tackle carbon emissions, although these are not large. Some impact is addressed at section 7 and in divisional budgets. The national carbon reduction levy no longer recycles resources for improved carbon emission performance.
Crime & Disorder	Yes	Any specific implications are drawn out in the divisional budgets. Grant for the Youth Offending Service was not announced at the time of writing this report.
Human Rights Act	Yes	There are human rights implications because of our obligations under Equalities Legislation Act – see section 16.
Elderly People/ People on Low Income	Yes	The cost of providing concessionary fares to older people has increased significantly, and budget provision has been made.

**23. Background Papers**

- 23.1 Collection Fund Surpluses – report to Cabinet on 17 January 2011.  
Council Tax – Taxbase report to Council on 27 January 2011.  
Equality impact assessments deposited in Members' Services.

**24. Report Author/Officer to Contact**

**Mark Noble**  
**Chief Financial Officer**  
Extn: 297401  
10 February 2011

Changes Between 2010/11 and 2011/12

	£m	£m	£m
<b>Net Budget 2010/11</b>			<b>276.4</b>
Plus spend supported by use of Reserves			2.3
<b>Budgeted Spend 2010/11</b>			<b>278.7</b>
<b>Technical Changes:-</b>			
Inflation			
- Pay	(0.2)		
- Other	<u>1.7</u>	1.5	
Landfill Tax		0.4	
Carbon Reduction Levy		0.7	
National Insurance		0.5	
Energy Costs		0.5	
Pensions		0.7	
Increase In Planned Borrowing Costs		1.3	
Other		(0.1)	
New Homes Bonus		(1.4)	
Council Tax Freeze Grant		(2.3)	
Grant Transfers		24.3	
			26.1
<b>Real Changes:-</b>			
Children's Services Grant Loss		9.6	
Other Budget Pressures		7.8	
Community Safety Investment		0.2	
Budget Savings		(19.8)	
Full Year Effects of Previous Budgets		(0.3)	
Planned Efficiencies - ODI Programme		(3.9)	
HR Policy Savings		(3.3)	
Job Evaluation		0.7	
Transformation Reserve - one off in 10/11		(2.0)	
Senior Management Review		(0.8)	
City Centre Offices - Reduced Provision		(1.1)	
Capital Programme Support - reduced provision		(1.0)	
Contingency		2.0	
			(11.9)
<b>Budget Spend 2011/12</b>			<b>292.9</b>
Less Contribution from Reserves			(9.3)
<b>Net Budget 2011/12</b>			<b>283.6</b>

**Proposed Changes in HR Policies**

1. Purpose of proposals

1.1 Leicester City Council is the largest employer in the city, employing approximately 15,000 staff. 34% of the working population of Leicester work for the combined public sector who are similarly affected by significant cut-backs in funding arising from the Comprehensive Spending Review.

1.2 The next 3 years will see an estimated one million people losing their jobs nationally in the public sector. The future of those people depends to a large degree on the availability of alternative employment in their area or their willingness to move to take up jobs in a competitive national market place. In these circumstances, considering alternatives to further job cuts in relation to amending terms and conditions is one option to help to ameliorate the situation. The estimated savings of these measures, which take into account increasing expenditure on apprentices by £0.2m, are £3.5m in the financial year 2011/12, rising to £4.3m in 2012/13 and 2013/14.

2. Proposed Measures

2.1 The proposed measures are as follows:

- (a) moving to the HMRC car mileage rate of 40p a mile for all staff using their cars for work;
- (b) charging for car parking spaces, with suitable exemptions in place for employees who require car parking for their jobs;
- (c) investigating further a pool car scheme;
- (d) proposed removal of the car leasing scheme;
- (e) proposed removal of the car loan scheme;
- (f) tightening up arrangements for special leave subject to an EIA;
- (g) ceasing payments for professional subscriptions;
- (h) review of interpreters' allowances;
- (i) implementing a part-time reduction in hours policy, which would enable staff to volunteer to reduce their hours, used where appropriate in conjunction with the Flexible Retirement policy;
- (j) removal of the Retainer/Re-entry scheme;

## Appendix Two

- (k) the introduction of a flexible working framework agreement;
  - (l) removing the Soulsbury grades and evaluating these posts under the GLPC scheme;
  - (m) seeking volunteers for voluntary redundancy/early retirement;
  - (n) changing the sick pay scheme to provide a normal maximum of 3 months full pay and 3 months half pay, with discretions;
  - (o) reducing the working week to 35 hours.
- 2.2 The first £200,000 pa saved will be re-applied to finance the currently unfunded programme of corporate apprenticeships.
- 2.3 It is recognised that a number of these proposals will be contentious. However since the Council's pay bill represents a major element of the Council's expenditure, these options cannot be ignored. Some of these options such as the introduction of HMRC car mileage rates and the proposed changes to the sick pay scheme are being proposed nationally or elsewhere in local government. The unions support a voluntary trawl for redundancy/early retirement. It is not anticipated that these consultations will be easy.
- 2.4 If accepted in principle, it is proposed to continue consultations with the trade unions with a view to reaching a collective agreement with them on as many of these proposals as are acceptable.

**Proposed Regeneration Spending**

<b><u>WNF Scheme</u></b>	<b><u>Description</u></b>	<b><u>WNF Funding (est)</u></b>	<b><u>Estimated Match Funding</u></b>	<b><u>Timeframe</u></b>
<b>Leicester Market Public Realm Improvements</b>	Works to the area immediately adjacent the market place will improve the public realm and encourage greater visitor numbers to support market traders and the retailers around the market place. Will support private sector businesses and job creation.	<b>£608,000</b>	<b>£1m ERDF</b>	To Dec 2013
<b>Enterprise and Business Support ERDF Programme</b>	Creating additional public, private and third sector workspace provision to unlock private sector investment and job creation. Other business support proposals to be defined.	<b>£600,000</b>	<b>£1.2m ERDF</b>	To Dec 2013
<b>Science Park Innovation Workspace</b>	Match funding to deliver new innovation workspace building for 59 new companies and create 22,000 sq ft of high value workspace. Supports complementary investment in adjacent site from Zeeko.	<b>£622,212</b>	<b>£4.5m ERDF / RGF</b>	Summer 2011
<b>Local Retail Business Support Package</b>	Improvements to local retailing areas to support public realm and shopfront improvements. Target areas are Granby St, Leicester Market and two key gateways to the city at Belgrave Gate / Melton Road and Narborough Road. Supports approx 80 + shop front improvements.	<b>£600,000</b>	<b>£400,000 Private owners funds</b>	Spring 2011
<b>NAS / Leicester College Apprenticeship Scheme</b>	Grant incentive to SMEs to take on 100 apprenticeships.	<b>£200,000</b>	<b>£2,060,000 Private sector leverage</b>	Spring 2011
<b>Developing Environmental Apprenticeships</b>	Support for Photo Voltaic's on social housing homes, reducing energy costs for tenants and developing skills for 'green jobs'. Train 50 unemployed people. 20 pilot homes targeted.	<b>£150,000</b>	<b>TBC</b>	April 2011
	<b>Total</b>	<b>£2,780,212</b>	<b>£9,160,000</b>	

**Earmarked Revenue Reserves**

<b>Reserve</b>	<b>Year-end balance 31 March 2010</b>	<b>Forecast balance 31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
<b><u>Statutory / other ringfenced reserves</u></b>		
Schools' Balances	15,942	15,942
Schools' Capital Fund	2,062	1,800
Insurance Fund	6,877	4,237
Dedicated Schools Grant (carry forward)	4,857	1,600
Supporting People Funds	1,311	865
Schools Buy Back	949	702
Schools Catering - Job Evaluation	506	506
On Street Parking Reserve	29	0
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<b><u>TOTAL STATUTORY / OTHER RINGFENCED RESERVES</u></b>	<b>32,533</b>	<b>25,652</b>
<b><u>Other Earmarked reserves</u></b>		
BSF - Capital Financing Costs	19,221	24,116
Job Evaluation Reserve	14,545	8,400
Area Based Grant - carry forward	12,536	15,454
LPSA Reward Grant	2,044	962
Raising Achievement Plan (formerly TLL)	1,773	375
Transforming the Learning Environment	1,426	1,200
Minor Reserves	1,348	1,923
ODI Programme – transformation monies	1,194	2,070
Housing Capital Reserve (Housing Maintenance)	1,144	0
VAT Rebate - City Gallery	1,000	0
Special Olympics	1,000	0
Capital Financing Reserve	951	0
Regeneration & Cultural Reserve	620	0
IT Development Reserve	532	532
LABGI - Economic Regeneration	472	100
Butterwick House	408	408
Ward Community Meetings	381	0
Property & Central Maintenance Fund	322	0
CYPS Departmental Reserve	315	0
Highways / Traffic Reserve	250	0
Community Cohesion	210	89
Cost of Elections	150	150
Charnwood Health & Social Care Centre PFI scheme	87	124
VAT / Taxation Reserve	81	20
Gilroes Cremators	0	150
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<b><u>TOTAL OTHER EARMARKED RESERVES</u></b>	<b>62,010</b>	<b>56,073</b>
	=====	=====
<b><u>TOTAL EARMARKED REVENUE RESERVES</u></b>	<b>94,543</b>	<b>81,725</b>





Business Case', as she was the Chair of the Planning and Development Control Committee.

Councillor Senior declared a personal non prejudicial interest in item 6, '2011/12 Budget Proposal – Investing In Our Children', as she worked in the Voluntary Sector and her husband was an employee of the Council, although not directly linked to Children's Services.

## **76. 2011/12 BUDGET PROPOSALS - INVESTING IN OUR CHILDREN**

The Strategic Director, Children, and the Chief Finance Officer submitted a report that outlined the 2011/12 budget proposal for Investing in our Children.

The Chair reminded Members that discussion could not take place regarding individual staff members.

The Strategic Director introduced the report and explained that each division within Investing in our Children would be presented by the responsible director. The division were as follows:

- Transforming the Learning Environment
- Social Care and Safeguarding
- Learning Services
- Access, Inclusion and Participation
- Planning and Commissioning.

The Strategic Director highlighted that the Council had sought to protect key priorities, although significant cuts were unavoidable due to the huge reduction in government funding. Services for vulnerable families were protected where possible. It was noted that in addition to the report further work would be needed to address the full extent of the cuts.

In response to a question it was explained that the total reduction for Children's Services was £13.1 million, which did not include a national cash transfer from the General Fund for Academies and Free Schools.

The Chair queried whether a provision for inflation had been factored into the budget. The Strategic Director noted that no allowance was in place for services for inflationary costs and cost pressures, although the basis of the budget does include some provision.

### Transforming the Learning Environment

The Strategic Director, Children, introduced the Transforming the Learning Environment budget, highlighting that the budget was largely constructed from one-off reserves, contributions from the Schools Budget and a small amount of General Fund.

The Committee were informed that the problems in the property market had resulted in properties not being sold and additional costs incurred for matters such as security, insurance and repairs and maintenance. In response to a question it was explained that there were approximately ten empty properties

within the service and there were no plans to sell the Riverside school site. It was agreed that Members would be provided with information regarding vacant properties / sites.

#### Social Care and Safeguarding

The Director, Social Care & Safeguarding, presented the Social Care and Safeguarding budget. It was highlighted that the funding being transferred from the Area Based Grant to the General Fund in the areas of: Care Matters, Child Death Review, CAMHS and Carers was not new money and there were still substantial reductions the division would absorb. The £750,000 additional funds were to recognise the current level of overspend in the division due to the increased safeguarding pressures and subsequent increase in work load, together with a provision for further increases. The increased pressures related to more robust approaches to children's safeguarding generally across the partnership in the light of national perspectives. In addition it was thought that with the national financial downturn would potentially put additional pressure on families, which could result in more referrals to the service.

The additional growth proposed in the budget for the division would be deployed in those areas where there are particular safeguarding pressures. This will enable the division to increase team manager capacity in the Child Protection and proceedings Service which would assist the division in managing increase in child protection cases.

The Committee were informed that discussions had taken place with foster carers regarding the provision of transport to and from contact. Foster carers were reported to be happy to provide this service where they could. This would make a financial saving and provide a better service for the child. Members felt it would be beneficial for foster carers to provide transport.

In response to a question it was noted that future safeguarding services and provision would be reviewed following the reports *of the* Munro Review of Child Protection. The final report was due to report to Government in April 2011.

