

Open Report on behalf of Richard Wills, Executive Director for Environment & Economy

Report to:	Economic Scrutiny Committee
Date:	12 January 2016
Subject:	Revenue & Capital Budget Proposals 2016/17

Summary:

The report describes the budget proposals arising from the Local Government Finance Settlement, issued on 17 December 2015 and its implications for the following services;

Economy

The budget proposals are now open to consultation and members of the Committee have the opportunity to scrutinise them, and make comment prior to the Executive making its final budget proposals on 2 February 2016.

Actions Required:

The Economic Scrutiny Committee is asked to consider this report and is invited to make comments on the budget proposals and for these to be passed on to the Executive prior to its meeting on 2 February 2016.

1. Background

1.1 At its meeting on 5 January 2015, the Executive agreed proposals for the Council's revenue and capital budgets and an increase in council tax of 3.95% (1.95% plus a further 2.00% for the social care 'precept') for 2016/17. For the second year running the Council is only able to set a one year budget. This is due to the continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care and the Council's responsibility from 2016/17 to pay staff and contractors the National Living Wage. These pressures mean the Council has been unable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one off funding (including use of reserves and capital receipts) to set a balanced budget.

1.3 The budget proposals made by the Executive take a mixed approach to meeting the current challenges of reduced levels of local government funding. Savings identified from service and corporate budgets, plus a proposed increase in Council Tax, the use of reserves and the use of capital receipts to fund the cost of transformation will be used to set a balanced budget for 2016/17. During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

Economy Revenue Budgets for 2016/17

1.4 The revenue budget proposals for Economy are shown in Tables A & B below. The budget is presented on the basis of its Commissioning Strategies and Economy is split into two of these strategies - the whole of "Sustaining & Growing Business and the Economy" and the activity 'Economic Infrastructure and Regeneration' within the "Sustaining & Developing Prosperity Through Infrastructure" commissioning strategy.

Table A – Proposed Revenue Budgets

Sustaining & Growing Business & the Economy

Change of Previous Year	£'000
Revised Original Budget	1,772
Pay Inflation	19
Cost Pressures	31
Savings	-506
Proposed Budget 2016/17	1,316
Percentage Change	-25.7%

1.5 The Council currently spends £1.772m of its revenue budget helping to maintain, improve and attract investment into the county's economy. The savings proposed from this commissioning strategy are £0.506m for 2016/17 and would be met by reducing activities. We would focus on priorities such as employability skills, influencing large employers and supporting the work of the Greater Lincolnshire Local Enterprise Partnership. The Council needs to do things that create successful businesses because of the reliance on business rate growth to offset reductions in Revenue Support Grant from Government.

1.6 Officers are now working on adapting the service to meet this budget position. It is likely that the performance indicators for 2016/2017 will include:

- £15m external funding attracted
- 654 businesses assisted
- 630 adults assisted to achieve qualifications

1.7 Cost pressures of £0.031m are the additional employers National Insurance contribution requirements effective from April 2016.

Table B – Proposed Revenue Budgets

Economic Infrastructure & Regeneration

Change of Previous Year	£'000
Revised Original Budget	220
Pay Inflation	3
Cost Pressures	5
Savings	-36
Proposed Budget 2016/17	191
Percentage Change	-13.0%

County Council Capital Programme

1.8 The proposed capital programme matches the revenue budget and runs until 2016/17, plus major schemes which stretch into future years. There are no new LCC funded specific schemes budgeted for Economy. The programme includes a new capital developments budget of £7.5m in 2016/17, to fund any emerging schemes identified.

Other Consultation

1.9 The Council will meet with representatives of businesses, District Councils, Police and other partner organisations on 22 January 2016.

1.10 A series of seven public budget consultation meetings will take place in various locations around the County in January 2016.

1.11 The budget proposals have been published on the Council's website at www.lincolnshire.gov.uk and members of the public are invited to comment on the proposals accordingly.

1.12 The key committee dates for budget proposals are:

Executive – 2 February 2016

Full Council – 19 February 2016

2. Conclusion

2.1 These budget proposals reflect the level of government funding available to the Council and the proposal to increase Council Tax in 2016/17 by 3.95%. They are based on a thorough and comprehensive review of the Council's services. The

budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Council Budget 2016/17 - Executive 5th January 2016	Committee Services, County Offices, Lincoln

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