The Chair expressed his concern that any large cuts could impact on the performance of the child protection service.

#### Learning Services

The Director, Learning Services, presented the Learning Services budget and explained that support would still be offered to those schools in the lowest Ofsted category, while those classed as good and outstanding would receive considerably less support.

It was queried why there was increased savings from the transfer of Leicester and Leicestershire Learning Organisation (LLLO) over the following two years. In response the Head of Finance, Investing in Children, commented that there were still costs to pay in the 2011/12 budget, however from 2012/13 the full savings would be recognised. In response to questions from the youth representatives the Director, Learning Services noted that the full implications of the national changes to the arrangements for planning, commissioning and

funding post-16 education and training LLLLO still need to be clarified at national and local level. The Council still had a role in post 16 education and would use its influence to ensure the correct education and training opportunities were available locally.

Members were informed that there were eleven redundancies within the school advisory services, from these six would be voluntary. There were also redundancies within LLLLO, all of which were expected to be compulsory.

A youth representative queried what feedback had been received from schools regarding the reduction in allocation of school support. It was noted that discussions had taken place to ensure schools were aware of the need to look at reductions.

A Member queried what measures were in place to ensure there were checking mechanisms in schools to prevent school standards slipping. The Director, Learning Services , noted that the schools that fell into the bottom two Ofsted categories would receive the most support. Approximately 40% of primary schools and 20% of secondary and special schools would be allocated support.

The Director, Learning Services, informed the Committee that previously the division did not have the capacity to provide a full range of traded services to schools. Schools now consider these services valuable and discussions had taken place with schools to determine the types of services required. Some services that the Council were currently providing to schools for free would be charged from April 2011. A Member expressed concern that current services were being given away for free.

Councillor Suleman commented that there had been vast improvements within Children's Services and that the message needed to be projected to encourage more schools to trade with the Council. He offered to provide support if needed.

Members learned that the cuts from the National Strategies funding, which supported the advisory support, had been anticipated since the announcement that support would end in March 2011. It was explained further that although the fund was not set up on a permanent basis it had been running since the 1990s.

The Chair expressed concern that the reduction in the advisory team would make it harder for schools to achieve. The Director, Learning Services, agreed that it was a challenge and that work with schools would be needed to be targeted carefully and ensure it was making an impact. Additional emphasis would be placed on schools supporting other schools, an approach which was already starting to work very well. In addition to this she would investigate building capacity within the Council which could be traded.

To assess the needs of individual schools their performance and test data was important, together with retaining a minimum contact with the schools. The schools would be monitored around twice a year in addition to any additional

contact from the school. Through this, Learning Services could focus more on risk management and preventative measures. In addition it was reported that Ofsted would no longer be inspecting 'outstanding' schools every five years. In response to a question it was noted that there was a general fear that the lack of inspection every five years could cause a risk, however this was a national change.

#### Access, Inclusion and Participation

The Director, Access Inclusion and Participation, presented the Access, Inclusion and Participation budget and acknowledged that they presented complex budget proposals.

The Cabinet Lead, Children and Schools, reported a proposed change to the budget with three areas retaining funding in 2011/12. These were as follows:

- Library funding for Bookstart programme for £65,000
- Specialist speech and language support for £58,000
- Childcare, play and early learning provision for £292,000

In response to a question the Cabinet Lead explained that an alternate funding reduction in place of the above services had not yet been identified, although charging for transport to faith schools was being considered.

The Cabinet Lead explained that the Council was committed to youth services and that she was reviewing the proposed saving associated with reconfiguring the youth service on a locality basis, to focus on management efficiencies. She sought the Committee's views on the removal of management support in that area.

A Member expressed concern regarding the funding for additional Ante-natal support being ceased. In response it was explained that the funding was used to relocate the community midwifery teams into children's centres and this had been achieved. It was explained further that most Sure Start / Children's Centres also offer sex education advice to young people.

Concern was expressed that the Sure Start Centres were not being used effectively and reaching the most vulnerable families. Members were informed that the Government were changing their responsibilities. The Chair queried if Sure Start had the capacity to take on the extra responsibility. In response it was noted that the services would also need to fully reflect the needs of vulnerable children. It was anticipated that the provision for each child within the city might need to be reviewed.

A Member expressed support for the use of children's centres by childminders as this provided other opportunities once the individual support workers were no longer available. It was queried when this change would be put in place. It was explained that this change would not be immediate and therefore there was time to work with both staff and childminders on the change.

The Committee were informed that vulnerable parents of children 0-5 years old

would receive support in their home. The individual needs of vulnerable families would be assessed to identify the best method. For those children with disabilities a support programme would be identified.

A Member queried the impact of the remodelling of quality improvement support to a neighbourhood model. It was noted that the majority of the money would be on staffing, which would include training needs. Existing children centre leaders would be asked to manage a small budget for quality improvement and workforce development to procure additional support for inadequate and satisfactory rated settings.

A youth representative queried if the core values of the service would be affected by the delivery of Integrated Services. This was not thought to be the case. By working together it would be important to ensure that the aspects of the services were kept in place alongside the core values.

In response to questions from a youth representative it was explained that the core offer for all young people in Leicester would be reviewed, part of this would be voluntary and part targeted services. The principle of voluntary access to youth services remained an important element. The Director, Access Inclusion and Participation, explained that the draft core offer would soon be published which contained the universal and targeted services. It was hoped this would be made public over the next few weeks. It was explained that once the proposals were available young people would be involved and consultation take place. Consultation would take place through a number of channels including the Youth Council and at ward and neighbourhood level. The offer needed to be flexible to recognise the different needs of areas of the city.

The Committee were informed that from consultation with young people it was made clear that young people required affordable activities that were affordable to travel to and activities on Friday and Saturday nights. This would be taken into consideration when providing services.

In response to a question it was noted that the posts being deleted in youth services were not activity specific and it was anticipated that services would be delivered in a more integrated way. It was also noted that the Cabinet Lead had expressed an intention to review this particular savings proposal.

Councillor Potter expressed concern that youth services in Humberstone and Hamilton were not very accessible to local young people. She welcomed the report and hoped there would be improvements in the area. In addition Councillor Potter expressed concern regarding the extent of the national cuts and how these would affect the children and young people in the city.

#### Planning and Commissioning.

The Director, Planning and Commissioning, presented the budget for Planning and Commissioning and explained that an additional report would be presented to the Committee on Traded Services with schools in March 2011.

The Committee were informed that the Family and Children's Information

Service on Bishop Street was to close and the service would be provided by the Children's Centres across the city and that a decision had already been taken on this by Cabinet on 13<sup>th</sup> December 2010.

In response to a question, the Director, Planning and Commissioning explained that the home to school transport arrangements for all eligible mainstream and special education needs were still in place and had not been amended in any way. The Cabinet Lead explained that in future it was anticipated there would need to be a reduction in spend to this transport area, as there would be more special needs school places within the city. It was felt appropriate that existing pupils maintain their school places, subject to parental choice.

The Director, Planning and Commissioning, explained that the Council's General Fund Consultation proposal published on 18 January 2011 indicated that further exploratory work would take place with regard to two further areas during the period of the budget consultation:

1. Charges for voluntary aided school transport
2. Review of voluntary sector grants.

The Council were considering making changes to the discretionary element within its current Home to School Transport Policy. Support was currently provided to those from Reception to year 11 who attended voluntary aided / faith schools and lived over the statutory walking distance. Consideration was being given to consulting upon proposed changes to this discretionary element to bring this in line with that adopted in many other local authorities and ending the free transport element. There would not be any changes to qualifying low income pupils. A separate consultation exercise would take place to identify view and determine implementation if taken forward.

The Director explained that Children's Services commissioners had written to a number of voluntary sector providers on 22 December 2010 explaining that the Council was facing severe financial pressures and that some services currently provided were unlikely to be re-commissioned at the end of the current contract on 31 March 2011 when the current contract arrangements come to an end.

The sections commissioning arrangements were however complex. As a signatory to the Voluntary Sector Compact the Council were committed to the principle within that and the importance of maintaining an open dialogue and constructive engagement with the voluntary and community sector. Children's Services were keen to protect front line services

The Director, Planning and Commissioning, explained the division were currently working with Corporate colleagues to develop an objective and consistent process that may be followed in reviewing and implementing this particular proposal in the event that this proposal was agreed by Members for implementation. The Council would endeavour to provide as much notice as possible of its commissioning intentions and would seek to consult as appropriate.

A member expressed concern about profits being made from City Catering. In

response it was explained that although City Catering operates as an internal trading account, it aims to break even rather than make a profit as its customers are internal to the Council and schools. In particular, the school meals service is a major element of the service which runs as non-profit. The hospitality service bears overheads payable to the Council that could exceed those of some external businesses. The account would also be affected by the implementation of the Single Status review.

Letter from The Diocese of Nottingham

The Roman Catholic Diocese co-opted Member submitted a letter from the Diocese regarding the removal of some dedicated school bus services to English Martyrs, St. Patrick's and Holy Cross Schools. The Chair agreed to accept the letter as a comment and explained that this item would be covered under the Highways and Transportation section of the budget and therefore any comments would be passed to the Overview and Scrutiny Management Board for consideration.

The Cabinet Lead, Children and Schools, explained that although this was not her service area she believed there were alternatives to the dedicated school bus and that the Council would work closely with the bus companies and schools. The Director, Planning and Commissioning, believed that from the eight routes identified in the letter six had alternative routes to the schools, although this might involve a change of bus.

Councillor Suleman expressed concern that there could be a detrimental effect on the children that use the service and agreed to raise the matter at the Overview and Scrutiny Management Board.

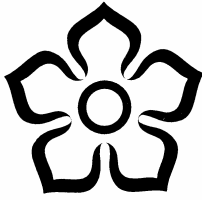
Some Members voiced their concern that the current arrangements for free school transport provision for children attending faith schools arguably discriminated against children who did not attend faith schools, and that the removal of the service might restore parity

The Roman Catholic Diocese co-opted Member emphasised the contribution that these schools contributed to the city and attracted pupils from outside Leicester. He felt that it would be important to consult on this issue before the decision was made.

RESOLVED:

1. that the report be noted and the recommendations for Cabinet endorsed.
2. that Members be provided with information on the ten vacant properties within Children's Services.

that the minutes of the meeting be passed to the Overview and Scrutiny Management Board to note comments on the proposed removal of dedicated school bus services.



Leicester  
City Council

APPENDIX B

MINUTE EXTRACT

Minutes of the Meeting of the

**PERFORMANCE AND VALUE FOR MONEY SELECT COMMITTEE**

Held: WEDNESDAY, 2 FEBRUARY 2011 at 5:30 pm

**P R E S E N T:**

**Councillor Coley - Chair**

**Councillor Chowdhury  
Councillor Draycott  
Councillor Kitterick**

**Councillor Connelly  
Councillor Grant  
Councillor Willmott**

\* \* \* \* \*

**115. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Desai and Bayford.

**116. DECLARATIONS OF INTEREST**

Members were asked to declare any interests they had in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Chowdhury declared a personal non prejudicial interest as his son worked for a school and he and his wife worked in the voluntary sector.

Councillor Grant declared a personal non prejudicial interest as his partner worked for the Council and his sister in law worked at a school.

Councillor Coley declared a personal non prejudicial interest as his daughter worked for the Youth Offending Service at the Council.

**121. 2011/12 BUDGET PROPOSALS**

Councillor Willmott left the meeting at this point and was not present for the remaining item.

The Chief Finance Officer submitted a report which sought the views of the Committee on the draft budget plans for the Assurance and Democratic Services, Human Resources, Change and Programme Management, Information and Support and Financial Services divisions.



The Chief Finance Officer introduced the report and informed the Committee that the report was a series of draft budget proposals going before the different Scrutiny Committees. It was queried whether there had been any amendments following the discussions of the Children and Young People's budget at the Children and Young People Scrutiny Committee on Monday. The Chief Finance Officer stated there had been discussions regarding subsidised bus routes and the minutes would be circulated as soon as they were available.

Each divisional Director for the relevant area was present and introduced the plans for their respective division.

### **Assurance and Democratic Services**

The Director of Corporate Governance presented the budget for the Assurance and Democratic Services division. The Committee were informed that there a review of Legal Services was due to take place and it was hoped that this would generate savings of around £1m. It was also hoped to increase income from citizenship ceremonies by £60,000. In addition to this, it was noted that the division was included in the Organisational and Development Improvement (ODI) review of support services from which it was aimed to find £300,000 of overall savings in the division.

In response to a query regarding the Coroner's service, the Director of Corporate Governance stated that the budget for this area was now under control and this was largely due to the newly appointed Coroner, Mrs Mason. Other reasons for improvement in the budget was that the new Coroner was able to make decisions at an earlier stage in the process than previous Coroners and there were now more efficient procedures.

Concern was raised that it was an assumption on how much income would be received by Legal Services through work done for external bodies. The Director of Corporate Governance stated that there was currently income of about £40,000 received in this area for work done for local district Councils. He informed the Committee that hourly charges were competitive compared to the private sector. Comments were made that while the idea was good, the process needed to be open and transparent.

The Director of Corporate Governance informed the Committee that discussions had also been held with other Councils about running joint Legal Services however this was ongoing work and was more of an aim for the medium term rather than the short term.

### **Human Resources**

The Director of Human Resources presented the budget proposal for the Human Resources division and informed the Committee that consultations were to commence with schools as part of overall traded service provision to them to increase charges for the HR service they received of £100,000. It was explained that this was because Children and Young People Services had not re-charged the full amount of the costs of the service to the schools previously.

The Committee was also informed that HR was part of the ODI review of support services and savings of £800,000 were planned for the division from 2013/14. It was noted that HR were currently assisting the changes that were occurring throughout the organisation.

The Director of Human Resources stated that the HR service at the Council was highly regarded by schools and had been placed by the Chartered Institute of Public Finance and Accountancy (CIPFA) annual survey as in the upper quartile in terms of value for money for HR services in a unitary authority.

Councillor Kitterick returned to the meeting.

Concern was raised that there was a risk schools would now look elsewhere for their HR service following an increase in charges for the Children and Young People HR service. The Director of Human Resources stated that this was a variable risk. The Interim Chief Accountant informed the Committee that the current cost of running Children and Young People Services HR was £1m. The increase represented approximately £1,000 per school.

Further concern was raised that schools would not be able to afford this kind of service and it was queried when the details of the national budget impact on schools would be fully known. The Chief Finance Officer stated that there was a separate process for the schools' budget. Whilst schools were protected to some extent, there were a number of pressures on schools' budgets. He informed the Committee that the best estimate was a 5% real terms reduction in comparable resources for 2011/12 however the impact of this would vary from school to school. It was also noted that funding from the new Local Pupil Premium scheme would get allocated to schools, but this would not be evenly distributed.

It was queried whether the figures with regards to job losses in the Council's budget took into account staff in schools. The Chief Finance Officer stated that they did not.

### **Change and Programme Management**

The Director of Change and Programme Management presented the budget for the Change and Programme Management division and informed the Committee that the division was involved in the ODI review of support services which was looking to deliver savings of £1m in the division. The other main proposal was the reduction in the community cohesion fund of £64,300.

Concern was raised that funding for the Gujarat Hindu Association and the Race Equality Centre had been ring fenced and therefore protected unlike other groups. The Director of Change and Programme Management informed the Committee that both contracts were only running until the end of March 2012 and that there was a separate budget proposal to look at voluntary sector grants overall which would include both of these. With regards to the Race Equality Centre, the Committee was informed that work had been done to tighten up the specification of the contract and meetings were held with the

group quarterly to monitor what was being delivered.

Concern was raised that there wasn't a robust and evidenced approach to the process. The Director of Change and Programme Management provided assurance that there was and informed the Committee that there was no presumption that contracts would be rolled forward. The Chair requested that the Committee have an early look at both of the contracts that had been mentioned.

The Chair noted that the community cohesion fund had been established in 2004 and was open to groups to apply funding from it and had not been used to fund groups on an ongoing basis. The Director of Change and Programme Management informed the Committee that a proportion of the funds had been allocated in this way in more recent years and that this had been the decision of the relevant Cabinet Lead at the time.

In response to a query regarding whether contracts could be reduced, the Director of Change and Programme Management stated that the contract for the Race Equality Centre could be, however prior notice and consultation would have to be given. Members were informed that the contract for the Gujarat Hindu Association was a bit more complicated and legal advice would have to be sought.

It was stated that if flexibility was needed, contracts should not be issued in this way. It was suggested that contracts needed to be analysed in more detail with regard to what was being commissioned.

The Committee asked that the concerns raised at the last meeting be reiterated and attention be drawn to the commissioning process for contracts in the voluntary sector.

### **Information and Support Services**

The Director, Information and Support presented the budget for the Information and Support Services division and informed the Committee that there was a proposal to reduce the opening times of the Customer Service Centre from 8am – 8pm Monday to Saturday to 8am – 6pm Monday to Friday. This was due to their being a relatively modest volume of calls received after 6pm and on Saturdays. It was noted that this would create savings of £156,000.

The Chair queried why this measure hadn't been taken sooner. The Director, Information and Support stated that the Customer Service Centre had only opened in 2009 and when launched the customer take up during the extended hours could not be predicted. The Director, Information and Support informed the Committee that for some time the service had been anticipating the need for cost reduction so had not recruited to vacant posts instead changing staff work patterns so that minimal numbers were working during quieter periods. This had then kept the operating costs down.

### **Financial Services**

The Chief Finance Officer presented the budget for the Financial Services division and informed the Committee that much of the division was involved in the ODI review of Support Services where £1.2m savings were sought. The Chief Finance Officer informed the Committee that there would be a reduction in the internal Audit Service which would bring savings of £80,000 in 11/12. It was noted that 2.5 posts would be deleted of which one was vacant. The Chief Finance Officer stated that the Financial Management Standard in Schools regime, which was audited by the Council's Audit Service, had been terminated in December by the Government and the Schools Forum had decided to let schools make their own decision with regards to if they wanted to use the service or not. It was noted that it was unlikely schools would use the service, and redundancies would consequently ensue.

A further proposal was to bring the handling of personal injury claims in house which would result in savings of £90,000. With regards to external motor claim handling, the Chief Finance Officer informed the Committee that this would still be done externally as this was a complicated area of business and the cost paid to do this was around £20-30,000.

The Committee were informed that further proposals were in the Revenue and Benefits section. The Chief Finance Officer stated that the cashiering facility would close, there would be a reduction of one senior manager and other vacant posts would be deleted. The Chief Finance Officer commented that the public were able to use PayPoint facilities in shops across the city to pay rent and council tax. It was noted that there had been a reduction in the housing benefit administration grant from the Government. The Chief Finance Officer informed the Committee that the improvement plan should not be affected by 11/12 cuts.

It was noted that the proposals outlined for 2012/13 in Revenues and Benefits were still provisional due to national changes. The Chief Finance Officer stated that it was expected council tax benefit would be localised. It was noted there would be a transfer of some responsibility with regards to revenue and benefits to the Department for Work and Pensions. Of the 12/13 proposals, the Chief Finance Officer informed the Committee that discrepancy checks would be done via post rather than the current process of conducting visits. There would also be a reduction in training officers from four to three and in liaison officers however this would be considered again in 2012.

The Chief Finance Officer stated that a correction needed to be to the Internal Audit pro-forma in relation to savings in subsidy certification.

Concern was raised that the risk assessment only mentioned one proposal however there were currently three. With regards to combining of the audit service, concern was raised that this would lead to a reduction in internal audit activity and it was stated that this should be monitored by the Committee. The Chief Finance Officer agreed that this could happen.

It was queried if audit services were needed in the event of things going wrong,

would the same level of service be provided. The Chief Finance Officer stated that it was expected that a joint service would be more responsive than a single service as there would be more staff.

Due to discussions on the ODI review of Support Services, Councillor Grant left the meeting at this point following his earlier declaration.

It was queried whether more documentation should have been provided regarding the review of support services. The Director of Change and Programme Management informed the Committee that this was an ongoing programme with previously agreed targets as part of the previous budget and that the Committee had recently considered a report regarding the review of support services and the targets and progress of the programme. It was felt that more information needed to be made available with regard to this during the budget process.

RESOLVED:

- 1) that the report and comments made by Members of the Committee be noted.
- 2) that the Committee reiterate their concerns raised at the previous meeting regarding the lack of targets that had been set for some contracts and insufficient information about the performance and value for money of those contracts.
- 3) that the Committee requested attention be drawn to the commissioning process for contracts in the voluntary sector.
- 4) that the impact of budget reductions on internal Audit be monitored by the Committee.



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Pertinent to the Regeneration and Transport Task Group leader) as he and his wife were in receipt of concessionary bus passes.

Councillor Newcombe declared a personal interest in proposal number ES3, of Item 5 (Divisional Budgets Pertinent to the Environment and Sustainability and Culture and Leisure Task Group Leaders), as he was a Trustee of the Bradgate park and Swithland Wood Trust. He also declared personal interests as his wife worked within Adults and Housing and several family members worked in cleansing services.

Councillor Potter declared a personal interest in proposals numbered ES11, ES12 and ES13 of Item 5 (Divisional Budgets Pertinent to the Environment and Sustainability and Culture and Leisure Task Group Leaders), as she knew some street cleaners personally. Councillor Potter also declared personal interests as she had a child in full-time education, her former mother-in law was in receipt of a Council care package and she was a Council tenant.

Councillor Suleman declared a personal interest in proposal CS08 of Item 5 (Divisional Budgets Pertinent to the Environment and Sustainability and Culture and Leisure Task Group Leaders), as he lived outside the City (but in the County).

Councillor Aqbany declared a personal interest in Item 6 (Divisional Budgets Pertinent to the Adults and Housing and Community Cohesion and Safety Task Group Leaders) as his mother was a Council lessee.

### **136. 2011/12 BUDGET PROPOSALS**

The Deputy Chief Executive and the Chief Finance Officer were present to provide an introduction and general overview of the 2011/12 budget proposals.

The Chief Finance Officer explained that following a huge decrease in Government funding, the 2011/12 budget had been the most difficult budget to construct in decades and that significant cuts were unavoidable. The proposed budget aimed to protect Leicester's priorities. It was also pointed out by way of introduction that Council Tax had been frozen for the coming year if the proposals were adopted.

The in-year spending cuts announced on 25 May 2010 resulted in a drop of £9.2m of funding from central government, and the City Council had also been adversely affected by cuts to organisations such as the East Midlands Development Association (EMDA). Furthermore, the Comprehensive Spending Review saw a 29% real terms reduction in formula grants over four years at national level. In response to a query from Councillor Suleman, it was clarified that grants received by the Council were to reduce by 12.9%, in

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2011/12. The Chief Finance Officer also stated that a number of specific grants had been rolled into formula grant, and that the appropriate sums had been added into the budget. This was not growth, just a change of funding.

The Board were informed that the Council had received a two year settlement from the Government, which would see an overall reduction of £30m in revenue grants and a £20m reduction in capital. It was also explained that this included a reduction of £9.6m in Children's Services specific grants for which budget proposals did not exist at the time the draft budget was published.

Further key funding changes included a cessation of the Housing Revenue Account subsidy system in 2012/13, the receipt of additional funding for adult care via the NHS and the transfer of £0.9m as a central provision for academies.

Members heard that a number of 'one-off' monies would be used for severance and for the 2011/12 budget. Total available monies amounted to £17.5m, The amount of one off monies which the budget proposed to use would exceed this, to cover the additional funding required for Children's Services. It was intended to review all budgets significantly in Spring 2012

In respect of the main features of the Budget, the Chief Finance Officer reported that protecting BSF funding was a key component; as was investing £750,000 into Safeguarding Children which reflected the increased number of children entering the care system. An extra £1m for concessionary bus travel had been provided in light of an average 5% increase in fares and a growing number of elderly citizens using buses.

In terms of savings, a proposed senior management review and savings within ODI and HR were key features. Savings within ODI were expected to grow from £5.6m to almost £9m by 2014. Savings within HR related in part to changes to the terms and conditions of staff which included proposals to reduce working hours to 35 hours. The Chief Finance Officer was expecting the trade unions to comment on these in their formal responses.

In relation to Children's Services specific grants, it was explained that the Government had announced major complex reductions in overall grant funding, which encapsulated a 22% reduction of Early Intervention Grant, which provided for schemes including Sure Start. Schools were reported as also suffering from forthcoming budgetary pressures, as a result of a pay award, and the reduction of several direct grants. It was also explained that the size of the gap in the overall position of the budget was expected to grow significantly from the draft proposals as a result of the impact of cuts in Children's Services grants.

The Chief Finance Officer reported that £4m would be received in each of the next two years via the NHS to deliver Adult Social Care work which directly



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benefitted health outcomes. Use of this money had to be agreed with the PCT. It was also noted that clarity from the Government was still awaited in respect of several other grants including youth justice.

The Chief Finance Officer believed the key areas of risk in the budget were the adult social care programme, the changes in staff terms and conditions, and the ODI programme. This was due to the size of the savings and the fact that programmes of activity were required to deliver them.

The Deputy Chief Executive spoke further on areas of interest to Members and explained that the current level of budgetary pressures had led to a greater number of services being brought into review. He stated that the overall level of risk to the Council was sizeable in light of the reduction of the amount of money made available. He also made it clear to the Board that any changes to the terms and conditions of staff contracts were subject to full consultation with staff and Trade Unions, and that implementation of such changes would be far easier if Trade union support was provided. . Furthermore, the Deputy Chief Executive explained that consultancy spend over the last financial year had fallen from £9.6m to £3.3m and that agency spend had fallen by £2.3 million in the last year, well exceeding it's target.

Clarity was sought around the level of finance required for pension and severance costs. The Chief Finance Officer confirmed that £15m would be provided via "quasi borrowing" and by the use of available one-off monies. "Quasi borrowing" would be achieved by using monies set aside for capital (and then borrowing for capital works) or by using facilities within the pension scheme to defer cost. In response to a further query in relation to the proposal to reduce working hours, the Deputy Chief Executive said that £4m was proposed for this, which equated to 50% of the total possible saving and explained that the proposal could not be extended to all Council staff due to need for full coverage in some service areas.

Concern from members was expressed around the shortage of information around the ODI review budget. The Deputy Chief Executive confirmed that a significant amount of background detail on this programme was available which could be made available to Members. In response to further comments around a shortage of information around Adult and Social Care budgetary processes, the Deputy Chief Executive explained that a broader transformation process had shaped this area , which had made it difficult to break down specific figures in the same way as many other divisional budgets.

The Chair asked whether any particularly radical measures had been employed by the Council to try and address the overall budget situation. The Deputy Chief Executive confirmed that service transformation processes had commenced within many of the Council's larger and more expensive services. Further to this, a variety of other ways of remodelling services which included neighbourhoods, were being considered. He added that work on the 2012/13

budget would commence in the coming months and as part of this, many other services would be looked at in more of a transformational way.

RESOLVED:

- (1) That the general overview of the 2011/12 budget proposals be noted; and
- (2) That further information on the ODI review budget be provided to Members

### **137. DIVISIONAL BUDGETS PERTINENT TO THE REGENERATION AND TRANSPORT TASK GROUP LEADER**

#### Regeneration, Highways and Transport

The Divisional Director, Regeneration, Highways and Transport, was present to provide a summary of the budget for his division.

Members heard that the division had an overall budget growth of £1.4m , which would fall to £0.3m by 2013. This growth was composed of budget pressures of £3.1m in 2011/12 and savings of £1.7m in 2011/12 rising to £2.8m by 2013/14. it was explained that the pressures mainly related to concessionary fares and reduced design and supervision fees from a reduced capital programme. The savings mainly comprised of a reduction of 41 posts within the division and a £600,000 reduction in bus subsidies which would encompass the loss of 29 bus routes. A further saving of £300,000 in highways maintenance had been proposed. Further a number of questions in relation to the loss of these routes, the Director explained that a number of mitigating factors were considered before decisions were made and consideration in consultation with the bus companies was given to those which could be delivered commercially. The Director agreed with a suggestion by Councillor Newcombe that all subsidised bus routes in Leicester be reviewed in the future, and it was further suggested that a Task Group review in relation to this be considered as a future topic. Furthermore, members were informed that discussions were taking place with Leicestershire County Council around the possibility of linking the Birstall and Enderby Park and Ride services.

In light of a reduction in income from on-street and off-street parking, it was questioned whether more rigorous levels of enforcement of unauthorised car parking sites could be employed. In response, the head of Planning Management and delivery explained that he was aware of several unauthorised sites, and referred members to a legal case which was lost several years ago on the grounds of an inadequate policy and a shortage of evidence. He stated that the Council had now produced a Car Parking Supplementary Planning Document which was currently undergoing a period of consultation. The meeting heard that once adopted, this could help to significantly reduce the number of unauthorised car parks.

In response to a further question, the Director, Regeneration, Highways and Transport stated that he was optimistic that a reduction in the highways maintenance budget would not lead to a significantly poorer level of service as officers had access to a capital maintenance budget.

In response to a question around the Star Track system, the Director, Regeneration, Highways and Transport, confirmed that there would be no further capital investment into Star Track and that future alternatives to the system were to be considered.

RESOLVED:

- (1) That the Regeneration, Highways and Transport 2011/12 budget summary be noted; and
- (2) That consideration be given to setting up a Task Group to review subsidised bus routes.

#### Planning and Economic Development

The Head of Planning Management and Delivery and the Head of Economic Regeneration were present to provide a summary of the budget for the Planning and Economic Development division.

The Board were informed that the division had an overall reduction excluding grant transfers of £41k in 2011/12 rising to nearly £0.5m in subsequent years. There were budget pressures of 269,000 in 2011/12 and proposed savings of £310,000 in 2011/12 rising to £754,000 by 2013/14. It was explained that the budget pressures related to the cutting of the Housing Planning and delivery Grant and projected shortfalls in the Markets budget. The savings were mainly from a reduction in management and specialist staffing in the Planning Service and a reduction in funding for sub-regional economic development including the successor body of Prospect Leicestershire and Leicestershire Promotions.

In respect of economic regeneration, the Head of Economic Development informed the Board that there would be a 30% reduction towards the sub regional support unit, a 30% reduction in the Prospect Leicestershire grant and just under a 30% reduction in overseas links. It was also anticipated that increased income at Leicester Business Centre would improve the situation by £40,000 in 2011/12 and £80,000 in 2012/13 and beyond.

The Head of Planning Management and Delivery explained that the budget pressure of £182,000 in relation to the Housing Planning and Delivery Grant was as a result of the expiration of the grant from the Government. Further savings of £202,000 as part of a management review and £129,000 in specialist planning staffing had also been proposed. In response to a question, it was noted that such specialists included those that provide advice on trees,

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buildings of historic interest and in relation to urban design. It was reported that remaining planning specialists would be used in a more focused way. The Head of Planning Management and Delivery also explained that a proposal had also been included around reducing the amount of pre-planning application advice.

In response to concerns expressed to officers, the Head of Planning Management and Delivery confirmed that the cuts to service could lead to a reduction in the monitoring of the planning permissions, which in turn could potentially lead to a rise in the number of breaches.

RESOLVED:

- (1) That the Planning and Economic Development 2011/12 budget summary be noted.

**138. DIVISIONAL BUDGETS PERTINENT TO THE ENVIRONMENT AND SUSTAINABILITY AND CULTURE AND LEISURE TASK GROUP LEADERS**

With the agreement of the Committee, the divisional budget pertinent to the Environment and Sustainability Task Group Leader (Appendix C2) was considered before that pertinent to the culture and Leisure Task Group Leader (Appendix C1).

a) Environmental Services

At the invitation of the Board, Councillor Russell, the Lead Member for Environment and Sustainability addressed the meeting, explaining that, wherever possible, innovative ways had been sought by which Environmental Services could be protected and service levels maintained.

The Board expressed concerns about the proposal to reduce park and play locking services, (proposal number ES20). It was suggested that not locking some of the City's parks or play areas would lead to anti-social behaviour in their vicinity and Members were reminded that a verbal assurance previously had been given that consideration would be given to which parks and play areas should still be locked.

In reply, the Director of Environmental Services confirmed that it had not been decided yet which parks and play areas would continue to be locked, but the history of each site would be considered before a decision was made. The Director further confirmed that consideration was being given to alternative ways of providing this service, such as outsourcing the service, the provision of automatic bollards at entrances, or using existing staff resources. It was recognised that there would be costs associated with these alternatives, but these also needed to be quantified.

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Concerns were expressed that, once a way forward had been implemented, problems could be created for local residents, such as the presence of street drinkers, or incidences of anti-social behaviour. The Director of Environmental Services confirmed that it was only in parks and play areas where it was known that no anti-social behaviour problems existed that an alternative system would be implemented straight away and assessed while in operation.

At the invitation of the Board, Councillor Coley addressed the meeting commenting that, although some parks and play areas currently did not have any problems, these could arise if they were not locked, (for example, travelling communities moving on to unsecured areas).

Councillor Suleman enquired whether consideration had been given to park user groups taking over the locking service on a voluntary basis. The Director of Environmental Services confirmed that one option being considered was for the local community to take on the role.

Councillor Suleman then drew attention to the proposed increase in car parking charges, (proposal number ES21 referred), and questioned how this equated with the Council's efforts to encourage people to use the City's parks. He suggested that the proposal to increase car parking charges needed to be reconsidered, as the increase would deter people from travelling to City parks. However, it was noted that only two parks currently had car parking charges, which had been introduced to stop commuters using those car parks.

In considering the suggested closure of the Consumer Advice Centre (proposal number ES8), Councillor Russell reminded Members that much of the advice given at the Centre was available from other sources. However, it was recognised that some people preferred a face-to-face service, so existing Customer Services staff would be supported to enable them to provide this advice.

At the invitation of the Board, Councillor Shelton, Deputy Leader of the Environment and Sustainability Task Group, addressed the meeting, enquiring whether consultation had been started on the suggestion that a county-wide shared service for regulatory services could be considered. Councillor Russell explained that tentative approaches had been made to district authorities within the county. Positive feedback had been received at Chief Executive level where approaches had been made.

Councillor Shelton also enquired whether cleansing levels could be maintained following the proposed reductions in street cleaning and whether surplus equipment would be sold, (proposals numbered ES11, ES12 and ES13). Councillor Russell explained that the mechanical sweepers used by the Council were leased and that these leases were coming to an end.

Councillor Russell also confirmed that there was confidence that cleanliness

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levels would be maintained. It already had been found that cleanliness sometimes was higher in areas where hand barrows were used, as operatives could access smaller areas. Members of staff currently working on mechanical sweepers would be redeployed within cleansing services.

The Director of Environmental Services confirmed that amounts of visible litter in some areas could be greater than previously following this change to the service, but the risk of this had been taken in to account in presenting the proposal. If it was found that the level of service was unacceptable, resources could be redirected as part of the risk mitigation process. The frequency with which mechanical sweepers currently visited individual Wards depended on the nature of those Wards, as they were most effective in areas where there were wide, open spaces. Currently, every road was swept at least once per week, the majority of these sweeps being by hand sweepers.

Although the reduction in carbon emissions that could be achieved through the reduction in use of mechanical sweepers was welcomed, Members were concerned that the increased use of manual cleansing services could lead to an increase in the number of repetitive strain injuries (RSIs) experienced by members of staff doing this cleaning. The Director of Environmental Services advised that appropriate steps would be taken to ensure that staff could work safely and that the number of RSIs was not expected to increase. The Director undertook to circulate information on the number of RSIs reported in this service.

Councillor Potter reminded Members that she had declared a personal interest in proposals numbered ES11, ES12 and ES13, as she knew some street cleaners personally.

Serious concerns were expressed about the proposed loss of a Gardener from Gilroes cemetery (proposal number ES15). This was important work that currently was done to a very high standard and Members were concerned that this service would not be maintained. They also questioned why the reduction could not be made at a management level. The number of actual posts to be lost was questioned, as it was suggested that this could be more than one when agency staff were no longer employed.

The Director of Environmental Services advised that the proposal was not to lose one post, but was for the loss of one gardener. It was expected that this would not lead to a significant reduction in the quality of service provided. The Director further explained that one management post in Bereavement Services already had been lost. There would be significant reductions in the Parks and Green Spaces service and it was hoped that as many of these as possible could be made at a management level. The opportunity also would be taken to rationalise service delivery, which would include consideration of having shared management for the Parks, Green Spaces and Cleansing services.

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In response to further questions about how the staffing implications had been assessed, the Director of Environmental Services explained that there currently were three vacancies in Bereavement Services. One of these posts, that of Gardener, would be lost in the 2011/12 financial year, so no individual members of staff were at risk in that year. Two posts would be deleted the following year, one of which currently was vacant and one of which would come from the core pool of staff.

Councillor Suleman expressed concern at the proposal to increase non-cremation Bereavement Services fees and charges, (proposal number ES14), as the Council already owned the assets used in the service and he felt that there had not been proper consultation on the proposal. The Director of Environmental Services reminded Members that, although Bereavement Services currently generated a significant financial surplus for the Council, ambitious savings needed to be achieved across the whole division. Ways of achieving this without reducing service levels therefore had to be found. Some improvements to Bereavement Services were planned, such as the introduction of a florist and the extension of the chapel at Gilroes cemetery, and which would benefit everyone.

Councillor Newcombe reminded Members that he had declared a personal interest in proposal number ES3, as he was a Trustee of the Bradgate Park and Swithland Wood Trust.

### RESOLVED:

- 1) that the report be noted;
- 2) that Cabinet be requested to recommend to Council that the post of Gardener in Bereavement Services (included in proposal ES15) be retained; and
- 3) that Cabinet be informed of the comments made by the Board on the remainder of the proposals relating to Environmental Services.

### b) Cultural Services

Richard Watson, Director of Culture, introduced the budget proposals for the Cultural Services division. He explained that the proposals sought to prioritise front line services and drew attention to the levels of projected growth and recommended savings set out in the report.

In considering the proposal to introduce alternative management and operational arrangements for four museum sites (proposal number CS04), the Board noted that, if an alternative was adopted, the Council still would need to retain curators and storage space for each museum. Sarah Levitt, Head of Arts and Museums, advised that the staff cost saving was approximately

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£339,000 as detailed in CS04. In view of this, Members questioned whether the saving that would be made by closing museums to visitors was significant enough to warrant the loss of this service.

In reply to further questions, the Head of Arts and Museums advised that it had not been decided how a scheme to offer free entry to museums only to city residents would operate (proposal CS08 referred). One possibility was the use of different coloured stickers to differentiate who could access different parts of a facility. This would include people attending events at the Council's museums.

City residents would be required to provide evidence that they lived in the City, such as utility bills, library tickets, or membership cards for local organisations. Councillors pointed out that many young people would not have these items and were advised that staff at the entrance to the museums would have to exercise an element of discretion in these cases. The precise charges to be made would be decided if the principle was agreed.

It was noted that those who had served with the Royal Leicestershire Regiment would not have to pay an entry charge to the Newarke Houses Museum. Consideration also would have to be given to what kind of entry could be given to various other categories of people, such as those who had made donations to the museums.

In reply to concerns that the Arts Council required free admission to some of its exhibitions, it was noted that this had been discussed with the Arts Council, which had indicated that it would consider this on an exhibition by exhibition basis. It was felt that arrangements could be made to accommodate such exhibitions, such as making special offers, (for example, free admission), when these exhibitions were held.

The following comments were made during discussion on this proposal:-

- Facilities such as the shops and cafés at the museums would lose revenue if visitor numbers reduced as a result of entrance charges being made;
- New Walk Museum and Newarke Houses Museum had over 170,000 visitors per year. Approximately 46% of these were from outside the City boundary, with approximately half of these being from outside the county;
- In view of the anticipated number of visitors from outside the City, the income required was unlikely to be raised from a minimal entry charge;
- The Leicester Mercury had quoted a possible entry charge of 20 pence, but it was not known how the newspaper had calculated this figure. The amount to be charged had not been decided and would have to take account of the possible reduction in visitor numbers;



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- It was recognised that any system of charging admission would itself have a cost;
- Calculations had been made to identify how much visitor numbers could drop if entry charges were made. From these, it appeared to be worthwhile to introduce the charges as proposed;
- Proposal CS08 had been made to avoid having to charge everyone who entered the museums in question.

In view of the comments made, it was suggested that proposal CS08 should be deleted. Councillor Suleman reminded Members that he had declared a personal interest in this proposal, as he lived outside the City (but in the County). As such, he would not vote on the motion to recommend its deletion.

The Board also expressed concern at the proposal to consider alternative management arrangements for sports and leisure facilities (proposal number CS15). The Council would retain responsibility for plant and maintenance, so would still have significant costs to meet, and it therefore was suggested that this proposal should be deleted.

In response to questions from Councillor Suleman:-

- The Head of Arts and Museums advised the Board that the closure of the Fosse Arts music studio had been agreed as part of the budget for the 2010/11 financial year (proposal CS03 referred). Consequently, it had closed in September 2010; and
- Paul Edwards, Head of Sports, advised that sites across the City had been considered for the Football Development Project, (proposal CS02 referred), but Aylestone Meadows was the only site large enough to host 21 football pitches.

With regard to proposal CS05, to discontinue plans to replace the City Gallery, the Board enquired why alternative management options were not being considered, as was suggested under proposal CS04 for other museums. Richard Watson explained that this was a different situation, as this was a proposal not to proceed with a new building to replace one that previously had been leased. However, consideration would be given to any offers by other organisations to take on management responsibilities. Approximately £300,000 had been spent to date on the feasibility costs and other professional fees related to the original proposed new site for the Gallery.

RESOLVED:

- 1) that the report be noted;

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- 2) that Cabinet be requested to recommend that proposal CS08 be deleted and admission charges be not introduced for non-City residents at New Walk Museum and Newarke Houses Museum;
- 3) that Cabinet be requested to recommend that proposal CS15 be deleted, so that management responsibility for sports and leisure facilities is retained by the City Council; and
- 4) that Cabinet be informed of the comments made by the Board on the remainder of the proposals relating to Cultural Services.

*The meeting adjourned at 5.29 pm*

**139. DIVISIONAL BUDGETS PERTINENT TO THE ADULTS AND HOUSING AND COMMUNITY COHESION AND SAFETY TASK GROUP LEADERS**

The following draft Budget Strategies 2011/12 – 2013/14 were presented: -

- i) Adult Social Care - (Appendix D1)
- ii) Housing Strategy and Options Division - (Appendix D2)
- iii) Housing Related Support (Supporting People) Fund – (Appendix D3)
- iv) Safer and Stronger Communities Division – (Appendix D4)

i) ADULT SOCIAL CARE APPENDIX D1

The Strategic Director, Adults and Communities presented the Draft Budget Strategy. A supplementary page of information relating to Clients Changing Services and Clients Receiving Less Of Their Existing Services was also tabled at the meeting.

Members expressed a view that the supplementary information should have been circulated prior to the meeting and not tabled and that consideration should be given to deferring discussion of the Strategy document to a Special meeting of the Board. Members were unclear about several issues contained within the report and requested further information from the officers.

It was moved by the Chair and seconded by the Vice-Chair, and agreed, that further discussion on the Adult Social Care Draft Budget Strategy 2011/12 – 2013/14 be deferred to an adjourned meeting of the Board, to be convened as soon as possible.

Members requested that further information on the areas identified as follows be provided prior to the meeting: -

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- Proposed closures of residential homes, including a detailed cost analysis
- Meals on Wheels Service
- Personal Budgets
- Home Care Workers and the options
- Specific proposals regarding Extra Care
- Quality of Care

RESOLVED:

that discussion on the report be deferred to the adjourned meeting of the Board.

ii) HOUSING STRATEGY AND OPTIONS DIVISION                      APPENDIX D2

The Director, Housing Strategy and Options presented the Draft Budget Strategy and stated that Housing General Fund services would be adversely affected by severe reductions in capital reductions in government resources for the Homes and Community Agency, reductions in former Supporting People funds and the overall reduction in formula grant to the Council.

Members opposed, under the rationalisation of voluntary sector grants, the proposed withdrawal of funding for the provision of Corner Club, and Study Support, both of which were in-house services, and Family Support at Border House. It was felt that these were still much needed services and could lead to discrimination as some children at Border House would be eligible for support and others would not. Further information on the length of time families spent in hostels was requested and to be circulated to members.

Members supported the retention of the Homehandy Person Services but felt that there was an opportunity to promote this service better within the private sector.

Members supported the work being done to develop the Revolving Door Service at all hostels in the City that would provide focused support on those individuals that had been in the hostel more than once over the previous two years and would help them succeed when they next left the hostel.

RESOLVED:

that the Draft Budget Strategy be noted and Cabinet be informed of the comments made by the Board.

iii) HOUSING RELATED SUPPORT    APPENDIX D3  
(SUPPORTING PEOPLE) FUND

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The Director, Housing Strategy and Options presented the Draft Budget Strategy and stated that the report set out the actions required to make reductions of 15% in year 1 and 7.5% in years 2 and 3 for services funded from the former Supporting People grant. It was reported that the Care and Repair and the Supporting Tenants and Residents (STAR) services would be particularly affected by these cuts.

Members supported the work of the STAR service and questioned whether the work could be expanded, to offer support to clients for an appropriate period of time, instead of reducing the service. By way of clarification it was stated that there was not a fixed term of 3 months for each case handled by STAR.

Members further suggested that the proposed position regarding the ending of the contract with the Care and Repair service be re-visited as it was felt that this was a useful service.

Members questioned the savings referred to in the report that related to Children and Young Peoples Services (CYPS) and Community safety. It was stated that these cuts related to contracts for particular services that were in place. Negotiations were underway by the Housing Related Support Team with the respective contractors to try and identify the necessary savings. Members stated that the Children and Young Peoples Scrutiny Committee had not been informed of these cuts to services for children and urged that they be consulted.

It was moved by the Chair and seconded by the Vice-Chair that discussion on the report be deferred to enable the information identified to be provided and to enable the members of the Children and Young Peoples Scrutiny Committee to be consulted on the proposed cuts to services to children.

RESOLVED:

that discussion on the report be deferred to the adjourned meeting of the Board and that members of the Children and Young Peoples Scrutiny Committee be consulted on the detail of the proposed cuts, and the Cabinet Lead Members for Children and Young Peoples Services and Community Safety be invited to attend the adjourned meeting.

iv) SAFER AND STRONGER COMMUNITIES DIVISION    APPENDIX D4

The Head of the Youth Offending Service presented the Draft Budget Strategy and stated that the division was heavily dependant on Central Government grant funding, with the Drugs and Alcohol Team 100%

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funded by Government and the Youth Offending Team 65% funded by Government.

It was reported that Information was still awaited from Central Government on a number of the funding streams identified in the report, and this information was being pursued by officers.

It was stated that, regarding the Youth Offending Service, discussions were underway with the Strategic Director Children to try and ensure that this area is work is not cut out by utilising some funding from the Early Intervention Grant that had been made available by the Government.

Members expressed concerns that actual savings could not accurately be determined because of the position reported by officers and surprise at the predictions that, despite cuts of some £1.5m, an improved level of service could be offered by way of re-commissioning and re-alignment of services and better ways of working, and sought what services would not actually be re-commissioned to achieve such savings.

It was moved by Councillor Newcombe and seconded by Councillor Potter, and agreed, that further discussion on the report be deferred to the adjourned meeting to enable the further information, referred above, to be provided by officers.

RESOLVED:

that discussion on the report be deferred to the adjourned meeting of the Board



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9 February 2011

**UNISON RESPONSE - BUDGET 2011/12**

In formulating a response to the budget proposals UNISON have been hampered by a number of issues, primarily around still unknown grant settlements in some areas and delays in formulating and consulting on proposals by Leicester City Council.

The Trades Unions were first presented with proposals on the 18<sup>th</sup> January but these were incomplete, however the full picture began to emerge on 25<sup>th</sup> January when we were briefed on the Adult Social Care proposals and when further detailed information was supplied on 27<sup>th</sup> January, giving less than 14 working days on which to glean detail, consult their members and formulate a response.

The usual good practice of divisional briefings has been patchy at best – such briefings have only occurred where we have actively sought them or where officers have been proactive in ensuring union engagement, and at time of writing we have still to receive complete budget pro-formas for many of the proposals, and some specific grants remain unknown.

While the grants issues are the responsibility of others, the incomplete nature and unprecedented haste of the Council is barely worthy of the term consultation (especially against a background of massive cuts) and risks hasty decisions with adverse consequences for the people of Leicester.

**1. ADULT SOCIAL CARE**

1. Six out of 8 homes to close.
2. Move away from the provision of homecare to short term 'reablement'
3. To no longer provide mobile meals.

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4. To close the day centres which currently provide services to the elderly with mental health problems, those with physical and learning disabilities and those with physical and sensory impairments (currently 7 day centres)

5. Around 300 posts lost across EPHs/Day Centres?

6. By 2013/14 the aim is to reduce the cost of care provision itself by some £12,174,000 with an additional £7,388,000 to be saved in staffing costs and cuts to other areas.

It is apparent that the direction of travel for Adult Social Care (ASC) for the next three years is essentially to commission not provide services – to sign post service users to the private and voluntary sector; a 'service' which would negate the need for too many qualified staff and consequently would be cheaper to run.

No doubt claims will be made about investing in 'reablement', (intensive work with all referrals to avoid the need for longer term care/services) as well as investment in assistive technology and the voluntary sector. What UNISON see however are figures for which there is no concrete evidence and which cannot be tested.

Within the Draft Budget Strategy (DBS) it is admitted that LCC has a relatively low spend on Adult Social Care currently (compared with other authorities in its 'audit family'). UNISON would assert that this evidences an under investment over many years which itself might explain some of the problems being faced by these services.

Unfortunately Adult Social Care has never had the investment both financial and political which Children's Services have traditionally enjoyed.

Investment in this area has been about playing catch up following underinvestment inherited from the County Council after which came a period of investment to 'stand still'.

There needs to be awareness that the current criteria for receipt of services are 'critical and substantial', Leicester City Council is not providing services to those who really don't need them – or for whom services are a luxury.

### **Elderly Persons Homes**

The plan over the next three years is to close 6 out of the 8 in - house Elderly Persons Homes.

The rationale for this (cited over and over again) is the fact that in many of the homes the residents are required to share bathrooms.

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With respect it is the case that long term residential provision in the private and voluntary sector cannot offer every individual service user their own bathroom; it is often impractical when considering the amount and size of mobility/hoisting equipment and specially adapted baths that are often required.

In any event is that how we measure the quality of care in residential settings? Of the 16 essential standards of quality and safety produced by the Care Quality Commission – there isn't one specifically about bathrooms or toilets. There are more important considerations for CQC (and I would suspect service users) such as safeguarding from abuse, care and welfare, consent to care and treatment and ensuring there are appropriate numbers of well- trained staff etc.

Whilst it is of course true that prevention is better than cure (thus investment in preventative health measures is important; as is reablement) it is UNISON's belief that we will still need residential services for the future.

The population is an aging one and whilst the aim ought to be to keep people in their homes as long as possible (with the right support) ultimately many people with more complex needs will require residential care. If LCC divests itself of all its long term accommodation it will not only find itself a hostage to the market it will also have abdicated its responsibility as the lead provider and model employer.

The proposals contained in the DBS will be presented as being about the personalisation agenda; choice and 'putting people first' such claims are only partially true, in reality choice isn't the main driver here cost is (note the reference to 'disinvestments and re-investments' – they do not and cannot equate to the same sum otherwise the predicted savings of £19 million by 2012/13 would be unachievable)

If it were truly about choice then there would be some recognition of the need for LCC to invest in long term residential care and not to leave provision to the voluntary or private sector.

This abdication of responsibility will result in a lack of accountability; it ignores the fact that voluntary sector is under resourced and facing further cuts and it disregards the fact that it is profit not altruism that drives private sector.

It would be wrong to claim that services provided by LCC are out dated. Despite years of underfunding many areas of ASC provision have undergone constant review and realignment over the last 10 years to ensure that provision is properly targeted and leads to improved outcomes for service users one outstanding example is Home Care. Other areas can similarly be realigned.

It is unclear where those currently using the EPHs be sent over the next 3 years. It's unlikely that they have homes to return to so presumably it is Leicester City Council's



intention to move them into residential care provided by the private and voluntary sector which begs the question how is their lot improved by this proposal?

There is no escaping the fact that increased demographic pressure will lead to difficult choices having to be made – what should you invest in? What is the core business of a local authority? UNISON would say above all else the provision of services to the vulnerable.

### **Specific Savings**

The DBS shows a table of service users/areas at Para. 1.7 – which shows a predicted reduction in numbers over the coming years. These figures can be little more than a guesstimate – how can it be claimed with any certainty that there will be 748 less people will receive meals or 342 less in long - term residential care.

The DBS details that £3million more will be spent on enabling/reablement, and that there will be investment in 'ordinary housing'. The money going into reablement has of course been taken from the closure of the Elderly Persons Homes and Day Centres. Where the investment in ordinary housing is going to come from is unspecified.

It is vital to consider the fact that the proposed budget for Direct Payments and Care Packages; Assistive Technology; Reablement and Intermediate Care and Carers/Voluntary sector amounts to £14,339,000 – the money saved in long term residential care, Home Care and Day Care alone is £28,348,000 – that is a substantial 'disinvestment'.

If you are 95 and have limited mobility and require assistance to transfer onto the toilet or into bed – if you can't cook, or struggle to feed yourself – what then? If no-one is bringing you a meal or if there are no Day Centres for you to go to and no Home Care – What then?

If you are an Adult under the age of 65 with physical or learning disabilities who wants to participate in activities during the day but require support with personal care – what then?

There is of course a move toward Direct Payments and Individual Budgets; in respect of the latter it is UNISON's view that they can result in a series of short term contracts for care provision thus there is no continuity of care. Further the service user has the burden of being an employer and its consequent responsibilities including making provision for sick pay, annual leave etc.

Direct Payments aren't the solution to this situation. Direct Payments will cover the basics - no one will receive enough to pay for social interaction lost through withdrawal of these services.

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The figures within the document show what is given to the voluntary sector with one hand is taken with the other; – Para 1.14 shows an investment of £289k (to support an additional 363 people) however Para 1.18 details a reduction of £200k.

Note the references to increased charges in Para. 1.19 – the assumption being made is that this will generate additional £1,115k.

Leicester City Council is proposing charges for day care and increased charges for home care and mobile meals – there will be no subsidies.

This is a significant amount of additional income particularly given that services will be greatly reduced. On the face of it this is simply a budget gap in the making.

To counter the removal of transport 'travel training' will be offered to service users – no doubt to help them use bus services that are being cut. Councillors need to be aware that there's no likelihood that Direct Payments will cover taxi fares and the consequent lack of transport may leave many isolated in their own homes.

With regard to co-ordinated work with the NHS referred to in the DBS it seems unlikely that two large organisations jealously guarding every penny that comes their way will open to sharing their resources, as the proposals seem to assume. This creates further dangers in terms of both potential gaps in the budget and of service users being failed.

UNISON would assert that the DBS amounts to a panic budget dressed up as personalisation. It is chock full of caveats that savings probably won't be realised in the first year when in reality those caveats should be attached to the entire three years and beyond. It is in essence management ensuring that whatever happens in the future they can state that elected members were warned!

Given the proposals it's difficult to see how the lofty promises made at Para. 3.2 will be kept.

### **Service User Consultation**

Idea that consultation on 'decommissioning' will inform the process is a farce – the savings that are deemed necessary are predicated on the abolition of all the services listed in the document – thus the promise made to 'involve people in making decisions that affect social care' seems a little hollow.

The EIA attached to the DBS appears incredibly biased; the areas being assessed for impact are narrow and partial and the assessment of others seems fanciful e.g. reduction in use of specialist transport has no negative impact whatsoever.

## **Impact**

The EIA is poorly done and contrasts oddly with the much-vaunted EIA done on the broader Comprehensive Spending Review, which appears not to have informed any of the proposals, put forward in ASC.

As highlighted at the outset the aim is to making savings of over £19.5 million by 2013 despite a growing elderly population, with potentially significant and complex needs, despite the fact that people with severe physical and learning disabilities live far longer.

How can these savings be achieved without having a negative impact on service users, their carers and ultimately the city as a whole?

## **Adults' Strategy**

Like the above approach, strategy in other Adult Services seems predicated on alternative private or voluntary sector provision which does not exist or, in the case of the voluntary sector, is itself subject to massive cuts and/or re-tendering exercises (the terms are virtually synonymous, in our view).

The future consideration of voluntary sector provision of Sheltered Housing is something we would oppose for the same reasons as we would EPH closures, and again we believe the Authority's role should be as a model provider.

Housing general fund services have seen severe reductions in capital and grant funding, which can only be partially mitigated by increases elsewhere, while reductions in a range of support and preventative services (see SPR1 - SPR8) risk fewer people maintaining tenancies and putting pressure on overstretched homeless services. Whilst a temporary reprieve is welcome, imminent closure of two hostels along with a simultaneous re-tendering of voluntary sector provision on top of reductions in STAR and Floating Support risk pressures on the Options Service and an impact on vulnerable people.

With deprivation levels likely to increase in the current climate, the small growth (in developing Single Access Referral) is unlikely to mitigate the potential increase in people who need the Options service, and overall strategy risks an increase in homelessness in the city, as clearly outlined in the Comprehensive Spending review Equality Impact Assessment.

Whilst there is more reliance on Private Sector Housing in the city, the end of Home Improvement Areas and Home Maintenance grants, along with other cuts, risks further diminution of private housing standards, and cuts to Drug and Alcohol Treatment services will again impact on vulnerable people and risk increases in deprivation across the city. Cuts in "Safer Stronger Communities" will achieve the exact opposite and

throughout services to adults there are cuts which will work against the wider health and wellbeing agenda and increase poverty in an already disadvantaged city.

With changes yet to come with the benefits system moving to "Universal Credit" the potential depletion of external liaison from Revenues & Benefits will mean a tough time for many households in the city, with people finding it harder to access vital services, more tenancies at risk and even more pressure on statutory homeless services.

## **2. CHILDREN'S SERVICES**

Children's Services is facing a reduction of £13.1 million, which equates to £9.6m in grants and £3.5m in the general fund.

In safeguarding there are an additional two team leader posts to be created to provide support to social workers; however there are two team leader posts being deleted elsewhere to offset this.

The Access, Inclusion and Participation Division which provides advice, intervention and support to some of the most vulnerable in the City appears to be facing the biggest cuts with the loss of 45 posts. These include the complete deletion of Childminding Development Officers, Quality Improvement Support Officers and Childcare Sufficiency Officers.

The Youth Service is also facing substantial cuts with the loss of two complete tiers (Advanced and Senior Practitioners) and a 25% reduction in all other posts, meaning a 30% reduction in the service overall. With the decimation of this service there will be little to occupy the teenagers of Leicester in the future and coupled with the losses in the Youth Offending Service this paints a bleak picture for the future.

Behaviour and Attendance is facing the deletion of its Head of Service and the deletion of specialist teenage pregnancy reintegration and support, which has been highly successful in reducing teenage pregnancy rates in the City. This gives cause for concern that we will soon see a return to the teenage pregnancy levels that were previously in Leicester, placing a drain on other Council resources and budgets.

Learning Services who provide targeted support to schools, particularly those in Category 3 and 4, have reduced curriculum consultants by 50%, a loss of 14 posts and the Leicester and Leicestershire Learning Alliance (staff who transferred from the Learning Skills Council) providing specialist advice for 13 -19 year olds is completely deleted with the loss of a further 6 posts. **Leicester schools have only recently reached National Standards after many years of targeted support and the good support work that enabled this to take place is withdrawn by the deletion of these posts.** The proposal to provide a commissioned and traded service for this curriculum support in schools in the future could further impact on standards as

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schools also face demands on their budgets with a 5% cut in real terms. It would be a travesty for school standards to drop because of cuts in early years and targeted school support.

In Planning and Commissioning there are a further 14 job losses, with most being lost in the Children's Information Service which is being re-sited out of the City into locality settings, causing huge difficulties for their service users who may no longer be able to access their advice.

It also appears that the Early Intervention Grant is the "catch all" for everything that is disappearing without exception and one wonders if this is a magical amount that grows and grows as demands on it get bigger and bigger.

Whilst we appreciate that the loss of grants has had a major impact on Children's Services and that Officers and Members have had to make some difficult decisions, it should be remembered that they do have a choice on where these cuts are made and choosing to make the bulk of them in early years really could condemn the children of Leicester to a lifetime of failure. The loss of Early Years support in children's formative years could make the difference between them becoming confident readers, acquiring social skills and interacting with other children – all important factors in enabling a child to learn.

In Safer and Stronger Communities there are cuts right across the board due to the loss of Area Based Grants, with an anticipated reduction of £2,634,000.

The Community Safety Team who has worked to significantly reduce burglary rates and vehicle crime are facing cuts of up to 50% with the loss of 4 posts.

The Anti Social Behaviour Unit is facing the deletion of 1 post from 7.5 posts suggesting ASB is dealt with at a locality level in future with the merger of the Anti Social Behaviour Unit and the Community Safety Team, potentially placing some communities at risk in the future due to under-resourcing.

The Drug and Alcohol Team are facing cuts of 20%, which necessitates a reconfiguration of the service and a re-tendering process, meaning some people will not be able to access the support they desperately need.

The Youth Offending Service has a number of statutory safeguarding and public protection functions, which remain a duty of the Council. LCC anticipate that the service will work together with CYPS to provide integrated youth support targeted at young people at risk of anti-social behaviour and crime. However they have proposed cuts to a third of the service, which together with the decimation of the Youth Service in CYPS mean that some young people will never get the support they need and consequently will never escape the cycle of re-offending.

Overall younger persons strategy is highly questionable, with substantial cuts across non-schools services, whilst schools themselves face a 5% cut and high risk in the deliverability of a vastly reduced Building Schools for the Future program.

### **3. CULTURAL SERVICES**

Against a background of a 30% reduction in support grant over the next 4 years and significant reductions in external funding, it is difficult to see how LCC will “protect front-line delivery, target services to the most disadvantaged and tackle inequalities”. Outsourcing sports and leisure facilities will inevitably mean reductions in service to the most disadvantaged, leading to future cuts to all but the most profitable aspects of leisure provision. As one of the UK’s worst performers in relation to incidents of diabetes and heart disease there are clear risks to the wider health and well-being agenda within the budget proposals, as well as a clear potential equalities impact, as is also the case in the closure of crèches and the resultant ability of young mothers across the city to access services. The outsourcing and curtailment of museums services also risks indirectly affecting community cohesion in the future, and reductions in outreach will impact on young people and exacerbate our concerns in relation to services to children.

### **4. PLANNING AND ECONOMIC DEVELOPMENT**

The proposed reduction in operating budget and resulting loss of staff and loss of specialist expertise will result in an inadequate service to the people of Leicester for the foreseeable future.

### **5. HIGHWAYS AND TRANSPORT**

The amount the government provides for maintaining Leicester’s roads has been fairly static over recent years but this amount has proven to be insufficient to prevent the overall deterioration of our roads, with the last two bad winters drastically shortening the lifespan of most highways. There is a similar situation with the wider maintenance of assets which make up the transport infrastructure, such as verges, lines and signage, bridges, highway drains and barriers. This will contribute to an overall deterioration in the street scene. The huge reduction in the amount government provides to plan and make improvements in transport infrastructure will also have a long-term detrimental impact. The reduction in supported bus services will have a greater impact on the elderly, those on lower incomes, school children, people with disabilities and anyone who does not drive. Meanwhile, £6m is the cost of free travel for the over-65s. To put it in perspective, we have just over £6m to spend on maintenance over the entire Leicester road network!

## **6. HR POLICY CHANGES**

The HR Policy changes outlined in the consultation proposals purport to save £4.5 million in 2011/12 rising to £5.3 (according to the slide at page 39, although the figures at page 11 are different) in the following two years. Yet there is no detail attached to either the items under 'improvements already made' or 'menu of measures to discuss with trade unions'.

Given that quite considerable savings are proposed it is clearly an area that ought to be of concern to employees in terms of the proposals themselves and to elected members as a potential gap for future budgets.

As a whole the 'menu' represents an unappetising set of propositions for UNISON members.

The lack of detail leaves us speculating what each of the lines might mean, but what is apparent is that it represents an attack on national terms and conditions of our members.

The proposal for a reduction in the working week comes on top of a three year pay freeze for all staff; a cut in salary for 25% of staff and a (further cut?) for many as a result of an overall decrease in allowances that are a consequence of Single Status.

If the aim of the employer is to absolutely ensure that the morale of its employees is at rock bottom then this proposal should help to guarantee success.

Although there was some mention of the number of jobs that acceptance of this proposal might save we assume that no assurances would be given on this issue and it is entirely likely that the same posts that were 'saved' by this proposal will be put up for cuts later down the line.

The minor modifications intended to the sickness policy are not by UNISON's definition 'minor'. The proposal to cut the benefit to 3 months full pay and 3 months half pay represents a major cut to nationally agreed terms and conditions and is unacceptable.

As a major employer in the area it is incumbent on Leicester City Council to take the lead in respect of both the package of benefits it offers to its employees and its overall treatment of them; and yet it appears that LCC believe that offering the bare legal minimum is sufficient to meet its obligation as an exemplar employer.

Withdrawal of the payment of professional subscriptions and the Retainer/Re-entry scheme are clearly not the acts of a forward thinking employer.

Whilst open to constructive discussions on the whole employment "package" UNISON will rightly resist attacks on the terms and conditions of already demoralised staff who have seen their relative income markedly depleted in the current climate.

## **7. EQUALITY IMPACT ASSESSMENTS**

The detail and quality of Equality Impact Assessments (EIAS) vary greatly across divisions, and none appear to have had the degree of care and attention to detail taken over those relating to the Comprehensive Spending Review (CSR). However, scratch under the surface and there are clear risks identified across all equality strands which cannot be ignored despite such stock phrases as "not directly" and "it is anticipated that a 15% reduction in service is achievable with minimum impact". UNISON would like to see more time and detail spent on EIAs in relation to the budget proposals, and in the meantime would point to the risks identified in the CSR exercise.

## **8. CONCLUSIONS**

With £50m grant reductions in 2011/12 alone it is clear central government bear responsibility for the largest cuts Leicester City Council has ever seen. The disproportionate potentially dire consequences for cities like Leicester have recently been recognised by the Chartered Institute of Environmental Health and the vice-chair of the Local Government Association. Elected Members should seriously reconsider their own views given the united opinions of unions, community and national groups and the national employer!

However decisions of choice and priority remain the Council's to make, and we would raise the following concerns:

### **"Protecting Front-Line Services"?**

This has been the Authority's stated aim throughout the budget process and yet the proposals before us evidence anything but. This aspiration is not possible where budgets have been slashed or where responsibility for in-house service provision has been abdicated. Closure of Elderly Person's Homes, Day Centres, Children's Centres, cuts in Early Years and Youth Offending Services, cuts across Housing and related services, outsourcing leisure facilities, museum closures etc draw us to the conclusion that protecting front line services is an unattainable aspiration without real commitment.

Overall strategy is questionable in a number of areas, and clearly front-line services that remain will be severely stretched. With alterations yet to come in benefit changes and to the Housing Revenue Account and further severe budgetary pressures from 2012/13, UNISON would like to see more thought, detail and consultation on how front-line



services should be protected.

It seems forgotten that Council has been making year-on-year efficiencies as a result of previous government initiatives, and has already planned approx. 300 job losses as a result of it's ODI program. With 600 jobs to go in year one proposals alone there will be approx. 15% fewer staff delivering services – an inevitable impact on the front-line. Last year's work on 8 till 8 working, only for it to be revoked this year, is just one example where UNISON's comments in consultation have been ignored, and monies wasted as a result.

As stated in last year's budget response, in times of recession we are all expected to cut our cloth accordingly; this is not the time for speculative ventures or costly aspirations, but the time to truly examine priorities. Further consideration is essential, and UNISON would welcome more detailed thought in the following areas:

- **Leicestershire Promotions** – this has long been forecast to be self-sufficient yet will continue to be substantially subsidised into the future under the proposals.
- **De Montfort Hall** – the year-on-year ongoing budgetary shortfall is of great pressure to the Council and a long-term solution which supports provision needs to be found.
- **Subsidy to Curve and Phoenix** – given the eventual phasing out of this subsidy we would question that planned reductions are only minimal before 2013/14.
- **Park and Ride** – the continued subsidy to apparently uneconomic schemes needs to be revisited in light of budgetary pressures on wider transport strategy.

UNISON strongly believe these government cuts are ideologically driven, are predicated on alternative provision which is not currently in place in many areas, will hurt the disadvantaged the most and will damage the long-term regeneration prospects of cities like Leicester. With 38% of Leicester citizens holding a job in the wider public sector and only 54% of women in Leicester currently economically active, there are clear risks to the local economy. With vastly reduced or outsourced services there is a clear detrimental impact on every citizen of Leicester, be they three or ninety-three years old.

Despite assertions to the contrary front-line services will be hit hard, and the result on some of the most vulnerable in our city will see increases in poverty, more pressure on social services and housing and will risk undoing the good work achieved in increasing attainment levels of our children. Community cohesion in such a city as ours is at risk as communities compete for scarce resources, and perceived inequalities as services are removed will endanger the sensitive balance of inter-community relations.

Appendix Five  
Consultation Responses

In summary the scale of budget cuts go too far, the pace is too quick and the lack of meaningful engagement and consultation make for decisions that may set this city back a decade. We would urge Elected Members to a more thoughtful consideration of this Council's priorities, which would truly protect services to it's most vulnerable citizens in the light of such unprecedented cuts.

**Dave Mitchell**  
**On Behalf of UNISON Leicester City Branch**

**Older People's Forum**

Council budget proposals were discussed at the Forum for Older People Consultative Group Meeting on 26th January 2011. The proposal that gave rise to the most comment related to the reduction in Supporting People, and Housing monies spent on Care and Repair. The forum felt that the latter was an important service to many older home owners as it helped them live in their homes longer and meant that they did not have the fear of being exploited by rogue builders. There were also some concerns about the loss of subsidy on certain bus routes, the extent of the rise in council house rents and the closure of elderly persons' homes.

**Schools' Forum**

The Schools' Forum met on 27 January, and the budget proposals were noted. Some concerns were expressed about the impact of general fund reductions on schools, particularly those related to pupils' pre-school readiness and behavioral support. Comments were invited from individual members following the meeting but to-date none have been received.

**General Public**

The following summarises comments made in relation to the budget.

<u>Broad Subject Area</u>	<u>Detailed issue/enquiry</u>
General	Comment about local authority salary levels.
EPHs	Concern over outsourcing provision to the private sector.
Swimming Pools	Concern over proposed outsourcing of swimming pools (leisure centres).
Pay & Conditions (three)	Concern over impact on staff on top of Pay Freeze, JE, Job Reviews and rising inflation.
General	Reduce rubbish collection to fortnightly and introduce charges for people wanting more than this. Preferable to cuts in Children's Services.
Proposed cuts to Children's Speech and Language Support Services	Non-specialist staff cannot be trained up to do this. The Council is in danger of losing a pool of highly qualified, motivated and skilled staff.
City Gallery budget cuts (five)	Concerns about not proceeding with City Gallery.
Conservation & Design Service	Letter of objection to Andrew Smith. In essence concern over proposed cuts to Planning Policy and Design Team - will put in danger the stated objectives in the Local Development Framework.
Museum closures (four)	Concerns over proposals regarding museum services.

A number of these proposals have now been withdrawn.

## Recommended Prudential Indicators

### 1. Introduction

- 1.1 This appendix details the recommended prudential indicators for general fund borrowing and HRA borrowing. The authorised limit is a cap on borrowing, but all other indicators are estimates, which will be subject to routine reporting to PVFM Committee.

### 2. Proposed Indicators of Affordability

- 2.1 The ratio of financing costs to net revenue budget:

	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
General Fund	7.3	8.2	8.9	8.5
HRA	10.3	10.4	10.4	10.1

- 2.2 The level of approved schemes funded by unsupported borrowing for the general fund:

	2010/11 Estimate £000s	2011/12 Estimate £000s	2012/13 Estimate £000s	2013/14 Estimate £000s
Unsupported borrowing brought forward	43,345	47,837	53,009	59,900
New Unsupported borrowing	6,934	8,225	10,383	500
Less Unsupported borrowing repaid	(2,442)	(3,053)	(3,492)	(3,670)
Total Unsupported borrowing carried forward	47,837	53,009	59,900	56,730

- 2.3 The level of unsupported borrowing for the HRA:

	2010/11 Estimate £000s	2011/12 Estimate £000s	2012/13 Estimate £000s	2013/14 Estimate £000s
Unsupported borrowing brought forward	18,372	25,031	28,656	27,289
New Unsupported borrowing	7,533	4,800	0	0
Less Unsupported borrowing repaid	(874)	(1,175)	(1,367)	(1,367)
Total Unsupported borrowing carried forward	25,031	28,656	27,289	25,922

- 2.4 The estimated incremental impact on council tax and average weekly rents of capital investment decisions proposed in the general fund budget and HRA budget reports over and above capital investment decisions that have previously been taken by the Council are:

	<b>2011/12 Estimate £</b>	<b>2012/13 Estimate £</b>	<b>2013/14 Estimate £</b>
Band D council tax (1,186.22)	(13.96)	(13.96)	(13.96)
HRA rent	0.05*	0.23*	0.22*

\* Based on 2011/12 average weekly rent of £61.43 (52 week basis)

- 2.5 The reduction in Band D council tax arising from borrowing decisions in this budget is because the amount requirement for the central accommodation review is less than was approved last year.

### **3. Indicators of Prudence**

- 3.1 The forecast level of capital expenditure to be incurred for the period 2010/11 to 2012/13 (based upon the Council capital programme, and the proposed budget and estimates for future years) are:

Appendix Six

Divisions	2010/11 Estimate £000s	2011/12 Estimate £000s	2012/13 Estimate £000s
Learning Environment	20,889	37,230	25,000
Access Inclusion & Participation	6,505	6,000	2,000
Social Care & Safeguarding	2,134	515	200
Learning Services	1,011	0	0
Highways & Transportation	12,988	7,000	5,500
Transport Division	2,800	1,500	1,000
Cultural Services	5,943	4,523	500
Environmental Services	1,391	6,017	200
Planning & Economic Development	3,090	1,224	1,000
Adult Care	192	885	1,000
Safer & Stronger Communities	404	0	0
Housing Strategy & Options	3,425	4,040	3,000
Strategic Asset Management	2,748	6,205	10,000
Human Resources	10	10	10
Assurance & Democratic	128	0	0
<b>Total General Fund</b>	<b>63,658</b>	<b>75,149</b>	<b>49,410</b>
Housing Revenue Account	33,864	19,880	19,880
<b>Total</b>	<b>97,522</b>	<b>95,029</b>	<b>69,290</b>

3.2 The capital financing requirement measures the authority's underlying need to borrow for a capital purpose, as opposed to all borrowing:

	2010/11 Estimate £000s	2011/12 Estimate £000s	2012/13 Estimate £000s	2013/14 Estimate £000s
General Fund	288,164	281,489	276,936	264,094
HRA	224,303	227,928	226,561	225,194

3.3 The general fund capital financing requirement split between unsupported and supported borrowing:

## Appendix Six

	<b>2010/11 Estimate £000s</b>	<b>2011/12 Estimate £000s</b>	<b>2012/13 Estimate £000s</b>	<b>2013/14 Estimate £000s</b>
General fund capital financing requirement – supported borrowing	240,327	228,480	217,036	207,364
General fund capital financing requirement – unsupported borrowing	47,837	53,009	59,900	56,730
Total general fund capital financing requirement	288,164	281,489	276,936	264,094

### **4. Treasury Limits for 2011/2012**

4.1 The Treasury Strategy includes a number of prudential indicators required by CIPFA’s prudential code for capital finance, the purpose of which is to ensure that treasury management decisions are affordable and prudent. One of these indicators, the “authorised limit” is a statutory limit under the Local Government Act 2008 and will be set by the full Council as part of the budget. The other indicators are part of the treasury strategy which is to be submitted for approval by Cabinet at its’ meeting on 7<sup>th</sup> March 2011.

4.2 The Council is required to set an “authorised limit” on borrowing which cannot be exceeded. The proposed limits are:

	<b>2011/12 £m</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>
Borrowing	400	400	400
Other forms of liability	35	35	35
Total	435	435	435



**Budget Lines**

Environmental Services  
Cultural Services  
Highways & Transport  
Regeneration, Planning & Policy  
Resources

Change & Programme Management  
Financial Services  
Human Resources  
Information & Support  
Corporate Governance  
Strategic Asset Management

Care Management  
Supporting People  
Safer & Stronger Communities  
Strategic Commissioning  
Housing Strategy & Options

Access, Inclusion & Participation  
Learning Services  
Social Care & Safeguarding  
Planning & Commissioning

## Appendix Eight

### Forecast Budget Position 2011/12 to 2013/14

	2011/12 £000	2012/13 £000	2013/14 £000
<b>Mainstream Budgets</b>			
<b>Spending on Services</b>			
Change & Programme Management	4,245.4	4,245.4	4,245.4
Financial Services	6,751.2	6,372.2	6,372.2
Human Resources	4,451.0	4,451.0	4,451.0
Information & Support	9,587.2	9,587.2	9,587.2
Assurance & Democratic Services	2,710.9	2,578.9	2,578.9
Strategic Asset Management	8,529.3	8,529.3	8,529.3
Housing Benefits (Client Payments)	527.6	527.6	527.6
Environmental Services	25,533.1	24,499.1	24,454.1
Cultural Services	14,604.9	14,220.9	13,940.9
Regeneration, Highways & Transport	18,454.0	17,496.0	17,181.0
Planning & Economic Development	2,502.2	1,908.2	1,908.2
Resources (former R & C)	1,088.4	1,088.4	1,088.4
Safer & Stronger Communities	4,745.8	4,409.8	4,409.8
Adult Care	83,687.4	86,001.4	86,001.4
Housing Strategy & Options	1,089.9	1,110.1	1,110.1
Social Care & Safeguarding	35,582.3	35,519.1	35,519.1
Learning Environment	1,763.2	1,763.2	1,763.2
Learning Services	7,262.2	6,980.4	6,920.4
Access, Inclusion & Participation	11,278.2	10,079.7	10,079.7
Planning & Commissioning	8,890.4	8,321.3	8,311.3
Supporting People	11,816.0	11,816.0	11,816.0
Plus:			
National Insurance	500.0	500.0	500.0
Pensions	742.0	1,498.0	2,261.0
Estimated Pay Inflation	700.0	700.0	700.0
Energy Costs Originally Approved in 2009/10 Budget	2,500.0	2,500.0	2,500.0
Total Spending on Services	269,542.6	266,703.2	266,756.2
Capital Finance	23,346.7	24,530.0	23,789.0
Other Corporate Budgets	1,022.3	882.3	882.3
Council Tax Freeze Grant / New Homes Bonus	(3,751.0)	(3,751.0)	(3,751.0)
<b>Other Costs</b>			
Building Schools for the Future			
- Ringfenced Govt. Funding	4,759.0	4,569.0	4,386.0
- City Council Cost - Future Phases	310.0	568.0	2,113.0
Job Evaluation	4,003.0	5,034.0	5,189.0
Capital Programme Support	1,000.0		
Carbon Reduction Levy	700.0	700.0	700.0
<b>Future Provisions</b>			
Inflation		3,398.0	7,991.0
Planning Provision		1,500.0	3,000.0
<b>Savings</b>			
ODI Programme	(5,900.0)	(8,400.0)	(9,200.0)
HR Policies	(3,300.0)	(4,100.0)	(4,100.0)
Senior Management Review	(800.0)	(800.0)	(800.0)
Contingency	2,000.0		
<b>Forecast Base Position</b>	<b>292,932.6</b>	<b>290,833.5</b>	<b>296,955.5</b>
<b>Forecast Resources</b>			
Government Grant	189,849.0	177,370.0	175,809.0
Council Tax	93,690.0	96,033.0	98,433.0
Collection Fund Surplus 2010/11	90.0		
Use of Reserves	9,303.6		
<b>Total Forecast Resources</b>	<b>292,932.6</b>	<b>273,403.0</b>	<b>274,242.0</b>
<b>Surplus / (Gap)</b>	<b>0.0</b>	<b>(17,430.5)</b>	<b>(22,713.5)</b>

**Children's Services Additional Savings**

<b><u>ABG Grants Ending</u></b>		<b><u>£ Full Year</u></b>	<b><u>£ 2011/12</u></b>
School Travel Advisers and Sustainable Travel Duty	It is proposed to cease funding and reprioritise accordingly.	55,000	41,250
Extended Rights to Free Transport	The Government advises that this will be replaced by alternative funding in short term, followed by national review of home to school travel. It is proposed to retain a £10k provision for 2011/12 pending national clarification.	50,100	40,100
Child Poverty Local Duties	This was one-off funding for 2010/11 arising from the requirement in the Child Poverty Act 2010 to develop and publish a local child poverty needs assessment and strategy.	95,600	95,600
Extended Schools Start-up Grants	This funds the interim arrangements for Integrated Service Centres and their Managers and admin support. Arrangements are being made to terminate secondments and temporary contracts and to review the position of permanent staff in the light of the on-going requirements to support the Common Assessment Framework process. A part-year saving is assumed to allow time for these matters to be resolved.	426,800	284,505
School Intervention Grant	This is available to support intervention in schools causing concern. Any such costs will be met through the existing arrangements for the School Support and Interventions Fund in the Schools Budget (DSG).	70,500	70,500
Designated Teacher Fund (re. Looked After Children)	Training for designated teachers with school-wide responsibility for LAC will continue. However the costs to schools of supply cover for teachers attending training will no longer be funded.	14,600	14,600
City Learning Centres	There are two City Learning Centres, at Beaumont Leys School and at Crown Hills Community College. Their future roles and funding are to be reviewed with a Schools Forum working group. Options include top-slicing the Schools Budget, trading with schools, developing alternative uses, downsizing and closure. When they were established some years ago, it was envisaged that they would become self-financing over time.	475,900	475,900
Gifted and Talented Pupils	This very small budget pays for items such as certificates and will be absorbed within the Learning Services budget.	300	300
		<b>1,188,800</b>	<b>1,022,755</b>

Appendix Nine

<u>ABG Grants Transferring to the EIG</u>		<u>£ Full Year</u>	<u>£ 2011/12</u>
Connexions	A 15% reduction has already been agreed with the Connexions Service. This effectively continues on a full year basis the 2010/11 funding reduction following Summer 2010 reductions to the Area Based Grant, achieved by freezing recruitment and ceasing the production of paper based resources.	560,000	560,000
Teenage Pregnancy	The Teenage Pregnancy Board has provisionally agreed to reprioritise and target activities across the Council and NHS.	80,000	80,000
Positive Activities for Young People	Funding from the PAYP grant had been earmarked for the MyPlace City Centre Youth Hub project. Assuming that the project does not go ahead, this funding will not be required.	300,000	300,000
January Guarantee (Connexions)	This additional funding was made available for a new "guarantee" of education and training in January 2010 and was received in 2010/11. It is not part of Connexions' baseline funding.	53,100	53,100
Children's Social Care Workforce Development	It is proposed to reduce funding by an initial 10%, by prioritising development initiatives.	14,100	14,100
		<b>1,007,200</b>	<b>1,007,200</b>
 <u>Other</u>			
Savings on contracts	It is proposed that savings will be found on existing contracts.	100,000	100,000
Absorb losses on grants transferring to mainstream funding	The Social Care and Safeguarding Division will absorb the losses on four grants moving into mainstream / General Fund budgets. (Child Death Review Processes, Care Matters, CAHMS and Carers)	150,000	150,000
Student Awards - additional saving as no formula grant reduction	The Student Awards service in Leicester comes to an end in March 2011 as national arrangements take over. A saving was declared in the published budget proposals, however an additional sum can now be released as the Council's funding / the base budget has not been specifically reduced as expected. A part-year effect is proposed to allow for any residual staffing costs in 2011/12.	70,000	50,000

## Appendix Nine

		<u>£ Full Year</u>	<u>£ 2011/12</u>
Cease funding for Assessment for Learning and Playing for Success	The allocation of the Assessment for Learning grant to schools will cease. The remaining two Playing for Success centres will close at the end of the Summer term, and will be funded from 2010/11 Standards Funds.	268,000	268,000
Music in Schools	The Music Grant will end in its current form. Future arrangements are dependent on the Henley Review and the Government's response. It is proposed to assume that one third of the current funding could be released.	107,332	107,332
Early Years SEN support in the Surestart Grant	It is expected that the spend relating to ages 3 and 4 could be funded from the Schools Budget / DSG. This is assumed to be half of the total grant.	36,000	36,000
		<hr/> <b>731,332</b>	<hr/> <b>711,332</b>
<b>TOTAL POTENTIAL FURTHER REDUCTIONS</b>		<hr/> <b>2,927,332</b>	<hr/> <b>2,741,287</b>